

BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS

OF EDMONTON & AREA SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

AND

INDEPENDENT AUDITOR'S REPORT

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
& AREA SOCIETY**

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FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of **Boys & Girls Clubs Big Brothers Big Sisters of Edmonton & Area Society**:

Qualified Opinion

We have audited the financial statements of **Boys & Girls Clubs Big Brothers Big Sisters of Edmonton & Area Society** (the Entity), which consist of the statement of financial position at March 31, 2020, and statements of changes in net assets, operations and of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Entity and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of expenses for the year and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 14 to the financial statements, concerning the world wide spread of a novel coronavirus known as SARS-CoV-2 and its effect on the global economy. Our conclusion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Edmonton, Alberta
July 29, 2020

Yaremchuk & Annicchiarico LLP
Chartered Professional Accountants

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

ASSETS

	Operating and Sustainability Fund	Program Development Fund	Endowment Fund	Award and Scholarship Fund	Capital Asset Fund	2020	2019
CURRENT ASSETS:							
Cash (Note 3)	\$8,170,018	\$ -	\$32,324	\$ -	\$ 109,038	\$ 8,311,380	\$ 8,113,456
Short-term investments (Note 3).....	741,273	97,623	-	19,781	485,800	1,344,477	1,320,302
Accounts receivable.....	164,559	-	-	-	-	164,559	153,716
Prepaid expenses	<u>61,325</u>	-	-	-	-	<u>61,325</u>	<u>61,476</u>
Total current assets	9,137,175	97,623	32,324	19,781	594,838	9,881,741	9,648,950
PROPERTY AND EQUIPMENT (Note 4)							
	-	-	-	-	1,057,003	<u>1,057,003</u>	<u>1,286,406</u>
TOTAL.....	<u>\$9,137,175</u>	<u>\$97,623</u>	<u>\$32,324</u>	<u>\$19,781</u>	<u>\$1,651,841</u>	<u>\$10,938,744</u>	<u>\$10,935,356</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:							
Accounts payable and accrued liabilities	\$ 669,969	\$ -	\$ -	\$ -	\$ -	\$ 669,969	\$ 567,637
Deferred revenue (Note 7)	<u>8,106,726</u>	-	-	-	-	<u>8,106,726</u>	<u>8,096,628</u>
Total current liabilities...	<u>8,776,695</u>	-	-	-	-	<u>8,776,695</u>	<u>8,664,265</u>
ASSET RETIREMENT OBLIGATION (Note 8).....							
	-	-	-	-	138,000	<u>138,000</u>	<u>138,000</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)							
	-	-	-	-	208,223	<u>208,223</u>	<u>318,074</u>
NET ASSETS:							
Invested in property and equipment.....	-	-	-	-	710,780	710,780	830,332
Endowment fund (Note 10).	-	-	32,324	-	-	32,324	32,324
Externally restricted (Note 11)	-	-	-	19,781	-	19,781	19,210
Internally restricted (Note 11)	-	97,623	-	-	594,838	692,461	612,005
Unrestricted (Note 11).....	<u>360,480</u>	-	-	-	-	<u>360,480</u>	<u>321,146</u>
Total net assets	<u>360,480</u>	<u>97,623</u>	<u>32,324</u>	<u>19,781</u>	<u>1,305,618</u>	<u>1,815,826</u>	<u>1,815,017</u>
TOTAL.....	<u>\$9,137,175</u>	<u>\$97,623</u>	<u>\$32,324</u>	<u>\$19,781</u>	<u>\$1,651,841</u>	<u>\$10,938,744</u>	<u>\$10,935,356</u>

Approved by the Board:

 Director

 Director

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020**

	Operating and Sustainability Fund	Program Development Fund	Endowment Fund	Award and Scholarship Fund	Capital Asset Fund	Total	
						2020	2019
Fund balance at beginning of the year	\$321,146	\$94,803	\$32,324	\$19,210	\$1,347,534	\$1,815,017	\$1,813,414
Excess of revenue (expenses) for the year.....	135,348	2,820	-	571	(137,930)	809	1,603
Contribution to reserve	(68,800)	-	-	-	68,800	-	-
Purchase of property and equipment.....	<u>(27,214)</u>	-	-	-	<u>27,214</u>	-	-
Fund balance at end of the year	<u>\$360,480</u>	<u>\$97,623</u>	<u>\$32,324</u>	<u>\$19,781</u>	<u>\$1,305,618</u>	<u>\$1,815,826</u>	<u>\$1,815,017</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020**

