

Financial Statements of

**BIG BROTHERS BIG SISTERS OF
LEEDS AND GRENVILLE**

Year ended December 31, 2016

BRIAN VAN MIERLO PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Big Brothers Big Sisters of Leeds and Grenville

We have audited the accompanying financial statements of Big Brothers Big Sisters of Leeds and Grenville, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Big Brothers Big Sisters of Leeds and Grenville derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the years ended December 31, 2016 and December 31, 2015, current assets as at December 31, 2016 and December 31, 2015 and net assets as at the beginning and the end of the years ended December 31, 2016 and December 31, 2015. This caused the predecessor auditor to qualify the audit opinion on the financial statements as at and for the year ended December 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Leeds and Grenville as at December 31, 2016, 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.

Other Matter

The financial statements of Big Brothers Big Sisters of Leeds and Grenville for the year ended December 31, 2015 were audited by another auditor who expressed a qualified opinion on those statements on May 26, 2016.



Brian Van Mierlo Professional Corporation

Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

May 25, 2017
Brockville, Canada

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Financial Position

December 31, 2016, with comparative figures for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 21,461	\$ 54,936
Guaranteed investment certificates (note 2)	155,000	180,000
Accounts receivable (note 3)	45,916	14,330
Prepaid expenses	25,978	8,785
	<u>248,355</u>	<u>258,051</u>
Capital assets (note 4)	138,384	81,473
	<u>\$ 386,739</u>	<u>\$ 339,524</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 32,222	\$ 13,892
Deferred revenue (note 5)	51,711	47,118
	<u>83,933</u>	<u>61,010</u>
Deferred capital contributions (note 6)	43,039	15,997
Net assets:		
Investment in capital assets (note 7)	102,831	65,476
Internally restricted (note 8)	50,000	50,000
Unrestricted	106,936	147,041
	<u>259,767</u>	<u>262,517</u>
Lease commitments (note 9)		
	<u>\$ 386,739</u>	<u>\$ 339,524</u>

See accompanying notes to financial statements.

On behalf of the Board:

Diane Wright

Director

Christine Sabagiotis

Director

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Operations

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
Revenue:		
Fundraising:		
Ribfest	\$ 278,458	\$ 263,891
Bowl for Kids Sake	42,638	35,086
Golf tournament	28,137	27,154
Other fundraising events	13,554	-
Grants and wage subsidies	60,605	110,338
United Way of Leeds and Grenville funding	42,000	42,000
Ontario Ministry of Education funding	62,481	82,385
Donations	31,902	17,885
Bounce house rental	6,825	3,500
Interest	933	3,406
Amortization of deferred capital contributions	4,925	3,085
Other	3,723	688
	576,181	589,418
Expenses:		
Fundraising:		
Ribfest	157,408	136,537
Bowl for Kids Sake	3,717	4,249
Golf tournament	11,934	10,593
Other fundraising activities	9,093	-
Salaries, wages and employee benefits	267,754	288,659
Programming and recreation	18,133	27,498
Rent	14,203	14,105
Mentoring program	3,150	3,688
Hot lunch program	23,866	25,895
After school program	8,029	11,748
Amortization of capital assets	14,833	10,921
Membership dues	9,005	9,908
Insurance	7,812	9,717
Telephone	5,552	6,945
Office and general	6,465	5,906
Professional fees	3,775	5,705
Conventions and conferences	2,183	4,750
Bank and credit card charges	3,628	3,478
Bounce house	2,441	3,057
Advertising	3,992	1,291
Travel	1,958	1,336
	578,931	585,986
Excess (deficiency) of revenue over expenses	\$ (2,750)	\$ 3,432

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative figures for 2015

2016	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 65,476	\$ 50,000	\$ 147,041	\$ 262,517
Excess (deficiency) of revenue over expenses (note 7)	(9,908)	-	7,158	(2,750)
Net change in investment in capital assets (note 7)	47,263	-	(47,263)	-
Balance, end of year	\$ 102,831	\$ 50,000	\$ 106,936	\$ 259,767

