



Big Plans for Little Kids Ltd.

**Financial Review for the Minister of Education,
Government of Alberta**

KPMG Forensic

May 1, 2019

This report contains 32 pages



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1 Executive Summary

Pursuant to Section 41(1) of the *School Act* (Alberta) ("the *School Act*"), KPMG Forensic Inc. ("KPMG") was retained by the Government of Alberta ("Government") on behalf of the Minister of Education in Alberta ("Alberta Education" or the "Minister") to conduct an independent inquiry (the "review") into the financial condition and the management, administration, and operation of Big Plans for Little Kids Ltd. ("Big Plans" or the "Operator") and its Board of Directors (the "Board").

Our review generally focused on the period between September 1, 2013 and August 31, 2017 (the "Period of Review", comprising four fiscal years) although it involved prior periods or was more limited in certain areas¹. In a number of areas, further work is necessary to conclude.

Our review identified that:

- Total remuneration payments to the shareholders of Big Plans, Mr. Michael Souster and Ms. Carmen Knowles, were approximately \$1.7 million over the Period of Review. These payments include a combined \$122,500 paid to companies controlled by them for consulting services provided over the summer months.
- Expenditures incurred in relation to personal vacations that were accounted for as Annual General Meetings of Big Plans ("AGMs") totaled \$19,047. On August 29, 2018, \$7,165 of this amount was repaid by Mr. Souster.
- Big Plans spent \$4,557 on electronics that are being used for personal use.
- Big Plans spent \$13,096 on electronics that are being used for personal use or are shared with Peak Power Sport Development ("PPSD"), a company owned by Mr. Souster
- Payments by Big Plans to provide cellphone service plans to
are estimated to have been approximately \$11,500².
- Big Plans paid \$5,866 in rental fees for a personal storage unit belonging to Ms. Knowles and Mr. Souster.
- PPSD is a company owned by Mr. Souster. Big Plans hired four employees connected to PPSD to assist Person 1 and Mr. Souster with payroll. Given the volume of work, it is reasonable that Big Plans would need to hire additional help. However, it is also possible that PPSD received some benefit from having these individuals working for Big Plans, but at the PPSD office. Due to limited records and the fact that salaried employees are not required to fill out any timesheets, we are not able to determine whether Big Plans received full value for salaries paid to these employees.

— . However, continued to receive regular paycheques from Big Plans after their work was complete. Mr. Souster has estimated that a combined 360-hours of work remains due to Big Plans. Based on current base hourly wage of \$15, it appears that Big Plans has paid \$5,400 for which there is no evidence of work being performed.

¹ Due to practical budgetary constraints.

² Estimate due to incomplete cellphone invoices, as discussed in Section 4.4.



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- Big Plans rents part of its office to Riverside Law, . Rather than paying monthly rent according to the terms of its lease agreement, Riverside Law pays several bills on behalf of Big Plans, and then the amount that is either due to or due from Riverside Law is settled periodically. Big Plans has not been able to provide us with a reconciliation of the amount due to/from Riverside Law, so we cannot determine if we have been provided with information on all transactions between Big Plans and Riverside Law.
- We understand that when Big Plans purchased the building from which it operates, the property had a land use designation that precluded office/commercial use. Big Plans is attempting to have the property re-zoned. As part of that process, we understand Big Plans is required to spend an estimated \$33,000 to upgrade the property so that it is compliant with the Alberta Building Code.
- There is evidence to suggest that the Big Plans office is not meeting the current needs of the Operator.
- Big Plans receives funding based upon the requirement to provide access to at least 475 hours of Early Childhood Services (“ECS”) instruction to each child annually. We were told by a number of interviewees that Big Plans was not meeting this requirement. If it had been meeting this requirement then the cost to deliver these educational programs would have resulted in annual surpluses that were closer to budget. Big Plans has since said that the Funding Manual for School Authorities published by the Ministry of Education (the “Funding Manual”) allows for modifications to this requirement. A review of whether Big Plans is meeting its requirement under the Funding Manual is outside the scope of our review.

Our comments are discussed more fully in the following sections of our report.



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2 Mandate

Pursuant to Section 41(1) of the *School Act*, KPMG was retained by the Government of Alberta on behalf of the Minister. Our mandate was to examine the financial records of Big Plans and provide observations on the design and implementation of Big Plans' overall financial administration, financial management processes and internal controls, and determine the appropriateness of the expenditure of funds.

Section 41 of the *School Act* grants authority to "examine and inspect the financial condition, the administrative condition, or any other matter connected with the management, administration or operation, of a board, private school or early childhood services program". We were asked to gather information, and report findings and observations to the Minister in a number of areas.

This report addresses specific financial matters and areas where there have been concerns brought to our attention by the Ministry.

We have been asked to review and comment on the following financial matters by the Minister:

- Analyze the design and implementation of Big Plans' financial management process;
- Analyze the financial operations and use of funding for the related childhood services program;
- Examine whether there is information to support or refute whether specific capital transactions have been conducted at reasonable market rates and whether capital funding chosen for review has been used in a manner consistent with applicable conditions and requirements;
- Examine selected related party transactions, including major capital transactions reported by Big Plans;
- Examine the salary and benefits and other compensation or remunerations to directors, employees, contractors and related third parties, including related corporations and other related entities;
- Gather, where possible, information to allow an assessment of the commercial reasonableness of such remuneration by management and the board relative to existing by-laws and policies; and
- Gather information and report observations regarding contracted services expenditures in terms of whether they appear to be commercially reasonable.

Our report is subject to the restrictions outlined in Section 7 and the scope limitations in Section 4.4.



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3 Background

3.1 Big Plans for Little Kids Ltd.

Big Plans is a private early childhood services (“ECS”) operator in Calgary offering early intervention services for pre-school and elementary school-aged children with developmental delays. Big Plans was founded by Ms. Carmen Knowles (Souster) and Mr. Michael Souster in 2009. When Big Plans was incorporated as a not-for-profit corporation in Alberta on May 27, 2009, Ms. Knowles and Mr. Souster each received 100 shares, and therefore an equal 50% share in the corporation. According to a Government of Alberta Corporate Registration search dated February 14, 2019, the registered directors and voting shareholders of Big Plans are:

- Carmen Knowles; and
- Michael Souster.

Big Plans partners with pre-schools and private kindergartens in Calgary and the surrounding area to provide specialized services to children in such domains as speech and language therapy, occupational therapy, physical therapy and psychological/behavior support.

The Operator’s administrative operations are split primarily between Big Plans’ basement office located at 4108 Montgomery View NW Calgary, Alberta (“Big Plans’ office” or the “Montgomery Property”) and the offices of Peak Power Sport Development (“PPSD”) located on the campus of the Southern Alberta Institute of Technology in Calgary. In its first year of operations, Big Plans provided early intervention services to approximately 50 children; since then, registration has grown to more than 400 children. For the year ended August 31, 2017, Government funding accounted for approximately 98% of Big Plans’ operating revenues.

