

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Financial Statements

Year Ended December 31, 2022

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

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INDEPENDENT AUDITOR'S REPORT

To the Members of Big Brothers Big Sisters of Wood Buffalo

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Wood Buffalo (the association), 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 association 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 not-for-profit organizations (ASNPO).

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 association in accordance with 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.

Other Matter

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 8, 2022.

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 ASNPO, 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 association'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 association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association's financial reporting process.

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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 association'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 association'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 association 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.

King + Company

Edmonton, AB
April 12, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO**Statement of Financial Position**

As at December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 2)	\$ 562,713	\$ 478,262
Investments	67,058	65,528
Amounts receivable	10,429	7,822
Prepaid expenses	3,250	3,250
	<u>\$ 643,450</u>	<u>\$ 554,862</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 30,865	\$ 26,293
Deferred contributions related to operations (Note 4)	141,352	71,680
Current portion of long-term debt (Note 5)	40,000	-
	<u>212,217</u>	<u>97,973</u>
LONG-TERM DEBT (Note 5)	<u>-</u>	<u>40,000</u>
	<u>212,217</u>	<u>137,973</u>
COMMITMENTS (Note 6)		
NET ASSETS		
Internally restricted (Note 7)	330,000	330,000
Unrestricted	101,233	86,889
	<u>431,233</u>	<u>416,889</u>
	<u>\$ 643,450</u>	<u>\$ 554,862</u>

ON BEHALF OF THE BOARD_____
*Director*_____
Director

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO**Statement of Operations****Year Ended December 31, 2022**

	2022	2021
REVENUE		
Donations and fundraising	\$ 310,254	\$ 202,182
Grants	165,882	221,407
Casino	37,086	3,618
Interest	1,685	1,696
Government subsidies	-	36,284
	<u>514,907</u>	<u>465,187</u>
EXPENSES		
Salaries and benefits	301,889	239,367
Fundraising costs	66,816	24,909
Rent	39,975	36,013
Utilities	13,439	12,203
Advertising and promotion	12,896	8,207
Big N' Littles activities	11,962	5,523
Professional fees	11,195	14,642
Office	9,215	9,035
Insurance	8,115	7,031
Dues and memberships	7,449	7,364
Training and education	6,070	864
Goods and services tax	4,144	2,821
Volunteer appreciation	4,206	2,159
Telephone	3,192	3,131
Bad debts	-	5,000
	<u>500,563</u>	<u>378,269</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 14,344</u>	<u>\$ 86,918</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Statement of Changes in Net Assets

Year Ended December 31, 2022

	Internally Restricted (Note 7)	Unrestricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 330,000	\$ 86,889	\$ 416,889	\$ 329,971
Excess of revenue over expenses	-	14,344	14,344	86,918
NET ASSETS - END OF YEAR	\$ 330,000	\$ 101,233	\$ 431,233	\$ 416,889

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO**Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from donations and fundraising	\$ 310,254	\$ 202,182
Cash receipts from grants, government subsidies, and casino	270,034	137,863
Interest received	154	126
Cash paid for program service expenses	<u>(495,991)</u>	<u>(376,077)</u>
Cash flow from (used by) operating activities	<u>84,451</u>	<u>(35,906)</u>
FINANCING ACTIVITY		
Proceeds from long-term debt	<u>-</u>	<u>60,000</u>
INCREASE IN CASH	84,451	24,094
CASH - BEGINNING OF YEAR	<u>478,262</u>	<u>454,168</u>
CASH - END OF YEAR	<u>\$ 562,713</u>	<u>\$ 478,262</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2022

NATURE OF OPERATIONS

Big Brothers Big Sisters of Wood Buffalo (the "association") was incorporated under the Alberta Societies Act. The association is a registered not-for-profit organization and therefore is exempt from income taxes under 149(1)(l) of the Income Tax Act (Canada).

The association is operated for the benefit of youth aged 6-17 in the Wood Buffalo region and is dependant on the support of volunteers to continue operations.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Revenue Recognition

Big Brothers Big Sisters of Wood Buffalo 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Casino revenue is recognized when approval is received from Alberta Gaming, Liquor and Cannabis Commission (AGLC).