2015	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 69,464	\$ 50,000	\$ 139,621	\$ 259,085
Excess (deficiency) of revenue over expenses (note 7)	(7,836)	-	11,268	3,432
Net change in investment in capital assets (note 7)	3,848	-	(3,848)	-
Balance, end of year	\$ 65,476	\$ 50,000	\$ 147,041	\$ 262,517

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Cash Flows

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (2,750)	\$ 3,432
Items not involving cash:		
Amortization of deferred capital contributions	(4,925)	(3,085)
Amortization of capital assets	14,833	10,921
	7,158	11,268
Change in non-cash operating working capital:		
Accounts receivable	(31,586)	11,692
Prepaid expenses	(17,193)	(5,405)
Accounts payable and accrued liabilities	18,330	850
Deferred revenue	4,593	(54,020)
Cash provided by (used in) operating activities	(18,698)	(35,615)
Financing and investing:		
Increase in non-cashable guaranteed investment certificates	(40,000)	-
Additions to capital assets	(71,744)	(4,218)
Contributions received for capital assets	31,967	370
Cash used in financing and investing activities	(79,777)	(3,848)
	(98,475)	(39,463)
Decrease in cash and cash equivalents	(98,475)	(39,463)
Cash and cash equivalents, beginning of year	184,936	224,399
Cash and cash equivalents, end of year	\$ 86,461	\$ 184,936
Represented by:		
Cash	\$ 21,461	\$ 54,936
Cashable guaranteed investment certificates	65,000	130,000
	\$ 86,461	\$ 184,936

Cash and cash equivalents include cash on hand, balances with banks, demand deposits, and investments with maturities of three months or less at the time of investment. The fair value of cash and cash equivalents approximates the amounts shown in the financial statements.

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Notes to Financial Statements

Year ended December 31, 2016

Big Brothers Big Sisters of Leeds and Grenville (the "Organization") provides a service of friendship and guidance to children in need throughout Leeds and Grenville by caring, responsible adult volunteers with the support of trained professional staff under the guidance of a volunteer Board of Directors.

The Organization is incorporated without share capital under the Ontario Corporations Act and is registered as a charitable organization under the Income Tax Act (Canada).

1. Summary of significant accounting policies:

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

(a) Capital assets:

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives:

Concession trailers	20 years
Tents, cables and fencing	15 years
Bounce houses and furniture and fixtures	10 years
Ribfest equipment, computers and office equipment	5 years

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. 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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on a straight-line basis consistent with the amortization rate for the related capital assets.

(c) Volunteer Services:

Volunteers contribute a substantial amount of time each year to assist the Organization in carrying out its activities. Volunteer services are not recorded in the financial statements since the fair value of these services cannot be readily determined.

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Year ended December 31, 2016

1. Summary of significant accounting policies (continued):

(d) Financial instruments:

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently at amortized cost.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and account receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(e) Management estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Estimates are used in determining the appropriate amortization period for capital assets and the amortization of deferred capital contributions. Actual results may differ from these estimates, the impact of which will be recorded in future years.

2. Guaranteed investment certificates:

	2016	2015
Cashable guaranteed investment certificates, bearing interest at 0.75% and maturing on October 6, 2017	\$ 65,000	\$ 130,000
Non-cashable guaranteed investment certificates, bearing interest at 1.08% and maturing on August 17, 2017	90,000	50,000
	<u>\$ 155,000</u>	<u>\$ 180,000</u>

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Year ended December 31, 2016

3. Accounts receivable:

	2016	2015
Harmonized sales tax recoverable	\$ 9,006	\$ 8,759
Small Business Job Credit employment insurance rebate receivable	824	-
Ontario Ministry of Education funding receivable	30,400	-
United Way of Leeds and Grenville funding receivable	3,500	3,500
Fundraising event sponsorships and other contributions receivable	2,000	515
Accrued interest revenue	99	1,350
Other	87	206
	<u>\$ 45,916</u>	<u>\$ 14,330</u>

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Year ended December 31, 2016

4. Capital assets:

2016	Cost	Accumulated amortization	Net book value
Concession trailers	\$ 80,885	\$ 9,999	\$ 70,886
Tents	25,250	8,417	16,833
Ribfest equipment	24,489	11,891	12,598
Bounce houses	14,596	3,945	10,651
Computers	12,588	4,652	7,936
Cables	5,600	1,707	3,893
Furniture and fixtures	10,515	3,098	7,417
Office equipment	8,457	2,019	6,438
Fencing	2,079	347	1,732
	\$ 184,459	\$ 46,075	\$ 138,384