Management of the operations of Big Plans is primarily handled by the following individuals:

- Ms. Carmen Knowles (Souster), Founder, Principal and Director of Programming;
- Mr. Michael Souster, Founder, Director of Finance and Operations; and
- Person 1,

Big Plans submits audited financial statements to the Government each year. GryzkoHarperBouw Chartered Professional Accountants (“Gryzko”) was the auditor up to the end of fiscal 2017, but were recently replaced by PFC Accounting Tax Consulting.

A history of the Board is provided in Table 1, below. Each of the Board members listed are independent of management, except for Ms. Knowles and Mr. Souster.



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Table 1 – Board Member History		
Date	Board Members	Resignations
May 2009 – April 2018	Carmen Knowles (Souster) Michael Souster	
April 2018	Carmen Knowles (Souster) Michael Souster	
April – June 2018	Carmen Knowles (Souster) Michael Souster	
June – October 2018	Carmen Knowles (Souster) Michael Souster	
October – December 2018	Carmen Knowles (Souster) Michael Souster	
December 2018 – Present	Michael Souster	

3.2 Peak Power Sport Development

PPSD was founded in 1995 by Mr. Michael Souster. Operating primarily through the use of unpaid interns, PPSD has progressed to become an elite training centre that provides fitness testing, programming, group, team and one-on-one coaching, sport camps, physical education instruction, seminars and corporate team building³.

Mr. Souster has hired interns and employees of PPSD to assist with administrative duties at Big Plans.

³ Source: PPSD’s current website www.sportdevelopment.com/about-us/our-story.html



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3.3 Clearly Communicating Inc.

Clearly Communicating Inc. ("Clearly Communicating") was incorporated on March 11, 2002, and is used to invoice Big Plans for contracted speech therapy services provided to registered students of the Operator. According to a Government of Alberta Corporate Registration search dated February 14, 2019, the registered directors and voting shareholders of Clearly Communicating are:

- Carmen Souster; and
- Michael Souster.

3.4 Ownership and Leasing History of the Montgomery Property

The following is a summary of the leasing and ownership history of the Montgomery Property:

- **January 1, 2010 to August 31, 2010:** Big Plans subleased from _____, on an as-needed basis, "172 square meters on main and upper floor, 60 square meters on main floor, site dimension of 502.5 square meters, and studio of approximately 40 square meters, fully furnished and with full access to the chattels, services and amenities" ("Rentable Area"), at a monthly base rent of \$4,000⁴. Big Plans was operating out of the Sousters' personal residence prior to January 1, 2010.
- **September 1, 2010 to August 31, 2011:** Big Plans extended its sublease agreement with _____. Monthly base rent remained unchanged.
- **December 13, 2011:** Big Plans signed a residential real estate purchase contract, agreeing to purchase the Montgomery Property from _____ and Person 2 for \$1,000,000. A deposit of \$150,000 was paid by Big Plans, with the remaining \$850,000 funded through a mortgage provided by the Toronto Dominion Bank. The decision to purchase the Montgomery Property was approved by the Big Plans Board of Directors on November 20, 2011⁵. According to the Land Title Certificate, ownership of the property was transferred to Big Plans on February 13, 2012.
- **February 1, 2012 to December 31, 2016:** _____ Professional Corp. (operating as "Riverside Law") leased from Big Plans the Rentable Area at a monthly base rent of \$2,500⁶.
- **January 1, 2017 to December 31, 2021:** Riverside Law extended its existing lease with Big Plans. Monthly base rent remained unchanged.

3.5 Alberta Education Funding Regulations

The Government of Alberta's Education Grants Regulation governs the general funding, use and repayment of education grants in Alberta. Relevant sections have been included here:

⁴ Source: Sublease agreements between _____ and Big Plans for Little Kids Ltd. dated January 1, 2010 and September 1, 2010.

⁵ Source: Signed resolution of the Big Plans Board of Directors.

⁶ Source: Lease agreement between Big Plans for Little Kids Ltd. and _____ dated February 1, 2012.

_____ and Big Plans for Little Kids Ltd. dated _____

_____ Professional Corp.



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Section 7(a) outlines the conditions on which grants are made, and states that the recipient of every grant shall:

- (i) use the grant only for the purpose for which it is made;
- (ii) account to the Minister, in the manner that the Minister determines and to the Minister's satisfaction, for how the grant money or any portion of it was or is being used;
- (iii) permit a representative of the Minister or the Auditor General to examine any books or records that the Minister or Auditor General considers necessary to determine how the grant money has been or is being used; and
- (iv) provide to the Minister, on request, any information the Minister considers necessary for the purpose of determining whether or not the recipient has complied or is complying with the conditions of the grant.

Section 7(b)(i) further states "that where all or part of the grant money is required to be repaid ... the amount required to be repaid constitutes a debt due to the Government and is recoverable in an action against the recipient."

Section 9(1) governs the repayment of any grant money. "The Minister may require a recipient to repay all of part of the grant money if the recipient:

- (a) fails to comply with a condition of the grant;
- (b) has provided any false, misleading or inaccurate information in order to obtain the grant; or
- (c) has received a grant for which the recipient was ineligible."

Each year, Alberta Education publishes a Funding Manual for School Authorities which outlines the types of funding available and how much funding a school might be eligible to receive. In Section 1.1 of the 2017/18 funding manual, it states that "Access to at least 475 hours of ECS instruction must be provided. Modifications to this requirement may be made for individual children with special education needs based on their individualized program plan (IPP) or instructional support plan (ISP) and age." The earliest funding manual available on Alberta Education's website dates back to the 2011/12 school year. The requirement to provide at least 475 hours of ECS instruction has been in place since at least this 2011/12 school year.

We understand that Big Plans receives funding from Alberta Education for each student based on the condition to provide access to at least 475 hours of ECS instruction.

3.6 Alberta Education Monitoring Visit and Allegations of Inappropriate Use of Grant Funding

Big Plans was advised sometime in August 2017 that members of Alberta Education's School Accreditation and Standards Branch ("SASB") and Financial Reporting and Accountability Branch ("FRAB") would be conducting an on-site monitoring visit to review the Operator's programming and financial records. As noted in a letter from Ms. Cathy Martin (Senior Manager, Alberta Education), dated January 10, 2018, Alberta Education conducted its review on November 8, 2017. We understand Ms. Knowles, and Person 3, addressed queries from the SASB related to programming, while Mr. Souster answered questions from the FRAB regarding the Operator's financial operations.



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A list of requirements and recommendations from the SASB and FRAB were included in Ms. Martin's letter from January 10, 2018, and an email from Ms. Arina Barsukova (Accounting Analyst, Alberta Education) sent on June 13, 2018, respectively.

We understand Ms. Knowles conducted a review of Big Plans' financial records sometime after the completion of Alberta Education's visit on November 8, 2017. As part of this review she prepared a 7-page summary of issues and questions pertaining to specific transactions covering the period September 1, 2013 to August 31, 2017 that she deemed possibly inappropriate. Mr. Souster prepared a written response to each of Ms. Knowles' concerns. These two documents formed the basis for much of our review.