Revenue from all other sources is included in revenue in the year in which it is received or receivable.

Contributed Services

The operations of the association depend on both the contribution of time by volunteers to carry out its' services and fundraising activities. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

Cash and cash equivalents

Cash and cash equivalents are comprised of funds held in financial institutions. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Allocation of expenses

The association engages in fundraising and program activities. The costs of each program include the costs of personnel and other expenses that are directly related to providing the program.

The association also incurs a number of general support expenses that are common to the administration of the association as well as each of its' programs. General support expenses include rent, utilities, dues and memberships, professional fees, and insurance. General support expenses are allocated to programs according to use.

Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

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BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments

Initial Measurement

The association initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the association is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the association in the transaction.

Subsequent Measurement

The association subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, investments, and accounts receivable. Financial liabilities measured at amortized cost using the straight-line method include accounts payable and accrued liabilities.

Transaction Costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in earnings over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the association determines whether there are indications of possible impairment. When there are, and the association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO**Notes to Financial Statements****Year Ended December 31, 2022****2. CASH**

Cash is restricted for the following:

	<u>2022</u>	<u>2021</u>
Externally restricted for operating grants (Note 6)	\$ 87,225	\$ 32,378
Externally restricted for expenses approved by the Alberta Gaming, Liquor and Cannabis Commission (casino funds) (Note 6)	54,127	39,302
Internally restricted for future operations (Note 7)	<u>330,000</u>	<u>330,000</u>
	471,352	401,680
Unrestricted	<u>91,361</u>	<u>76,582</u>
	<u>\$ 562,713</u>	<u>\$ 478,262</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade	\$ 18,796	\$ 15,693
Wages	<u>12,069</u>	<u>10,600</u>
	<u>\$ 30,865</u>	<u>\$ 26,293</u>

4. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

	Opening balance	Amounts received	Recognized as revenue	Ending balance
Big possibilities mentoring	\$ 8,000	\$ 16,250	\$ (21,370)	\$ 2,880
Community based mentoring	7,923	31,667	(39,590)	-
Full circle mentoring	-	36,667	(36,667)	-
In-school mentoring	11,307	11,667	(22,974)	-
BBBS community services project	-	1,000	(1,000)	-
Conco Phillips corporate mentoring	-	30,000	(30,000)	-
Game On / Go Girls	5,148	6,380	(7,182)	4,346
Sunbelt Rentals and Ledcor Golf Cup donation	-	87,099	(7,099)	80,000
Casino	39,302	51,910	(37,086)	54,126
	<u>\$ 71,680</u>	<u>\$ 272,640</u>	<u>\$ (202,968)</u>	<u>\$ 141,352</u>

5. LONG-TERM DEBT

The association secured a \$60,000 interest-free loan through the Canada Emergency Business Account (CEBA) program. If the balance is repaid prior to December 31, 2023, no interest charges will be incurred and \$20,000 of this loan will be forgiven. The forgivable portion of the loan has been recognized as government subsidy revenue in the prior year.

If repaid after this date, an interest rate of 5% will be applied effective January 1, 2024 to the initial \$60,000 loan amount received. The balance would be repayable over a two-year term.

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2022

6. LEASE COMMITMENTS

The association is committed to a long term lease with respect to its premises until June 30, 2026. Future minimum lease payments as at December 31, 2022, are as follows:

2023	\$	39,000
2024		39,000
2025		39,000
2026		19,500
		<hr/>
	\$	136,500

7. INTERNALLY RESTRICTED NET ASSETS

The Board has internally restricted \$330,000 (2021 - \$330,000) of net assets for future operations. The funds cannot be utilized without Board authorization.

8. NET FUNDRAISING REVENUES

Included in donations and fundraising revenues and expenses are the following events hosted by the association:

	Bowl for Kids			2022	2021
	Sake	Duck Race	Wine Auction		
Revenue	\$ 37,972	\$ 24,347	\$ 217,130	\$ 279,449	\$ 164,486
Expenses	(1,402)	(3,241)	(63,689)	(68,332)	(32,404)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 36,570	\$ 21,106	\$ 153,441	\$ 211,117	\$ 132,082

9. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2022.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.