

**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Financial Statements**  
**For the Year Ended September 30, 2022**

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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 organization), which comprise the statement of financial position as at September 30, 2022, 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, 2022, 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, 2022 and 2021, current assets as at September 30, 2022 and 2021, and net assets as at October 1 and September 30 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended September 30, 2021 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, 2023

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

September 30	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 773,066	\$ 500,983
Short-term investments (Note 2)	139,426	257,495
Accounts receivable	58,094	46,250
	970,586	804,728
<b>Capital assets (Note 3)</b>	68,259	68,649
	\$ 1,038,845	\$ 873,377
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 72,949	\$ 35,273
Deferred revenue (Note 6)	130,334	50,000
Current portion of long-term debt (Note 7)	6,647	20,012
	209,930	105,285
<b>Long-term debt (Note 7)</b>	-	6,647
	209,930	111,932
<b>Commitments (Note 8)</b>		
<b>Net Assets</b>		
Invested in capital assets (Note 9)	68,259	68,649
Capital restricted (Note 10)	100,000	50,000
Internally restricted (Note 10)	111,659	111,659
Unrestricted	548,997	531,137
	828,915	761,445
	\$ 1,038,845	\$ 873,377

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>Capital restricted</b>	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>2022 Total</b>	<b>2021 Total</b>
Balance, beginning of the year	\$ 68,649	\$ 50,000	\$ 111,659	\$ 531,137	\$ 761,445	\$ 642,934
Excess (deficiency) of revenue over expenses (Note 9)	(390)	-	-	67,860	67,470	118,511
Internal restrictions (Note 10)	-	50,000	-	(50,000)	-	-
<b>Balance, end of the year</b>	<b>\$ 68,259</b>	<b>\$ 100,000</b>	<b>\$ 111,659</b>	<b>\$ 548,997</b>	<b>\$ 828,915</b>	<b>\$ 761,445</b>

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	2022	2021
<b>Revenue</b>		
Dream Draw Cottage (net - Schedule 2)	\$ 425,035	\$ 364,446
Big Little Scavenger Hunt/Big Little Challenge (net - Schedule 1)	30,845	43,191
Grants - Federal government	9,763	30,998
Grants for teen mentoring program (Note 13)	20,039	25,250
Donations	28,249	43,397
Grants - Royal Bank of Canada	25,000	24,992
Grants - Province of P.E.I.	29,100	29,100
United Way of P.E.I.	25,000	22,500
Interest	3,866	2,793
Unrealized gain (loss) on investments	(16,031)	2,672
	<b>580,866</b>	<b>589,339</b>
<b>Operating expenses</b>		
Advertising and recruitment	1,180	14,428
Amortization of capital assets	4,812	4,812
Computer support	3,338	676
Equipment lease	3,662	3,762
Insurance	10,610	10,154
Interest and bank charges	1,028	926
Miscellaneous	2,935	3,709
National Agency and regional dues	11,177	7,635
Office improvements	4,709	4,908
Office supplies and postage	10,442	6,873
Professional fees	11,564	8,931
Property taxes	1,864	321
Rent	7,828	7,167
Special projects	28,849	15,488
Telephone	8,568	8,459
Teen mentoring (Note 13)	36,374	39,110
Training and interagency	1,046	897
Travel	1,703	1,464
Utilities	5,571	4,800
Wages and employee benefits	356,136	326,308
	<b>513,396</b>	<b>470,828</b>
<b>Excess of revenue over expenses</b>	<b>\$ 67,470</b>	<b>\$ 118,511</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	2022	2021
<b>Cash flows from operating activities</b>		
Cash receipts from customers and contributors	\$ 948,976	\$ 841,520
Cash paid to suppliers and employees	(757,335)	(716,132)
Interest received	3,866	3,579
Interest paid	(1,028)	(926)
	<b>194,479</b>	<b>128,041</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	-	(100,000)
Disposal of investments	102,038	100,000
Acquisition of property and equipment	(4,422)	(4,207)
	<b>97,616</b>	<b>(4,207)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(20,012)	(13,341)
Proceeds from long-term debt	-	10,000
	<b>(20,012)</b>	<b>(3,341)</b>
<b>Net increase in cash</b>	<b>272,083</b>	<b>120,493</b>
<b>Cash, beginning of the year</b>	<b>500,983</b>	<b>380,490</b>
<b>Cash, end of the year</b>	<b>\$ 773,066</b>	<b>\$ 500,983</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, 2022

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### 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.

**Cash and Cash Equivalents** Cash and cash equivalents consist of cash on hand and bank balances.

**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%
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.

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

September 30, 2022

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### 1. Significant Accounting Policies (continued)

<b>Contributed Services</b>	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.
<b>Vacation Pay</b>	Vacation pay is accrued as entitlement to these payments as earned.
<b>Financial Instruments</b>	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.
<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, 2022

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### 2. Short-term Investments

Short-term investments are comprised of the following:

	2022	2021
At amortized cost:		
Bank of Montreal, Guaranteed Investment Certificates, matured during the year	-	102,038
At fair value:		
Portfolio of marketable securities hosted by Community Foundation of PEI	139,426	155,457
	<b>\$ 139,426</b>	<b>\$ 257,495</b>

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### 3. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 46,000	\$ -	\$ 46,000	\$ -
Building	99,279	83,967	99,279	79,996
Building renovations	4,422	-	-	-
Computer equipment	4,207	1,682	4,207	841
	153,908	85,649	149,486	80,837
		<b>\$ 68,259</b>		<b>\$ 68,649</b>

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### 4. Demand Loan

The organization has a demand facility in the amount of \$Nil (2021 - \$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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**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Notes to Financial Statements**