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4 Scope of Review

4.1 Period of Review

We were asked to review finance and governance related activity at Big Plans between September 1, 2009 and August 31, 2018 using a targeted approach. Our Period of Review coincides with the list , as discussed in Section 3.6. Please refer to Section 6 which provides details with respect to our findings.

4.2 Documents and Information Reviewed

In preparing our reports, we have reviewed and relied upon documents listed in Appendix 1.

4.3 Interviews and Discussions

We interviewed or held discussions with the following individuals:

- Ms. Carmen Knowles (Souster), Principal, Director of Programming, Founder and Former Director, Big Plans. Owner, Clearly Communicating.
- Mr. Michael Souster, Director of Finance and Operations, and Founder, Big Plans. Director and Founder, PPSD.
- Person 1, PPSD.
- Person 3, Big Plans.
- Person 4, Big Plans.
- Person 5, Big Plans.
- Riverside Law Office.
- Big Plans.
- Person 6, PPSD.
- Person 7, PPSD.
- Person 8,

4.4 Scope Limitations

The following limitations were placed on our review:

- For key management personnel and some of the employees discussed in Section 6.1, employment contracts and timesheets were either missing or incomplete.



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- We requested access to PPSD's payroll records so that we could investigate whether employees of both Big Plans and PPSD were being paid solely by Big Plans. We were advised by Mr. Souster that due to privacy and legal concerns, we could not have access to this information.
- We have not spoken with the external auditors of Big Plans to determine what information management had provided to them regarding certain transactions discussed in our Findings.
- In some areas, our assessment has relied significantly on the representations of the individuals we spoke with and we were not able to validate these representations.
- Big Plans was unable to provide us with pages from its Telus Mobility invoices containing a summary of charges by user for the 11-month period beginning September 2015 and ending July 2016. This prevented us from being able to quantify cellphone charges incurred by the that were paid for by Big Plans.

In addition, our work has not been designed to express an opinion on the design, implementation and operating effectiveness of Big Plans' governance and financial oversight practices. Additionally, Big Plans has not had an independent and well-functioning board for most of its existence, thus making an assessment impractical.



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5 Approach

We have performed the following procedures on a targeted basis with respect to gathering information on financial and other matters at Big Plans:

- We reviewed the audited financial statements of Big Plans for the years ended August 31, 2014 to 2017 to gain an understanding of the sources and uses of funds and the nature of disclosures made to the Board and Government.
- We conducted interviews of selected current and former employees, directors, and management of Big Plans as set out in Section 4.3 to understand the matters outlined in this report.
- We reviewed articles of association, board meeting minutes, directors' resolutions, shareholder registers and other documents pertaining to Big Plans as found in the Operator's minute book, to understand the history and extent of disclosures to the Board on particular matters.
- We reviewed aspects of Big Plans' Statement of Corporate Governance Practices ("Board Governance Policy"), and Articles of Association which set out certain governance requirements.
- We reviewed the Organizational Structure Evaluation Summary Report prepared by Western Management Consultants ("WMC") for Big Plans, dated August 3, 2018. The commissioning of this report was approved by the Board on May 8, 2018.
- We requested policies and procedures pertaining to Big Plans' Board, employees and contractors. The documents available for our review included:
 - Board Governance Policy, not dated;
 - Board member job description, yet to be approved;
 - Board evaluation document, yet to be approved;
 - Board governance code of conduct, yet to be approved;
 - Child development specialist's manual;
 - Educational coordinator's manual;
 - Pre-school handbook;
 - Quick reference guide for educational coordinators;
 - A guide to the common approach; and
 - Parent handbook.
- We obtained an export of Big Plans' general accounting ledger from QuickBooks, along with support for all adjusting journal entries for the years ended August 31, 2014 to 2017. We performed various electronic searches and reviewed transactions relevant to our mandate.
- We tested the completeness and accuracy of Big Plans' general ledgers for the years ended August 31, 2014 to 2017 by agreeing the sum of all transactions to amounts reported on each years' trial balance.



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- We reviewed Ms. Carmen Knowles' summary of issues identified during her review of the financial records covering the period September 1, 2013 to August 31, 2017. We also reviewed Mr. Michael Souster's response to each of these issues.
- We reviewed lease agreements, purchase contracts and land title registration documents to gain an understanding of the ownership of the Montgomery Property and the various tenants over time.
- We obtained corporate registration profiles for Big Plans for Little Kids Ltd., Clearly Communicating Inc. and 2061235 Alberta Ltd. directly from the Government of Alberta's Corporate Registration System. We also requested a copy of the Land Title Certificate of the Montgomery Property directly from the Government.
- We reviewed available payroll records of Big Plans for the period September 1, 2013 to August 31, 2017 and traced all bi-monthly payroll remittances to Big Plans' bank account.
- We reviewed T4 summary reports and individuals' T4 slips for the years ended December 31, 2013 to 2017. We also reviewed Mr. Souster's T4 slip for the year ended December 31, 2017.
- We reviewed relevant timesheets and contractor invoices for the period September 1, 2013 to August 31, 2017, including all invoices from Clearly Communicating during that same time period.
- We reviewed staff job descriptions for each of the Operator's employees, and available employment agreements for contractors and employees. The purpose of our review was to gain an understanding of the roles and responsibilities of each employee, and their agreed upon remuneration.
- We reviewed available expense reports, invoices, bank statements, and cancelled cheques for the period September 1, 2013 to August 31, 2017. The purpose of our review was to identify transactions with related parties and other payees of potential interest. On a sample basis, we traced the paper records to the general ledger to confirm the ledger's accuracy.
- We reviewed the monthly summaries of Big Plans' expenditures paid for by Riverside Law, and analyzed the balance due to/from Riverside as at August 31, 2014 to 2017.
- We reviewed the appraisal report of the Montgomery Property, as prepared by Macdonald Copeland Appraisals on December 15, 2011.
- We reviewed the code and costing summary prepared by AMR Design Works Ltd. on January 16, 2019 to gain an understanding of the estimated cost required to upgrade the Montgomery Property so that it is compliant with the Alberta Building Code.
- We reviewed the property management agreement between Big Plans and Riverside Law dated September 1, 2015.
- We reviewed the agreement for ongoing legal services between Big Plans and Riverside Law.
- We reviewed information found on Big Plans' website at www.bigplans.org.
- We reviewed information found on PPSD's website at www.sportdevelopment.com.
- We reviewed available emails and written correspondence between Big Plans' personnel and the Government.



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- We performed an internet archive search of www.sportdevelopment.com/about-us/coaches.html in an effort to identify employees of PPSD who also show up in Big Plans' payroll records.
- We performed LinkedIn searches of individuals alleged by _____ to be receiving unauthorized pay from Big Plans.
- We toured the Montgomery Property, including the offices of Big Plans and Riverside Law. We also toured the facilities and offices of PPSD.
- We reviewed Alberta Education's Funding Manual for School Authorities for the 2011/12 and 2017/18 school years, and the Government of Alberta's Education Grants Regulation.