	Operating and Sustainability Fund	Program Development Fund	Endowment Fund	Award and Scholarship Fund	Capital Asset Fund	Total	
						2020	2019
REVENUE:							
Operating revenue (Schedule 1)	\$6,325,316	\$ -	\$ -	\$ -	\$ 109,851	\$6,435,167	\$6,403,649
Fundraising - net (Note 12).....	939,323	-	-	-	-	939,323	761,419
Interest	<u>90,227</u>	<u>2,820</u>	<u>-</u>	<u>571</u>	<u>8,836</u>	<u>102,454</u>	<u>88,962</u>
Total revenue	<u>7,354,866</u>	<u>2,820</u>	<u>-</u>	<u>571</u>	<u>118,687</u>	<u>7,476,944</u>	<u>7,254,030</u>
EXPENSES:							
Edmonton and Area (Schedule 2)	7,139,599	-	-	-	-	7,139,599	6,832,617
Town of Lac La Biche (Schedule 3)	71,609	-	-	-	-	71,609	74,460
Town of Morinville (Schedule 4)	764	-	-	-	-	764	13,483
Town of Vegreville and City of Camrose (Schedule 5)	6,952	-	-	-	-	6,952	68,052
City of Cold Lake (Schedule 6)	594	-	-	-	-	594	37,255
Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,617</u>	<u>256,617</u>	<u>226,560</u>
Total expenses	<u>7,219,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,617</u>	<u>7,476,135</u>	<u>7,252,427</u>
EXCESS OF REVENUE (EXPENSES) FOR THE YEAR.....	<u>\$ 135,348</u>	<u>\$2,820</u>	<u>\$ -</u>	<u>\$571</u>	<u>\$(137,930)</u>	<u>\$ 809</u>	<u>\$ 1,603</u>

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of revenue for the year	\$ 809	\$ 1,603
Item not involving cash for operations - amortization....	<u>256,617</u>	<u>226,560</u>
	257,426	228,163
Changes in non-cash working capital balances related to operations:		
Accounts receivable.....	(10,843)	(19,633)
Prepaid expenses.....	151	(3,673)
Accounts payable and accrued liabilities	102,332	(46,907)
Deferred revenue.....	10,098	1,126,127
Deferred capital contributions	<u>(109,851)</u>	<u>(80,912)</u>
Net cash from operating activities	249,313	1,203,165
INVESTING ACTIVITY - purchase of property and equipment		
	<u>(27,214)</u>	<u>(167,844)</u>
INCREASE IN CASH FOR THE YEAR.....	222,099	1,035,321
CASH AT BEGINNING OF THE YEAR.....	<u>9,433,758</u>	<u>8,398,437</u>
CASH AT END OF THE YEAR	<u>\$9,655,857</u>	<u>\$9,433,758</u>
CASH CONSISTS OF:		
Cash.....	\$8,311,380	\$8,113,456
Short-term investments	<u>1,344,477</u>	<u>1,320,302</u>
	<u>\$9,655,857</u>	<u>\$9,433,758</u>

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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

1. PURPOSE OF SOCIETY:

The Society is a community supported organization committed to the healthy development of children, youth and their families by providing safe places, positive relationships, services and opportunities to develop personal strengths and interpersonal skills that enhance their long-term success in life.

The Society's head office is in Edmonton with satellite offices in Parkland County, Strathcona County, Lac La Biche, Morinville, Vegreville, Camrose and Cold Lake.

The Society is incorporated under the Societies Act (Alberta). The Society is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

2. ACCOUNTING POLICIES:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition:

Grants and donations are included in revenue in the year in which they are received or become receivable, with the exception that amounts received to fund specific expenditures are included in revenue in the year the funds are expended.

Revenue from fundraising activities is included in revenue when projects are substantially completed. Proceeds from casinos and gaming projects are included in revenue as expenditures are incurred for the objectives specified by the license.

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable if the amount to be received can be reasonably estimated and collections are reasonably assured.

Contributions:

The Society follows the deferral method of accounting for contributions. Under this method, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. All other contributions are reported as revenue in the current period.

Fund accounting:

Revenue and expenses related to program delivery and administrative activities are reported in the Operating and Sustainability Fund.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

2. ACCOUNTING POLICIES (continued):

Fund accounting (continued):

Revenue and expenses related to program development, award, scholarship and endowment activities are reported in the respective funds.

