BIG BROTHERS BIG SISTERS OF GUELPH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(with comparative figures for the year ended December 31, 2017)

Tonin&Co LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Tonin&Co LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Guelph 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 Qualified for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Big Brothers Big Sisters of Guelph 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 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 revenues over expenditures, current assets and net assets. Our opinion on the prior year financial statements included the same qualification for completeness of revenue.

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 Guelph'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 Guelph 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 Guelph's financial reporting process.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Guelph'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 Guelph's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Big Brothers Big Sisters of Guelph 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 in our audit.

Tonin & Co. LLP

Guelph, Ontario
April 17, 2019

Tonin & Co. LLP
Chartered Professional Accountants
Licensed Public Accountants

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BIG BROTHERS BIG SISTERS OF GUELPH

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
CURRENT		
Bank - unrestricted	$ 141,902	$ 114,047
Short-term investment (note 3)	-	5,000
Short-term investments - contingency fund (notes 3 and 5)	76,011	66,615
Short-term investment - bequest fund (notes 3 and 5)	256,039	-
HST and accounts receivable	30,357	7,668
Prepaid expenses	21,802	4,928
	526,111	198,258
CAPITAL (note 4)	4,729	800
	$ 530,840	$ 199,058
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 12,219	$ 11,588
Government remittances payable	8,530	10,081
Deferred revenue (note 6)	31,722	24,598
	52,471	46,267
NET ASSETS		
GENERAL FUND (unrestricted) (note 2)	146,319	86,176
CONTINGENCY FUND (internally restricted) (note 2)	76,011	66,615
BEQUEST FUND (internally restricted) (note 2)	256,039	-
	478,369	152,791
	$ 530,840	$ 199,058

APPROVED ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: _____

(See accompanying notes to financial statements)

BIG BROTHERS BIG SISTERS OF GUELPH

STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUES		
Fundraising (note 7)	$ 354,468	$ 341,234
Grants (note 8)	297,242	269,930
Donations	20,828	24,420
Interest	126	794
	672,664	636,378
EXPENDITURES		
PROGRAM		
Salaries, wages and benefits	301,705	274,433
Rent and building maintenance	44,630	43,687
Insurance	17,332	12,797
Membership fees and dues	13,391	11,547
Mentoring program expenses	11,976	8,974
Travel and development	8,285	8,036
Recognition and promotion	7,286	3,713
Office	6,997	8,850
	411,602	372,037
FUNDRAISING		
Events (note 7)	67,492	68,164
Salaries, wages and benefits	62,543	75,590
Credit card processing	5,257	4,221
	135,292	147,975
ADMINISTRATION		
Salaries, wages and benefits	55,334	77,806
Office	7,906	9,314
Bank charges	1,137	1,597
Amortization	1,135	400
	65,512	89,117
TOTAL EXPENDITURES	612,406	609,129
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	60,258	27,249
OTHER REVENUES		
Bequest received (note 3)	253,313	-
Unrealized appreciation in value of investments (note 3)	10,933	6,319
Interest revenue - bequest fund (note 3)	1,074	-
	265,320	6,319
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	$ 325,578	$ 33,568

(See accompanying notes to financial statements)

BIG BROTHERS BIG SISTERS OF GUELPH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	GENERAL FUND	CONTINGENCY FUND	BEQUEST FUND	2018	2017
	Unrestricted	*Internally Restricted*	*Internally Restricted*		
NET ASSETS, BEGINNING OF YEAR	$ 86,176	$ 66,615	$ -	$ 152,791	$ 119,223
Excess of revenues over expenditures	325,578	-	-	325,578	33,568
Interfund transfers (note 2(f))	(265,435)	9,396	256,039	-	-
NET ASSETS, END OF YEAR	**$ 146,319**	**$ 76,011**	**$ 256,039**	**$ 478,369**	**$ 152,791**

(See accompanying notes to financial statements)

BIG BROTHERS BIG SISTERS OF GUELPH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	$ 325,578	$ 33,568
Charges to earnings not requiring cash:		
Amortization	1,135	400
	326,713	33,968
CHANGES IN NON-CASH WORKING CAPITAL		
(Increase) decrease in accounts receivable	(22,689)	43,860
Increase in prepaid expenses	(16,874)	-
Increase in accounts payable	631	1,659
Decrease in government remittances payable	(1,551)	(352)
Increase (decrease) in deferred income	7,124	(22,314)
Cash from operating activities	293,354	56,821
INVESTING ACTIVITIES		
Purchases of capital assets	(5,064)	(1,200)
Cash used in investing activities	(5,064)	(1,200)
INCREASE IN CASH FOR THE YEAR	288,290	55,621
CASH AND EQUIVALENTS, beginning of the year	185,662	130,041
CASH AND EQUIVALENTS, end of the year	$ 473,952	$ 185,662
REPRESENTED BY:		
Bank - unrestricted	$ 141,902	$ 114,047
Short-term investment	-	5,000
Short-term investments - contingency fund	76,011	66,615
Short-term investment - bequest fund	256,039	-
	$ 473,952	$ 185,662

(See accompanying notes to financial statements)

1. PURPOSE OF THE ORGANIZATION

Big Brothers Big Sisters of Guelph is a registered charity incorporated without share capital whose purpose 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

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and reflect the following policies:

(a) Basis of preparation

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

(b) Revenue recognition

The organization 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.