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6 Findings

6.1 Payroll

Big Plans operates on a bi-monthly pay schedule, with payments being made on the 15th and last day of each month. In reviewing the payroll expenditures of Big Plans, we performed the following procedures:

- Reviewed T4 summary reports and slips, Payworks reports, contractor invoices and timesheets for the Period of Review. In some cases, where concerns were raised about payments being made to specific individuals, we reviewed records outside of this period.
- Traced all payments made to Payworks during the Period of Review to each respective bi-monthly Payworks summary report.
- Reviewed staff job descriptions for all of Big Plans' salaried and hourly employees.
- Interviewed selected employees of Big Plans and PPSD.
- Performed an internet archive search of <http://www.sportdevelopment.com/about-us/coaches.html> to identify employees of PPSD who were also paid by Big Plans.
- Performed a LinkedIn search of individuals alleged by _____ to be receiving unauthorized pay from Big Plans.

Big Plans has approximately 40 employees and 50 contractors on payroll. Employees are paid twice each month, and contractors are paid only once. Hourly employees are required to fill out a timesheet, while salaried ones are not.

Our findings are discussed in each of the following subsections.

6.1.1 Ms. Knowles and Mr. Souster

Ms. Knowles receives an annual salary from Big Plans for her role as the Principal and Director of Programming. She also receives payments through Clearly Communicating for services she provides to Big Plans as a Speech Language Pathologist. Ms. Knowles estimates that she spends 60% of her time fulfilling her role as the Principal and Director, with her remaining time spent providing services through Clearly Communicating.

Mr. Souster receives an annual salary from Big Plans for his role as the Director of Finance and Operations. During the Period of Review, he also received one payment through 2061235 Alberta Ltd., which is a solely owned company that was incorporated on August 8, 2017⁷. This is discussed in more detail below. Mr. Souster is a full-time employee of both Big Plans and PPSD, and estimates that he spends anywhere from 80-100 hours per week working for these two companies.

Ms. Knowles and Mr. Souster both receive additional payments through Clearly Communicating for what Mr. Souster considers to be consulting services provided over the summer months. These are discussed in more detail below.

⁷ Source: Government of Alberta Corporate Registration search dated February 14, 2019.



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We have summarized in Table 2 the gross income payments made to Clearly Communicating and 2061235 Alberta Ltd. during the Period of Review. We were not provided with 2017 T4, but we understand from [redacted] received the same gross employment income in calendar 2017.

Table 2 - Summary of Gross Payments to [redacted]		Affiliated Companies			
September 1, 2013 to August 31, 2017					
	Year Ended August 31,				Total
	2014	2015	2016	2017	
	\$ 148,572	\$ 152,070	\$ 155,349	\$ 166,248	\$ 622,239
	139,566	144,328	152,983	166,248	603,125
Clearly Communicating - Educational Services	132,178	85,677	71,060	70,145	359,060
Clearly Communicating - Consulting Services	17,500	35,000	35,000	17,500	105,000
2061235 Alberta Ltd. - Consulting Services	-	-	-	17,500	17,500
Total Gross Payments	\$ 437,816	\$ 417,075	\$ 414,392	\$ 437,641	\$ 1,706,924

When asked how salaries for both Ms. Knowles and Mr. Souster were calculated, Mr. Souster explained that they were based on salaries paid to principals with 10-years of experience, as disclosed in the Rocky View School District's collective bargaining agreement, adjusted for other remuneration such as travel stipends and benefits.

Payments to Clearly Communicating and 2061235 Alberta Ltd. for consulting services provided over the summer months were reportedly for the development of contractor manuals, website content, curriculum manuals, benefit plans and governance policies. We have matched each of these payments to supporting invoices. We also identified one other payment to Clearly Communicating for \$17,500 on July 15, 2013. When questioned about the reasonability of these payments, Ms. Knowles suggested that she did not feel comfortable with them, believing that the work she had done fell within her responsibilities as the Principal and Director of Programming, for which she was already receiving an annual salary. Mr. Souster explained that because principals do not work over the summer months, these payments were meant to compensate them for the work they were doing over the summer.

It is outside our area of expertise to comment on appropriate salaries for the roles the Sousters have filled at Big Plans.

As noted earlier, Ms. Knowles believes that 60% of her time is spent fulfilling her role as the Principal and Director of Programming. However, she claimed that up until January 2018 she was not aware that her salary was based on an FTE of 1.0.

We calculate that if Ms. Knowles' pay had been set at 60% beginning September 1, 2013, she would have been paid [redacted] for her role as Principal and Director of Programming, resulting in a potential overpayment of \$248,896 during the Period of Review.

We inquired with Ms. Knowles about why payments to Clearly Communicating were significantly higher in fiscal 2014 compared to subsequent years. She was unable to provide us with an answer, but having agreed all payments to invoices, we have no reason to believe that these payments were unauthorized.



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6.1.2

We understand [redacted] continued receiving regular paycheques from Big Plans, despite not always doing work. In addition to this, there are no timesheets to support the work [redacted] did do; therefore, we are unable to calculate the overpayment by Big Plans. Mr. Souster has estimated that to date, [redacted] have been overpaid 300 hours and 60 hours, respectively. Using their current base hourly wage of \$15, this equates to \$5,400 in unearned wages.

6.1.3

[redacted] was hired by Big Plans [redacted] and was paid a gross amount of \$12,000 during that time. Because [redacted] was a salaried employee, [redacted] was not required to fill out any timesheets to support the work that [redacted] did. During this time, [redacted]. Consistent with most of Big Plans' employees, there is no formal employment agreement on file for [redacted].

As there is no employment agreement or timesheets that support the payments made to [redacted], we are unable to conclude whether the amount paid to [redacted] is consistent with the services [redacted] provided.

6.1.4 Interns and Employees of PPSD

During the Period of Review, certain unpaid interns and paid employees of PPSD were also hired by Big Plans. Known individuals that worked for both PPSD and Big Plans during the Period of Review have been summarized in Table 3, with a further discussion regarding the work performed by each one provided below.

Table 3 - Summary of PPSD Interns and Employees hired to do Work for Big Plans				
Employee	Big Plans Start Date	Big Plans End Date	Employment Contract on File?	Salaried / Hourly
Person 6	05/01/13	12/31/15	No	Salaried
Person 7	02/01/13	08/29/14	No	Salaried
Person 11	05/28/14	07/31/14	No	Hourly
Person 1	09/01/10		No	Salaried
Person 10	01/10/17		No	Salaried
Person 9	09/01/14	08/24/17	No	Salaried

Person 6 worked for PPSD as a [redacted]



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. While [redacted] was working for PPSD [redacted] was also hired by Big Plans [redacted]. According to Mr. Souster, Person 6 acted primarily as a support person whenever he had questions about matters related to [redacted]. We were able to corroborate this information during an interview we conducted with Person 6.