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to the Society's property and equipment. Within the Capital Asset Fund is an internally restricted fund, Capital Maintenance Fund, for the structural and physical needs of the facility and purchase of property and equipment. The amount transferred from or to the fund is established annually.

Donations of services:

The work of the Society is dependent on the voluntary service from many individuals. Since these services are not normally purchased by the Society and because of the uncertainty in determining their fair value, donated services are not recognized in these financial statements.

Donations of materials:

The Society receives many donations of goods such as food and supplies from many individuals and organizations. Contributed materials, whose value can be measured, are recorded at fair market value at the time of the donation. Contributed materials which are not normally purchased by the organization whose value is not readily arrived at are not recognized in these financial statements.

Equipment:

Equipment donated to the Society is recorded at its estimated fair market value at the time of the donation.

Short-term investments:

Short-term investments consist of guaranteed investment certificates and are stated at cost.

Property and equipment:

Property and equipment are stated at cost. Amortization is provided using the straight-line method at the following annual rates:

Automotive	20%
Buildings.....	3 1/3% - 10%
Leasehold improvements	20%
Office equipment and furniture	33 1/3%

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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

2. ACCOUNTING POLICIES (continued):

Asset retirement obligation:

The Society has committed to maintaining a demolition fund to return land to its original state if and when a sub-lease with the City of Edmonton and the School District #7 terminates. The Society assesses its provision for asset retirement obligations on an annual basis or when new information or circumstances merit reassessment.

Actual costs incurred may differ from estimated costs. Also, future changes and regulations could increase the extent of the asset retirement obligation maintained by the Society. Increases in future costs could materially increase amounts expensed and amounts charged to the amount in excess of revenue (expenses) for the year for asset retirement obligations.

The Society records the present value of the estimated asset retirement obligation required to maintain the demolition requirement in the year acquired, along with the corresponding increase in the carry value of the related asset. The present value of the estimated future cash outflows to settle the asset retirement obligation is determined using a cost of borrowing that reflects the time value of money. The liability is subsequently adjusted for the passage of time and is recognized as an interest expense in the amount in excess of revenue (expenses) for the year. The liability is also adjusted due to revision in either timing or amount of the original estimated cash outflows associated with the liability, or for changes to the current cost of borrowing rate. Changes resulting from revisions to the timing or amount of the original estimate of the undiscounted retirement obligation cash flows are recognized as an increase or decrease in the carrying amount of the asset retirement obligation with the corresponding increase or decrease in the carrying value of the related asset.

The provision, at each reporting date, for asset retirement obligations represents management's best estimate of the present value of the asset retirement obligation. Actual expenditures may differ from the recorded amount.

Financial instruments:

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

The Society's financial instruments measured at amortized cost consists of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and asset retirement obligation.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

2. ACCOUNTING POLICIES (continued):

Financial instruments (continued):

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue (expenses) for the year. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount of impairment recognized previously. The amount of the reversal is recognized in the excess of revenue (expenses) for the year.

Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments that can be converted readily to cash with maturities not exceeding 365 days.

Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and adjustments are made to excess of revenue as appropriate in the year they become known.

3. RESTRICTED CASH AND SHORT-TERM INVESTMENTS:

As outlined in Notes 7, 9, 10 and 11, the Society's fund balances include amounts subject to externally and internally imposed restrictions. Cash and short-term investments are maintained in segregated accounts as follows:

	<u>2020</u>	<u>2019</u>
Endowment Fund - cash	\$ <u>32,324</u>	\$ <u>32,324</u>
Externally restricted:		
Award and Scholarship Fund - guaranteed investment certificate	\$ 19,781	\$ 19,210
Casino - cash	379,372	375,542
Dream Home Lottery - cash	3,758,055	4,652,119
Win 50 Lottery - cash	<u>2,658,643</u>	<u>2,050,382</u>
	<u>\$6,815,851</u>	<u>\$7,097,253</u>

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

3. RESTRICTED CASH AND SHORT-TERM INVESTMENTS (continued):

	<u>2020</u>	<u>2019</u>
Internally restricted:		
Program Development Fund - guaranteed investment certificate.....	\$ <u>97,623</u>	\$ <u>94,803</u>
Capital Maintenance Fund:		
Cash.....	109,038	40,031
Guaranteed investment certificate.....	<u>485,800</u>	<u>477,171</u>
	<u>594,838</u>	<u>517,202</u>
	\$ <u>692,461</u>	\$ <u>612,005</u>

