

**BIG BROTHERS BIG SISTERS OF GUELPH**

**Financial Statements**

**Year Ended December 31, 2016**

(with comparative figures for the year ended December 31, 2015)

**BIG BROTHERS BIG SISTERS OF GUELPH**

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**Year Ended December 31, 2016**

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**INDEPENDENT AUDITOR'S REPORT**

To the Directors of the Big Brothers Big Sisters of Guelph:

We have audited the accompanying financial statements of the Big Brothers Big Sisters of Guelph, which comprise the statement of financial position as at December 31, 2016, the statement of revenues and expenditures, the statement of changes in net assets, the statement of cash flow, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*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 from 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 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 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, the Association derives part of its revenues from donations and fundraising events, which by their nature, are not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to accounting for the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to these revenues, excess of expenditures over revenues, current assets and net assets.

*Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Big Brothers Big Sisters of Guelph as at December 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

**Guelph, Ontario  
March 28, 2017**



**Tonin & Co. LLP  
Chartered Accountants  
Licensed Public Accountants**

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**BIG BROTHERS BIG SISTERS OF GUELPH**

**Statement of Financial Position**

**As at December 31, 2016**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank	\$ 64,745	\$ 43,502
Short term investments (Note 3)	65,296	61,031
Accounts receivable	51,528	12,610
Prepaid expenses	4,928	6,522
	<u>\$ 186,497</u>	<u>\$ 123,665</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 20,362	\$ 17,654
Deferred revenue (Note 5)	46,912	20,620
	<u>67,274</u>	<u>38,274</u>
<b>NET ASSETS</b>		
General fund - unrestricted (Note 2)	58,927	29,360
Contingency fund - internally restricted (Note 2)	60,296	56,031
	<u>119,223</u>	<u>85,391</u>
	<u>\$ 186,497</u>	<u>\$ 123,665</u>

**ON BEHALF OF THE BOARD**

  
Digitally signed by Vicki Curtis  
 DN: cn=Vicki Curtis, o=Curtis-Villar LLP,  
 ou, email=vcurtis@curtisvillar.ca, c=CA  
 CMC.2017.03.10.10.30.14.04107 Director

  
 Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**BIG BROTHERS BIG SISTERS OF GUELPH****Statement of Revenues and Expenditures****For the Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>		
Fundraising revenue <i>(Note 7)</i>	\$ 281,895	\$ 240,024
Grant revenue <i>(Note 6)</i>	274,074	241,387
Donation revenue	14,075	11,530
Interest revenue	787	646
	<u>570,831</u>	<u>493,587</u>
<b>EXPENDITURES</b>		
Salaries, wages and benefits	378,408	364,685
Fundraising <i>(Note 7)</i>	54,533	44,301
Rent and building maintenance	43,316	43,062
Insurance <i>(Note 8)</i>	12,864	15,997
Membership fees and dues	12,518	11,856
Office	8,720	7,880
Programs	7,529	10,368
Interest and bank charges	5,248	7,026
Staff travel and development	5,213	3,944
Telephone	4,040	4,313
Professional fees	3,399	3,243
Advertising and promotion	1,211	5,657
	<u>536,999</u>	<u>522,332</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 33,832</b>	<b>\$ (28,745)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**BIG BROTHERS BIG SISTERS OF GUELPH**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2016**

	General Fund <i>Unrestricted</i>	Contingency Fund <i>Internally Restricted</i>	2016	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 29,360	\$ 56,031	\$ <b>85,391</b>	\$ 114,136
Excess/(deficiency) of revenue over expenditures	33,045	787	<b>33,832</b>	(28,745)
Interfund transfer	(3,478)	3,478	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ <b>58,927</b>	\$ <b>60,296</b>	\$ <b>119,223</b>	\$ <b>85,391</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**BIG BROTHERS BIG SISTERS OF GUELPH**

**Statement of Cash Flow**

**Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	<b>\$ 33,832</b>	<b>\$ (28,745)</b>
Changes in non-cash working capital:		
Accounts receivable and HST recoverable	<b>(38,918)</b>	12,950
Accounts payable and accrued liabilities	<b>2,708</b>	(5,520)
Deferred revenue	<b>26,292</b>	9,900
Prepaid expenses	<b>1,594</b>	(872)
	<b>(8,324)</b>	16,458
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>25,508</b>	<b>(12,287)</b>
Cash - beginning of year	<b>104,533</b>	116,820
<b>CASH - END OF YEAR</b>	<b>\$ 130,041</b>	<b>\$ 104,533</b>
<b>CASH CONSISTS OF:</b>		
Bank	<b>\$ 64,745</b>	\$ 43,502
Short term investments	<b>65,296</b>	61,031
	<b>\$ 130,041</b>	<b>\$ 104,533</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

# BIG BROTHERS BIG SISTERS OF GUELPH

## Notes to Financial Statements

Year Ended December 31, 2016

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### 1. PURPOSE OF THE ORGANIZATION

Big Brothers Big Sisters of Guelph is a registered charity whose purposes is to provide comprehensive, preventive programs, training and support that respond to the needs of young individuals and their families in Guelph, Ontario. The organization is exempt from tax under section 149(1)(f) of the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Cash and cash equivalents

Cash and cash equivalents includes cash on hand and bank balances.

