

**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Financial Statements**  
**For the Year Ended September 30, 2023**

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at September 30, 2023 and 2022, and net assets as at October 1 and September 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended September 30, 2022 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization's 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  
March 8, 2024

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

September 30	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 383,456	\$ 773,066
Short-term investments (Note 2)	545,074	139,426
Accounts receivable	20,061	58,094
	948,591	970,586
<b>Capital assets (Note 3)</b>	124,914	68,259
	\$ 1,073,505	\$ 1,038,845
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 74,984	\$ 72,949
Deferred revenue (Note 6)	41,592	30,334
Current portion of long-term debt	-	6,647
	116,576	109,930
<b>Deferred contributions for capital assets (Note 3)</b>	125,000	100,000
	241,576	209,930
<b>Commitments (Note 7)</b>		
<b>Net Assets</b>		
Invested in capital assets (Note 8)	124,914	68,259
Capital restricted (Note 9)	150,000	100,000
Internally restricted (Note 9)	111,659	111,659
Unrestricted	445,356	548,997
	831,929	828,915
	\$ 1,073,505	\$ 1,038,845

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>2023 Total</b>	<b>2022 Total</b>
Balance, beginning of the year	\$ 68,259	\$ 100,000	\$ 111,659	\$ 548,997	\$ 828,915	\$ 761,445
Excess (deficiency) of revenue over expenses	-	-	-	3,014	3,014	67,470
Internal restrictions (Note 9)	-	50,000	-	(50,000)	-	-
Net change in invested in capital assets (Note 8)	<u>56,655</u>	-	-	<u>(56,655)</u>	-	-
<b>Balance, end of the year</b>	<b>\$ 124,914</b>	<b>\$ 150,000</b>	<b>\$ 111,659</b>	<b>\$ 445,356</b>	<b>\$ 831,929</b>	<b>\$ 828,915</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	2023	2022
<b>Revenue</b>		
Dream Draw Cottage (Schedule 1)	\$ 672,350	\$ 700,184
Bowl for Kids Sake/Big Little Scavenger Hunt (Schedule 2)	101,698	43,152
Grants - Province of P.E.I.	34,656	29,100
Donations	27,920	28,249
Grants for teen mentoring program (Note 12)	20,000	20,039
Interest	16,203	3,866
United Way of P.E.I.	15,000	25,000
Grants - Federal Government	10,334	9,763
Unrealized gain (loss) on investments	5,648	(16,031)
Grants - Royal Bank of Canada	3,502	25,000
	<b>907,311</b>	<b>868,322</b>
<b>Operating expenses</b>		
Wages and employee benefits	379,109	356,136
Dream Draw Cottage (Schedule 1)	306,204	275,149
Teen mentoring (Note 12)	53,705	36,374
Special projects	28,148	28,849
Bowl for Kids Sake/Big Little Scavenger Hunt (Schedule 2)	25,175	12,307
Office supplies and postage	13,367	10,442
Insurance	12,049	10,610
Rent	11,650	7,828
National Agency and regional dues	10,304	11,177
Computer support	9,015	3,338
Professional fees	8,601	11,564
Telephone	8,221	8,568
Advertising and recruitment	7,317	1,180
Utilities	6,045	5,571
Amortization of capital assets	5,389	4,812
Travel	3,875	1,703
Equipment lease	3,574	3,662
Miscellaneous	3,306	2,935
Office improvements	2,610	4,709
Training and interagency	2,041	1,046
Property taxes	1,878	1,864
Software	1,643	-
Interest and bank charges	1,071	1,028
	<b>904,297</b>	<b>800,852</b>
<b>Excess of revenue over expenses</b>	<b>\$ 3,014</b>	<b>\$ 67,470</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	2023	2022
<b>Cash flows from operating activities</b>		
Cash receipts from customers and contributors	\$ 959,751	\$ 948,976
Cash paid to suppliers and employees	(895,801)	(757,335)
Interest received	16,203	3,866
Interest paid	(1,071)	(1,028)
	<b>79,082</b>	<b>194,479</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(400,000)	-
Disposal of investments	-	102,038
Acquisition of property and equipment	(62,045)	(4,422)
	<b>(462,045)</b>	<b>97,616</b>
<b>Cash flows from financing activity</b>		
Repayment of long-term borrowings	(6,647)	(20,012)
	<b>(6,647)</b>	<b>(20,012)</b>
<b>Net increase (decrease) in cash</b>	<b>(389,610)</b>	<b>272,083</b>
Cash, beginning of the year	<b>773,066</b>	<b>500,983</b>
<b>Cash, end of the year</b>	<b>\$ 383,456</b>	<b>\$ 773,066</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, 2023

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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** Cash consists 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>
Renovations in-progress	not subject to amortization	
Building	Straight-line	4%
Computer equipment	Straight-line	20%

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

September 30, 2023

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### 1. Significant Accounting Policies (continued)

<b>Revenue Recognition</b>	<p>The organization follows the deferral method of accounting for contributions.</p> <p>Restricted contributions including government grants and donations 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.</p> <p>Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for related assets.</p> <p>Revenue from fundraising activities is recognized when tickets are sold.</p>
<b>Contributed Services</b>	<p>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.</p>
<b>Vacation Pay</b>	<p>Vacation pay is accrued as entitlement to these payments as earned.</p>
<b>Financial Instruments</b>	<p>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.</p>
<b>Use of Estimates</b>	<p>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. Estimates include the useful lives of capital assets and related amortization.</p>

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

September 30, 2023

### 2. Short-term Investments

Short-term investments are comprised of the following:

	2023	2022
At amortized cost:		
Bank of Montreal, Guaranteed Investment Certificates, 4.7%, matures November 2027	400,000	-
At fair value:		
Portfolio of marketable securities hosted by Community Foundation of PEI	145,074	139,426
	\$ 545,074	\$ 139,426

### 3. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 46,000	\$ -	\$ 46,000	\$ -
Building	99,279	87,938	99,279	83,967
Renovations in-progress	63,586	-	4,422	-
Computer equipment	7,088	3,101	4,207	1,682
	215,953	91,039	153,908	85,649
	\$ 124,914	\$ 68,259		

During the prior year, the organization began renovations to an existing building. The costs to date of \$63,586 are including in renovation in-progress as they are not yet ready for use. No amortization has been recorded.

