

BIG BROTHERS BIG SISTERS OF GUELPH

Financial Statements

Year Ended December 31, 2017

(with comparative figures for the year ended December 31, 2016)

BIG BROTHERS BIG SISTERS OF GUELPH

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Year Ended December 31, 2017

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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, 2017, the statement of revenues and expenditures, the statement of changes in net assets, the statement of cash flows for the year ended December 31, 2017, 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. Except as explained below, 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 organization 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 organization 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. Our opinion on the prior year financial statements included the same modification for completeness of revenue.

Qualified 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, 2017 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
April 18, 2018



Tonin & Co. LLP
Chartered Professional Accountants
Licensed Public Accountants

BIG BROTHERS BIG SISTERS OF GUELPH

Statement of Financial Position

December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Bank - unrestricted	\$ 114,047	\$ 64,745
Short term investments (Notes 3, 5)	71,615	65,296
Accounts receivable	7,668	51,528
Prepaid expenses	4,928	4,928
	<u>198,258</u>	186,497
PROPERTY, PLANT AND EQUIPMENT (Note 4)	<u>800</u>	-
	<u>\$ 199,058</u>	<u>\$ 186,497</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	\$ 21,669	\$ 20,362
Deferred revenue (Note 6)	24,598	46,912
	<u>46,267</u>	67,274
NET ASSETS		
General fund unrestricted (Note 2)	86,176	58,927
Contingency fund internally restricted (Note 2)	66,615	60,296
	<u>152,791</u>	119,223
	<u>\$ 199,058</u>	<u>\$ 186,497</u>

ON BEHALF OF THE BOARD

_____ 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****Year Ended December 31, 2017**

	2017	2016
REVENUE		
Fundraising <i>(Note 7)</i>	\$ 341,234	\$ 281,895
Grants <i>(Note 8)</i>	269,930	274,074
Donation	24,420	14,075
Interest	794	787
	<u>636,378</u>	<u>570,831</u>
EXPENDITURES		
Salaries, wages and benefits	427,829	378,408
Fundraising <i>(Note 7)</i>	68,164	54,533
Rent and building maintenance	43,717	43,316
Insurance	12,797	12,864
Membership fees and dues	11,547	12,518
Office	10,313	8,720
Programs	8,974	7,529
Staff travel and development	8,036	5,213
Bank charges and credit card processing	5,818	5,248
Advertising and promotion	4,092	1,211
Telephone	4,043	4,040
Professional fees	3,399	3,399
Amortization	400	-
	<u>609,129</u>	<u>536,999</u>
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	27,249	33,832
OTHER ITEMS		
Unrealized appreciation of investments	<u>6,319</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 33,568	\$ 33,832

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, 2017

	General Fund		Contingency Fund			
	<i>Unrestricted</i>		<i>Internally Restricted</i>		2017	2016
Net assets - beginning of year	\$	58,927	\$	60,296	\$ 119,223	\$ 85,391
Excess of revenue over expenditures		33,568		-	33,568	33,832
Interfund transfer		(6,319)		6,319	-	-
Net assets - end of year	\$	86,176	\$	66,615	\$ 152,791	\$ 119,223

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, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 33,568	\$ 33,832
Item not affecting cash:		
Amortization of property, plant and equipment	400	-
	<u>33,968</u>	<u>33,832</u>
Changes in non-cash working capital:		
Accounts receivable	43,860	(38,918)
Accounts payable	1,307	2,708
Deferred revenue	(22,314)	26,292
Prepaid expenses	-	1,594
	<u>22,853</u>	<u>(8,324)</u>
Cash flow from operating activities	<u>56,821</u>	<u>25,508</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(1,200)</u>	-
INCREASE IN CASH FLOW	55,621	25,508
Cash - beginning of year	<u>130,041</u>	<u>104,533</u>
CASH - END OF YEAR	\$ 185,662	\$ 130,041
CASH CONSISTS OF:		
Bank	\$ 114,047	\$ 64,745
Short-term investments	<u>71,615</u>	<u>65,296</u>
	\$ 185,662	\$ 130,041

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, 2017

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.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	3 years	straight-line method
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The organization regularly reviews its property, plant and equipment to eliminate obsolete items.

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, 2017

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 accounting standards for not-for-profit organizations 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%, a one-year GIC of \$10,000 with an interest-rate of prime less 2.25% and an investment in the Skyline Group of Companies. The initial investment in the Skyline Group of Companies was \$50,003. As at December 31, 2017 the fair value of the investments is \$71,615 (2016 - \$65,296).

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 1,200	\$ 400	\$ 800	\$ -

5. RELATED PARTY TRANSACTIONS

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

BIG BROTHERS BIG SISTERS OF GUELPH

Notes to Financial Statements

Year Ended December 31, 2017

6. DEFERRED REVENUE

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

	<u>2017</u>	<u>2016</u>
Deferred revenue - opening balance	\$ 71,434	\$ 98,216
Less: amount recognized as revenue in the year	(71,434)	(98,216)
Add: amount received related to the Corporate Partnership Plan	11,000	8,000
Add: amount received related to grants	9,723	30,337
Add: amount received related to the dinner, dance and auction	3,625	8,575
Add: amount received related to Bowl for Kids Sake	250	-
	<u>\$ 24,598</u>	<u>\$ 46,912</u>

7. FUNDRAISING REVENUE

	<u>Gross Proceeds</u>	<u>Expenses</u>	<u>2017</u>	<u>Net 2016</u>
Bowl for Kids' Sake	\$ 72,297	\$ 7,416	\$ 64,881	\$ 47,830
Third Party Fundraising	60,580	4,262	56,318	35,123
Dinner, Dance and Auction	74,685	27,082	47,603	48,822
Corporate Partnership Plan	41,000	7,927	33,073	32,229
Golf Fore Kids' Sake	43,574	10,632	32,942	31,069
Little Change for Big Change	23,606	2,805	20,801	19,519
Big Little Run	10,111	3,578	6,533	7,592
Food Truck Picnic	8,645	3,516	5,129	-
12 Days of Giving	4,456	-	4,456	2,860
Direct Mailing Campaign	1,897	946	951	1,840
Nevada Lottery	383	-	383	478
	<u>\$ 341,234</u>	<u>\$ 68,164</u>	<u>\$ 273,070</u>	<u>\$ 227,362</u>

8. GRANT REVENUE

	<u>2017</u>	<u>2016</u>
Foundations	\$ 137,659	\$ 139,294
United Way Funding	120,434	120,434
Ministry of Community and Social Services	6,837	6,846
City of Guelph	5,000	7,500
	<u>\$ 269,930</u>	<u>\$ 274,074</u>

BIG BROTHERS BIG SISTERS OF GUELPH

Notes to Financial Statements

Year Ended December 31, 2017

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>2017</u>	<u>2016</u>
Employee deductions payable	\$ 9,806	\$ 10,432
WSIB payable	275	-
	<u>\$ 10,081</u>	<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:

2018	\$ 46,114
2019	47,018
	<u>\$ 93,132</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, 2017.

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.

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.

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 interest rate risk.

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BIG BROTHERS BIG SISTERS OF GUELPH

Notes to Financial Statements

Year Ended December 31, 2017

11. FINANCIAL INSTRUMENTS *(continued)*

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..

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