

Big Brothers Big Sisters of the Cowichan Valley
Financial Statements
December 31, 2022

Big Brothers Big Sisters of the Cowichan Valley

Contents

For the year ended December 31, 2022

	<i>Page</i>
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements	5

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, 2022, 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, 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 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, 2022 and 2021, and assets and net assets as at December 31, 2022 and 2021.

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.

Nanaimo, British Columbia

May 24, 2023

MNP LLP

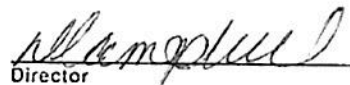
Chartered Professional Accountants

Big Brothers Big Sisters of the Cowichan Valley
Statement of Financial Position
As at December 31, 2022

	2022	2021
Assets		
Current		
Cash	133,597	78,882
Cash - restricted (Note 3)	-	171,060
Accounts receivable	12,383	4,152
Term deposits (Note 4)	56,649	56,211
Prepaid expenses	512	308
Goods and Services Tax recoverable	897	1,140
	204,038	311,753
Capital assets (Note 5)	18,038	22,547
	222,076	334,300
Liabilities		
Current		
Accounts payable and accruals	16,024	16,636
Deferred contributions (Note 6)	70,662	95,089
Employee deductions payable	-	701
Wages payable	17,819	16,852
	104,505	129,278
Long-term debt (Note 7)	40,000	40,000
	144,505	169,278
Significant events		
Net Assets		
Operating fund	59,533	26,955
Capital fund	18,038	22,547
Internally restricted fund	-	115,520
	77,571	165,022
	222,076	334,300

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, 2022

	2022	2021
Revenue		
Grant revenue (Note 8)	163,625	237,624
Donations	54,563	49,814
Fundraising	21,233	4,788
Other revenue	399	231
Government assistance	-	110,742
Total revenue	239,820	403,199
Expenses		
Advertising	8,791	10,543
Amortization	4,509	5,637
Fundraising	4,405	1,374
Insurance	7,687	5,992
Membership fees	9,954	7,874
Office supplies	2,144	5,294
Postage	401	321
Professional development	2,817	2,985
Professional fees	10,551	11,667
Program	8,989	10,817
Rent	12,300	12,300
Repairs and maintenance	155	1,054
Salaries and benefits	248,020	279,540
Telephone	1,675	1,996
Travel	3,533	3,699
Utilities	1,340	1,111
Total expenses	327,271	362,204
Excess (deficiency) of revenue over expenses	(87,451)	40,995

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, 2022

	<i>Operating fund</i>	<i>Capital fund</i>	<i>Internally restricted fund</i>	2022	<i>2021</i>
Net assets, beginning of year	26,955	22,547	115,520	165,022	124,027
Excess (deficiency) of revenue over expenses	(82,942)	(4,509)	-	(87,451)	40,995
Transfer of funds for operating expenses	115,520	-	(115,520)	-	-
Net assets (deficit), end of year	59,533	18,038	-	77,571	165,022

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Cash receipts from grants	127,362	291,572
Cash received from donations	57,027	42,257
Cash paid for program service expenses	(74,607)	(81,322)
Cash paid for salaries and benefits	(247,754)	(267,222)
Cash receipts from fundraising	21,233	4,788
Interest	394	229
	(116,345)	(9,698)
Investing		
Purchase of term deposit	-	(15,114)
Purchase of capital assets	-	(15,472)
Decrease (increase) in restricted cash	171,060	(106,030)
	171,060	(136,616)
Increase (decrease) in cash resources	54,715	(146,314)
Cash resources, beginning of year	78,882	225,196
Cash resources, end of year	133,597	78,882

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, 2022

1. Purpose of the Organization

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 in 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, 2022

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(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

	2022	2021
Revenue		
Community gaming grant	-	65,000
Raffle tickets	1,327	1,526
	1,327	66,526
Expenses		
Salaries and benefits	(51,131)	(68,920)
Rent expense	(5,250)	(6,300)
Utilities	(486)	(795)
	(56,867)	(76,015)
Net change	(55,540)	(9,489)
Cash - gaming, beginning of the year	55,540	65,029
Cash - gaming, end of year	-	55,540
Internally restricted cash account	-	115,520
Restricted cash, end of year	-	171,060

Big Brothers Big Sisters of the Cowichan Valley

Notes to the Financial Statements

For the year ended December 31, 2022

4. Term deposits

Term deposits consists of various term deposits with maturities ranging from August 2023 to December 2023 and with interest rates varying from 1.15% to 3.25%.

5. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	26,400	12,160	14,240	17,800
Furniture and fixtures	16,348	15,022	1,326	1,657
Leasehold improvements	4,828	2,356	2,472	3,090
	47,576	29,538	18,038	22,547

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:

	2022	2021
Balance, beginning of year	95,089	175,598
Grants and donations received	149,850	157,115
Less: Amount recognized as revenue during the year	(174,277)	(237,624)
Balance, end of year (all amounts are current)	70,662	95,089

7. Long-term debt

In a prior year, the Organization received a Canada Emergency Business Account ("CEBA") loan of \$40,000 from Island Savings Credit Union. The loan has a 0% interest rate and no principal repayment required until December 31, 2023. If the loan remains outstanding after December 31, 2023, only interest payments, at a rate of 5% per annum, are required until the full principal is due on December 31, 2025.

If the outstanding principal, other than the amount of potential debt forgiveness, is repaid by December 31, 2023, the remaining principal amount will be forgiven, provided that no default under the loan has occurred. Repaying the outstanding balance of the loan (other than the amount available to be forgiven on or before December 31, 2023 will result in loan forgiveness of 25% (\$10,000).

Big Brothers Big Sisters of the Cowichan Valley

Notes to the Financial Statements

For the year ended December 31, 2022

8. Grant revenue

	2022 <i>Amount</i>	2022 <i>Deferred</i>	2022 <i>Revenue</i>	2021 <i>Revenue</i>
Community Gaming	53,929	-	53,929	76,071
Civil Forfeiture	75,000	(29,798)	45,202	23,826
Vancouver Foundation	3,000	-	3,000	-
United Way	12,750	(3,089)	9,661	41,200
New Horizons	38,900	(17,927)	20,973	18,902
Canadian Women's Foundation	-	-	-	18,560
Island Savings	-	-	-	17,712
Victoria Foundation (Community Foundations of Canada)	-	-	-	7,390
Duncan Dabbers Bingo Society	-	-	-	3,218
Coast Capital	4,685	-	4,685	315
Hamber Foundation	2,000	-	2,000	2,000
First West Credit Union	14,895	-	14,895	103
Canadian Tire Jumpstart	4,280	-	4,280	10,707
CKNW	-	-	-	2,620
Boston Pizza Community Funding	-	-	-	15,000
Vancity Community Foundation	5,000	(5,000)	-	-
Island Health	12,000	(12,000)	-	-
McLean Foundation	5,000	-	5,000	-
	231,439	(67,814)	163,625	237,624

9. 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.

10. Volunteer hours

Volunteers contributed 1,708 hours in 2022 (2021 - 1,360 hours) to assist the Organization in carrying out its service delivery activities. Contributed volunteer hours are not recognized in the financial statements.

11. 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.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.