4. PROPERTY AND EQUIPMENT:

The major categories of property and equipment and related accumulated amortization are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2020</u>	<u>2019</u>
Automotive.....	\$ 19,496	\$ 19,496	\$ -	\$ -
Buildings.....	2,073,201	1,425,174	648,027	708,770
Leasehold improvements.....	1,655,641	1,377,225	278,416	436,956
Office equipment and furniture.....	<u>656,491</u>	<u>631,536</u>	<u>24,955</u>	<u>35,075</u>
	4,404,829	3,453,431	951,398	1,180,801
Land.....	<u>105,605</u>	<u>-</u>	<u>105,605</u>	<u>105,605</u>
	<u>\$4,510,434</u>	<u>\$3,453,431</u>	<u>\$1,057,003</u>	<u>\$1,286,406</u>

Buildings contain three structures which reside on land owned by the City of Edmonton and the School District #7. The Society enters into fixed term leases with the landlord.

5. CREDIT FACILITY:

The Society has negotiated a \$250,000 bank line of credit which bears interest at the bank prime rate plus .25% per annum. There was no balance outstanding on the line of credit at March 31, 2020. The line of credit is secured by a first mortgage on the land and buildings.

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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

6. DUE TO ALBERTA MENTORING PARTNERSHIP:

The Society is acting as a fiscal agent for a coalition named the Alberta Mentoring Partnership. The agency relationship is limited in nature. The fiscal agency agreement states that expenses on behalf of the Alberta Mentoring Partnership are paid by the Society with the funds received which are designated for the Alberta Mentoring Partnership. The expenses and related revenue do not constitute the Society's operations. As such, no recognition has been given to these revenues or expenses in the Society's Statement of Operations and Changes in Net Assets. The balance due to Alberta Mentoring Partnership as at March 31, 2020 is \$118,104 (2019 - \$409,258). No recognition has been given to this asset and liability in the Society's Statement of Financial Position.

7. DEFERRED REVENUE:

Deferred revenue consists of the following:

	<u>2020</u>	<u>2019</u>
Allard Foundation	\$ 5,000	\$ -
Anti Bullying Program	17,890	17,890
Big Brothers Big Sisters National	45,000	-
Boys & Girls Clubs of Canada	92,676	15,390
Bowl for Kids Sake	11,538	14,980
Butler Family Foundation	20,000	20,000
Canadian Tire Foundation	62,151	70,191
Canadian Western Bank	46,787	10,793
Casino	379,372	375,542
Bannerman Communities United	8,459	12,433
Dream Home Lottery	3,758,055	4,652,119
Edmonton Catholic School District	6,600	7,950
Edmonton Community Foundation	116,577	109,864
Edmonton Police Fund	8,035	8,035
Epcor	75,000	75,000
Family and Community Support Services	294,743	293,912
Government of Alberta	267,695	200,000
HSBC	57,860	-
Ionic Club	-	5,740
Italian Centre	1,000	1,000
It All Starts With Me	26,331	9,560
No More Excuses	2,470	1,137
Other	20,000	-
Reach	3,097	32,670
Region 6	8,144	-
Rogers	15,000	-
Rotary Club of Morinville	-	5,000
Royal Bank of Canada	18,500	31,208
Telus	10,000	10,000
Toy Mountain	4,271	-
United Way of Alberta Capital Region	65,832	65,832
Win 50 Lottery	<u>2,658,643</u>	<u>2,050,382</u>
	<u>\$8,106,726</u>	<u>\$8,096,628</u>

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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

8. ASSET RETIREMENT OBLIGATION:

Pursuant to the terms of a sub-lease with the City of Edmonton and School District #7, the Society leases land on which it owns a building operating as the West Club. Under the terms of the existing lease, the Society is required to provide to the City of Edmonton a demolition fund to be used for removal of the building upon expiry of the lease. The amount of the asset retirement obligation at the end of the year is estimated at \$138,000 (2019 - \$138,000.) No amounts were paid towards the liability during the year. No amount is expected to be payable towards this obligation in the foreseeable future. The amount of \$13,800 (2019 - \$13,800) has been internally restricted in the year for the purpose of settling the asset retirement obligation.

