

Financial Statements of

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

Year ended December 31, 2018

INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

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, 2018 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Leeds and Grenville as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many charitable organizations, Big Brothers Big Sisters of Leeds and Grenville derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Big Brothers Big Sisters of Leeds and Grenville. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenue over expenses, cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Big Brothers Big Sisters of Leeds and Grenville in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Big Brothers Big Sisters of Leeds and Grenville's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Big Brothers Big Sisters of Leeds and Grenville or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Big Brothers Big Sisters of Leeds and Grenville's financial reporting process.


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Big Brothers Big Sisters of Leeds and Grenville's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Big Brothers Big Sisters of Leeds and Grenville's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Big Brothers Big Sisters of Leeds and Grenville to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

June 12, 2019
Brockville, Canada

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Financial Position

December 31, 2018, with comparative figures for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 33,367	\$ 28,269
Guaranteed investment certificates (note 2)	96,353	150,540
Accounts receivable (note 3)	59,955	18,573
Prepaid expenses	64,661	30,377
	<u>254,336</u>	<u>227,759</u>
Capital assets (note 4)	211,855	149,831
	<u>\$ 466,191</u>	<u>\$ 377,590</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 42,302	\$ 20,837
Deferred revenue (note 5)	61,985	49,790
	<u>104,287</u>	<u>70,627</u>
Deferred capital contributions (note 6)	54,451	45,037
Net assets:		
Investment in capital assets (note 7)	162,217	108,069
Internally restricted (note 8)	-	50,540
Unrestricted	145,236	103,317
	<u>307,453</u>	<u>261,926</u>
Lease commitments (note 9)		
	<u>\$ 466,191</u>	<u>\$ 377,590</u>

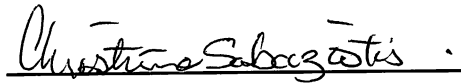
See accompanying notes to financial statements.

On behalf of the Board:



Diane Wright

Director



CHRISTINA SABAZIOTIS.

Director

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Operations

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Revenue:		
Fundraising:		
Ribfest	\$ 209,744	\$ 300,141
Play / Bowl for Kids Sake	33,223	36,742
Golf tournament	24,340	24,953
Other fundraising events and activities	42,059	9,455
Grants and wage subsidies	81,184	89,499
United Way of Leeds and Grenville funding	61,250	42,000
Ontario Ministry of Education funding	50,910	57,864
Donations	97,575	12,018
Interest	2,169	1,502
Amortization of deferred capital contributions	9,776	7,722
Other	3,333	1,043
	<u>615,563</u>	<u>582,939</u>
Expenses:		
Fundraising:		
Ribfest	116,490	172,748
Play / Bowl for Kids Sake	5,019	4,374
Golf tournament	9,706	9,348
Other fundraising events and activities	28,250	4,600
Salaries, wages and employee benefits	264,884	248,834
Conferences and continuing education	370	756
Programs and recreation	33,683	36,246
Hot lunch program	25,680	25,838
Rent	14,837	14,676
Insurance	12,646	8,738
Membership dues	8,227	9,257
Office and general	13,299	15,013
Telephone and internet	3,917	4,256
Professional fees	4,011	3,958
Bank and credit card charges	3,355	3,942
Amortization of capital assets	22,852	18,196
Loss on disposal of capital assets	2,810	-
	<u>570,036</u>	<u>580,780</u>
Excess of revenue over expenses	\$ 45,527	\$ 2,159

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative figures for 2017

2018	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 108,069	\$ 50,540	\$ 103,317	\$ 261,926
Excess of revenue over expenses (note 7)	(15,886)	-	61,413	45,527
Net change in investment in capital assets (note 7)	70,034	-	(70,034)	-
Board of Directors removal of internal restriction on net assets (note 8)	-	(50,540)	50,540	-
Balance, end of year	\$ 162,217	\$ -	\$ 145,236	\$ 307,453

2017	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 102,831	\$ 50,000	\$ 106,936	\$ 259,767
Excess 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

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Statement of Cash Flows

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 45,527	\$ 2,159
Items not involving cash:		
Amortization of deferred capital contributions	(9,776)	(7,722)
Amortization of capital assets	22,852	18,196
Loss on disposal of capital assets	2,810	-
	61,413	12,633
Change in non-cash operating working capital:		
Accounts receivable	(41,382)	27,343
Prepaid expenses	(34,284)	(4,399)
Accounts payable and accrued liabilities	21,465	(11,385)
Deferred revenue	12,195	(1,921)
Cash provided by operating activities	19,407	22,271
Financing and investing:		
Decrease (increase) in non-cashable guaranteed investment certificates	(813)	39,460
Additions to capital assets	(87,686)	(29,643)
Contributions received for capital assets	19,190	9,720
Cash provided by (used in) financing and investing activities	(69,309)	19,537
Increase (decrease) in cash and cash equivalents	(49,902)	41,808
Cash and cash equivalents, beginning of year	128,269	86,461
Cash and cash equivalents, end of year	\$ 78,367	\$ 128,269
Represented by:		
Cash	\$ 33,367	\$ 28,269
Cashable guaranteed investment certificates	45,000	100,000
	\$ 78,367	\$ 128,269

