

BIG BROTHERS BIG SISTERS OF NORTHERN BC

FINANCIAL STATEMENTS

December 31, 2022

**BIG BROTHERS BIG SISTERS OF NORTHERN BC
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December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Big Brothers Big Sisters of Northern BC

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Northern BC (the Entity), 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Non-for-profit Organizations.

Basis for Opinion

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 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 Non-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.

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

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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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, Canadian Accounting Standards for Non-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Beswick Hildebrandt Lund

Chartered Professional Accountants

Prince George, British Columbia

May 10, 2023

BIG BROTHERS BIG SISTERS OF NORTHERN BC

STATEMENT OF OPERATIONS

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUE		
Program revenue	\$ 589,068	\$ 395,178
Fundraising campaigns	337,283	164,349
Gaming	197,230	97,000
Grants	131,710	265,174
General donations	41,701	73,105
COVID-19 funding	23,962	28,990
Miscellaneous	9,146	6,365
Interest income	941	450
Membership	270	90
Contributed capital assets	-	35,000
	<u>1,331,311</u>	<u>1,065,701</u>
EXPENDITURES (Note 16)	<u>1,352,481</u>	<u>988,959</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u><u>\$ (21,170)</u></u>	<u><u>\$ 76,742</u></u>

See notes to the financial statements.

BIG BROTHERS BIG SISTERS OF NORTHERN BC

STATEMENT OF CHANGES IN NET ASSETS

December 31, 2022

	<u>Investment in tangible capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total 2022</u>	<u>Total 2021</u>
BALANCE, BEGINNING OF YEAR	\$ 120,322	\$ 30,140	\$ (13,835)	\$ 136,627	\$ 59,885
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(21,170)	(21,170)	76,742
INTEREST INCOME	-	708	(708)	-	-
ADDITIONS	21,158	-	(21,158)	-	-
AMORTIZATION	(22,848)	-	22,848	-	-
TRANSFER	-	-	-	-	-
BALANCE, END OF YEAR	<u>\$ 118,632</u>	<u>\$ 30,848</u>	<u>\$ (34,023)</u>	<u>\$ 115,457</u>	<u>\$ 136,627</u>

BIG BROTHERS BIG SISTERS OF NORTHERN BC

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 15,540	\$ 55,419
Gaming cash (Note 3)	90,554	101,188
Temporary investments (Note 4)	15,362	15,180
Temporary investments - Restricted (Note 4)	30,848	30,140
Accounts receivable (Note 5)	33,110	8,217
Due from government agencies (Note 6)	2,463	4,604
Prepaid expenses	3,357	32,376
	<u>191,234</u>	247,124
TANGIBLE CAPITAL ASSETS (Note 7)	<u>118,632</u>	<u>120,322</u>
<p>Approved by the Board</p> <p>_____, Director</p> <p>_____, Director</p>		
	<u><u>\$ 309,866</u></u>	<u><u>\$ 367,446</u></u>

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 23,492	\$ 23,156
Due to government agencies (Note 6)	19,049	11,434
Deferred revenue (Note 8)	121,868	166,229
	164,409	200,819
 Long-term debt (Note 9)	30,000	30,000
	194,409	230,819
 NET ASSETS		
Investments in tangible capital assets	118,632	120,322
Restricted	30,848	30,140
Unrestricted	(34,023)	(13,835)
	115,457	136,627
	\$ 309,866	\$ 367,446
 COMMITMENT (Note 10)		

BIG BROTHERS BIG SISTERS OF NORTHERN BC

STATEMENT OF CASH FLOW

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess revenue for the year	\$ (21,170)	\$ 76,742
Items not affecting cash:		
Amortization	22,848	24,290
Contributed capital assets	-	(35,000)
	<u>1,678</u>	<u>66,032</u>
Changes in non-cash working capital items:		
Accounts receivable	(24,893)	(6,932)
Due from/to government agencies	9,756	34,970
Prepaid expenses	29,019	(31,788)
Accounts payable and accrued liabilities	336	12,662
Deferred revenue	(44,361)	7,444
	<u>(30,143)</u>	<u>16,356</u>
Cash from operations	<u>(28,465)</u>	<u>82,388</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(21,158)	(22,165)
Purchase of temporary investments	-	(30,000)
Temporary investment proceeds reinvested	(890)	(319)
Proceeds on long term restricted cash	-	10,406
	<u>(22,048)</u>	<u>(42,078)</u>
Cash flow used by investing activities	<u>(22,048)</u>	<u>(42,078)</u>
FINANCING ACTIVITIES		
Repayment of callable debt	-	(40,470)
	<u>-</u>	<u>(40,470)</u>
Cash flow from (used by) financing activities	<u>-</u>	<u>(40,470)</u>
DECREASE IN CASH FOR THE YEAR	(50,513)	(160)
CASH AT BEGINNING OF THE YEAR	156,607	156,767
CASH AT END OF THE YEAR	<u>\$ 106,094</u>	<u>\$ 156,607</u>
CASH CONSISTS OF:		
Cash	\$ 15,540	\$ 55,419
Restricted cash	90,554	101,188
	<u>\$ 106,094</u>	<u>\$ 156,607</u>

