Big Brothers & Big Sisters Association of Lacombe and District

Financial Statements

For the year ended December 31, 2021

(Unaudited)

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(Unaudited)

Contents

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Independent Practitioner's Review Engagement Report

To the Members of
Big Brothers & Big Sisters Association of Lacombe and District

We have reviewed the accompanying financial statements of Big Brothers & Big Sisters Association of Lacombe and District (the "Association") that comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Big Brothers & Big Sisters Association of Lacombe and District as at December 31, 2021, 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.

BDO Canada LLP

Chartered Professional Accountants

Lacombe, Alberta
June 2, 2022

Big Brothers & Big Sisters Association of Lacombe and District
Statement of Financial Position
(Unaudited)

December 31		2021	2020
Assets			
Current			
Cash (Note 2)	$	**135,762** $	112,026
Accounts receivable		**1,174**	43,707
		136,936	155,733
Property (Note 3)		**230,573**	241,145
	$	**367,509** $	396,878
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	$	**3,015** $	8,017
Deferred revenue (Note 4)		**16,721**	50,698
Current portion of long-term debt (Note 5)		**9,405**	118,776
Current portion of deferred capital contributions (Note 6)		**11,472**	9,972
		40,613	187,463
Long-term debt (Note 5)		**130,525**	30,000
Deferred capital contributions (Note 6)		**157,047**	147,519
		328,185	364,982
Net assets			
Restricted		**-**	5,060
Unrestricted		**87,202**	61,959
Capital		**(47,878)**	(35,123)
		39,324	31,896
	$	**367,509** $	396,878

Approved on behalf of the board:

B. Buckelaar, Director

Joey ..., Director

The accompanying notes are an integral part of these financial statements.

Big Brothers & Big Sisters Association of Lacombe and District
Statement of Changes in Net Assets
(Unaudited)

For the year ended December 31

	Restricted	Unrestricted	Capital	Total 2021	Total 2020
Balance, beginning of year	$ 5,060	$ 61,959	$ (35,123)	$ 31,896	$ (9,691)
Excess (deficiency) of revenue over expenditures for the year	(5,060)	12,488	-	7,428	41,587
Asset purchase	-	(4,021)	4,021	-	-
Deferred capital contributions	-	22,500	(22,500)	-	-
Deferred contributions recognized	-	(10,116)	10,116	-	-
Debt retirement recognized	-	(1,356)	1,356	-	-
Principal loan payments	-	(8,845)	8,845	-	-
Amortization	-	14,593	(14,593)	-	-
Balance, end of year	$ -	$ 87,202	$ (47,878)	$ 39,324	$ 31,896

The accompanying notes are an integral part of these financial statements.

Big Brothers & Big Sisters Association of Lacombe and District
Statement of Operations
(Unaudited)

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Revenue			
Bowl/Walk for Kids Sake	$ 20,000	$ 60,294	$ 46,578
Direct expenses	(3,100)	(2,683)	(6,928)
Donations	16,000	64,728	44,323
Fundraising	89,000	56,757	64,489
Grant revenue	33,500	35,667	86,628
United Way funding	20,000	35,271	22,000
Other revenue	-	-	90
	175,400	250,034	257,180
Program costs			
Group Mentoring	8,064	11,654	3,063
Mentoring	90,545	135,560	98,096
Rural Outreach	36,097	37,145	58,714
	134,706	184,359	159,873
Gross margin	40,694	65,675	97,307
Expenditures			
Amortization	-	14,593	14,191
Conference and travel expenses	-	2,169	618
Insurance	6,500	6,276	4,377
Interest and bank charges	85	466	425
Interest on long-term debt	5,235	5,235	5,554
Professional dues	5,350	5,343	6,271
Salaries and related benefits	21,577	17,900	18,615
Telephone and utilities	7,500	6,265	5,669
	46,247	58,247	55,720
Excess (deficiency) of revenue over expenditures for the year	$ (5,553)	$ 7,428	$ 41,587

The accompanying notes are an integral part of these financial statements.

Big Brothers & Big Sisters Association of Lacombe and District
Statement of Cash Flows
(Unaudited)

For the year ended December 31		2021		2020
Cash flows from operating activities				
Excess of revenue over expenditures for the year	$	7,428	$	41,587
Adjustment for non-cash item				
Amortization		14,593		14,191
		22,021		55,778
Change in non-cash working capital items				
Decrease (increase) in accounts receivable		42,533		(32,746)
Decrease in accounts payable and accrued liabilities		(5,002)		(1,160)
Increase (decrease) in deferred revenue		(33,977)		45,308
		25,575		67,180
Cash flows from investing activity				
Purchase of property		(4,021)		-
Cash flows from financing activities				
Repayment of long-term debt		(8,846)		(15,021)
Proceeds from long-term debt		-		40,000
Deferred capital contributions		22,500		-
Recognition of deferred capital contributions		(10,116)		(8,616)
Recognition of deferred debt repayment		(1,356)		(1,356)
		2,182		15,007
Increase in cash during the year		23,736		82,187
Cash, beginning of year		112,026		29,839
Cash, end of year	$	135,762	$	112,026

Cash consists of:				
Unrestricted cash	$	119,029	$	104,217
Externally restricted cash - casino		16,733		7,809
	$	135,762	$	112,026

The accompanying notes are an integral part of these financial statements.

