

Big Brothers - Big Sisters of P.E.I. Inc.
Financial Statements
For the Year Ended September 30, 2024

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Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15
Schedules	16 - 17



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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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at September 30, 2024 and 2023, and net assets as at October 1 and September 30 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended September 30, 2023 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
February 24, 2025

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

September 30	2024	2023
Assets		
Current		
Cash	\$ 369,016	\$ 383,456
Short-term investments (Note 2)	587,829	545,074
Accounts receivable	39,145	20,061
	<u>995,990</u>	<u>948,591</u>
Capital assets (Note 3)	122,354	124,914
	<u>\$ 1,118,344</u>	<u>\$ 1,073,505</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 86,707	\$ 74,984
Deferred revenue (Note 6)	42,712	41,592
	<u>129,419</u>	<u>116,576</u>
Deferred contributions for capital assets (Note 3)	175,000	125,000
	<u>304,419</u>	<u>241,576</u>
Commitments (Note 7)		
Net Assets		
Invested in capital assets (Note 8)	122,354	124,914
Capital restricted (Note 9)	200,000	150,000
Internally restricted (Note 9)	111,659	111,659
Unrestricted	379,912	445,356
	<u>813,925</u>	<u>831,929</u>
	<u>\$ 1,118,344</u>	<u>\$ 1,073,505</u>

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	2024 Total	2023 Total
Balance, beginning of the year	\$ 124,914	\$ 150,000	\$ 111,659	\$ 445,356	\$ 831,929	\$ 828,915
Excess (deficiency) of revenue over expenses	-	-	-	(18,004)	(18,004)	3,014
Internal restrictions (Note 9)	-	50,000	-	(50,000)	-	-
Net change in invested in capital assets (Note 8)	(2,560)	-	-	2,560	-	-
Balance, end of the year	\$ 122,354	\$ 200,000	\$ 111,659	\$ 379,912	\$ 813,925	\$ 831,929

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	2024	2023
Revenue		
Dream Draw Cottage (Schedule 1)	\$ 573,100	\$ 672,350
Bowl for Kids Sake (Schedule 2)	105,853	101,698
Grants for teen mentoring program (Note 12)	44,595	20,000
United Way of P.E.I.	42,500	15,000
Interest	38,785	16,203
Grants - Federal Government	32,000	10,334
Grants - Province of P.E.I.	31,427	34,656
Donations	21,840	27,920
Grants - Royal Bank of Canada	-	3,502
	890,100	901,663
Operating expenses		
Wages and employee benefits	390,049	379,109
Dream Draw Cottage (Schedule 1)	294,050	306,204
Teen mentoring (Note 12)	44,539	53,705
Computer support	42,558	9,015
Special projects	21,283	28,148
National Agency and regional dues	17,996	10,304
Bowl for Kids Sake (Schedule 2)	16,195	25,175
Insurance	14,029	12,049
Professional fees	13,636	8,601
Office supplies and postage	12,662	13,367
Telephone	10,178	8,221
Rent	8,597	11,650
Office improvements	7,760	2,610
Advertising and recruitment	8,204	7,317
Amortization of capital assets	6,096	5,389
Utilities	5,565	6,045
Travel	3,277	3,875
Miscellaneous	3,197	3,306
Equipment lease	3,072	3,574
Property taxes	2,268	1,878
Software	2,173	1,643
Training and interagency	1,319	2,041
Interest and bank charges	1,055	1,071
	929,758	904,297
Excess (deficiency) of revenue over expenses before other income	(39,658)	(2,634)
Other income		
Unrealized gain (loss) on investments	21,654	\$ 5,648
Excess (deficiency) of revenue over expenses	\$ (18,004)	\$ 3,014

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	2024	2023
Cash flows from (used in) operating activities		
Cash receipts from customers and contributors	\$ 838,236	\$ 959,751
Cash paid to suppliers and employees	(886,870)	(895,801)
Interest received	38,785	16,203
Interest paid	(1,055)	(1,071)
	<u>(10,904)</u>	<u>79,082</u>
Cash flows used in investing activities		
Purchase of investments	-	(400,000)
Acquisition of property and equipment	(3,536)	(62,045)
	<u>(3,536)</u>	<u>(462,045)</u>
Cash flows used in financing activity		
Repayment of long-term borrowings	-	(6,647)
	<u>-</u>	<u>(6,647)</u>
Net decrease in cash	(14,440)	(389,610)
Cash, beginning of the year	<u>383,456</u>	<u>773,066</u>
Cash, end of the year	<u>\$ 369,016</u>	<u>\$ 383,456</u>

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, 2024

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. Cost includes all amounts directly attributable to acquisition or construction or betterment of the tangible capital asset. 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
Renovations in-progress	not subject to amortization	
Building	Straight-line	4%
Computer equipment	Straight-line	20%

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

Notes to Financial Statements

September 30, 2024

1. Significant Accounting Policies (continued)

Revenue Recognition	<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>
Contributed Services	<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>
Vacation Pay	<p>Vacation pay is accrued as entitlement to these payments as earned.</p>
Financial Instruments	<p>Cash and equity investments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and short-term investments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.</p> <p>For the financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p>

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

Notes to Financial Statements

September 30, 2024

1. Significant Accounting Policies (continued)

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. Estimates include the useful lives of capital assets and related amortization.