#### Investments

Short term investments, which consist primarily of units of a REIT in Skyline as well as commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are carried at amortized cost.

#### Capital assets

Capital assets charged to current operations. The organization's capital assets on hand consist of office furniture and computers, the estimated value of which is negligible. During the current year, the organization did not purchase any capital assets (2015- \$NIL).

#### Revenue recognition

Big Brothers Big Sisters of Guelph follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Net assets

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

The Contingency Fund reports only internally restricted resources that are to be used in the event of financial hardship and unforeseen emergencies.

#### Pledges

Pledges to donate funds to the organization are not included in revenue until such time as the funds are received.

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**BIG BROTHERS BIG SISTERS OF GUELPH**

**Notes to Financial Statements**

**Year Ended December 31, 2016**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. SHORT TERM INVESTMENTS

Short term investments consist of \$5,000 held in a one-year GIC paying annual interest at 1%. During the year the term deposit paying annual interest at 1.7% below prime, compounded monthly, was cashed in. This investment was replaced with a \$10,000 GIC and a \$50,003 investment in the Skyline Group of Companies. As at December 31, 2016 the fair value of the investments is \$65,296 (2015 - \$61,031).

4. RELATED PARTY TRANSACTIONS

The organization invested in units of REIT with the Skyline Group of Companies. During the fiscal year one of the organization's directors are employed by the Skyline Group of Companies.

## BIG BROTHERS BIG SISTERS OF GUELPH

### Notes to Financial Statements

Year Ended December 31, 2016

#### 5. DEFERRED REVENUE

Deferred revenue consists of sponsorship and grants for fundraising events and programs to be held subsequent to year end.

	2016	2015
Corporate Partnership Plan	\$ 8,000	\$ 5,000
Dinner, Dance and Auction	8,575	8,450
Grants	30,337	7,170
	\$ 46,912	\$ 20,620

#### 6. GRANT REVENUE

	2016	2015
United Way Funding	\$ 120,434	\$ 120,434
Foundations	139,294	106,125
City of Guelph	7,500	8,000
Ministry of Community and Social Services	6,846	6,828
	\$ 274,074	\$ 241,387

#### 7. FUNDRAISING REVENUE

	Gross Proceeds	Expenses	Net 2016	Net 2015
Dinner, Dance and Auction	\$ 76,151	\$ 27,329	\$ 48,822	\$ 41,520
Bowl for Kids' Sake	52,821	4,991	47,830	43,952
Third Party Fundraising	37,382	2,259	35,123	43,699
Corporate Partnership Plan	40,000	7,771	32,229	25,907
Golf Fore Kids' Sake	38,911	7,842	31,069	35,444
Little Change for Big Change	20,440	921	19,519	-
Big Little Run	10,927	3,335	7,592	3,626
12 Days of Giving	2,860	-	2,860	-
Direct Mailing Campaign	1,925	85	1,840	1,480
Nevada Lottery	478	-	478	96
	\$ 281,895	\$ 54,533	\$ 227,362	\$ 195,724

#### 8. INSURANCE

Insurance premiums are negotiated by Big Brothers Big Sisters of Canada. The premiums are then flowed through to the individual organizations. As such, Big Brothers Big Sisters of Guelph has no control over the insurance premiums paid.

**BIG BROTHERS BIG SISTERS OF GUELPH**

**Notes to Financial Statements**

**Year Ended December 31, 2016**

9. GOVERNMENT REMITTANCES PAYABLE

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	<u>2016</u>
Employee deductions payable	<u>\$ 10,432</u>

10. LEASE COMMITMENTS

The organization leases premises under a long term lease that expires on January 01, 2020. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2017	\$ 45,210
2018	46,114
2019	<u>47,018</u>
	<u>\$ 138,342</u>

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2016.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from donors. The organization has a significant number of donors which minimizes concentration of credit risk.

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, and accounts payable.

**(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to currency risk.

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**BIG BROTHERS BIG SISTERS OF GUELPH**

**Notes to Financial Statements**

**Year Ended December 31, 2016**

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11. FINANCIAL INSTRUMENTS *(continued)*

***(d) Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its short-term investments.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.