



Big Sisters of BC Lower Mainland

Financial Statements

June 30, 2023

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Independent Auditor's Report



To the Members of Big Sisters of BC Lower Mainland:

Qualified Opinion

We have audited the financial statements of Big Sisters of BC Lower Mainland (the "Society"), which comprise the statement of financial position as at June 30, 2023, 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 matter 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 Big Sisters of BC Lower Mainland as at June 30, 2023, and its results of 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, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2023 and June 30, 2022, current assets as at June 30, 2023 and June 30, 2022, and net assets as at June 30, 2023, and June 30, 2022. Our audit opinion on the financial statements for the year ended June 30, 2022, was modified accordingly because of the possible effects of this limitation in 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.



Auditor's Responsibilities for the Audit of the Financial Statements

As required by the Societies Act of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that applied in preparing the financial statements of the preceding period.



Chartered Professional Accountants



Big Sisters of BC Lower Mainland

Statement of Financial Position

June 30

2023

2022

Assets

Current

Cash and cash equivalents (Note 4)	\$ 3,043,386	\$ 1,741,925
Receivables (Note 12)	96,362	112,091
Prepaid expenses	56,676	52,562
Asset held for sale (Note 5)	-	170,832

3,196,424 2,077,410

Investments (Note 6)

203,325 203,325

Property and equipment (Note 7)

5,412,950 5,352,352

\$ 8,812,699 \$ 7,633,087

Liabilities

Current

Payables and accruals (Note 8)	\$ 155,596	\$ 191,462
Deferred revenue (Note 9)	459,434	544,486

615,030 735,948

Long-term

Deferred revenue (Note 9)	1,438,532	1,416,836
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2,053,562 2,152,784

Net assets

Invested in property and equipment

4,126,628 4,182,701

Internally restricted (Note 10)

700,453 883,746

Unrestricted

1,932,056 413,856

6,759,137 5,480,303

\$ 8,812,699 \$ 7,633,087

Commitments (Note 15)

Approved on behalf of the Board

[Redacted Signature]

Director

[Redacted Signature]

Director

Big Sisters of BC Lower Mainland

Statement of Changes in Net Assets

Year ended June 30

	Invested in Property and Equipment	Internally Restricted (Note 9)	Unrestricted	Total
Balance, June 30, 2021	\$ 261,356	\$ 777,516	\$ 664,574	\$ 1,703,446
Deficiency of revenues over expenditures	(53,376)	(14,811)	(41,966)	(110,153)
Interfund transfers	3,974,721	121,041	(4,095,762)	-
Capital contributions for land	-	-	3,887,010	3,887,010
Balance, June 30, 2022	4,182,701	883,746	413,856	5,480,303
Excess (deficiency) of revenues over expenditures	1,724,500	(9,956)	(435,710)	1,278,834
Interfund transfers	(1,780,573)	(173,337)	1,953,910	-
Balance, June 30, 2023	\$ 4,126,628	\$ 700,453	\$ 1,932,056	\$ 6,759,137

Big Sisters of BC Lower Mainland

Statement of Operations

Year ended June 30

2023

2022

Revenues

Donations	\$ 260,168	\$ 294,052
Events revenue	1,087,280	1,120,550
Foundation and corporate grants	449,227	386,836
Government funding (Note 11)	303,857	443,814
Interest income	70,078	13,969
Raffle	-	4,237
Rental income	17,779	20,000
	<u>2,188,389</u>	<u>2,283,458</u>

Expenditures

Amortization	101,088	53,376
Audit and legal	34,450	38,705
Big Brothers Big Sisters of Canada	18,873	16,702
Events expense	299,948	231,650
Fundraising expenditures	29,468	36,248
General and administrative	321,375	235,447
Insurance	26,935	23,690
Program expenses	54,213	67,788
Salaries and contract costs	1,785,783	1,684,736
Travel	2,759	928
Volunteer recognition	6,090	4,341
	<u>2,680,982</u>	<u>2,393,611</u>

Operating deficit (492,593) (110,153)

Gain on sale of property 1,771,427 -

Excess (deficiency) of revenues over expenditures \$ 1,278,834 \$ (110,153)

Big Sisters of BC Lower Mainland

Statement of Cash Flows

Year ended June 30

2023

2022

Cash flows provided by (used in)

Operating

Excess (deficiency) of revenues over expenditures	\$ 1,278,834	\$ (110,153)
Item not affecting cash		
Amortization	101,088	53,376
Gain on sale of property	(1,771,427)	-
	(391,505)	(56,777)
Change in non-cash working capital items		
Receivables	15,729	89,086
Prepaid expenses	(4,114)	(21,538)
Payables and accruals	(35,866)	17,935
Deferred revenue	(63,356)	118,175
	(479,112)	146,881