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, 2018

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 and utility trailers	20 years
Tents	15 years
Bounce houses	10 years
Ribfest equipment	5 to 15 years
Office and program equipment	5 to 10 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, 2018

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:

	2018	2017
Cashable guaranteed investment certificate, bearing interest at 1.50% and maturing on August 31, 2019	\$ 45,000	\$ -
Non-cashable guaranteed investment certificate, bearing interest at 2.10% and maturing on May 28, 2019	51,353	-
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 18, 2018	-	50,540
	<u>\$ 96,353</u>	<u>\$ 150,540</u>

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Year ended December 31, 2018

3. Accounts receivable:

	2018	2017
Harmonized sales tax recoverable	\$ 15,868	\$ 12,281
Ontario Ministry of Education funding receivable	20,363	-
United Way of Leeds and Grenville funding receivable	8,417	3,500
Fundraising events sponsorships receivable	14,143	725
Accrued interest revenue	591	431
Other	573	1,636
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	\$ 59,955	\$ 18,573

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Year ended December 31, 2018

4. Capital assets:

2018	Cost	Accumulated amortization	Net book value
Concession and utility trailers	\$ 143,741	\$ 20,092	\$ 123,649
Tents	32,021	10,643	21,378
Ribfest equipment	37,184	18,269	18,915
Bounce houses	23,510	6,827	16,683
Office and program equipment	52,558	21,328	31,230
	<u>\$ 289,014</u>	<u>\$ 77,159</u>	<u>\$ 211,855</u>

2017	Cost	Accumulated amortization	Net book value
Concession and utility trailers	\$ 89,540	\$ 14,260	\$ 75,280
Tents	25,454	10,114	15,340
Ribfest equipment	38,738	19,062	19,676
Bounce houses	14,596	5,404	9,192
Office and program equipment	45,776	15,433	30,343
	<u>\$ 214,104</u>	<u>\$ 64,273</u>	<u>\$ 149,831</u>

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, 2018

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.

	2018	2017
Ontario Trillium Foundation grant for expansion of mentoring program	\$ 24,773	\$ 20,243
Ontario Ministry of Education grant for school-based mentoring	-	5,091
Carolyn Sifton Foundation grant for school-based hot lunch program	19,650	20,330
Grants for purchase of children's shoes	2,500	1,476
Otters' Den fundraising event	800	2,650
New Horizons for Seniors grant for skills mentoring program	11,866	-
Home Depot Orange Door Campaign grant for life skills development program	2,396	-
	\$ 61,985	\$ 49,790

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.

	2018	2017
Balance, beginning of year	\$ 45,037	\$ 43,039
Contributions applied to the purchase of capital assets	17,652	6,445
Contributions received which remain unspent as at the year end date	1,538	3,275
Amount amortized to revenue	(9,776)	(7,722)
Balance, end of year	\$ 54,451	\$ 45,037

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Year ended December 31, 2018

7. Investment in capital assets:

	2018	2017
(a) Investment in capital assets is calculated as follows:		
Capital assets	\$ 211,855	\$ 149,831
Amount financed by deferred capital contributions	(49,638)	(41,762)
	<u>\$ 162,217</u>	<u>\$ 108,069</u>
(b) Change in the investment in capital assets is calculated as follows:		
Excess of revenue over expenses:		
Amortization of deferred capital contributions	\$ 9,776	\$ 7,722
Amortization of capital assets	(22,852)	(18,196)
Loss on disposal of capital assets	(2,810)	-
	<u>\$ (15,886)</u>	<u>\$ (10,474)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 87,686	\$ 29,643
Contributions applied to the purchase of capital assets	(17,652)	(13,931)
	<u>\$ 70,034</u>	<u>\$ 15,712</u>

8. Internally restricted net assets:

In prior years the Board of Directors internally restricted net assets totaling \$50,540 to finance future expenditures as approved by the Board. In November 2018, the Board removed this internal restriction and approved the expenditure of the underlying funds to pay for a portion of the cost of a food concession trailer and related inventory purchased on October 29, 2018.

9. Lease commitments:

The Organization rents office facilities in Kemptville Ontario and Brockville Ontario under long-term operating leases which expire on March 31, 2019 and December 31, 2019, respectively. The Organization has decided that it is unnecessary to maintain office facilities in Kemptville and, therefore, the Kemptville lease will not be renewed

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

2019	\$ 9,014
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Year ended December 31, 2018

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.

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2018

11. Comparative figures:

Certain 2017 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2018.