

Big Brothers - Big Sisters of P.E.I. Inc.
Financial Statements
For the Year Ended September 30, 2021

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Financial Statements
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Independent Auditor's Report

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 organization), which comprise the statement of financial position as at September 30, 2021, 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, 2021, 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, 2020 and 2021, current assets as at September 30, 2020 and 2021, and net assets as at October 1 and September 30 for both the 2020 and 2021 years. Our audit opinion on the financial statements for the year ended September 30, 2020 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 23, 2022

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

September 30	2021	2020
Assets		
Current		
Cash	\$ 500,983	\$ 380,490
Short-term investments (Note 2)	257,495	255,610
Accounts receivable	46,250	30,476
	804,728	666,576
Capital assets (Note 3)	68,649	69,254
	\$ 873,377	\$ 735,830
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 35,273	\$ 47,646
Deferred revenue (Note 6)	50,000	15,250
Current portion of long-term debt (Note 7)	20,012	-
	105,285	62,896
Long-term debt (Note 7)	6,647	30,000
	111,932	92,896
Commitments (Note 8)		
Net Assets		
Invested in capital assets (Note 9)	68,649	69,254
Capital restricted (Note 10)	50,000	-
Internally restricted (Note 10)	111,659	125,000
Unrestricted	531,137	448,680
	761,445	642,934
	\$ 873,377	\$ 735,830

On behalf of the Board:

_____ Director

_____ Director

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

For the year ended September 30	Invested in capital assets	Capital restricted	Internally restricted	Unrestricted	2021 Total	2020 Total
Balance, beginning of the year	\$ 69,254	\$ -	\$ 125,000	\$ 448,680	\$ 642,934	\$ 487,891
Excess (deficiency) of revenue over expenses (Note 9)	(605)	-	-	119,116	118,511	155,043
Internal restrictions (Note 10)	-	50,000	(13,341)	(36,659)	-	-
Balance, end of the year	\$ 68,649	\$ 50,000	\$ 111,659	\$ 531,137	\$ 761,445	\$ 642,934

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	2021	2020
Revenue		
Dream Draw Cottage (net - Schedule 2)	\$ 364,446	\$ 307,171
Bowl for Kids' Sake/Big Little Scavenger Hunt (net - Schedule 1)	43,191	66,110
Grants - Federal government	30,998	52,284
Grants for teen mentoring program (Note 13)	25,250	30,000
Donations	43,397	74,615
Grants - Royal Bank of Canada	24,992	24,568
Grants - Province of P.E.I.	29,100	34,100
United Way of P.E.I.	22,500	22,941
Interest	5,465	6,521
	589,339	618,310
Operating expenses		
Advertising and recruitment	14,428	9,070
Amortization of capital assets	4,812	3,971
Computer support	676	1,379
Equipment and software purchases	-	2,858
Equipment lease	3,762	3,825
Insurance	10,154	8,585
Interest and bank charges	926	3,139
Miscellaneous	3,709	2,700
National Agency and regional dues	7,635	10,056
Office improvements	4,908	9,106
Office supplies and postage	6,873	8,685
Professional fees	8,931	4,737
Property taxes	321	902
Rent	7,167	7,045
Special projects	15,488	18,908
Telephone	8,459	7,307
Teen mentoring (Note 13)	39,110	48,353
Training and interagency	897	2,917
Travel	1,464	1,330
Utilities	4,800	4,356
Wages and employee benefits	326,308	304,038
	470,828	463,267
Excess of revenue over expenses	\$ 118,511	\$ 155,043

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	2021	2020
Cash flows from operating activities		
Cash receipts from customers and contributors	\$ 841,520	\$ 880,954
Cash paid to suppliers and employees	(716,133)	(702,346)
Interest received	3,580	1,308
Interest paid	(926)	(3,139)
	128,041	176,777
Cash flows from investing activities		
Purchase of investments	(100,000)	(200,000)
Disposal of investments	100,000	-
Acquisition of property and equipment	(4,207)	-
	(4,207)	(200,000)
Cash flows from financing activities		
Repayment of long-term borrowings	(13,341)	-
Proceeds from long-term debt	10,000	30,000
	(3,341)	30,000
Net increase in cash	120,493	6,777
Cash, beginning of the year	380,490	373,713
Cash, end of the year	\$ 500,983	\$ 380,490

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

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

Notes to Financial Statements

September 30, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization Big Brothers Big Sisters of P.E.I. Inc. ("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:

Asset	Method	Rate
Building	Straight-line	4%
Computer equipment	Straight-line	20%

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.

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

September 30, 2021

1. Significant Accounting Policies (continued)

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.
Vacation Pay	Vacation pay is accrued as entitlement to these payments as earned.
Financial Instruments	Financial instruments are recorded at fair value at initial recognition. In subsequent periods, financial instruments are reported at fair value, 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.
Use of Estimates	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.

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

September 30, 2021

2. Short-term Investments

Short-term investments are comprised of the following:

	2021	2020
At amortized cost:		
Bank of Montreal, Guaranteed Investment Certificates, 0.25%, maturing November 2021	\$ 102,038	\$ -
Bank of Montreal, Guaranteed Investment Certificates, 1.67%, matured March 2021	-	102,038
Bank of Montreal, Guaranteed Investment Certificates, 1.0%, matured July 2021	-	100,787
	102,038	202,825
At fair value:		
Portfolio of marketable securities hosted by Community Foundation of PEI (CFPEI)	155,457	52,785
	\$ 257,495	\$ 255,610

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 46,000	\$ -	\$ 46,000	\$ -
Building	99,279	79,996	99,279	76,025
Computer equipment	4,207	841	-	-
	149,486	80,837	145,279	76,025
	\$ 68,649	\$ 69,254		

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

September 30, 2021

4. Demand Loan

The organization has a demand facility in the amount of \$Nil (2020 - \$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.