During an interview with Person 7, we were advised that [redacted] with PPSD before being hired [redacted]. While at PPSD [redacted] was also hired by Big Plans [redacted]. Because [redacted] was a salaried employee, [redacted] was not required to prepare timesheets to support the hours [redacted] spent working for Big Plans. However, when asked to estimate how many hours [redacted] spent working each week, [redacted] advised us that some weeks were spent working [redacted] hours, while others were spent working [redacted] hours per day to meet certain deadlines. When asked whether [redacted] was paid by Big Plans for work done at PPSD, Person 14 agreed that it was possible because [redacted] was being paid a regular salary and there were some weeks where [redacted] did very little work for Big Plans.

Person 1 [redacted] and worked with PPSD before being hired as a [redacted] position as PPSD's [redacted]. Eventually [redacted] moved into a [redacted] position as [redacted]; primary roles include [redacted] as directed by Mr. Souster. We conducted an interview with Person 1, during which [redacted] confirmed our understanding of [redacted] role at Big Plans.

Person 9 [redacted] with PPSD before being hired as a [redacted] position. [redacted] was hired by Big Plans to replace [redacted] and to assist with [redacted]. With the help of Mr. Souster, we attempted to arrange an interview with Person 9, but were unsuccessful in doing so.

Person 10 also [redacted] with PPSD before being hired [redacted] was hired by Big Plans to assist with [redacted]. [redacted] we do not see evidence of [redacted] being paid at any other time during the Period of Review.

Person 11 [redacted] with PPSD [redacted]. [redacted] was paid for a few hours [redacted].

Using available T4s, we have summarized gross employment income paid to PPSD personnel. These payments are summarized in Table 4, below.



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**Table 4 - Summary of Gross Employment Income Paid to PPSD Personnel
January 1, 2013 to December 31, 2016**

Employee	Year Ended December 31,				Total
	2013	2014	2015	2016	
Person 6	\$ 8,000	\$ 16,002	\$ 40,167	\$ 2,208	\$ 66,377
Person 7	35,000	31,000	-	-	66,000
Person 11	-	250	-	-	250
Person 1	72,067	77,117	81,521	83,467	314,172
Person 10	-	-	-	-	-
Person 9	-	12,250	35,313	57,042	104,605
Total	\$ 115,067	\$ 136,619	\$ 157,001	\$ 142,717	\$ 551,404

No amounts are included for Person 10 because _____ and we were not provided with T4 slips for _____; however, we have matched net income totalling \$4,861 paid to Person 10 during the Period of Review to Payworks summary reports.

Most of the Big Plans' employees we interviewed recognized the names of PPSD's employees who also did work for Big Plans, although some acknowledged that they had never worked with them directly.

Given the volume of administrative work that Mr. Souster and Person 1 are required to complete on a monthly basis, it is reasonable that Big Plans would need to hire additional staff to help them meet certain deadlines. However, it is also possible that PPSD received some benefit from having these individuals working for Big Plans, but at the PPSD office. This was acknowledged by one former employee we interviewed.

Due to limited records and the fact that salaried employees are not required to fill out any timesheets, we are not able to determine whether Big Plans received full value for salaries and wages paid to these employees.

6.1.5 Person 4 and Person 12

Person 4 was hired by Big Plans _____ to work as the company's _____. During an interview with _____, we were told that _____ works approximately _____ work out of the Big Plans' office, although _____ did note that, in recent months, Person 1 has been spending most of _____ time at PPSD.

_____ is paid an hourly wage and is required to fill out a timesheet twice each month.

Person 12 was hired by Big Plans _____ to assist Person 1 _____.

_____. Unlike Person 4, Person 12 was paid a regular salary and therefore was not required to fill out any timesheets. _____ has since alleged that Person 12 was being paid an unfair amount _____.



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When Person 12 left Big Plans, Person 4 took over. Based on increased workload estimates that Person 12 would have spent about 2-3 hours each month. Ms. Knowles and Mr. Souster both agreed that Person 12 usually worked. As discussed earlier in our report, there are no timesheets to substantiate the number of hours spent working for Big Plans. Based on information gathered during interviews it seems reasonable to conclude that Person 12 worked fewer hours than Person 4.

An analysis of gross employment income paid to Person 4 and Person 12 is provided in Table 5 below.

		Year Ended December 31,			Total
		2013	2014	2015	
Person 12	Gross Employment Income	\$ 20,000	\$ 20,000	\$ 11,667	\$ 51,667
Start Date	Days Employed by Big Plans	364	365	212	941
End Date	Gross Employment Income Per Day	\$ 54.95	\$ 54.79	\$ 55.03	\$ 54.91
Person 4	Gross Employment Income	\$ 13,847	\$ 19,530	\$ 20,879	\$ 54,256
Start Date	Days Employed by Big Plans	316	365	365	1,046
End Date	Gross Employment Income Per Day	\$ 43.82	\$ 53.51	\$ 57.20	\$ 51.87

It may be unreasonable that Person 12 would be paid approximately the same amount as Person 11, given that we understand had less experience, fewer responsibilities, and fewer working hours.

We are unable to comment on allegation that Person 12 was being compensated by Big Plans for work was doing for PPSD without further information.

With the help of Mr. Souster, we attempted to set up an interview with Person 12, but were unsuccessful in doing so.

6.1.6 Person 14

Person 14 was hired by Big Plans on Between, and, Person 14 was paid a regular salary. Beginning, was switched to an hourly rate of pay. has alleged that Person 14 was being paid a salary in order to provide additional, who was working for both PPSD and Big Plans at the time.

We have inspected timesheets for the Period of Review and have observed that all of Person 14's hours are accounted for. According to Mr. Souster, Person 14 was initially paid a salary because, in addition to provided assisting Person 4 at the Big Plans' office. We further corroborated this with Person 4, who explained that Person 14 regularly entered of Big Plans.

We identified two employment agreements signed by Person 14, with effective dates of, respectively. We observed that the compensation sections for each of these agreements were not fully completed. Despite there being a space to record an hourly base rate of pay, this information was not provided. After inspecting all of Big Plans' available employment agreements, we observed that this was a common issue.



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For the period beginning January 1, 2013 and ending December 31, 2016, Person 14's gross employment income was \$108,708.

6.2 Personal Expenses

6.2.1 Electronics

We tested a number of allegedly inappropriate payments identified by [redacted] for items such as cellphones, desktop computers, laptops, iPads, and computer software. We traced each of these transactions to their corresponding expense report, inspected the supporting receipt, and then traced each payment to Big Plans' general ledger and bank account.

In response to [redacted] allegations, Mr. Souster agreed that some of these expenses were personal in nature, and that the cost of others probably should have been shared with PPSD. When questioned why these expenses were not split with PPSD, Mr. Souster remarked that Big Plans was not being billed for the use of office space at PPSD.

Through the interviews we performed and the visual inspection of PPSD and Big Plans' offices, it is our understanding that Big Plans has a total of seven desktop computers: four are at the office of PPSD; two are at the office of Big Plans; and one is located at the Sousters' personal residence. We were told by Mr. Souster that all of these computers were purchased by Big Plans.

