

**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Financial Statements**  
**For the Year Ended September 30, 2019**

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## Independent Auditor's Report

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To the Board of Directors of Big Brothers - Big Sisters of P.E.I. Inc.

### Qualified Opinion

We have audited the financial statements of Big Brothers - Big Sisters of P.E.I. Inc. (the Entity), which comprise the statement of financial position as at September 30, 2019, the statements of operations, changes in net assets and 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 paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brothers - Big Sisters of P.E.I. Inc. as at September 30, 2019, 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 not-for-profit organizations, Big Brothers - Big Sisters of P.E.I. Inc. derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, the verification of these revenues was limited to the amounts recorded in the records of Big Brothers - Big Sisters of P.E.I. Inc. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess or deficiency of revenues over expenses, and cash flows from operations for the years ended September 30, 2018 and 2019, current assets as at September 30, 2018 and 2019, and net assets as at October 1 and September 30 for both the 2018 and 2019 years. Our audit opinion on the financial statements for the year ended September 30, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 audit opinion.



## **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 the 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.

Chartered Professional Accountants

Charlottetown, Prince Edward Island  
February 19, 2020

**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Statement of Financial Position**

September 30	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 373,713	\$ 255,385
Short-term investments (Note 2)	50,397	161,502
Accounts receivable	21,154	21,033
	445,264	437,920
<b>Capital assets (Note 3)</b>	73,225	77,196
	\$ 518,489	\$ 515,116

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 30,598	\$ 33,637
Current portion of long-term debt	-	24,898
	30,598	58,535
<b>Net Assets</b>		
Invested in capital assets (Note 7)	73,225	52,298
Internally restricted (Note 8)	75,000	75,000
Unrestricted	339,666	329,283
	487,891	456,581
	\$ 518,489	\$ 515,116

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Statement of Changes in Net Assets**

<b>For the year ended September 30</b>	<b>Invested in capital assets</b>	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>2019 Total</b>	<b>2018 Total</b>
Balance, beginning of the year	\$ 52,298	\$ 75,000	\$ 329,283	\$ 456,581	\$ 418,046
Excess (deficiency) of revenue over expenses (Note 7)	(3,971)	-	35,281	31,310	38,535
Net change in invested in capital assets (Note 7)	<u>24,898</u>	-	<u>(24,898)</u>	-	-
Balance, end of the year	<u>\$ 73,225</u>	<u>\$ 75,000</u>	<u>\$ 339,666</u>	<u>\$ 487,891</u>	<u>\$ 456,581</u>

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

## Big Brothers - Big Sisters of P.E.I. Inc. Statement of Operations

For the year ended September 30	2019	2018
<b>Revenue</b>		
Dream Draw Cottage (net - Schedule 2)	\$ 284,561	\$ 286,405
Bowl for Kids' Sake (net - Schedule 1)	79,186	82,975
Grants - Rotary Club of Charlottetown Royalty	30,000	30,000
Grants - Province of P.E.I.	29,100	29,100
Grants - Rogers Communications Canada Inc.	-	25,000
Grants - Royal Bank of Canada	20,800	-
Donations	15,368	9,931
Interest	3,532	4,202
United Way of P.E.I.	23	231
	462,570	467,844
<b>Operating expenses</b>		
Advertising and recruitment	7,772	21,336
Amortization of capital assets	3,971	3,971
Computer support	1,355	359
Community Foundation Endowment	10,000	-
Equipment and software purchases	2,156	2,184
Equipment lease	2,595	3,963
Insurance	8,288	5,160
Interest and bank charges	2,794	3,047
Interest on long-term debt	477	1,506
Miscellaneous	2,239	3,124
National Agency and regional dues	9,822	9,959
Office improvements	9,064	6,325
Office supplies and postage	5,531	7,963
Professional fees	2,908	2,987
Property taxes	867	857
Rent	6,826	6,400
Special projects	5,902	5,944
Telephone	10,705	15,173
Teen mentoring (Note 11)	51,358	51,570
Training and interagency	2,890	779
Travel	2,377	2,266
Utilities	4,619	4,647
Wages and employee benefits	276,744	269,789
	431,260	429,309
<b>Excess of revenue over expenses</b>	<b>\$ 31,310</b>	<b>\$ 38,535</b>

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



## Big Brothers - Big Sisters of P.E.I. Inc. Statement of Cash Flows

For the year ended September 30	2019	2018
<b>Cash flows from operating activities</b>		
Cash receipts from customers and contributors	\$ 745,887	\$ 693,733
Cash paid to suppliers and employees	(714,025)	(696,772)
Interest received	1,891	1,149
Interest paid	(3,271)	(4,553)
	<b>30,482</b>	<b>(6,443)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(50,397)	-
Disposal of investments	163,141	-
	<b>112,744</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(24,898)	(5,328)
	<b>118,328</b>	<b>(11,771)</b>
<b>Net increase (decrease) in cash</b>	<b>118,328</b>	<b>(11,771)</b>
<b>Cash, beginning of the year</b>	<b>255,385</b>	<b>267,156</b>
<b>Cash, end of the year</b>	<b>\$ 373,713</b>	<b>\$ 255,385</b>

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

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# Big Brothers - Big Sisters of P.E.I. Inc.

## Notes to Financial Statements

September 30, 2019

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### 1. Significant Accounting Policies

**Nature and Purpose of Organization** The organization is a charity incorporated without share capital under the laws of Prince Edward Island. The organization provides mentoring relationships between adult volunteers and children.

The organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Pledges** The organization does not accrue pledges receivable in the financial statements.

**Capital Assets** Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable, in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Equipment purchases less than \$1,000 are expensed in the year of acquisition.