See notes to the financial statements

BIG BROTHER BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

1. PURPOSE OF THE ORGANIZATION

Big Brothers Big Sisters of Northern BC is a charity registered under the Society Act of British Columbia. The purpose of the Society is to establish and maintain a social movement dedicated to the mentoring of children by providing them with the friendship, understanding and guidance of volunteers through individual and group programs. The Society is tax exempt as a non-profit society under Section 149(1)(l) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). The significant accounting policies are detailed as follows:

Cash

Cash includes cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date and short-term deposits with maturity dates of less than 3 months.

Fund Accounting

The various funds and their purposes are as follows:

The Investment in Tangible Capital Assets fund reports the capital assets of the Society and their related activities.

The Restricted fund reports accounts for revenue and expenses of funds set aside for the benefit of meeting the goals of the strategic plan.

Unrestricted Fund reports the general activities of the Society.

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 revenue and expenditures during the year. Actual results could differ from those estimates. Estimations included in the financial statements include the useful life of tangible capital assets and deferred revenues.

BIG BROTHERS BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Society subsequent measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, restricted cash, temporary investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and callable debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- The present value of the cash flows expected to be generated by the asset or group of assets;
- The amount that could be realized by selling the assets or group of assets;
- The net realizable value of any collateral held to secure repayment or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is based on the useful lives of tangible capital assets using the following methods and rates:

Buildings	4%	declining balance method
Computer equipment	10%	declining balance method
Computer software	55%	declining balance method
Equipment	10%	declining balance method
Furniture and fixtures	10%	declining balance method
Leasehold improvements	5 years	straight-line
Vehicles	30%	declining balance method

BIG BROTHERS BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributed Services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. Contributed tangible capital assets are initially recognized on the financial statements at fair market value, where it can be reasonably determined, and subsequently amortized over the assets estimated useful life.

Revenue Recognition

The Society follows the deferral method of accounting for grants and gaming funds. Revenue is recognized in the year in which the related expenditures are incurred and all conditions of use have been carried out.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Childcare revenues are recognized when services are performed and the amount to be collected can be reasonably assured.

Donations are recognized when cash is received.

Government Assistance

Government and other grants related to tangible capital assets are accounted for as deferred government assistance and amortized on the same basis as the related tangible capital assets. Operating grants are accounted for as revenue when earned.

3. GAMING CASH

The Organization's restricted cash consists of:

	<u>2022</u>	<u>2021</u>
Province of BC - Gaming grant	<u>\$ 90,554</u>	<u>\$ 101,188</u>

BIG BROTHERS BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. TEMPORARY INVESTMENTS

Temporary investments is made up of the following term deposits.

	<u>2022</u>	<u>2021</u>
Restricted Fund		
Credential Securities - Matured August 11, 2022 - 1.2%	\$ -	\$ 30,140
Credential Securities - Maturing August 14, 2023 - 4.16%	<u>30,848</u>	<u>-</u>
	<u>30,848</u>	<u>30,140</u>
Unrestricted Fund		
Integris Credit Union - Maturing July 29, 2025 - 1.2%	<u>15,362</u>	<u>15,180</u>
	<u><u>\$ 46,210</u></u>	<u><u>\$ 45,320</u></u>

5. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Child care fees	\$ 31,957	\$ 12
Program sponsors	1,153	1,750
Other	<u>-</u>	<u>6,455</u>
	<u><u>\$ 33,110</u></u>	<u><u>\$ 8,217</u></u>

6. DUE TO (FROM) GOVERNMENT AGENCIES

	<u>2022</u>	<u>2021</u>
GST receivable	<u><u>\$ 2,463</u></u>	<u><u>\$ 4,604</u></u>
	<u>2022</u>	<u>2021</u>
Source deductions payable	\$ (16,455)	\$ (11,434)
WCB Payable	<u>(2,594)</u>	<u>-</u>
	<u><u>\$ (19,049)</u></u>	<u><u>\$ (11,434)</u></u>

BIG BROTHERS BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

7. TANGIBLE CAPITAL ASSETS

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 1,212	\$ 1,031	\$ 181	\$ 189
Computer equipment	44,163	27,271	16,892	15,747
Computer software	803	786	17	24
Equipment	71,448	22,704	48,744	34,849
Furniture and fixtures	36,960	23,665	13,295	14,771
Leasehold improvements	30,323	20,848	9,475	11,845
Vehicles	144,791	114,763	30,028	42,897
	<u>\$ 329,700</u>	<u>\$ 211,068</u>	<u>\$ 118,632</u>	<u>\$ 120,322</u>