During the Period of Review, Big Plans purchased electronics for [redacted], in addition to three Apple TVs that were purchased for use in the Sousters' personal residence. These have been summarized in Table 6 below. We were advised by Mr. Souster that the Apple TVs were located at the Big Plans office. During a tour of the premises with Person 4 on February 5, 2018, this equipment could not be located. Person 4 told us that the Apple TVs were not on site. Big Plans subsequently explained that this equipment was locked away in a secure area of the Big Plans office.

Table 6 - Summary of Electronics Purchased for Personal Use		
September 1, 2013 to August 31, 2017		
Date	Description	Amount
09/30/13	Apple iPhone 5 32GB	\$ 293
11/13/13	Apple MacBook Pro 13.3" and Accessories	1,947
04/14/15	Apple TV and HDMI Cable (x3)	353
06/21/15	Apple MacBook Air 11.6" and Accessories	1,711
06/22/15	Apple USB Superdrive and Incase ICON Sleeve	127
07/02/16	Total Mount Pro Apple TV (x3)	126
		\$ 4,557

During the Period of Review, Big Plans purchased electronics that were shared by Big Plans, PPSD, or personally. Given that Mr. Souster agrees that all of these electronics were shared expenses, we have not attempted to confirm the exact location of each item. We have also not attempted to estimate the cost that should have been allocated to Big Plans. These shared electronics have been summarized in Table 7 below.



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**Table 7 - Summary of Shared Electronics
September 1, 2013 to August 31, 2017**

Date	Description	Location	Amount
05/12/14	Apple iMac 27"	Souster Residence or PPSD	\$ 2,155
05/16/14	Apple MacBook Air 13.3"	Mobile	2,090
10/10/14	Apple Airport Extreme Wi-Fi Router	Souster Residence	210
11/01/14	Apple MacBook Pro 15.4"	Mobile	3,023
03/12/15	HP Color LaserJet Printer	Souster Residence	257
06/21/15	Apple iMac 27"	Souster Residence or PPSD	2,733
10/11/16	Apple iMac 27" and Accessories	Souster Residence or PPSD	2,628
			\$ 13,096

6.2.2 Monthly Cellphone Charges

We identified 46 Telus Mobility invoices that were paid for directly by Big Plans during the Period of Review. The following is a summary of our findings:

- Payments to provide cellphone services to Mr. Souster, Ms. Knowles, Person 1, and totaled \$23,098.
- Based on our review of available invoices, \$8,481 of the total paid pertains to personal charges incurred by
- Big Plans was unable to provide us with complete Telus Mobility invoices during the 11-month period beginning September 2015 and ending July 2016. We have therefore estimated the charges incurred by during this period using a prorated calculation. The estimated charge during this period is \$2,964.
- In summary, Big Plans paid an estimated \$11,445 for cellphone charges incurred by during the Period of Review. Based on interviews we have conducted with Mr. Souster and Ms. Knowles, it is our understanding that these charges should not have been paid for by Big Plans.

6.2.3 AGMs and Personal Vacations

During Alberta Education's review in November 2017, Mr. Souster was questioned about the reasonability of AGM expenses paid by Big Plans that were incurred during a family vacation to Hawaii. Alberta Education subsequently issued a requirement to Big Plans requesting that all AGM expenses be repaid. In response to this requirement, Mr. Souster prepared a summary of all AGM expenses paid by Big Plans during the period September 1, 2012 to August 31, 2017, totaling \$14,332. He then paid back his calculated 50% share by depositing \$7,165 to Big Plans' ATB chequing account on August 29, 2018. We inspected Big Plans' banking records to confirm this deposit. It is our understanding that no such deposit has been made by Ms. Knowles.

To verify the completeness and accuracy of Mr. Souster's list of AGM expenditures, we reviewed all of Big Plans' expense reports and invoices on file for the period September 1, 2013 to August 31, 2017. For those expenditures that were incurred prior to our Scope of Review, we inspected all AGM expense receipts that were provided to us by Mr. Souster. During our review we identified



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AGM expenses that were not included on Mr. Souster's original list. When asked about these items he indicated that they must have been missed during his review.

AGM expenses have been summarized in Table 8 below.

Table 8 - Summary of AGM Expenses Charged to Big Plans		
September 1, 2012 to August 31, 2017		
Ineligible AGM Expenses	KPMG's Review	Mr. Souster's Summary
Hotel & Room Service	\$ 8,136	\$ 4,947
Airfare & Baggage	5,709	5,317
Meals	2,845	2,757
Transportation	1,926	1,199
Parking	431	112
Total	19,047	14,332
Repayment by Mr. Souster on August 29, 2018	(7,165)	(7,165)
Remaining Balance Due	\$ 11,882	\$ 7,167

The following is brief summary of the five vacations that were paid for by Big Plans.

1. San Francisco, California (Fiscal Year 2013)
 - Stayed at the Omni San Francisco Hotel from November 23 to 27, 2012.
 - Total vacation cost for all expenses: \$3,183.
2. Temecula and Laguna Beach, California (Fiscal Year 2014)
 - Stayed at the Ponte Vineyard Inn in Temecula from November 29 to December 1, 2013.
 - Stayed at the Surf and Sand Resort in Laguna Beach from December 1 to 4, 2013, but only one night was charged back to Big Plans.
 - Total vacation cost for all expenses: \$2,509.
3. Laguna Beach, California (Fiscal Year 2015)
 - Stayed at the Surf and Sand Resort in Laguna Beach from November 7 to 11, 2014.
 - Total vacation cost for all expenses: \$4,090.
4. Maui, Hawaii (Fiscal Year 2016)
 - Stayed at the Hyatt Regency Maui Resort and Spa from December 17 to 20, 2015.
 - Total vacation cost for all expenses: \$6,130.
5. Vancouver, British Columbia (Fiscal Year 2017)
 - Stayed at the Fairmont Hotel from October 13 to 16, 2016
 - Total vacation cost for all expenses: \$3,135.



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6.2.4 Personal Storage Unit

Ms. Knowles identified two invoices from Northwest Storage Ltd. that were paid for by Big Plans for rent on storage unit N207. In response to Ms. Knowles' allegation, Mr. Souster agreed that this storage unit was being used to store personal belongings.

We inspected the rental agreement between Northwest Storage Ltd. and Carmen and Michael Souster, and noted it had been signed by Ms. Knowles, and that it did not contain any reference to Big Plans anywhere on the agreement.

We reviewed all of the expense reports and invoices on file for the period September 1, 2013 to August 31, 2017, and identified all of the payments made to Northwest Storage for rent on unit N207. We then traced each payment to Big Plans' general ledger and bank account.

During the Period of Review we identified total payments of \$5,866 to Northwest Storage for rent on unit N207.

