

LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE /

BIG BROTHERS AND BIG SISTERS OF WEST ISLAND

FINANCIAL STATEMENTS

MARCH 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Directors of
LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE /
BIG BROTHERS AND BIG SISTERS OF WEST ISLAND

We have audited the accompanying financial statements of LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE / BIG BROTHERS AND BIG SISTERS OF WEST ISLAND, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE / BIG BROTHERS AND BIG SISTERS OF WEST ISLAND as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

MLSG, LLP



Montreal
June 22, 2020

By: Christos Govas, CPA auditor, CA

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FINANCIAL STATEMENTS
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**LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE /
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STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

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	2020	2019
Assets		
Current assets		
Cash	\$ 376,627	\$ 241,806
Term deposits (note 3)	160,836	162,816
Accounts receivable (note 4)	9,076	27,775
Prepaid expenses and deposits	13,164	13,247
	559,703	445,644
Capital assets (note 5)	4,238	5,691
	\$ 563,941	\$ 451,335
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 23,763	\$ 32,542
Deferred revenues (note 7)	-	8,500
Refundable deposits for fundraising events	3,000	-
	26,763	41,042
Net assets		
Externally restricted - St-Jules Fund	9,823	10,688
Internally restricted - In-School Mentoring / Special Program Fund	132,413	77,151
Unrestricted	394,942	322,454
	537,178	410,293
	\$ 563,941	\$ 451,335

Subsequent events (note 13)

On behalf of the Board,

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements.

LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE /
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STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2020

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	2020		2019	
	St-Jules Fund	In-School Mentoring / Special Program Fund	Unrestricted	Total
Balance, beginning of year	\$ 10,688	\$ 77,151	\$ 322,454	\$ 410,293
Excess of revenues over expenses	(865)	5,262	122,488	126,885
Internal restrictions (note 9)	-	50,000	(50,000)	-
Balance, end of year	\$ 9,823	\$ 132,413	\$ 394,942	\$ 537,178
				\$ 410,293

The accompanying notes are an integral part of these financial statements.

LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE /
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STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
Income		
Grant - Centraide	\$ 38,252	\$ 42,252
Grant - Federal Government	-	12,214
Grant - Quebec Government	55,000	45,720
Grant - West Island Community Shares	38,000	38,000
Other (Schedule A)	405,389	481,111
	536,641	619,297
Program delivery and support services		
Salaries and contractual labour	237,031	261,104
Fringe benefits	31,977	33,025
Fundraising	79,815	72,820
Program expenses	17,091	14,850
Insurance	17,635	17,471
Professional fees	10,858	14,170
Marketing	6,227	2,207
Travel	1,130	499
Training and conferences (recovered)	-	(2,385)
Memberships and permits	8,103	7,079
Office supplies and expenses (note 12)	1,806	1,455
Interest and bank charges	1,027	1,768
Amortization - capital assets	1,453	1,453
	414,153	425,516
Excess of revenues over expenses from operations	122,488	193,781
In-School Mentoring / Special Program Fund - Excess of revenues over expenses (Schedule B)	5,262	8,428
St-Jules Fund - Excess (deficiency) of revenues over expenses (Schedule C)	(865)	(938)
	4,397	7,490
Excess of revenues over expenses	\$ 126,885	\$ 201,271

The accompanying notes are an integral part of these financial statements.

**LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE /
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STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
Operating activities		
Excess of revenues over expenses	\$ 126,885	\$ 201,271
Non-cash item: Amortization of capital assets	1,453	1,453
	<u>128,338</u>	<u>202,724</u>
Net change in non-cash working capital items (note 10)	4,503	(2,387)
	<u>132,841</u>	<u>200,337</u>
Investing activity		
Net investment in short term deposits	1,980	(49,984)
Increase in cash and cash equivalents	134,821	150,353
Cash and cash equivalents, beginning of year	241,806	91,453
Cash and cash equivalents, end of year	\$ 376,627	\$ 241,806

Cash and cash equivalents consist of cash.

The accompanying notes are an integral part of these financial statements.

**LES GRANDS FRÈRES ET LES GRANDES SOEURS DE L'OUEST DE L' ÎLE /
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NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

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1. STATUS AND NATURE OF OPERATIONS

Les Grands Frères et Les Grandes Soeurs de l'Ouest de l'Île / Big Brothers and Big Sisters of West Island is incorporated as a non-profit organization under the provisions of Part III of the Quebec Companies Act. It has been granted tax-exempt status as a registered charity and its registration number is #119015881RR0001. The Organization's main objective is to match little brothers/sisters from single parent families with big brothers/sisters. In 1998, the Organization also started an in-school mentoring program with local school boards.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Accounting for contributions

Big Brothers and Big Sisters of West Island uses the restricted fund method to account for its activities:

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Generally, all revenues are recorded on an accrual basis; except for donations which are recognized when received.

A Ribfest is held in August each year. Any fees or donations received or expenses incurred in the current year in connection with the upcoming Ribfest are deferred to the following fiscal year.

Donated goods and services

The financial statements do not reflect the value of services contributed by volunteers or goods donated by suppliers.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on its estimated useful life using the straight-line method over the period of 5 years.

The Organization expenses all minor capital asset acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting

The Operating Fund is comprised of the current operating activities of Big Brothers and Big Sisters of West Island. Salaries are allocated from the Operating fund to the In-School Mentoring fund based on the hours incurred in performing activities of this program. All general support expenses that are common to the administration of the organization have not been allocated to any other fund due to the difficulty in establishing an accurate allocation and consequently reported under this fund.