Amortization based on the estimated useful life of the asset is calculated as follows:

<b>Asset</b>	<b>Method</b>	<b>Rate</b>
Building	Straight-line	4%

**Revenue Recognition** The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising activities is recognized when tickets are sold.

**Contributed Services** Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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## Big Brothers - Big Sisters of P.E.I. Inc. Notes to Financial Statements

September 30, 2019

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### 1. Significant Accounting Policies (continued)

<b>Vacation Pay</b>	Vacation pay is accrued as entitlement to these payments is earned.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value at initial recognition. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost. Financial assets are tested for impairment when indicators of impairment exist.
<b>Use of Estimates</b>	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include determining the useful lives of property and equipment. Actual results could differ from management's best estimates as additional information becomes available in the future.

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## Big Brothers - Big Sisters of P.E.I. Inc. Notes to Financial Statements

September 30, 2019

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### 2. Short-term Investments

Short-term investments is made up of marketable securities contributed into the Hosted Fund for Community Foundation of PEI (CFPEI) for \$50,397.

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### 3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 46,000	\$ -	\$ 46,000	\$ -
Building	99,279	72,054	99,279	68,083
	145,279	72,054	145,279	68,083
		\$ 73,225		\$ 77,196

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### 4. Demand Loan

The organization has a demand facility in the amount of \$Nil. (2018 - \$Nil) which is available to a maximum of \$20,000., bears interest at the bank's prime + 2%, and is secured by the company owned building.

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### 5. Accounts Payable and Accrued Liabilities

	2019	2018
Accrued vacation payable	\$ 12,397	\$ 14,241
National dues	9,828	9,843
Trade payables	8,373	9,553
	\$ 30,598	\$ 33,637

Included in trade payables is \$Nil (2018 - \$292) in government remittances.

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## Big Brothers - Big Sisters of P.E.I. Inc. Notes to Financial Statements

September 30, 2019

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### 6. Commitments

The organization leases its printer under a long-term operating lease that expires December 1, 2023. The quarterly payments are \$840. The organization also leases its postage machine under a long-term operating lease that expires December 1, 2019. The quarterly payments are \$274. The lease has not been renewed.

The minimum annual lease payments for the next four years are as follows:

2020	\$	3,613
2021		3,360
2022		3,360
2023		3,360

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### 7. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows:

	<u>2019</u>	<u>2018</u>
Capital assets	\$ 73,225	\$ 77,196
Less amounts financed by long-term debt	-	(24,898)
	<u>\$ 73,225</u>	<u>\$ 52,298</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	<u>2019</u>	<u>2018</u>
Amortization of capital assets	<u>\$ (3,971)</u>	<u>\$ (3,971)</u>
Repayment of long-term debt	<u>\$ 24,898</u>	<u>\$ 5,328</u>

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### 8. Internally Restricted Net Assets

Internally restricted net assets consists of a general contingency fund of \$75,000 (2018 - \$75,000). Access to these funds is restricted based on conditions set by the Board of Directors. During the year, \$Nil (2018 - \$Nil) was transferred to internally restricted net assets. These internally restricted funds have been transferred to the company's savings account.

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## Big Brothers - Big Sisters of P.E.I. Inc. Notes to Financial Statements

September 30, 2019

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### 9. Government Subsidies

During the year, the organization received \$13,744 (2018 - \$11,287) in wage subsidies. Amounts received during the year are recorded as a direct reduction of wages and employee benefits.

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### 10. Financial Instrument Risk

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The organization is also exposed to a concentration risk arising from all of its bank accounts and investments being held at one financial institution. It is possible that the organization could incur a financial loss as the organization's cash and investment holdings are above the maximum amount insured of \$100,000. There have not been any changes in the risk from the prior year.

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### 11. Teen Mentoring

	<u>2019</u>	<u>2018</u>
Supplies	\$ 5,827	\$ 6,986
Travel	2,941	2,875
Wages	<u>42,590</u>	<u>41,709</u>
	<u>\$ 51,358</u>	<u>\$ 51,570</u>

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**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Schedule 1 - Bowl for Kids' Sake**

<b>For the year ended September 30</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Pledges	\$ 105,580	\$ 112,702
Corporate sponsorship	13,250	12,835
Dream Team	3,354	2,909
	<hr/>	<hr/>
	122,184	128,446
	<hr/>	<hr/>
<b>Operating expenses</b>		
Advertising and promotion	20,092	22,282
Bowler awards and prizes	7,959	6,812
Lane rentals	7,275	7,436
Mail and postage	2,183	2,862
Mileage	1,457	1,326
Office and miscellaneous	933	1,352
Printing	2,825	3,025
Telephone	274	376
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	42,998	45,471
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	\$ 79,186	\$ 82,975

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**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Schedule 2 - Dream Draw Cottage**

<b>For the year ended September 30</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Ticket sales	\$ 528,533	\$ 508,393
Cottage donation	-	5,000
	<u>528,533</u>	<u>513,393</u>
<b>Cost of goods sold</b>		
Cottage and delivery costs	<u>139,602</u>	<u>135,129</u>
	<u>388,931</u>	<u>378,264</u>
<b>Operating expenses</b>		
Advertising and promotion	66,050	54,383
Credit card and debit fees	5,533	5,595
Mail and postage	5,914	9,301
Mileage	956	1,169
Office and miscellaneous	10,481	6,154
Printing	4,877	6,642
Telephone	1,083	1,549
Utilities	1,550	871
Wages and employee benefits	<u>7,926</u>	<u>6,195</u>
	<u>104,370</u>	<u>91,859</u>
	<u>\$ 284,561</u>	<u>\$ 286,405</u>