5. Accounts Payable and Accrued Liabilities

	2021	2020
Accrued vacation payable	\$ 16,805	\$ 13,991
National dues	10,472	10,769
Trade payables	7,996	12,125
Other payables	-	10,761
	\$ 35,273	\$ 47,646

6. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for the Teen Mentoring Program, in-school mentoring boxes and capital expenses funding received in the current period that is related to expenses of a subsequent period. Changes in the deferred contributions balance are as follows:

	Social Development and Housing	Rotary Club of Charlottetown	Telus Friendly Future Foundation	Total
Beginning balance	\$ -	\$ 5,250	\$ 10,000	\$ 15,250
Less: amounts recognized as revenue in the year	-	(5,250)	(10,000)	(15,250)
Add: amounts received related to capital assets of a subsequent period	50,000	-	-	50,000
Ending balance	\$ 50,000	\$ -	\$ -	\$ 50,000

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

September 30, 2021

7. Long-term Debt

	2021	2020
Bank of Montreal, Canada Emergency Business Account, 0%, less \$20,000 forgivable portion, principal repayment due December 2023	\$ 26,659	\$ 30,000
Less: current portion of long-term debt	(20,012)	-
Long-term portion of debt	\$ 6,647	\$ 30,000

Subsequent to year end, repayment of the loan was extended from December 2022 to December 2023. The organization will continue the previously approved repayment plan and pay off the loan at \$1,667 per month, to be fully repaid by December 2022.

8. Commitments

The organization leases its printer under a long-term operating lease that expires February 2024. The quarterly payments are \$840.

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

2022	\$	3,360
2023		3,360
2024		840

9. Investment in Capital Assets

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

	2021	2020
Capital assets	\$ 68,649	\$ 69,254

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

	2021	2020
Purchase of capital assets	\$ 4,207	\$ -
Amortization of capital assets	(4,812)	(3,971)
Net change in investment in capital assets:	\$ (605)	\$ (3,971)

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

September 30, 2021

10. Internally Restricted Net Assets

Internally restricted net assets consists of a general contingency fund of \$111,659 (2020 - \$125,000). Access to these funds is restricted based on conditions set by the Board of Directors. During the year, \$Nil (2020 - \$50,000) was transferred to internally restricted net assets to respond to economic downturns and other unforeseen circumstances that would require immediate funding, and \$13,341 (2020 - \$Nil) was used to repay certain CEWS funding. During the year, a capital restricted fund was established for \$50,000 of future capital expenditures.

11. Government Subsidies

During the year, the organization received \$28,538 (2020 - \$19,125) in wage subsidies. Amounts received during the year are recorded as a direct reduction of wages and employee benefits.

The organization also received \$30,998 (2020 - \$46,593) in the Canada Emergency Wage Subsidy (CEWS) and \$Nil (2020 - \$5,691) in the Temporary Wage Subsidy for Employers (TWSE). Amounts received during the year are recorded as federal government grants.

12. 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.

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

September 30, 2021

13. Teen Mentoring

(a) Grants for Teen mentoring program include as follows:

	2021	2020
Grant from Rotary Club of Charlottetown Royalty	\$ 5,250	\$ 30,000
Grant from the Community Foundation of Prince Edward Island	10,000	-
Grant from Telus Friendly Future Foundation	10,000	-
	<u>\$ 25,250</u>	<u>\$ 30,000</u>

\$15,250 of the above grants represent deferred revenue restricted for the Teen Mentoring Program that is recognized as revenue during the year.

(b) Expenses for Teen mentoring program include as follows:

	2021	2020
Supplies	\$ 30	\$ 3,558
Travel	390	1,637
Wages	38,690	43,158
	<u>\$ 39,110</u>	<u>\$ 48,353</u>

14. Uncertainty due to COVID-19

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the organization or its clients, employees, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the organization's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the organization's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the organization's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

In order to mitigate any effects of COVID-19, the company applied for and received wage subsidies offered by the government totaling \$30,998 which were recorded in revenue.

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

For the year ended September 30	2021	2020
Revenue		
Pledges	\$ 48,373	\$ 96,296
Corporate sponsorship	4,674	11,150
Dream Team	-	2,700
	<u>53,047</u>	<u>110,146</u>
 Operating expenses		
Advertising and promotion	6,892	22,718
Awards and prizes	1,504	9,171
Lane rentals	-	7,276
Mail and postage	126	250
Mileage	278	687
Office and miscellaneous	31	1,261
Printing	905	2,600
Telephone	120	73
	<u>9,856</u>	<u>44,036</u>
	<u>\$ 43,191</u>	<u>\$ 66,110</u>

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

For the year ended September 30	2021	2020
Revenue		
Ticket sales	\$ 593,258	\$ 526,374
Cost of goods sold		
Cottage and delivery costs	151,705	125,979
	<u>441,553</u>	<u>400,395</u>
Operating expenses		
Advertising and promotion	39,285	39,321
Cash prize	7,500	13,000
Credit card and debit fees	5,558	6,680
Mail and postage	9,114	9,821
Mileage	184	167
Office and miscellaneous	4,329	8,560
Printing	6,081	6,384
Telephone	391	999
Utilities	1,066	886
Wages and employee benefits	3,599	7,406
	<u>77,107</u>	<u>93,224</u>
	<u>\$ 364,446</u>	<u>\$ 307,171</u>