

Big Brothers Big Sisters of the Cowichan Valley
Financial Statements
December 31, 2021

Big Brothers Big Sisters of the Cowichan Valley

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For the year ended December 31, 2021

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Independent Auditor's Report

To the Members of Big Brothers Big Sisters of the Cowichan Valley:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of the Cowichan Valley (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and 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 matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 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 charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records and we were not able to determine whether adjustments might be necessary to donation revenue and excess of revenue over expenses for the years ended December 31, 2021 and 2020, and assets and net assets as at December 31, 2021 and 2020.

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 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 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles under Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Duncan, British Columbia

May 31, 2022

The logo for MNP LLP, featuring the letters 'MNP' in a large, stylized, handwritten-style font, followed by 'LLP' in a smaller, similar font.

Chartered Professional Accountants

Big Brothers Big Sisters of the Cowichan Valley

Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	104,402	225,196
Cash - restricted (Note 3)	145,540	65,029
Accounts receivable	4,152	23,802
Term deposits (Note 4)	56,211	26,055
Prepaid expenses	5,678	4,996
Goods and Services Tax recoverable	1,140	994
	317,123	346,072
Capital assets (Note 5)	22,547	12,712
	339,670	358,784
Liabilities		
Current		
Accounts payable and accruals	22,006	13,923
Deferred contributions (Note 6)	95,089	175,598
Employee deductions payable	701	1,795
Wages payable	16,852	3,441
	134,648	194,757
Long-term debt (Note 7)	40,000	40,000
	174,648	234,757
Significant events (Note 13)		
Net Assets		
Operating fund	26,955	53,235
Capital fund	22,547	12,712
Internally restricted fund	115,520	58,080
	165,022	124,027
	339,670	358,784

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of the Cowichan Valley

Statement of Operations

For the year ended December 31, 2021

	2021	2020
Revenue		
Grant revenue (Note 8)	237,624	183,819
Government assistance (Note 9)	110,742	59,132
Fundraising	4,788	37,630
Donations	49,814	14,509
Other revenue	231	521
Total revenue	403,199	295,611
Expenses		
Advertising	10,543	8,632
Amortization	5,637	3,178
Fundraising	1,868	4,123
Insurance	5,992	4,125
Membership fees	7,874	7,692
Office supplies	7,711	3,403
Postage	321	572
Professional development	2,985	354
Professional fees	11,667	10,701
Program	7,906	3,638
Rent	12,300	11,701
Repairs and maintenance	1,054	2,442
Salaries and benefits	279,540	178,221
Telephone	1,996	2,131
Travel	3,699	2,013
Utilities	1,111	1,577
Total expenses	362,204	244,503
Excess of revenue over expenses	40,995	51,108

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of the Cowichan Valley

Statement of Changes in Net Assets

For the year ended December 31, 2021

	<i>Operating fund</i>	<i>Capital fund</i>	<i>Internally restricted fund</i>	2021	2020
Net assets, beginning of year	53,235	12,712	58,080	124,027	72,919
Excess (deficiency) of revenue over expenses	46,632	(5,637)	-	40,995	51,108
Capital assets purchased with unrestricted funds	(15,472)	15,472	-	-	-
Internally imposed restrictions transfer	(90,000)	-	90,000	-	-
Transfer of funds for operating expenses	32,560	-	(32,560)	-	-
Net assets, end of year	26,955	22,547	115,520	165,022	124,027

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of the Cowichan Valley

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Cash receipts from grants	291,572	395,467
Cash received from donations	42,257	14,509
Cash paid for program service expenses	(81,322)	(56,303)
Cash paid for salaries and benefits	(267,222)	(184,596)
Cash receipts from fundraising	4,788	37,630
Interest	229	521
	(9,698)	207,228
Financing		
Advances of long-term debt	-	40,000
Investing		
Purchase of term deposit	(15,114)	-
Purchase of capital assets	(15,472)	(13,224)
Increase in restricted cash	(80,510)	(64,926)
	(111,096)	(78,150)
Increase (decrease) in cash resources	(120,794)	169,078
Cash resources, beginning of year	225,196	56,118
Cash resources, end of year	104,402	225,196

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of the Cowichan Valley

Notes to the Financial Statements

For the year ended December 31, 2021

1. Purpose of the society

Big Brothers Big Sisters of the Cowichan Valley (the "Organization") is incorporated under the Societies Act of British Columbia and is a registered charity and thus is exempt from income taxes under section 149(1)(f) of the Income Tax Act ("the Act"). In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Organization's purpose is to enable life-changing mentoring relationships to ignite the power and potential to young people.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The statement of financial position of the Organization includes the assets, liabilities and equity of all funds presented in the financial statements. A portion of the cash held is restricted for use in pre-determined projects and activities.

The Operating Fund reports the Organization's revenue and expenses for its programs.

The Capital Fund reports the Organization's investment in capital assets.

The Internally Restricted Fund reports the amounts restricted by the Board of Directors held for future operational needs and are not available for other purposes without approval from the Board of Directors.

For presentation, these restricted funds have been combined in the financial statements.