Investing

Proceeds on sale of property	1,942,260	-
Purchase of property and equipment	(161,687)	(5,315,204)
	1,780,573	(5,315,204)

Financing

Donation received to cover purchase of property	-	5,241,033
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Net increase in cash and cash equivalents	1,301,461	72,710
Cash and cash equivalents, beginning of year	1,741,925	1,669,215
Cash and cash equivalents, end of year	\$ 3,043,386	\$ 1,741,925

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

June 30, 2023

1. Nature of operations

Big Sisters of BC Lower Mainland (the "Society") is incorporated under the Societies Act of British Columbia. The Society is committed to enabling life-changing mentoring relationships to ignite the power and potential of young people. The Society is a registered charity under the Income Tax Act of Canada and, as long as it continues to meet the requirements of the Act, is not taxable.

2. Significant accounting policies

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

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash and all highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(b) Property and equipment

Property and equipment purchased are recorded at cost. Property and equipment contributed is recorded at its estimated fair value at the date of contribution. Furniture and equipment acquired and donated prior to January 1, 1977 have been given a nominal value of \$1. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Society amortizes the cost of the property and equipment over their estimated useful lives.

The annual amortization rates are as follows:

Furniture and fixtures	Declining balance 20%
Building	Straight-line 25 years
Computer equipment	Straight-line 4 years
Leasehold improvements	Straight-line 5 years

(c) Revenue recognition

The Society 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. Restricted contributions for the purchase of property and equipment that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment. Restricted contributions for the purchase of land that will not be amortized are recognized as direct increases in net assets.

Government grants are recognized when there is reasonable assurance that the Society will comply with any conditions attached to the grant and the grant will be received. The grant is recognized in government funding on a systematic basis over the periods in which the Society recognizes the related expenses for which the grant is intended to compensate.

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

June 30, 2023

2. Significant accounting policies (continued)

(d) Donated materials and services

The Society relies on volunteer time and donated goods and services to achieve its purposes. Because of the difficulty of determining their fair values, volunteer time and donated goods and services are not recognized in these financial statements.

(e) Financial instruments

Financial instruments are measured at fair value when issued or acquired. At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, investments, and payables and accruals.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

(f) Use of estimates

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 balance sheet date, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Line of credit

The Society has a \$350,000 revolving demand loan available. The balance outstanding at year end is \$Nil (2022 - \$Nil). The line is secured by the Society's land and building recorded as asset held for sale and a general assignment. Interest is payable monthly and is calculated based on prime rate plus 0.75% per annum.

4. Cash and cash equivalents

	2023	2022
Cash held at [REDACTED]	\$ 1,214,853	\$ 1,720,238
Cash held at [REDACTED]	1,806,842	-
Cash held at [REDACTED]	21,691	21,687
	<u>\$ 3,043,386</u>	<u>\$ 1,741,925</u>

In July 2023, \$1.8m of the cash held at [REDACTED] was transferred to [REDACTED] and invested in securities. This is a long-term investment that will support the future sustainability of the society.

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

June 30, 2023

5. Asset held for sale

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ -	\$ -	\$ -	136,302
Building	-	-	-	34,530
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>170,832</u>

The Big Sisters house was sold on July 27, 2022 for net proceeds of \$1,942,260. The difference between the net book value of the Big Sisters house and the net proceeds received is recorded as revenue on the statement of operations.

6. Investments

Investments are held by the Vancouver Foundation as a retractable fund and are carried at amortized cost. As at June 30, 2023, the accumulated balance of this fund held by the Vancouver Foundation had a market value of \$261,665 (2022 - \$247,328).

7. Property and equipment

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 3,900,912	\$ -	\$ 3,900,912	\$ 3,900,912
Building	1,481,977	70,406	1,411,571	1,345,277
Furniture and fixtures	87,726	50,474	37,252	26,663
Computer equipment	134,315	87,543	46,772	54,836
Leasehold Improvements	41,106	24,663	16,443	24,664
	<u>\$ 5,646,036</u>	<u>\$ 233,086</u>	<u>\$ 5,412,950</u>	<u>\$ 5,352,352</u>

8. Payables and accruals

Included in payables and accruals are government remittances payable of \$1,684 (2022 - \$16,583).

