

Financial Statements of

**BIG BROTHERS BIG SISTERS OF
VICTORIA CAPITAL REGION**

And Independent Auditor's Report thereon

Year ended June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Big Brothers Big Sisters of Victoria Capital Region

Report on the Financial Statements

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Victoria Capital Region (the Entity), which comprise:

- the statement of financial position as at June 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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 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 auditor's 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 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 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.

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 the 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.
- 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 policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
September 26, 2023

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Financial Position

June 30, 2023, with comparative information for 2022



	2023	2022
Assets		
Current assets:		
Cash (note 4)	\$ 501,858	\$ 849,911
Term deposits (note 2)	219,135	67,946
Accounts receivable	16,616	30,933
Prepaid expenses and deposits	17,912	14,932
	<u>755,521</u>	<u>963,722</u>
Capital assets (note 3)	12,854	16,003
	<u>\$ 768,375</u>	<u>\$ 979,725</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 64,855	\$ 119,753
Deferred contributions (note 4)	139,818	203,955
	<u>204,673</u>	<u>323,708</u>
Canada Emergency Business Account loan (note 5)	30,000	30,000
Deferred capital contributions (note 6)	1,941	2,773
Net assets:		
Unrestricted	234,808	222,427
Internally restricted (note 7)	286,040	387,587
Invested in capital assets	10,913	13,230
	<u>531,761</u>	<u>623,244</u>
Commitments (note 8)		
	<u>\$ 768,375</u>	<u>\$ 979,725</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director  Director

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Operations

Year ended June 30, 2023, with comparative information for 2022

	2023			2022	
	Operations	Social Enterprise	Total	Total	
	(Schedule 1)				
Revenue:					
Social enterprise revenue	\$ -	\$ 815,482	\$ 815,482	\$ 775,527	
United Way contributions	23,215	-	23,215	22,487	
Grants and subsidies (note 9)	471,132	49,657	520,789	469,320	
Fundraising and donations	144,435	76	144,511	116,020	
Interest and miscellaneous	11,150	174	11,324	1,209	
Amortization of deferred capital contributions	832	-	832	1,189	
	650,764	865,389	1,516,153	1,385,752	
Expenses:					
Advertising and promotion	7,282	6,208	13,490	8,765	
Amortization	2,653	2,653	5,306	6,604	
Building occupancy	81,776	77,194	158,970	148,205	
Dues	15,162	-	15,162	13,507	
Fundraising and development	19,636	-	19,636	4,445	
Office	8,606	4,676	13,282	34,303	
Professional	20,312	4,509	24,821	27,784	
Program/Partnerships	16,150	187,270	203,420	181,106	
Truck operating and rental	-	41,439	41,439	28,183	
Wages and personnel	707,795	404,315	1,112,110	969,672	
	879,372	728,264	1,607,636	1,422,574	
Excess (deficiency) of revenue over expenses before the undernoted	(228,608)	137,125	(91,483)	(36,822)	
Federal government COVID-19 related assistance (note 15)	-	-	-	25,137	
Excess (deficiency) of revenue over expenses	\$ (228,608)	\$ 137,125	\$ (91,483)	\$ (11,685)	

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Changes in Net Assets

Year ended June 30, 2023, with comparative information for 2022

				2023	2022
	Unrestricted	Internally restricted	Invested in capital assets	Total	Total
Net assets, beginning of year	\$ 222,427	\$ 387,587	\$ 13,230	\$ 623,244	\$ 634,929
Deficiency of revenue over expenses	(87,009)	-	(4,474)	(91,483)	(11,685)
Transfers:					
Purchases of capital assets	(2,157)	-	2,157	-	-
Vision 1000 reserve (note 7)	101,547	(101,547)	-	-	-
Net assets, end of year	\$ 234,808	\$ 286,040	\$ 10,913	\$ 531,761	\$ 623,244

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (91,483)	\$ (11,685)
Amortization of deferred capital contributions	(832)	(1,189)
Amortization of capital assets	5,306	6,604
	(87,009)	(6,270)
Changes in non-cash operating working capital:		
Accounts receivable	14,317	63,324
Prepaid expenses and deposits	(2,980)	(2,348)
Accounts payable and accrued liabilities	(54,898)	(24,357)
Deferred contributions	(64,137)	4,294
	(194,707)	34,643
Investing:		
Purchase of capital assets	(2,157)	(6,937)
Increase in term deposit	(151,189)	(405)
	(153,346)	(7,342)
Increase (decrease) in cash	(348,053)	27,301
Cash, beginning of year	849,911	822,610
Cash, end of year	\$ 501,858	\$ 849,911
Supplemental cash flow information:		
Restricted cash (note 4)	\$ 117,002	\$ 117,002
Unrestricted cash	384,856	732,909

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements

Year ended June 30, 2023

Big Brothers Big Sisters of Victoria Capital Region (the "Society") is registered under the Societies Act of British Columbia and is a registered charity under the Income Tax Act.