8. DEFERRED REVENUE

	Balance, beginning of year	Received	Recognized	Balance, end of year
Gaming grant	\$ 135,000	\$ 135,000	\$ (197,231)	\$ 72,769
Government of BC	4,207	-	(4,207)	-
City of Prince George	8,000	7,600	(8,000)	7,600
Child Care Fees Reduction Initiative	-	3,968	-	3,968
Child Care Subsidy	2,089	-	(2,089)	-
Child Care Operating Fund	6,042	5,402	(6,042)	5,402
Rogers Communications	10,000	-	(10,000)	-
Registration fees	891	32,129	(891)	32,129
	<u>\$ 166,229</u>	<u>\$ 184,099</u>	<u>\$ (228,460)</u>	<u>\$ 121,868</u>

9. LONG-TERM DEBT

Integrus Credit Union, Canada Emergency Business Account – The amount of \$30,000 representation the unforgivable balance of the \$40,000 interest – free loan received under the Government of Canada COVID response programs. 25% of the loan will be eligible for loan forgiveness, up to \$10,000, if the loan is fully repaid on or before December 31, 2023. As at the year end date, \$10,000 has been included in other income and represents the maximum forgivable portion of the loan. If the unforgiven balance of the loan is not fully repaid by December 31, 2023 the remaining principal will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025.

BIG BROTHERS BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

10. COMMITMENT

The Society leases its premises under an agreement with the Kinsmen Club of Prince George, expiring in November 2024 with annual payments of \$13,324.

The Society entered into an agreement with School Dist #57 (Prince George) for a License to Occupy – Spruceland Traditional Elementary School for the periods of September – June, commencing September 2020, expiring June 2023 with annual payments of \$2,500.

The Society entered into an agreement with School Dist #57 (Prince George) for a License to Occupy – Quinson Elementary School for the periods of September – June, commencing September 2021, expiring June 2026 with annual payments of \$2,500.

11. GOVERNEMENT ASSISTANCE

The Society was eligible for Government wage and rent subsidy support offered to non-profit organizations facing hardship as a result of the COVID-19 pandemic. The Society received total subsidies of \$23,962 (2021 - \$28,990).

12. NON-MONETARY TRANSACTIONS

During the year, the Society accepted non-monetary donations in kind consisting of play equipment in the amount of \$nil (2021 -\$35,000), gift cards in the amount of \$2,322 (2021 – \$500), program activities in the amount of \$nil (2021 - \$810) and program supplies in the amount of \$7,892 (2021 - \$12,383).

13. SALARIES

Remuneration of directors

Remuneration paid to elected directors during the year ended December 31, 2022 was \$nil (2021-\$nil).

Remuneration of employees

One employee received compensation including benefits in excess of \$75,000 for the year ended December 31, 2022. Their total compensation for the year ended December 31, 2022 was \$109,211 (2021 - \$81,076).

14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Fair Value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities

BIG BROTHERS BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

14. FINANCIAL INSTRUMENTS, continued

approximates their carrying value based on the presumption that the Society is a going concern and thus, expects to fully repay the outstanding amounts.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Society reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Society maintains strict credit policies and limits in respect to counterparties. In the opinion of management, the credit risk exposure to the Society is low and is not material.

Liquidity risk

Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management, the liquidity risk exposure to the Society is low and is not material.

Interest rate risk

The Society is exposed to interest rate risk due to the variable rate interest on their long-term debt. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is not exposed to currency or other price risk.

15. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

BIG BROTHERS BIG SISTERS OF NORTHERN BC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

16. EXPENDITURES

	<u>2022</u>	<u>2021</u>
Advertising and promotion	\$ 20,254	\$ 67,098
Amortization	22,848	24,290
Board expenses	2,119	1,947
Contractor fees	-	840
Equipment purchase	3,380	1,607
Fuel and lubrication	9,638	5,202
Fundraising expenses	74,284	4,498
Group mentoring activities	-	8,671
In school program activities	-	748
Insurance	17,932	20,360
Interest and bank charges	8,973	5,571
Interest on long term debt	-	760
Memberships	14,102	7,169
Office	32,408	24,147
Prizes	64,664	27,020
Professional fees	15,665	27,885
Recruitment	10,026	-
Rent	44,712	37,472
Regional program partnerships	12,376	-
Supplies	44,508	35,142
Telephone and utilities	22,053	17,929
Training	8,965	4,324
Travel and accomodations	5,932	4,188
Vehicle maintenance	21,369	9,022
Wages and benefits	896,273	653,069
	<u>\$ 1,352,481</u>	<u>\$ 988,959</u>