6.2.5 Painting of Personal Residence

It is our understanding that the Sousters' personal residence was painted prior to being listed and sold on April 18, 2014. During Ms. Knowles' review she identified an invoice from Person 8 dated March 24, 2014. This invoice was written to Big Plans for 75 hours of labour at a rate of \$40 per hour, for work that included mudding, sanding and painting. The cheque that was issued to Person 8 cleared Big Plans' ATB chequing account on March 28, 2014. Ms. Knowles has alleged that this payment to Person 8 was for the painting of the Sousters' personal residence.

Mr. Souster responded to this allegation by explaining to us that in the spring of 2014 there was a water leak at the Montgomery Property, which led to the hiring of Person 8 to do some drywall repair and painting. During an interview and tour of the Montgomery Property with [redacted] we questioned [redacted] about these repairs. [redacted] showed us the source of the water leak and explained to us the various issues with the roof that led to this damage. Peddie Roofing & Waterproofing Ltd. ("Peddie Roofing") was subsequently hired to repair the exterior damage that was sustained to the roof. The invoice from Peddie Roofing to Big Plans was dated August 25, 2014 and referenced a contract dated June 6, 2014.

We called Person 8 and asked [redacted] about the work that [redacted] was contracted by Big Plans to complete. Person 8 explained to us that both [redacted] and [redacted] spent about one-week at the Montgomery Property repairing drywall and painting. When asked if [redacted] had ever done any painting at the Sousters' personal residence, Person 8 explained to us that [redacted] had done some touch-up painting, but that [redacted] did not invoice them for the work that [redacted] had done because the amount or work was minimal; [redacted] further acknowledged that Mr. Souster may have paid [redacted] a small amount of cash for the touch-up work that [redacted] had done.

Based on the information gathered, we are unable to conclude whether this payment to Person 8 was partly a personal expense of the Sousters.

6.2.6 Other

We were advised during our review that Mr. Souster and Ms. Knowles had incurred other expenses personally in support of the operation of Big Plans that were not submitted for reimbursement. We asked for a listing of these expenses, but were advised no record had been kept.



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6.3 Montgomery Property

6.3.1 Balance Due To/From Riverside Law

As noted above, Riverside Law is operated by _____, and is a tenant in the Montgomery Property. There are a number of transactions that have occurred between Riverside Law and Big Plans, including:

- Monthly rent payable by Riverside Law to Big Plans.
- Property management fees payable by Big Plans to Riverside Law for part of the Period of Review.
- Legal fees payable by Big Plans to Riverside Law, including a monthly retainer for part of the Period of Review.
- Riverside Law pays for all utility and maintenance costs.

We understand from Mr. Michael Souster and _____ that rather than paying monthly rent according to the terms of the Lease Agreement, Riverside Law pays most of the bills that are delivered to the Montgomery Property each month. These include bills from Direct Energy, ENMAX, Jet Cleaners, Northwest Storage, Shaw, Telus and others. At the end of each fiscal year, Riverside Law provides Big Plans with a summary of total expenses paid for during the year. Michael Souster reviews this package and then has Big Plans' accountant record an entry to reduce the amount that is due from Riverside Law for base rent. Included in this rolling balance are legal fees, property management fees and payments made to Riverside Law.

We requested that Mr. Michael Souster provide us with the balance due to or due from Riverside Law at the end of each fiscal year, along with a summary of the charges that are included in each balance. We were advised that Big Plans' former accountant would have to prepare this, but this request has not yet been fulfilled. Without receiving this reconciliation, we cannot conclude on whether the transactions appear to be reasonable.

Using the information that was provided to us, we estimated the account balance with Riverside Law at the end of each fiscal year. This has been summarized in Table 9 below and is based on the assumption that the balance due as at September 1, 2014 was nil.

Table 9 - Balance Due From/(To) Riverside Law

September 1, 2013 to August 31, 2017

	Year Ended August 31,				Total
	2014	2015	2016	2017	
Beginning Balance	\$ -	\$ (4,366)	\$ 20,139	\$ (945)	\$ -
Rent Due from Riverside Law	31,500	31,500	31,500	31,500	126,000
Expenses Paid for by Riverside Law	(35,866)	(16,799)	(22,659)	(11,559)	(86,883)
Legal Fees	-	-	(20,475)	(6,300)	(26,775)
Property Management Fees	-	-	(9,450)	(9,450)	(18,900)
Payments to Riverside Law	-	9,804	-	-	9,804
Ending Balance	\$ (4,366)	\$ 20,139	\$ (945)	\$ 3,246	\$ 3,246



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Each of the items identified in this table have been agreed to source documentation, such as invoices, agreements, and cheques.

We identified the following changes over time with respect to Big Plans' expenses paid for by Riverside Law:

- Amounts paid to Direct Energy, ENMAX, and Jet Cleaners were split evenly between Big Plans and Riverside Law during fiscal 2017. Prior to this Big Plans was responsible for the entire amount.
- Riverside Law pays monthly rent on a total of five storage units from Northwest Storage, but not all of these are billed back to the Operator. Big Plans paid monthly rent on storage unit D402 during fiscal 2014, 2015 and 2016. For 2-months in fiscal 2016, and throughout the entire 2017 fiscal year, Big Plans paid for rent on storage units F214 and R208. Based on discussions with Mr. Michael Souster, _____, and Ms. Knowles, it is our understanding that Big Plans has used each of these five storage units at various times throughout the Period of Review; therefore, we are unable to determine whether Big Plans has been charged appropriately for the cost of storage.

6.3.2 Rezoning of the Montgomery Property

We understand that when Big Plans purchased the Montgomery Property at the beginning of 2012, the property had a land use designation that precluded office/commercial use.

After receiving complaints from neighbours that a law office was operating out of the Montgomery Property, _____ contacted land use expert _____ on December 2, 2013 requesting _____ services. On January 8, 2014, after a meeting between _____, Mr. Michael Souster and _____, it was agreed that the latter would proceed with a land use amendment application requesting that the designation of the Montgomery Property be changed to accommodate the operation of both businesses¹⁴. In addition to the land use change, we were advised by _____ that the Montgomery Property would need to undergo building and fire code upgrades before Big Plans' employees and contractors could legally conduct meetings on site with parents and enrolled students. During the Period of Review, Big Plans paid approximately \$38,000 to various contractors for services rendered in relation to the rezoning and upgrading of the Montgomery Property. We have agreed each of these payments to original invoices.

From our discussion with _____, it is our understanding that the final step in the rezoning process involves renovating the Montgomery Property so that it is compliant with the Alberta Building Code. In a report from _____ of AMR Design Works Ltd., _____ has estimated that it will cost \$33,000 to complete these upgrades.

6.3.3 Use of the Montgomery Property

Big Plans operates from the basement of the Montgomery Property, while Riverside Law occupies the second floor. It is our understanding that the main floor is a shared space that can be booked by

¹⁴ Source: Details with respect to land use designations and meetings held were obtained from an invoice from _____ for services rendered.



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both companies; however, many of the individuals we spoke to believe that meetings scheduled by Riverside Law take precedence over those scheduled by Big Plans.

acknowledged to us that due to the size and layout of the building, its use a teaching facility was not a suitable option. We understand from that the Board is actively looking for other spaces to rent.