The Society strives to recruit, screen and train volunteer mentors for children identified within the community who are vulnerable and in need of additional support. Mentored children have improved self-esteem, enhanced relationships within the classroom and community, improved social and academic development and increased ability to make healthy decisions. Risk and harm reduction is evident and the cost/benefit to community is significant. The intent is to spark a relationship that will endure while offering support and safety through a relationship based on friendship.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

Operations reports revenue and expenses related to program delivery and administrative activities.

The social enterprise reports revenue and expenses related to the coordination and pick up of donated items. All of the funds raised through this social enterprise are invested in support for mentoring programs.

(b) Contributed materials and service:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Volunteers contribute time and expertise across the Society's operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2023

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the period 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.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a basis and rate corresponding with the amortization rate for the related capital asset.

(d) Capital assets:

Capital assets are recorded at cost. Contributions of capital assets are recorded at fair value at the date of contribution.

Amortization is provided over the estimated useful lives of the assets, using the following rates:

Asset	Basis	Rate
Vehicles	Straight line	8 years
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%

When a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in operations in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2023

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

2. Term deposits:

Term deposits are guaranteed investment certificates of \$69,144 bearing interest at 4.87% (maturing on April 16, 2024), and \$150,000 bearing interest at 4.69% (maturing on December 15, 2023) respectively. These term deposits have been assigned as security for the operating line of credit.

The Society has an operating line of credit with a credit union with a maximum of \$60,000. The operating line of credit bears interest, payable monthly, at a floating rate equal to the B.C. Central Credit Union Basic Rate. The rate as at June 30, 2023 was 6.95% (2022 - 3.70%). As at June 30, 2023, nil (2022 - nil) was drawn on the operating line of credit.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2023

3. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Vehicles	\$ 34,774	\$ 34,774	\$ -
Furniture and fixtures	96,143	95,005	1,138
Computer equipment	119,885	108,169	11,716
	\$ 250,802	\$ 237,948	\$ 12,854

2022	Cost	Accumulated amortization	Net book value
Vehicles	\$ 34,774	\$ 34,774	\$ -
Furniture and fixtures	96,143	94,720	1,423
Computer equipment	125,375	110,795	14,580
	\$ 256,292	\$ 240,289	\$ 16,003

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2023

4. Deferred contributions:

Deferred contributions represent unspent resources that have been externally restricted for use in a specified program.

Deferred contributions from BC Gaming requires that each recipient must maintain a separate gaming cash account for the exclusive purpose of receiving, holding and disbursing gaming funds. Accordingly, these funds have been considered restricted. The amount of cash and cash equivalent restricted for BC Gaming contributions is \$117,002 (2022 - \$117,002)

The changes for the year are as follows:

	2023	2022
Opening balance	\$ 203,955	\$ 199,661
Add amounts received:		
Community Gaming Grant	175,500	175,500
Other grants and contributions	150,698	158,627
Less amounts recognized as revenue in the year:		
Community Gaming Grant	(175,500)	(160,250)
Other grants and contributions	(214,835)	(169,583)
Closing balance	\$ 139,818	\$ 203,955

5. Canada Emergency Business Account loan:

In response to the COVID-19 pandemic, the Government of Canada launched the new Canada Emergency Business Account ("CEBA"). This program will provide up to \$25 billion to eligible financial institutions so they can provide interest-free loans that are guaranteed and funded by the Government of Canada in the form of lines of credit of up to \$40,000 to businesses with payrolls of less than \$1 million. A quarter of the loan (up to \$10,000) is eligible for complete forgiveness.

The Society received a CEBA loan from Island Savings on April 21, 2020. The loan matures on January 21, 2026. The loan proceeds are to be used for operating expenses that cannot be deferred, such as payroll, rent, utilities, insurance, debt payments and property taxes. If the loan is repaid by January 18, 2024, \$10,000 of the loan will be forgiven. The forgivable portion of the loan was recognized in income in the 2021 financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2023

6. Deferred capital contributions:

The Society received a capital project gaming grant of \$16,500 that was spent on computer equipment. Amortization of \$832 (2022 - \$1,189) has been recorded in revenue during the year.