Deferred capital contributions of \$125,000 (2022 - \$100,000) represent the unamortized amount of grants and contributions received for the renovations in-progress. No amortization has been recorded on these contributions as the related assets were not complete at year end.

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

September 30, 2023

### 4. Demand Loan

The organization has a demand facility in the amount of \$20,000; bears interest at the bank's prime + 2% and is secured by the organization's building. There is no drawn balance as at year end (2022 - \$Nil).

### 5. Accounts Payable and Accrued Liabilities

	2023	2022
Accrued vacation payable	\$ 20,866	\$ 24,701
National dues	17,549	11,652
Trade payables	27,771	27,799
Other payables	8,798	8,797
	\$ 74,984	\$ 72,949

### 6. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for specific projects. Changes in the deferred revenue balance are as follows:

	Teen Mentoring Program	New Horizons for Seniors Program	Digitization Project	Tech n Talk Program	Launch your Life Fund	Total
Beginning balance	20,000	\$ 10,334	-	-	-	30,334
Add: amounts received related to expenses of a subsequent period	5,000	-	20,650	14,444	1,498	41,592
Less: amount recognized as income in the year	(20,000)	(10,334)	-	-	-	(30,334)
Ending balance	5,000	\$ -	20,650	14,444	1,498	41,592

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

September 30, 2023

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### 7. Commitments

The organization leases various office equipment under operating leases that expire between 2024 to 2028. The minimum annual lease payments for the next five years are as follows:

2024	\$	3,156
2025		2,316
2026		2,316
2027		2,316
2028		1,248

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### 8. Investment in Capital Assets

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

	<u>2023</u>	<u>2022</u>
Capital assets	<u>\$ 124,914</u>	<u>\$ 68,259</u>
	<u>\$ 124,914</u>	<u>\$ 68,259</u>

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

	<u>2023</u>	<u>2022</u>
Purchase of capital assets	\$ 62,044	\$ 4,422
Amortization of capital assets	<u>(5,389)</u>	<u>(4,812)</u>
Net change in investment in capital assets:	<u>\$ 56,655</u>	<u>\$ (390)</u>

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

September 30, 2023

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### 9. Internally Restricted Net Assets

Internally restricted net assets consists of a general contingency fund of \$111,659 (2022 - \$111,659). Access to these funds is restricted based on conditions set by the Board of Directors. During the year, \$Nil (2022 - \$Nil) was transferred to internally restricted net assets. During the year, \$50,000 (2022 - \$50,000) was transferred to a capital restricted fund for future capital expenditures.

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### 10. Government Subsidies

During the year, the organization received \$36,660 (2022 - \$25,516) in wage subsidies. Amounts received during the year are recorded as a direct reduction of wages and employee benefits.

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### 11. 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 and investments.

#### 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, 2023**

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**12. Teen Mentoring**

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

	<u>2023</u>		<u>2022</u>
Social Development and Housing	\$ 20,000	\$	20,000
Donations	-		39
	<u>\$ 20,000</u>	<u>\$</u>	<u>20,039</u>

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

	<u>2023</u>		<u>2022</u>
Supplies	\$ 4,734	\$	76
Travel	2,096		247
Wages	46,875		36,051
	<u>\$ 53,705</u>	<u>\$</u>	<u>36,374</u>

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**13. Comparative Figures**

Certain 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 - Dream Draw Cottage**

<b>For the year ended September 30</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Ticket sales	\$ 671,100	\$ 700,184
Cottage donation	1,250	-
	672,350	700,184
<b>Cost of goods sold</b>		
Cottage and delivery costs	192,000	176,794
	480,350	523,390
<b>Operating expenses</b>		
Advertising and promotion	58,698	60,408
Cash prize	7,500	7,500
Credit card and debit fees	6,918	7,206
Mail and postage	10,522	8,552
Mileage	199	-
Office and miscellaneous	2,711	1,626
Printing	5,268	5,853
Telephone	2,031	1,336
Utilities	575	504
Wages and employee benefits	19,782	5,370
	114,204	98,355
	\$ 366,146	\$ 425,035

**Big Brothers - Big Sisters of P.E.I. Inc.**  
**Schedule 2 - Bowl for Kids Sake 2023 / Big Little Scavenger Hunt 2022**

For the year ended September 30	2023	2022
<b>Revenue</b>		
Pledges	\$ 86,332	\$ 35,677
Corporate sponsorship	15,366	7,475
	101,698	43,152
<b>Operating expenses</b>		
Advertising and promotion	12,889	9,008
Awards and prizes	3,494	2,868
Lane rentals	6,740	-
Mileage	646	-
Office and miscellaneous	954	38
Printing	452	393
	25,175	12,307
	\$ 76,523	\$ 30,845