2015	Cost	Accumulated amortization	Net book value
Concession trailers	\$ 37,446	\$ 7,042	\$ 30,404
Tents	25,250	6,733	18,517
Ribfest equipment	16,130	7,829	8,301
Bounce houses	8,037	2,813	5,224
Computers	8,501	4,961	3,540
Cables	5,600	1,333	4,267
Furniture and fixtures	9,310	2,107	7,203
Office equipment	3,049	903	2,146
Fencing	2,079	208	1,871
	\$ 115,402	\$ 33,929	\$ 81,473

Capital assets are tested for impairment when an event or circumstance occurs that indicates the carrying amount may not be recoverable. When the carrying amount exceeds the fair value, an impairment loss equal to the excess is charged to operations.

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Year ended December 31, 2016

5. Deferred revenue:

Deferred revenue represents the portion of grants, contributions and donations that are externally restricted for various programs and expenses and which remain unspent as at the year end date.

	2016	2015
After school program	\$ 17,813	\$ 11,669
Mentoring program	10,231	17,388
Hot lunch program	21,167	18,061
Children's clothing	2,500	-
	<u>\$ 51,711</u>	<u>\$ 47,118</u>

6. Deferred capital contributions:

Deferred capital contributions represent externally restricted capital contributions received for the purchase of specific capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2016	2015
Balance, beginning of year	\$ 15,997	\$ 18,712
Contributions received during the year and applied to the purchase of capital assets	24,481	370
Contributions received during the year which remain unspent as at the year end date	7,486	-
Amount amortized to revenue	(4,925)	(3,085)
Balance, end of year	<u>\$ 43,039</u>	<u>\$ 15,997</u>

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Year ended December 31, 2016

7. Investment in capital assets:

	2016	2015
(a) Investment in capital assets is calculated as follows:		
Capital assets	\$ 138,384	\$ 81,473
Amount financed by deferred capital contributions	(35,553)	(15,997)
	<u>\$ 102,831</u>	<u>\$ 65,476</u>
(b) Change in the investment in capital assets is calculated as follows:		
Excess (deficiency) of revenue over expenses:		
Amortization of deferred capital contributions	\$ 4,925	\$ 3,085
Amortization of capital assets	(14,833)	(10,921)
	<u>\$ (9,908)</u>	<u>\$ (7,836)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 71,744	\$ 4,218
Contributions received during the year and applied to the purchase of capital assets	(24,481)	(370)
	<u>\$ 47,263</u>	<u>\$ 3,848</u>

8. Internally restricted net assets:

The Board of Directors has internally restricted \$50,000 to finance future expenditures to be approved by the Board.

9. Lease commitments:

The Organization rents office facilities in Kemptville and Brockville under long-term operating leases which expire on March 31, 2019 and December 31, 2019, respectively.

Future minimum lease payments, by fiscal year and in aggregate, are as follows:

2017	\$ 14,676
2018	14,837
2019	9,014
	<u>\$ 38,527</u>

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Year ended December 31, 2016

10. Financial instruments:

The significant financial risks to which the Organization is exposed relating to its financial instruments are credit, interest rate and liquidity risks.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

Credit risk associated with cash and guaranteed investment certificates is minimized substantially by ensuring that these assets are invested with a major financial institution that has been accorded an investment grade rating by a primary rating agency.

The Organization is also exposed to credit risk in the event of non-collection of its accounts receivable. This credit risk is managed by the on-going monitoring of receivables.

(b) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Organization to interest rate risk arises from its interest bearing assets, being the guaranteed investment certificates.

The primary objective of the Organization with respect to its guaranteed investment certificates is to ensure the security of principal amounts invested, provide for a high degree of liquidity and achieve a satisfactory investment return.

(c) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due.

The Organization meets its liquidity requirements by monitoring its cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

(d) Changes in risk:

There have been no significant changes in the Organization's risk exposures from the prior year.