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. The grants from various funding agencies are recognized as revenue in the funding period to which they relate. Donations are recognized when the donations are received. Fundraising revenue is recognized when the cash is received and fundraising event has occurred.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Investments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Big Brothers Big Sisters of the Cowichan Valley

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (Continued from previous page)

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	20 %
Furniture and fixtures	20 %
Leasehold improvements	20 %

Measurement uncertainty

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue and expenses in the periods in which they become known.

3. Cash - restricted

	2021	2020
Revenue		
Community gaming grant	65,000	115,000
Raffle tickets	1,526	1,075
	66,526	116,075
Expenses		
Salaries and benefits	(68,920)	(45,033)
Rent expense	(6,300)	(5,809)
Utilities	(795)	(307)
	(76,015)	(51,149)
Net change	(9,489)	64,926
Cash - gaming, beginning of the year	65,029	103
Cash - gaming, end of year	55,540	65,029
Internally restricted cash account	90,000	-
Restricted cash, end of year	145,540	65,029

Big Brothers Big Sisters of the Cowichan Valley

Notes to the Financial Statements

For the year ended December 31, 2021

4. Term deposits

Term deposits consists of various terms deposits with maturities ranging from February 2022 to December 2022 and with interest rates varying from 0.05% to 1.90%

5. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	26,400	8,831	17,569	7,265
Furniture and fixtures	16,348	14,460	1,888	1,585
Leasehold improvements	4,828	1,738	3,090	3,862
	47,576	25,029	22,547	12,712

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for mentoring related costs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2021	2020
Balance, beginning of year	175,598	-
Grants received	157,115	353,547
Less: Amount recognized as revenue during the year	(237,624)	(177,949)
Balance, end of year (all amounts are current)	95,089	175,598

7. Long-term debt

During the year, the organization received a Canada Emergency Business Account ("CEBA") loan of \$40,000 from Island Savings Credit Union. This loan is interest free as long as it is repaid in full before December 31, 2023. The loan can be repaid in full anytime. If the loan is repaid in full prior to December 31, 2023, \$10,000 (25%) of the loan is eligible for forgiveness.

Starting January 1st, 2024, if the loan is not repaid, the balance owing is converted to 5% interest only payments, payable monthly until December 31, 2025.

Big Brothers Big Sisters of the Cowichan Valley

Notes to the Financial Statements

For the year ended December 31, 2021

8. Grant revenue

	<i>2021 Amount</i>	<i>2021 Deferred</i>	<i>2021 Revenue</i>	<i>2020 Revenue</i>
Community Gaming	130,000	(53,929)	76,071	50,000
Civil Forfeiture	23,826	-	23,826	49,824
Vancouver Foundation	-	-	-	36,000
United Way	41,200	-	41,200	4,304
New Horizons	36,202	(17,300)	18,902	13,798
Canadian Women's Foundation	18,560	-	18,560	1,772
Island Savings	17,712	-	17,712	2,289
Victoria Foundation (Community Foundations of Canada)	7,390	-	7,390	11,112
Duncan Dabbers Bingo Society	3,218	-	3,218	2,783
Coast Capital	5,000	(4,685)	315	5,000
Hamber Foundation	2,000	-	2,000	-
First West Credit Union	15,000	(14,897)	103	-
Canadian Tire Jumpstart	14,985	(4,278)	10,707	-
CKNW	2,620	-	2,620	-
Boston Pizza Community Funding	15,000	-	15,000	-
Other	-	-	-	6,937
	332,713	(95,089)	237,624	183,819

9. Government assistance

On April 11, 2020, the Canadian government launched the Canada Emergency Wage Subsidy (the "CEWS"), an emergency economic relief program to lessen the financial fallout on Canadian businesses from the effects of COVID-19. The program ended on October 24, 2021.

The CEWS program is designed to help businesses struggling with the economic effects of the coronavirus retain and/or rehire their employees. The CEWS program provides a salary subsidy of 75% of an employee's wages (up to a weekly cap of \$857). The subsidy is intended to make it easier for eligible employers to avoid laying off or terminating employees, as well as to bring back staff that were laid-off due to COVID-19 by significantly lessening the organization's payroll costs.

During the year, the Organization claimed \$104,188 (2020: \$59,132) of CEWS related to eligible remuneration paid during the year. All of these amounts have been received by year-end. In addition, the Organization received other COVID related subsidies of \$6,554 during the year.

Any subsidies received that are subsequently determined to not meet the eligibility criteria are subject to repayment with interest and possibly penalties in certain cases. Management believes the Company has met the eligibility criteria for these subsidies and that they have been calculated correctly. As such, no contingent liability for repayment has been recorded in relation to these subsidies.

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

11. Volunteer hours

Volunteers contributed 1,360 hours in 2021 (2020 - 1,076 hours) to assist the Organization in carrying out its service delivery activities. Contributed volunteer hours are not recognized in the financial statements.

Big Brothers Big Sisters of the Cowichan Valley
Notes to the Financial Statements
For the year ended December 31, 2021

12. Director and employee remuneration

The members of the Board of Directors did not receive remuneration in the current or prior year. During the year and prior year there were no employees with remuneration paid of \$75,000 or more.

13. Significant event

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and quarantine/isolation orders. The outbreak has continued throughout 2021 and is expected to continue through 2022. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.