

Financial Statements of

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

Year ended December 31, 2017

**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, 2017 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.

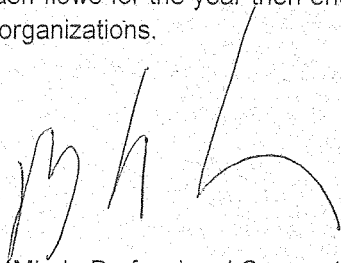
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***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, 2017 and December 31, 2016, current assets as at December 31, 2017 and December 31, 2016 and net assets as at the beginning and the end of the years ended December 31, 2017 and December 31, 2016.

**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, 2017, 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.



Brian Van Mierlo Professional Corporation

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

May 24, 2018  
Brockville, Canada

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Financial Statements

Year ended December 31, 2017

### Financial Statements

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# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Financial Position

December 31, 2017, with comparative figures for 2016

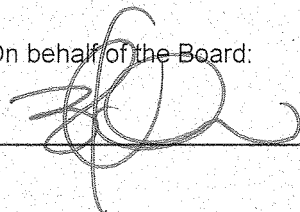
	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 28,269	\$ 21,461
Guaranteed investment certificates (note 2)	150,540	155,000
Accounts receivable (note 3)	18,573	45,916
Prepaid expenses	30,377	25,978
	<u>227,759</u>	<u>248,355</u>
Capital assets (note 4)	149,831	138,384
	<u>\$ 377,590</u>	<u>\$ 386,739</u>

## Liabilities and Net Assets

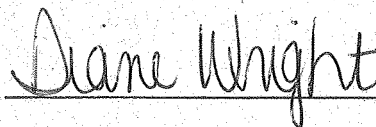
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,837	\$ 32,222
Deferred revenue (note 5)	49,790	51,711
	<u>70,627</u>	<u>83,933</u>
Deferred capital contributions (note 6)	45,037	43,039
Net assets:		
Investment in capital assets (note 7)	108,069	102,831
Internally restricted (note 8)	50,540	50,000
Unrestricted	103,317	106,936
	<u>261,926</u>	<u>259,767</u>
Lease commitments (note 9)		
	<u>\$ 377,590</u>	<u>\$ 386,739</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Operations

Year ended December 31, 2017, with comparative figures for 2016

	2017	2016
Revenue:		
Fundraising:		
Ribfest	\$ 300,141	\$ 278,458
Bowl for Kids Sake	36,742	42,638
Golf tournament	24,953	28,137
Other fundraising events	2,715	13,554
Grants and wage subsidies	89,499	60,605
United Way of Leeds and Grenville funding	42,000	42,000
Ontario Ministry of Education funding	57,864	62,481
Donations	12,018	31,902
Bounce house rental	6,740	6,825
Interest	1,502	933
Amortization of deferred capital contributions	7,722	4,925
Other	1,043	3,723
	582,939	576,181
Expenses:		
Fundraising:		
Ribfest	172,748	157,408
Bowl for Kids Sake	4,374	3,717
Golf tournament	9,348	11,934
Other fundraising activities	3,251	9,093
Salaries, wages and employee benefits	248,834	267,754
Programming and recreation	29,239	18,133
Rent	14,676	14,203
Mentoring program	3,066	3,150
Hot lunch program	25,838	23,866
After school program	3,941	8,029
Amortization of capital assets	18,196	14,833
Membership dues	9,257	9,005
Insurance	8,738	7,812
Telephone	4,256	5,552
Office and general	7,100	6,465
Professional fees	3,958	3,775
Conventions and conferences	756	2,183
Bank and credit card charges	3,942	3,628
Bounce house	1,349	2,441
Advertising	5,593	3,992
Travel	2,320	1,958
	580,780	578,931
Excess (deficiency) of revenue over expenses	\$ 2,159	\$ (2,750)

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative figures for 2016

2017	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 102,831	\$ 50,000	\$ 106,936	\$ 259,767
Excess (deficiency) of revenue over expenses (note 7)	(10,474)	540	12,093	2,159
Net change in investment in capital assets (note 7)	15,712	-	(15,712)	-
Balance, end of year	\$ 108,069	\$ 50,540	\$ 103,317	\$ 261,926