2. Short-term Investments

Short-term investments are comprised of the following:

	2024	2023
At amortized cost:		
Bank of Montreal, Guaranteed Investment Certificates, 4.7%, matures November 2027	\$ 418,800	400,000
At fair value:		
Portfolio of marketable securities hosted by Community Foundation of PEI	169,029	145,074
	<u>\$ 587,829</u>	<u>\$ 545,074</u>

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

September 30, 2024

3. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 46,000	\$ -	\$ 46,000	\$ -
Building	99,279	91,909	99,279	87,938
Renovations in-progress	63,586	-	63,586	-
Computer equipment	7,088	4,519	7,088	3,101
Office equipment	3,536	707	-	-
	<u>219,489</u>	<u>97,135</u>	<u>215,953</u>	<u>91,039</u>
		<u>\$ 122,354</u>		<u>\$ 124,914</u>

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 \$175,000 (2023 - \$125,000) 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.

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 (2023 - \$Nil).

5. Accounts Payable and Accrued Liabilities

	2024	2023
Trade payables	\$ 28,312	\$ 27,771
National dues	17,559	17,549
Accrued vacation payable	32,039	20,867
Other payables	<u>8,797</u>	<u>8,797</u>
	<u>\$ 86,707</u>	<u>\$ 74,984</u>

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

September 30, 2024

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	Digitization Project	Tech n Talk Program	Launch your Life Fund	Total
Beginning balance	\$ 5,000	\$ 20,650	\$ 14,444	\$ 1,498	\$ 41,592
Add: amounts received related to expenses of a subsequent period	68,900	-	-	-	68,900
Less: amount recognized as income in the year	(46,303)	(20,650)	(827)	-	(67,780)
Ending balance	\$ 27,597	\$ -	\$ 13,617	\$ 1,498	\$ 42,712

7. Commitments

The organization leases various office equipment under operating leases that expire between 2025 to 2028. The minimum annual lease payments for the next four years are as follows:

2025	2,316
2026	2,316
2027	2,316
2028	1,248

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

September 30, 2024

8. Investment in Capital Assets

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

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 122,354	\$ 124,914
	<u>\$ 122,354</u>	<u>\$ 124,914</u>

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

	<u>2024</u>	<u>2023</u>
Purchase of capital assets	\$ 3,536	\$ 62,044
Amortization of capital assets	<u>(6,096)</u>	<u>(5,389)</u>
Net change in investment in capital assets:	<u>\$ (2,560)</u>	<u>\$ 56,655</u>

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

Notes to Financial Statements

September 30, 2024

9. Internally Restricted Net Assets

Internally restricted net assets consists of a general contingency fund of \$111,659 (2023 - \$111,659). Access to these funds is restricted based on conditions set by the Board of Directors. During the year, \$Nil (2023 - \$Nil) was transferred to internally restricted net assets. During the year, \$50,000 (2023 - \$50,000) was transferred to a capital restricted fund for future capital expenditures.

10. Government Subsidies

During the year, the organization received \$49,773 (2023 - \$36,660) in wage subsidies. Amounts received during the year are recorded as a direct reduction of wages and employee benefits.

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.

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

September 30, 2024

12. Teen Mentoring

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

	<u>2024</u>	<u>2023</u>
Social Development and Housing	\$ -	\$ 20,000
PEI Alliance for Mental Well-Being	<u>44,595</u>	<u>-</u>
	<u>\$ 44,595</u>	<u>\$ 20,000</u>

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

	<u>2024</u>	<u>2023</u>
Supplies	\$ 2,838	\$ 4,734
Travel	1,734	2,096
Wages	<u>39,967</u>	<u>46,875</u>
	<u>\$ 44,539</u>	<u>\$ 53,705</u>

Big Brothers - Big Sisters of P.E.I. Inc.
Schedule 1 - Dream Draw Cottage

For the year ended September 30	2024	2023
Revenue		
Ticket sales	\$ 569,350	\$ 671,100
Cottage donation	3,750	1,250
	<u>573,100</u>	<u>672,350</u>
Cost of goods sold		
Cottage and delivery costs	193,710	192,000
	<u>379,390</u>	<u>480,350</u>
Operating expenses		
Advertising and promotion	52,992	58,698
Wages and employee benefits	13,136	19,782
Mail and postage	9,063	10,522
Cash prize	7,750	7,500
Credit card and debit fees	6,645	6,918
Printing	5,552	5,268
Office and miscellaneous	2,570	2,711
Telephone	965	2,031
Utilities	839	575
Insurance	700	-
Mileage	128	199
	<u>100,340</u>	<u>114,204</u>
	<u>\$ 279,050</u>	<u>\$ 366,146</u>

Big Brothers - Big Sisters of P.E.I. Inc.
Schedule 2 - Bowl for Kids Sake

For the year ended September 30	2024	2023
Revenue		
Pledges	\$ 72,753	\$ 86,332
Corporate sponsorship	33,100	15,366
	<u>105,853</u>	<u>101,698</u>
 Operating expenses		
Advertising and promotion	7,915	12,889
Lane rentals	5,985	6,740
Office and miscellaneous	829	954
Awards and prizes	578	3,494
Printing	505	452
Mileage	359	646
Mail and postage	24	-
	<u>16,195</u>	<u>25,175</u>
	<u>\$ 89,658</u>	<u>\$ 76,523</u>