7. Internally restricted:

The Board of Directors of the Society has restricted \$25,000 (2022 - \$25,000) as an insurance reserve and \$105,000 (2022 - \$105,000) as an operating contingency reserve and \$156,040 (2022 - \$257,587) as a Vision 1000 Reserve.

During 2021, the Board of Directors of the Society created a board-restricted "Vision 1000 Reserve Fund" and on March 23, 2021, approved a transfer of \$280,000 to this fund: \$140,000 was reallocated from the Contingency Reserve Fund and \$140,000 was transferred from unrestricted net assets. During the year, \$101,547 (2022 - \$22,413) was spent from the Vision 1000 reserve fund. The Vision 1000 Reserve Fund is for the purpose of growing the organization to serve 1000 children.

8. Commitments:

The Society is leasing its premises under a lease expiring May 31, 2028. The previous lease was renewed and extended as of June 1, 2023 for five years. Future minimum lease payments exclusive of occupancy costs will aggregate \$415,564.

9. Grants and subsidies:

Grant and subsidy revenue by source is as follows:

	2023	2022
Federal government	\$ 41,907	\$ -
Provincial government	57,550	54,167
Municipal government	14,650	13,500
Non-government	231,182	241,403
Community Gaming Grant	175,500	160,250
	\$ 520,789	\$ 469,320

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2023

10. Financial risk management:

The Society's financial instruments include cash, term deposit, accounts receivable, accounts payable and accrued liabilities and loans.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from its financial instruments. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to risk exposures from 2022.

11. Economic dependence:

The Society operates a social enterprise from which it generated 42% (2022 - 44%) of its total revenue through sales of donated goods to a single organization. The sales contract is subject to review and renewal on December 31, 2024.

12. Government remittances payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,908 (2022 - \$10,292) relating to payroll taxes, health taxes and workers' safety insurance.

13. Foundation Endowment Funds:

(a) Victoria Foundation:

In 2016 the Society transferred \$7,500 to the Victoria Foundation to create an endowment fund, the Big Brothers Big Sisters of Victoria Fund, to be held and managed in perpetuity by the Victoria Foundation. These funds were matched by the Victoria Foundation. The fund market value at June 30, 2023 was \$28,779 (2022 - \$25,175). There have been no distributions received from the fund to date. Future distributions from the fund by the Victoria Foundation will be made in consultation with the Society and recorded as revenue.

(b) Vancouver Foundation:

In 1991 the Harry deSwager Big Brothers and Big Sisters of Victoria Bursary Fund was established at the Vancouver Foundation and, in accordance with the provisions of the Vancouver Foundation Act, the Fund is held permanently by the Vancouver Foundation.

The market value of the fund at June 30, 2023 was \$22,520 (2022 - \$21,286). Distributions from the fund are awarded as bursaries.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2023

14. Employee and contractor remuneration:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending June 30, 2023, no employee or contractor was paid remuneration greater than \$75,000 (2022 - \$102,975 to one employee). There were no remuneration payments made to directors during the year.

15. Federal government COVID-19 related assistance:

During 2022 the Society received federal government COVID-19 related assistance as follows:

	2023	2022
Canada Emergency Wage Subsidy	\$ -	\$ 24,258
Canada Recovery Hiring Program	-	879
	\$ -	\$ 25,137

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Operations

Schedule 1

Year ended June 30, 2022

	Operations	Social Enterprise	Total
Revenue:			
Social enterprise revenue	\$ -	\$ 775,527	\$ 775,527
United Way contributions	22,487	-	22,487
Grants and subsidies (note 9)	394,680	74,640	469,320
Fundraising and donations	113,510	2,510	116,020
Interest and miscellaneous	1,150	59	1,209
Amortization of deferred capital contributions	1,189	-	1,189
	533,016	852,736	1,385,752
Expenses:			
Advertising and promotion	4,000	4,765	8,765
Amortization	3,354	3,250	6,604
Building occupancy	80,852	67,353	148,205
Dues	13,507	-	13,507
Fundraising and development	4,445	-	4,445
Office	8,488	25,815	34,303
Professional	22,986	4,798	27,784
Program/Partnerships	17,363	163,743	181,106
Truck operating and rental	-	28,183	28,183
Wages and personnel	527,097	443,881	969,672
	682,092	741,788	1,422,574
Excess (deficiency) of revenue over expenses before undernoted	(149,076)	110,948	(36,822)
Federal government COVID-19 related assistance (note 15)	25,137	-	25,137
Excess of revenue over expenses	\$ (123,939)	\$ 110,948	\$ (11,685)