

**Big Brothers & Big Sisters Association  
of Lacombe and District  
Financial Statements  
For the year ended December 31, 2023  
(Unaudited)**

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For the year ended December 31, 2023  
(Unaudited)

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## Independent Practitioner's Review Engagement Report

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### 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, 2023, 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, 2023, 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 13, 2024

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

December 31	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 93,737	\$ 118,512
Accounts receivable	1,358	535
	95,095	119,047
Property (Note 3)	200,888	215,658
	\$ 295,983	\$ 334,705
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 11,593	\$ 3,465
Deferred revenue (Note 4)	15,217	10,448
Current portion of long-term debt (Note 5)	9,860	39,398
Current portion of deferred capital contributions (Note 6)	11,472	11,472
	48,142	64,783
Long-term debt (Note 5)	81,713	91,573
Deferred capital contributions (Note 6)	134,103	145,575
	263,958	301,931
<b>Net assets</b>		
Unrestricted	68,286	75,136
Capital	(36,261)	(42,362)
	32,025	32,774
	\$ 295,983	\$ 334,705

Approved on behalf of the board:

 , Director

 , 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

	Unrestricted	Capital	Total 2023	Total 2022
<b>Balance, beginning of year</b>	\$ 75,136	\$ (42,362)	\$ 32,774	\$ 39,324
Excess of expenditures over revenue for the year	(749)	-	(749)	(6,550)
Deferred contributions recognized	(10,116)	10,116	-	-
Debt retirement recognized	(1,356)	1,356	-	-
Principal loan payments	(9,399)	9,399	-	-
Amortization	14,770	(14,770)	-	-
<b>Balance, end of year</b>	<b>\$ 68,286</b>	<b>\$ (36,261)</b>	<b>\$ 32,025</b>	<b>\$ 32,774</b>

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

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

<b>For the year ended December 31</b>	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
<b>Revenue</b>			
Donations	\$ 44,500	\$ 72,139	\$ 54,516
Fundraising	90,000	118,817	105,332
Grant revenue	73,900	93,318	70,762
Other revenue	-	664	284
	<u>208,400</u>	<u>284,938</u>	<u>230,894</u>
<b>Expenditures</b>			
Advertising and promotion	6,600	10,398	9,070
Amortization	-	14,770	14,915
BBBS Membership	6,500	5,242	4,901
Bookkeeping	6,500	6,900	6,824
Community recovery grant expenses	-	28,350	-
Conference and travel expenses	-	3,859	3,332
Insurance	11,000	6,649	8,493
Interest and bank charges	100	777	535
Interest on long-term debt	-	4,261	5,081
Office	4,200	8,765	6,817
Professional dues	350	1,372	1,698
Professional fees	6,000	9,653	5,618
Program expense	4,000	21,999	21,849
Salaries and related benefits	160,931	155,600	140,180
Telephone and utilities	11,400	7,092	8,131
	<u>217,581</u>	<u>285,687</u>	<u>237,444</u>
<b>Excess of expenditures over revenue for the year</b>	<b>\$ (9,181)</b>	<b>\$ (749)</b>	<b>\$ (6,550)</b>

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)

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Excess of expenditures over revenue for the year	\$ (749)	\$ (6,550)
Adjustment for non-cash item		
Amortization	14,770	14,915
	<u>14,021</u>	8,365
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(823)	639
Increase in accounts payable and accrued liabilities	8,128	451
Increase (decrease) in deferred revenue	4,769	(6,273)
	<u>26,095</u>	3,182
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(39,398)	(8,960)
Recognition of deferred capital contributions	(10,116)	(10,116)
Recognition of deferred debt repayment	(1,356)	(1,356)
	<u>(50,870)</u>	(20,432)
<b>Decrease in cash during the year</b>	<b>(24,775)</b>	<b>(17,250)</b>
<b>Cash, beginning of year</b>	<b>118,512</b>	<b>135,762</b>
<b>Cash, end of year</b>	<b>\$ 93,737</b>	<b>\$ 118,512</b>
<b>Cash consists of:</b>		
Unrestricted cash	\$ 93,098	\$ 112,518
Externally restricted cash - casino	639	5,994
	<u>\$ 93,737</u>	<u>\$ 118,512</u>

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

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# Big Brothers & Big Sisters Association of Lacombe and District

## Notes to the Financial Statements

(Unaudited)

**December 31, 2023**

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### 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.

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### 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. Estimates include the useful life of property, plant, & equipment. 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.



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# Big Brothers & Big Sisters Association of Lacombe and District

## Notes to the Financial Statements

(Unaudited)

December 31, 2023

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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.

**Financial instruments**                      Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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**Big Brothers & Big Sisters Association of Lacombe and District**  
**Notes to the Financial Statements**  
**(Unaudited)**

**December 31, 2023**

**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:

	2023	2022
Unrestricted cash	\$ 93,098	\$ 112,518
Casino funds	639	5,994
	\$ 93,737	\$ 118,512

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, 2023 was 7.20% (2022 - 6.45%).

**3. Property**

	2023		2022	
	Cost	Accumulated Amortization	Net	Net
Land	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Buildings	283,822	105,250	178,572	192,763
Shed	4,021	1,705	2,316	2,895
	\$ 307,843	\$ 106,955	\$ 200,888	\$ 215,658

**Big Brothers & Big Sisters Association of Lacombe and District**  
**Notes to the Financial Statements**  
(Unaudited)

December 31, 2023

4. Deferred revenue

	2023	2022
Casino and raffle funds	\$ 627	\$ 5,983
Community recovery grant	12,000	-
Landlord of the month	-	1,000
Night Among the Stars	2,590	3,465
	\$ 15,217	\$ 10,448

5. Long-term debt

	2023	2022
Servus Credit Union mortgage, bearing interest at 4.8%, payable in monthly blended payments of \$1,170 maturing August 31, 2026.	\$ 91,573	\$ 100,971
CEBA loan repaid in the year	-	30,000
	91,573	130,971
Less current portion	9,860	39,398
Long-term portion	\$ 81,713	\$ 91,573

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.

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

Estimated principal repayments are as follows:

2024	\$ 9,860
2025	10,343
2026	10,851
2027	11,383
2028	11,942
Subsequent years	37,194
	\$ 91,573

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**Big Brothers & Big Sisters Association of Lacombe and District**  
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**December 31, 2023**

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**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	Current amortization	Balance, end of year
Deferred contributions	\$ 126,583	\$ (10,116)	\$ 116,467
Debt repayment	18,992	(1,356)	17,636
	\$ 145,575	\$ (11,472)	\$ 134,103

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**7. 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. There have not been any changes in the risk from the prior year.

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