9. DEFERRED CAPITAL CONTRIBUTIONS:

Deferred capital contributions represent externally restricted contributions which have been utilized to purchase or develop property and equipment. The deferred capital contributions are recognized as revenue on the same basis as related property and equipment is being amortized.

Deferred capital contributions consists of the following:

	<u>2020</u>	<u>2019</u>
Alberta Lottery and Gaming Commission	\$ 60,938	\$ 67,188
City of Edmonton	22,585	45,170
Community Facility Enhancement Program- McCauley ...	26,000	51,000
- Kinsmen	58,700	73,375
HRDC	-	10,000
HRJ Consulting	-	9,341
Kin Club of Fort Edmonton.....	12,000	15,000
Melton Foundation	11,000	19,000
Muttart Foundation.....	8,000	12,000
St. Paul's Foundation.....	4,000	6,000
Wawanesa	<u>5,000</u>	<u>10,000</u>
	<u>\$208,223</u>	<u>\$318,074</u>

10. ENDOWMENT FUND:

This fund was established for bequests and like gifts. All disbursements from the fund must be approved by the Board of Directors. The funds will normally be used to fund existing program operations.

The Edmonton Community Foundation also holds a permanent endowment fund on behalf of the Society. The balance as at December 31, 2019 of the fund was \$279,191. The income earned on this fund is disbursed to the Society. The fund is the property of the Edmonton Community Foundation and is not recorded in the accounts of the Society.

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

11. FUND BALANCES:

EXTERNALLY RESTRICTED:

Externally restricted fund balances consist of the Award and Scholarship Fund.

The Alberta Orange Foundation for Children, Orange Hall Association (Edmonton) Ltd. and the Orange Order in Edmonton have contributed to a fund from which the interest earned funds the Male and Female Volunteer of the Year Award and the Little Sister and the Little Brother of the Year Award.

The Society has established and accepted donations for a scholarship fund from which any earnings will be used to provide scholarships to needy individuals.

INTERNALLY RESTRICTED:

The Board of Directors has internally restricted resources to be used for designated purposes. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

Program Development Fund:

The intent of the Program Development Fund is to ensure that new programs and or initiatives have access to supplemental funding necessary to develop short term projects to test the feasibility of a new idea. To access funding from the fund the program cannot have operated for more than 3 years in the agency. The funds allocated to this fund must come from fundraising activities and must be approved by the Board of Directors. Every effort will be made to secure funding from sources external to the agency. These funds will be in addition to or as a bridge between implementation and funding from external sources being available to the Society.

Capital Maintenance Fund:

The Capital Maintenance Fund was established to fund the structural and physical needs of the facility and the purchase of property and equipment and for unpredictable occurrences.

UNRESTRICTED:

Operating and Sustainability Fund:

The Operating and Sustainability Fund is to provide cash flow for current operations and to meet unpredictable contingencies or unpredicted shortfalls that could occur should revenue from fundraising or funding agencies drop below anticipated levels. The fund is expected to be maintained at a level not to exceed the cost of six months of operating expenses.

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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

12. FUNDRAISING:

The details of the fundraising activities are as follows:

	2020			2019		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Dream Home Lottery .	\$3,229,734	\$2,578,055	\$651,679	\$2,829,921	\$2,335,726	\$494,195
Bids for Kids	13,334	-	13,334	13,914	-	13,914
Bowl for Kids Sake	19,261	1,164	18,097	25,765	6,238	19,527
Golf tournament.....	167,581	22,259	145,322	138,051	23,758	114,293
Lobster Lovers.....	145,319	34,428	110,891	154,837	35,347	119,490
Win 50 Lottery	642,270	642,270	-	667,139	667,139	-
	<u>\$4,217,499</u>	<u>\$3,278,176</u>	<u>\$939,323</u>	<u>\$3,829,627</u>	<u>\$3,068,208</u>	<u>\$761,419</u>

13. FINANCIAL INSTRUMENTS:

The Society is exposed to risk on certain financial instruments as follows:

Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from its accounts receivable balances. Management believes this risk is mitigated as the balances due to the Society are from government agencies in which default will be unlikely.

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

The Society mitigates this risk through investing in guaranteed investment certificates.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on short-term investments. The fixed-rate instruments subject the Society to a fair value risk.

The Society manages this risk by holding guaranteed investment certificates to maturity and by staggering the terms of the securities held.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

13. FINANCIAL INSTRUMENTS (continued):

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and asset retirement obligation.