Nature of operations

Big Brothers & Big Sisters Association of Lacombe and District (the "Association") is incorporated under the Societies Act of Alberta for the purpose of providing mentoring programs to children in the City of Lacombe and surrounding area.

The Association is registered as a charity organization and is tax-exempt under Section 149(1)(f) of the Canadian Income Tax Act.

1. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

Property

Property is recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the property over its estimated useful life. The annual amortization rate and method is as follows:

Asset	Method	Rate
Buildings	Straight-line	20 years

Revenue recognition

The Association 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.

Contributions specified for capital purposes are recorded as deferred capital asset contributions. These deferred contributions are taken into income as the related capital costs are amortized.

Unrestricted investment income is recognized as revenue when earned.

Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

1. Summary of significant accounting policies (continued)

Contributed services

Volunteers contributed time to assist the Association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Reserves

It is the Association's policy as a part of their risk management strategy to maintain an operating reserve equal to six months' operating expenses. These funds are internally restricted and can be used only by obtaining approval from the Board of Directors.

2. Cash

Included in cash are restricted funds held by the Association. The operating reserve is internally restricted by the Board of Directors. The casino funds are externally restricted by legislative requirements. The balances are as follows:

	2021	2020
Unrestricted cash	$ 119,010	$ 104,216
Casino	16,732	7,809
	$ 135,742	$ 112,025

The Association's credit facility includes an authorized revolving line of credit of $30,000 bearing interest at the Credit Union's prime plus 1.50%, of which none was used at year end. These facilities are secured by general security agreement providing a first charge and interest on all the present and after-acquired personal property. Prime rate at December 31, 2021 was 2.45%.

3. Property

	2021			2020
	Cost	Accumulated Amortization	Net	Net
Land	$ 20,000	$ -	$ 20,000	$ 20,000
Buildings	283,822	76,868	206,954	221,145
Shed	4,021	402	3,619	-
	$ 307,843	$ 77,270	$ 230,573	$ 241,145

4. Deferred revenue

		2021		2020
Gord Bamford Charitable Foundation	$	-	$	22,500
Casino and raffle funds		16,721		28,198
	$	16,721	$	50,698

5. Long-term debt

		2021		2020
4.8% mortgage, payable $1,170 monthly including interest, due August 31, 2026	$	109,930	$	118,776
0% CEBA loan, payable $30,000 at December 31, 2023		30,000		30,000
		139,930		148,776
Less current portion		9,405		118,776
Long-term portion	$	130,525	$	30,000

The Association is required to meet a specified debt to equity, current and annual debt service coverage ratios under its lending agreement. The Association is in compliance with these covenants as of the balance sheet date

In 2020, the Association received $40,000 Canada Emergency Business Account (CEBA) loan to finance qualifying non-deferrable expenses during the COVID-19 pandemic. The loan is non-interest bearing with no scheduled payments until December 31, 2023. If $30,000 of the loan has been repaid by that date, the remaining $10,000 will be forgiven. If the $30,000 in loan payments have not been made by December 31, 2023, the full outstanding balance will be converted to a 5% interest bearing loan to be repaid in monthly installments over a three year period ending December 31, 2026.

The $10,000 forgivable portion was recorded as grant revenue in 2020.

The mortgage is secured by a general security agreement specifically pledging all present and after acquired property.

Estimated principal repayments are as follows:

2022	$	9,405
2023		9,832
2024		10,278
2025		10,746
2026		11,234
Subsequent years		88,435
	$	139,930

6. Deferred capital contributions

The Association has received restricted contributions for the purchase of capital assets. These contributions are amortized on a declining balance over the useful life of the asset for which the contributions were received.

	Balance, beginning of year	Contributions	Current amortization	Balance, end of year
Deferred contributions	$ 127,171	$ 21,000	$ (10,116)	$ 138,055
Debt repayment	20,348	-	(1,356)	18,992
	$ 147,519	$ 21,000	$ (11,472)	$ 157,047

7. Net Assets

	2021 Opening Balances	Revenue	Expenses	Transfers	2021 Closing Balances
Restricted					
Mentoring	$ -	$ 66,577	$ (69,765)	$ 3,188	$ -
Rural Outreach	-	17,812	(37,145)	19,333	-
Group Mentoring	5,060	1,774	(11,654)	4,820	-
	5,060	86,163	(118,564)	27,341	-
Unrestricted	61,959	163,871	(124,042)	(14,586)	87,202
Capital	(35,123)	-	-	(12,755)	(47,878)
	26,836	163,871	(124,042)	(27,341)	39,324
	$ 31,896	$ 250,034	$ (242,606)	$ -	$ 39,324

Restricted funds include monies received from both government organizations and private individuals, where it was requested that the funds go toward a specific program.

8. Allocation of Administration Expense

Administration costs applicable to the operations of the entire Association are allocated to projects based on the type of expenditure and the appropriate costs, pro-rated according to budgeted amounts.

9. 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.

Interest rate risk
The Association is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate financial instruments subject the company to a fair value risk, while the floating-rate financial instruments subject the company to a cash flow risk. This exposure may have an effect on its earnings in future periods. The company reduces its exposure to interest rate risk by regularly monitoring published prime interest rates which have been relatively stable over the period presented. In the opinion of management the interest rate risk exposure to the company is low and is not material.