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

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Cash Flows

Year ended December 31, 2017, with comparative figures for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 2,159	\$ (2,750)
Items not involving cash:		
Amortization of deferred capital contributions	(7,722)	(4,925)
Amortization of capital assets	18,196	14,833
	12,633	7,158
Change in non-cash operating working capital:		
Accounts receivable	27,343	(31,586)
Prepaid expenses	(4,399)	(17,193)
Accounts payable and accrued liabilities	(11,385)	18,330
Deferred revenue	(1,921)	4,593
Cash provided by (used in) operating activities	22,271	(18,698)
Financing and investing:		
Increase in non-cashable guaranteed investment certificates	39,460	(40,000)
Additions to capital assets	(29,643)	(71,744)
Contributions received for capital assets	9,720	31,967
Cash used in financing and investing activities	19,537	(79,777)
Increase (decrease) in cash and cash equivalents	41,808	(98,475)
Cash and cash equivalents, beginning of year	86,461	184,936
Cash and cash equivalents, end of year	\$ 128,269	\$ 86,461
Represented by:		
Cash	\$ 28,269	\$ 21,461
Cashable guaranteed investment certificates	100,000	65,000
	\$ 128,269	\$ 86,461

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, 2017

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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.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2017

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## 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:

	2017	2016
Cashable guaranteed investment certificate, bearing interest at 1.15% and maturing on November 21, 2018	\$ 100,000	\$ -
Non-cashable guaranteed investment certificate, bearing interest at 1.60% and maturing on August 20, 2018	50,540	-
Cashable guaranteed investment certificates, bearing interest at 0.75% and maturing on October 6, 2017	-	65,000
Non-cashable guaranteed investment certificates, bearing interest at 1.08% and maturing on August 17, 2017	-	90,000
	<u>\$ 150,540</u>	<u>\$ 155,000</u>

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Notes to Financial Statements, Page 3

Year ended December 31, 2017

## 3. Accounts receivable:

	2017	2016
Harmonized sales tax recoverable	\$ 12,281	\$ 9,006
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	725	2,000
Accrued interest revenue	431	99
Other	1,636	87
	<u>\$ 18,573</u>	<u>\$ 45,916</u>

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2017

## 4. Capital assets:

2017	Cost	Accumulated amortization	Net book value
Concession trailers	\$ 89,540	\$ 14,260	\$ 75,280
Tents	25,454	10,114	15,340
Ribfest equipment	31,059	16,495	14,564
Bounce houses	14,596	5,404	9,192
Computers	15,012	6,574	8,438
Cables	5,600	2,080	3,520
Furniture and fixtures	13,632	4,306	9,326
Office equipment	17,132	4,553	12,579
Fencing	2,079	487	1,592
	\$ 214,104	\$ 64,273	\$ 149,831

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

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.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Notes to Financial Statements, Page 5

Year ended December 31, 2017

## 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.

	2017	2016
Ontario Trillium Foundation grant for expansion of mentoring program	\$ 20,243	\$ -
Ontario Ministry of Education grant for school-based mentoring	5,091	10,231
Carolyn Sifton Foundation grant for school-based hot lunch program	20,330	21,167
Grants for purchase of children's shoes	1,476	2,500
2018 Otters' Den Fundraising Event	2,650	-
After school program	-	17,813
	<u>\$ 49,790</u>	<u>\$ 51,711</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.

	2017	2016
Balance, beginning of year	\$ 43,039	\$ 15,997
Contributions received during the year and applied to the purchase of capital assets	6,445	24,481
Contributions received during the year which remain unspent as at the year end date	3,275	7,486
Amount amortized to revenue	(7,722)	(4,925)
Balance, end of year	<u>\$ 45,037</u>	<u>\$ 43,039</u>

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2017

## 7. Investment in capital assets:

	2017	2016
(a) Investment in capital assets is calculated as follows:		
Capital assets	\$ 149,831	\$ 138,384
Amount financed by deferred capital contributions	(41,762)	(35,553)
	<u>\$ 108,069</u>	<u>\$ 102,831</u>
(b) Change in the investment in capital assets is calculated as follows:		
Excess (deficiency) of revenue over expenses:		
Amortization of deferred capital contributions	\$ 7,722	\$ 4,925
Amortization of capital assets	(18,196)	(14,833)
	<u>\$ (10,474)</u>	<u>\$ (9,908)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 29,643	\$ 71,744
Contributions received during the year and applied to the purchase of capital assets	(13,931)	(24,481)
	<u>\$ 15,712</u>	<u>\$ 47,263</u>

## 8. Internally restricted net assets:

The Board of Directors has internally restricted \$50,540 (2016 - \$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:

2018	\$ 14,837
2019	9,014
	<u>\$ 23,851</u>

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Notes to Financial Statements, Page 7

Year ended December 31, 2017

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## 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.