**September 30, 2022**

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**5. Accounts Payable and Accrued Liabilities**

	2022	2021
Accrued vacation payable	\$ 24,701	\$ 16,805
National dues	11,652	10,472
Trade payables	27,799	7,996
Other payables	8,797	-
	\$ 72,949	\$ 35,273

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**6. Deferred Revenue**

Deferred revenue represents unspent resources externally restricted for the Teen Mentoring Program, New Horizons for Seniors Program, and capital expenditure funding received in the current period that is related to expenses of a subsequent period. Changes in the deferred revenue and contribution balances are as follows:

	Social Development and Housing	Service Canada	Total
Beginning balance	\$ 50,000	\$ -	\$ 50,000
Add: amounts received related to expenses of a subsequent period	20,000	10,334	30,334
Add: amounts received related to capital assets of a subsequent period	50,000	-	50,000
Ending balance	\$ 120,000	\$ 10,334	\$ 130,334

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

September 30, 2022

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### 7. Long-term Debt

	<u>2022</u>	<u>2021</u>
Bank of Montreal, Canada Emergency Business Account, 0%, less \$20,000 forgivable portion, principal repayment due December 2023	\$ 6,647	\$ 26,659
Less: current portion of long-term debt	<u>(6,647)</u>	<u>(20,012)</u>
Long-term portion of debt	<u>\$ -</u>	<u>\$ 6,647</u>

The organization approved a repayment plan to pay off the loan at \$1,667 per month beginning in February 2021.

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### 8. Commitments

The organization leases its printer with quarterly payments of \$840 under a long-term operating lease that expires in February 2024. Subsequent to year-end, the organization began leasing a postage machine with quarterly payments of \$267 under a long-term operating lease that expires in December 2027.

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

2023	\$ 4,428
2024	1,908
2025	1,068
2026	1,068
2027	1,068

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

September 30, 2022

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**9. Investment in Capital Assets**

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

	<u>2022</u>	<u>2021</u>
Capital assets	<u>\$ 68,259</u>	<u>\$ 68,649</u>

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

	<u>2022</u>	<u>2021</u>
Purchase of capital assets	\$ 4,422	\$ 4,207
Amortization of capital assets	<u>(4,812)</u>	<u>(4,812)</u>
Net change in investment in capital assets:	<u>\$ (390)</u>	<u>\$ (605)</u>

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

September 30, 2022

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### 10. Internally Restricted Net Assets

Internally restricted net assets consists of a general contingency fund of \$111,659 (2021 - \$111,659). Access to these funds is restricted based on conditions set by the Board of Directors. During the year, \$Nil (2021 - \$Nil) was transferred to internally restricted net assets and \$Nil (2021 - \$13,341) was used to repay certain CEWS funding. During the year, \$50,000 (2021 - \$50,000) was transferred to a capital restricted fund for future capital expenditures.

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### 11. Government Subsidies

During the year, the organization received \$25,516 (2021 - \$28,538) in wage subsidies. Amounts received during the year are recorded as a direct reduction of wages and employee benefits.

The organization also received \$Nil (2021 - \$30,998) from the Canada Emergency Wage Subsidy (CEWS). Amounts received during the year are recorded as federal government grants.

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### 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. However, the organization mitigates this risk through insurance with Canada Deposit Insurance Corporation. This risk has increased from the prior year due to the increase in cash.

#### Market risk

The organization is exposed to fluctuations in equity markets on its short-term investments which are invested in various securities. There has been no significant change in market risk as no equity investments have been purchased or sold during the year

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

September 30, 2022

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### 13. Teen Mentoring

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

	<u>2022</u>	<u>2021</u>
Social Development and Housing	\$ 20,000	\$ -
Donations	39	-
Community Foundation of Prince Edward Island	-	10,000
Telus Friendly Future Foundation	-	10,000
Rotary Club of Charlottetown Royalty	-	5,250
	<u>\$ 20,039</u>	<u>\$ 25,250</u>

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

	<u>2022</u>	<u>2021</u>
Supplies	\$ 76	\$ 30
Travel	247	390
Wages	36,051	38,690
	<u>\$ 36,374</u>	<u>\$ 39,110</u>

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### 14. Comparative Figures

The comparative figures have been restated to conform to the current year's presentation.

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**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Schedule 1 - Big Little Scavenger Hunt/Big Little Challenge**

<b>For the year ended September 30</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Pledges	\$ 35,677	\$ 48,373
Corporate sponsorship	7,475	4,674
	<b>43,152</b>	<b>53,047</b>
<b>Operating expenses</b>		
Advertising and promotion	9,008	6,892
Awards and prizes	2,868	1,504
Mail and postage	-	126
Mileage	-	278
Office and miscellaneous	38	31
Printing	393	905
Telephone	-	120
	<b>12,307</b>	<b>9,856</b>
	<b>\$ 30,845</b>	<b>\$ 43,191</b>

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

<b>For the year ended September 30</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Ticket sales	\$ 700,184	\$ 593,258
<b>Cost of goods sold</b>		
Cottage and delivery costs	<u>176,794</u>	<u>151,705</u>
	<u>523,390</u>	<u>441,553</u>
<b>Operating expenses</b>		
Advertising and promotion	60,408	39,285
Cash prize	7,500	7,500
Credit card and debit fees	7,206	5,558
Mail and postage	8,552	9,114
Mileage	-	184
Office and miscellaneous	1,626	4,329
Printing	5,853	6,081
Telephone	1,336	391
Utilities	504	1,066
Wages and employee benefits	<u>5,370</u>	<u>3,599</u>
	<u>98,355</u>	<u>77,107</u>
	<u>\$ 425,035</u>	<u>\$ 364,446</u>