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

June 30, 2023

9. Deferred revenue

	2023	2022
Deferred revenue, beginning of year	\$ 1,961,322	\$ 489,124
Deferred funds received	451,482	587,000
Deferred capital contributions	97,300	1,354,023
Less: revenue recognized	(612,138)	(468,825)
Deferred revenue, end of year	\$ 1,897,966	\$ 1,961,322
Current	459,434	544,486
Long-term	1,438,532	1,416,836
	\$ 1,897,966	\$ 1,961,322

10. Internally restricted net assets

The internally restricted net assets are not available for other purposes without approval from the board of directors (the "Board").

- (a) The Building Maintenance Fund (previously House Maintenance Fund) was established to set aside funding in the event of specific works required at the Big Sisters property.
- (b) The Contingency Fund was established to provide cash for major expenses.
- (c) The Big Sisters Endowment Fund, founded by [REDACTED] was established as a non-permanent endowment fund held with the Vancouver Foundation. If retracted by the Society, no part of the fund may be used for any purpose other than those set forth by the Society's endowment policy. Such policy was approved and adopted by the Society's board of directors on March 15, 2005. Any income earned by the fund may be used for any purpose approved by and at the discretion of the Board.
- (d) The Scholarship Fund was established to provide four year scholarships to two little sisters.
- (e) Other Funds consist of: [REDACTED] Fund, which provides opportunities and essentials to Little Sisters whose families have limited financial means; the [REDACTED] Volunteer Development Fund, which provides training and workshops to volunteers; and the [REDACTED] Fund, which provides extras for Little Sisters.

	Building Maintenance Fund	Contingency Fund	The Big Sisters Endowment Fund, Founded by [REDACTED]	Scholarship Fund	Other Funds	Total
Balance, June 30, 2022	\$ 34,449	\$ 581,957	\$ 203,325	\$ 21,961	\$ 42,054	\$ 883,746
Expenditures	-	-	-	(6,293)	(3,663)	(9,956)
Transfer from unrestricted net assets	-	(175,000)	-	-	1,663	(173,337)
Balance, June 30, 2023	\$ 34,449	\$ 406,957	\$ 203,325	\$ 15,668	\$ 40,054	\$ 700,453

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

June 30, 2023

11. Government funding	2023	2022
BC Community Gaming grant	\$ 225,000	\$ 225,000
BC Capital Gaming grant	8,587	6,504
Canada Emergency Wage Subsidy Program (Note 12)	-	109,126
Canada Recovery Hiring Program (Note 12)	-	7,666
Municipal grants	52,110	65,889
Other government grants	18,160	29,629
	<u>\$ 303,857</u>	<u>\$ 443,814</u>

12. Canada Emergency Wage Subsidy and Canada Recovery Hiring Program

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist organizations who had lost a certain percentage of their eligible revenue. This was gradually replaced with the Canada Recovery Hiring Program ("CRHP") to assist organizations who had lost a certain percentage of their eligible revenue help to re-hire workers and ease organizations back into normal operations. During the fiscal year ended June 30, 2023 the Society filed eligible CEWS claims totalling \$Nil (2022 - \$109,126) and eligible CRHP claims totalling \$Nil (2022 - \$7,666) which have been recognized in the Statement of Operations as government funding. Included in accounts receivable is \$Nil (2022 - \$5,843) with respect to CRHP claims filed and not yet received as at June 30, 2023.

13. Disclosure required under the Societies Act

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, and employees and contractors who are paid at least \$75,000 annually.

During the fiscal year, the Society paid \$Nil (2022 - \$Nil) to directors, \$304,709 (2022 - \$319,732) in remuneration to three employees, and there were no contractors who were paid above \$75,000.

14. Financial instruments

The carrying amounts of financial assets measured at amortized cost are \$3,343,073 as at June 30, 2023 (2022 - \$2,057,341).

The carrying amounts of financial liabilities measured at amortized cost are \$155,596 as at June 30, 2023 (2022 - \$191,462).

Management believes that the Society is exposed to the following risks with respect to its financial instruments:

Interest rate risk

Interest rate risk is the potential for financial loss to the Society from changes in the values of its financial instruments due to changes in market interest rates. The investments of the Society are all with the Vancouver Foundation, which holds well-diversified portfolios.

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

June 30, 2023

14. Financial instruments (continued)

Credit risk

The Society is exposed to the risk that counterparty defaults or becomes insolvent. The only financial instruments that potentially subject the Society to concentrations of credit risk are cash and cash equivalents and investments. The Society limits its exposure to credit risk by placing its cash and cash equivalents and investments with major financial institutions.

15. Commitments

The Society entered into a lease agreement for office premises that expires on December 31, 2024. Future minimum lease payments for upcoming fiscal periods are as follows:

2024	24,402
2025	<u>12,201</u>
	<u>\$ 36,603</u>

16. Comparative figures

Certain comparative figures have been reclassified to conform to the classification used in the current year.