(c) Cash and cash equivalents

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

(d) Investments

Short-term investments, which consist of units of Skyline Apartment REIT, Skyline Commercial REIT, and Skyline Retail REIT, as well as commercial paper with original maturities at a date purchase beyond three months and less than twelve months, are carried at their fair market value. Unrealized changes in value of the Skyline REIT investments are recorded through the statement of revenues and expenditures on an annual basis.

(e) Capital assets and amortization

Capital assets are recorded at cost or deemed cost less accumulated amortization. Capital assets are amortized over their useful life on a declining balance basis at the following annual rates:

Computer equipment	- 3 years on a straight-line basis
Office equipment	- 10 years on a straight-line basis

The organization regularly reviews its capital assets to eliminate obsolete items.

(f) 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.

The Bequest Fund reports an internally restricted bequest received in 2018. Use of these funds is to be approved by the board on an as needed basis to support the salary of a caseworker that would otherwise be beyond the organization's budget restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Pledges

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

(h) 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.

(i) Use of estimates

The preparation of these 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 materially differ from these estimates. Amounts subject to estimates include amortization and accruals for wages and other costs.

(j) Financial instruments

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 in 2017 consisted of a $5,000 one-year GIC which was redeemed in 2018.

Short-term investments - contingency fund consist of a one-year GIC of $10,127 (2017 - $10,000) with an interest rate of prime less 2.7% and investments in an Apartment REIT with the Skyline Group of Companies. The initial investment was $50,003. As at December 31, 2018 the fair value of this investment is $65,884 (2017 - $56,615).

Short-term investments - bequest fund consist of a bequest the organization received in 2018 in the amount of $253,313 from the Estate of Newton William George Clayton. The funds were initally invested in a GIC and earned $1,074 of interest during 2018. Subsequently, the funds were invested in Commercial and Retail REITs with the Skyline Group of Companies. The initial investments were $127,193 in each of the Commercial and Apartment REITs. As at December 31, 2018 the fair value of these investments is $256,039.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Computer equipment	$ 2,180	$ 1,127	$ 1,053	$ 800
Office equipment	4,084	408	3,676	-
	$ 6,264	$ 1,535	$ 4,729	$ 800

5. RELATED PARTY TRANSACTIONS

The organization invested in units of Apartment, Commercial and Retail REITs with the Skyline Group of Companies. During the fiscal year, two of the organization's directors were employed by the Skyline Group of Companies.

6. DEFERRED REVENUE

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

	2018	2017
Deferred revenue - opening balance	$ 24,598	$ 46,912
Less: amount recognized as revenue in the year	(24,598)	(46,912)
Add: amount received related to grants	13,222	9,723
Add: amount received related to Dinner, Dance and Auction	11,500	3,625
Add: amount received related to Corporate Partnership Plan	6,000	11,000
Add: amount received related to donations	1,000	-
Add: amount received related to Bowl for Kids' Sake	-	250
	$ 31,722	$ 24,598

7. FUNDRAISING REVENUE

	Gross Revenue	Expenses	2018, net	2017, net
Bowl for Kids' Sake	$ 80,033	$ 7,582	$ 72,451	$ 64,881
Third Party Fundraising	65,668	4,000	61,668	56,318
Dinner, Dance and Auction	73,866	25,289	48,577	47,603
Corporate Partnership Plan	41,500	9,550	31,950	33,073
Golf Fore Kids' Sake	39,485	9,687	29,798	32,942
Little Change for Big Change	18,521	963	17,558	20,801
Big Little Run	18,830	6,054	12,776	6,533
Food Truck Picnic	10,973	4,190	6,783	5,129
12 Days of Giving	4,267	-	4,267	4,456
Direct Mail Campaign	1,325	177	1,148	951
Nevada Lottery	-	-	-	383
	$ 354,468	$ 67,492	$ 286,976	$ 273,070

8. GRANT REVENUE

	2018	2017
Foundations	$ 170,923	$ 137,659
United Way Funding	114,482	120,434
Ministry of Community and Social Services	6,837	6,837
City of Guelph	5,000	5,000
	$ 297,242	$ 269,930

9. LEASE COMMITMENTS

The organization leases premises under a long-term lease that expires December 31, 2019. 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:

2019	$ 47,018

10. 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, 2018.

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 through its GICs.

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.

Other price risk

Other price risk is the risk that the fair market value of financial instruments or future cash flows will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The organization is exposed to other price risk due to its investments in Apartment, Commercial, and Retail REITs. The organization's principal investment in the REITs is secured and therefore its exposure to risk is limited to the unrealized appreciation on the REIT investments.

Changes in risk

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

11. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the presentation adopted in the current year.