Changes in risk:

There were no significant changes in risk profile of the financial instruments for the Society from the prior year.

14. OTHER MATTER:

On March 11, 2020, the World Health Organization declared a global pandemic due to a global outbreak of a novel coronavirus identified as "SARS-CoV-2". In order to combat the spread of SARS-CoV-2 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the SARS-CoV-2 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Boys & Girls Club Big Brothers Big Sisters of Edmonton & Area Society and its operations in the future periods.

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**SCHEDULE OF OPERATING REVENUE
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
BBBS of Canada	\$ 145,049	\$ 127,811
Boys & Girls Clubs of Canada	137,962	154,599
Casino	36,155	51,350
Corporate donations	163,637	86,543
Facility rent	54,848	67,943
Federal government	445,609	327,760
Foundation grants	351,728	405,548
Individual donations	307,320	316,357
Management fees	56,472	27,500
Municipal funding	1,590,339	1,604,494
Partner programs	308,261	246,939
Provincial government	877,514	931,577
Renew Crew	179,978	175,234
Service clubs	5,000	-
United Way grants	<u>1,775,295</u>	<u>1,879,994</u>
 Total revenue	 <u>\$6,435,167</u>	 <u>\$6,403,649</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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SCHEDULE OF OPERATING EXPENSES - EDMONTON & AREA
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Board and Committee	\$ 13,972	\$ 11,497
Conferences	7,814	11,268
Evaluation	143,233	99,594
Food	65,328	71,385
Insurance	51,531	47,997
Interest and bank charges	26,249	23,981
Membership dues - Big Brothers & Big Sisters Canada	29,373	33,886
Office	202,188	187,563
Professional fees	44,186	42,765
Programs - direct service delivery costs	163,886	174,175
Recruitment	32,423	32,525
Repairs and maintenance	172,294	170,591
Salaries and benefits	5,828,635	5,578,289
Staff development	17,505	28,619
Telephone	100,423	92,262
Travel	126,371	122,675
Utilities	112,345	102,323
Volunteer recognition	<u>1,843</u>	<u>1,222</u>
 Total operating expenses - Edmonton and Area ..	 <u>\$7,139,599</u>	 <u>\$6,832,617</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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SCHEDULE OF OPERATING EXPENSES - TOWN OF LAC LA BICHE
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Board and committee	\$ -	\$ 213
Insurance	1,025	1,000
Office	10,146	10,270
Professional fees	1,375	1,350
Programs - direct service delivery costs	2,438	3,274
Recruitment	775	801
Rent	3,690	3,690
Salaries and benefits	49,642	49,458
Telephone	1,481	1,374
Travel	1,037	2,321
Volunteer recognition	-	709
	<hr/>	<hr/>
Total operating expenses - Town of Lac La Biche.....	<u>\$71,609</u>	<u>\$74,460</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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SCHEDULE OF OPERATING EXPENSES - TOWN OF MORINVILLE
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Insurance	\$ -	\$ 500
Office	-	1,984
Professional fees	-	750
Recruitment	-	775
Salaries and benefits	764	9,024
Volunteer recognition	-	450
	<hr/>	<hr/>
Total operating expenses - Town of Morinville	<u>\$764</u>	<u>\$13,483</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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SCHEDULE OF OPERATING EXPENSES
TOWN OF VEGREVILLE AND CITY OF CAMROSE
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Board and committees	\$ -	\$ 96
Insurance	-	1,000
Office	-	7,489
Professional fees	-	1,325
Programs - direct service delivery costs	50	989
Recruitment	-	800
Salaries and benefits	6,400	54,347
Telephone	502	956
Travel	-	850
Volunteer recognition	-	200
	<u> </u>	<u> </u>
Total operating expenses - Town of Vegreville and City of Camrose	<u>\$6,952</u>	<u>\$68,052</u>

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SCHEDULE OF OPERATING EXPENSES - CITY OF COLD LAKE
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Board and committees	\$ -	\$ 96
Insurance	-	1,050
Office	40	5,609
Professional fees	-	1,050
Programs - direct service delivery costs	45	288
Recruitment	-	875
Salaries and benefits	-	27,268
Telephone	314	809
Travel	195	210
	<u> </u>	<u> </u>
Total operating expenses - City of Cold Lake	<u>\$594</u>	<u>\$37,255</u>