St-Jules Fund

The original amount recorded in this fund was donated for the special purpose of covering the cost of sending a child to camp. All additional receipts, including interest on the short term deposits are added to the fund; all disbursements for the cost of the camp are charged against the fund.

In-School Mentoring / Special Program Fund

All amounts received for the purpose of the In-School Mentoring / Special Program are recorded in this fund; direct costs associated with the program are charged against the fund.

Cash and cash equivalents

The Organization's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition. In addition, term deposits that the Organization cannot use for current transactions because they are pledged as collateral are excluded from cash and cash equivalents.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and notes receivable.

Financial liabilities measured at amortized cost include the bank overdraft, the bank loan, accounts payable, amounts due to directors, long-term debt and redeemable shares reported as financial liabilities.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using straight-line method.

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NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

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3. TERM DEPOSITS

	2020	2019
Operating Fund	\$ 150,000	\$ 150,000
Operating fund - Restricted	4,020	6,000
Restricted Fund - St-Jules	6,816	6,816
	\$ 160,836	\$ 162,816

The term deposits include guaranteed investment certificates (GICs) bearing annual interest rate between 0,5% and 2,2% (2019: between 1,15% and 1,5%), maturing between June 26, 2020 and April 4, 2021.

The GIC in the amount of \$4,020 has been pledged as collateral for the Organization's credit cards. The balance of the credit cards as at March 31, 2020 was NIL (2019: NIL).

4. ACCOUNTS RECEIVABLE

	2020	2019
Contributions	\$ -	\$ 17,600
Sales taxes	2,885	2,621
Fundraising	6,191	7,554
	\$ 9,076	\$ 27,775

5. CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 7,265	\$ 3,027	\$ 4,238	\$ 5,691

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NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accounts payable and accrued liabilities	\$ 8,717	\$ 16,335
Salaries and vacation	9,257	8,898
Deductions at source	5,789	7,309
	<u>\$ 23,763</u>	<u>\$ 32,542</u>

7. DEFERRED REVENUES

	2020	2019
Balance, beginning of year	\$ 8,500	\$ 1,500
Cash received for fundraising events	-	8,500
Amounts recognized as revenue in the year	(8,500)	(1,500)
Balance, end of year	<u>\$ -</u>	<u>\$ 8,500</u>

8. CAPITAL MANAGEMENT POLICY

The Organization's objective in managing its capital is to safeguard the Organization's assets and ensure it can operate as a going concern so that it can continue to provide its existing programs and establish new programs to members of the community. The Organization considers its unrestricted net assets as its capital base.

The Organization can impact its capital base by raising new debt and refinancing existing working capital. The annual unrestricted surplus is accumulated and forms part of the capital base. The Organization invests any funds not required in the near term in short-term guaranteed investments. To ensure liquidity, only a portion of the capital base is invested. The capital base is reduced when the unrestricted annual expenses exceed the annual revenues.

The Organization and its board of directors rigorously monitors the Organization's capital base by way of preparation of annual financial projections and monthly financial reporting analysis.

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9. INTERFUND BALANCES

On February 26, 2020, the board of directors approved an interfund transfer of \$50,000 from the Unrestricted Fund to the In-School Mentoring / Special Program Fund.

In addition, an interfund transfer of \$5,262 (2019: \$8,428) from the In-School Mentoring / Special Program Fund to the Operating Fund was incurred and an interfund transfer of \$865 (2019: received \$2,562) from the Operating Fund to the St-Jules Fund was also made. The interfund balances are non-interest bearing. As at the balance sheet date, the Operating Fund had amounts owing to the following restricted funds:

	2020	2019
St-Jules Fund	\$ 3,007	\$ 3,872
In-School Mentoring / Special Program Fund	132,413	77,151
	<u>\$ 135,420</u>	<u>\$ 81,023</u>

10. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2020	2019
Accounts receivable	\$ 18,699	\$ (18,229)
Prepaid expenses and deposits	83	10,010
Accounts payable and accrued liabilities	(8,779)	(1,168)
Deferred revenues	(8,500)	7,000
Refundable deposits for fundraising events	3,000	-
	<u>\$ 4,503</u>	<u>\$ (2,387)</u>

11. FINANCIAL INSTRUMENTS

Financial risks

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

11. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.

12. OCCUPANCY COSTS

Under a lease agreement signed in June 2017 and expiring in June 2020, the Organization will lease its premises for an annual fee of \$1. This lease agreement was renewed in June 2020 for three more years, expiring in June 2023. The lease includes incidental services such as telecommunications, utilities and other office supplies.

13. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a new coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

Due to concerns surrounding the global pandemic, the Organization's annual Ribfest normally held in August has been cancelled. In addition, certain other fundraising activities have been postponed and income from donations are uncertain.

The Organization is unsure of the impact of these changes on its financial statements and believes that any disruption may be temporary, however there is uncertainty as to the duration and potential impact of this disturbance.

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ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
Schedule A		
Other		
Donations	\$ 141,562	\$ 237,284
Fundraising	261,558	242,526
Interest income	2,269	1,301
	\$ 405,389	\$ 481,111

Schedule B

In-School Mentoring / Special Program Fund - Excess of revenues over expenses

Income

Grant- Centraide	\$ 52,160	\$ 52,160
Grant- Other	4,436	-
	56,596	52,160

Expenses

Salaries attributed to program	50,715	43,066
Direct program expenses	619	666
	51,334	43,732
	\$ 5,262	\$ 8,428

Schedule C

St-Jules Fund - Excess (deficiency) of revenues over expenses

Income

Donations and interest	\$ 290	\$ 294
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Expense

Camp fees expense	(1,155)	(1,232)
	\$ (865)	\$ (938)