Many of the people we interviewed agreed that the Montgomery Property was not being used to meet the needs of the Operator. Parking is limited, there is limited space in the building, most of the administrative duties are dealt with at PPSD, and Person 4 believes that most of work could be done from home.

6.4 Access to 475 Hours of ECS Instruction

As discussed in Section 3.5, Big Plans receives funding based upon the expectation that it will provide access to at least 475 hours of ECS instruction to each child annually. We were told by a number of interviewees that Big Plans was not meeting this requirement. If it had been meeting this requirement the cost to deliver these educational programs would have resulted in annual surpluses that were closer to budget.

Big Plans has since said that the Funding Manual "allows for modifications to the requirement for 475 hours of instruction based on the Individualized Program Plan (IPP) for each child. Based on the IPP available for all of our children, Big Plans is in compliance with the requirements for the funding received".

In Section 1.1 of the 2017/18 funding manual, it states that "Access to at least 475 hours of ECS instruction must be provided. Modifications to this requirement may be made for individual children with special education needs based on their individualized program plan (IPP) or instructional support plan (ISP) and age."

A review of whether Big Plans is meeting its requirements under the Funding Manual is outside the scope of our review.

A comparison of Big Plans' actual and budgeted surplus during the Period of Review is provided in Table 10, below.

Table 10 - Comparison of Actual Surplus to Budgeted Surplus					
September 1, 2013 to August 31, 2017					
	Year Ended August 31,				Total
	2014	2015	2016	2017	
Actual Surplus	\$ 428,932	\$ 743,873	\$ 865,706	\$ 851,460	\$2,889,971
Budgeted Surplus	130,250	33,566	113,546	118,590	395,952
Difference	\$ 298,682	\$ 710,307	\$ 752,160	\$ 732,870	\$2,494,019

Total net assets as at August 31, 2017 were \$4.54 million, which included \$3.77 million in accumulated surplus from operations and \$0.77 million in total capital funds.



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7 Restrictions

This report has been prepared for the purpose of informing the Minister of our observations related to the indicated matters at Big Plans. Our report is based upon the scope of our review and is subject to noted limitations (see Section 4.4 above). This report is not for general use and may not be reproduced, used, circulated or published, whether in whole or in part, outside of the Minister or its designated representatives (the "Recipients"), without the express written consent of KPMG.

We have not carried out a financial statement audit in preparing this report, nor have we attempted to verify the accuracy of the underlying information and documentation provided to us in our review, unless otherwise indicated. We have relied upon the completeness, accuracy and fair presentation of all the information obtained (the "Information"). Our comments and calculations are conditional upon the completeness, accuracy and fair presentation of such Information. Our report is not intended, nor should it be interpreted to be, legal advice or opinion as we are not qualified to provide such advice or make such an opinion. We reserve the right, but do not assume any responsibility, to amend this report in light of any information that becomes known to us subsequent to the date of this report.

This report is intended solely for use by the Minister and the Government of Alberta to assist you with this specific matter and is not intended for general use, circulation or publication, unless authorized by us in writing. Other than as specifically allowed in this section, this report is not to be published, circulated, reproduced or used for any purpose without our prior permission in each specific instance. We will not assume any responsibility or liability for any costs, damages, losses, liabilities or expenses incurred by anyone as a result of circulation, publication, reproduction, use of or reliance upon our report. Should KPMG agree to allow for disclosure of any or all of this report to any person or entity other than the Recipients, KPMG may do so subject to conditions, including without limitation an indemnity against any third party claims.



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Appendix 1

In preparing our reports, we have reviewed and relied upon the following documents:

- Audited financial statements of Big Plans for the years ended August 31, 2014 to 2017.
- Big Plans' Statement of Corporate Governance Practices.
- Big Plans' Articles of Association.
- Big Plans' board meeting minutes, directors' resolutions, shareholder registers and other documents as found in the Operator's minute book.
- An export of Big Plans' general accounting ledger from QuickBooks, along with support for any adjusting journal entries for the years ended August 31, 2014 to 2017.
- Big Plans' trial balances for the years ended August 31, 2014 to 2017.
- Ms. Carmen Knowles' summary of issues identified during her review of the financial records covering the period September 1, 2013 to August 31, 2017.
- Mr. Souster's written response to each of the issues identified by Ms. Knowles, as mentioned in the previous point.
- Sublease agreement between _____ and Big Plans, dated September 1, 2010.
- Sublease agreement between _____ and Big Plans, dated January 1, 2010.
- Lease agreement between Big Plans and Riverside Law, dated February 1, 2012.
- Lease renewal agreement between Big Plans and Riverside Law, dated January 1, 2017.
- Residential real estate purchase contract between _____ and Person 2, and Big Plans regarding the purchase and sale of the Montgomery Property for \$1M.
- Land Title Certificate of the Montgomery Property.
- Corporate registration profile for 2061235 Alberta Ltd. obtained directly from the Government of Alberta's Corporate Registration System.
- Corporate registration profile for Big Plans for Little Kids Ltd. obtained directly from the Government of Alberta's Corporate Registration System.
- Corporate registration profile for Clearly Communicating Inc. obtained directly from the Government of Alberta's Corporate Registration System.
- Payworks reports covering the period September 1, 2013 to August 31, 2017.
- T4 summary reports and individuals' T4 slips for the years ended December 31, 2013 to 2016.
- Mr. Souster's T4 slip for the year ended December 31, 2017.
- Relevant timesheets and contractor invoices for the period September 1, 2013 to August 31, 2017, including all invoices from Clearly Communicating during that same time period.
- An excel file containing job descriptions for each of the Operator's employees.
- Employment agreements for Big Plans' contractors and employees.



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- Expense reports and vendor invoices paid by Big Plans during the period September 1, 2013 to August 31, 2017.
- Bank statements and cancelled cheques for the period September 1, 2013 to August 31, 2017 for all of Big Plans' accounts with ATB and TD.
- Summary of AGM expenses prepared by Mr. Souster for the period September 1, 2012 to August 31, 2017.
- Monthly summaries of Big Plans' expenditures paid for by Riverside Law.
- Appraisal report of the Montgomery Property, prepared by Macdonald Copeland Appraisals on December 15, 2011.
- Code and costing summary prepared by AMR Design Works Ltd., dated January 16, 2019.
- Property management agreement between Big Plans and Riverside Law dated September 1, 2015.
- Agreement for ongoing legal services between Big Plans and Riverside Law.
-
- Information found on Big Plans' website at www.bigplans.org.
- Information found on PPSD's website at www.sportdevelopment.com.
- Available emails and written correspondence between Big Plans' personnel and the Government.
- Results from an internet archive search of www.sportdevelopment.com/about-us/coaches.html.
- LinkedIn profiles of individuals alleged by _____ to be receiving unauthorized pay from Big Plans.
- Alberta Education's Funding Manual for School Authorities for the 2011/12 and 2017/18 school years.
- Government of Alberta's Education Grants Regulation.
- Rocky View School Division No 41 (2012-2016) Collective Agreement.