

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT

FINANCIAL STATEMENTS

For the year ended December 31, 2018

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
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December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Big Brothers Big Sisters of Lethbridge and District

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Lethbridge and District, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the association 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.

Other Information

The statement of financial position and the statement of operations, changes in net assets and cash flows for the year ended December 31, 2017, were audited by another accounting firm who expressed an unqualified opinion on the statements dated March 15, 2018.

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 the association'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 the association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association'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:

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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 the Association'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 the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the Association 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.



Lethbridge, Alberta

March 11, 2019

Chartered Professional Accountants

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	2018	2017
ASSETS		
Current		
Cash and cash equivalents	\$ 217,487	\$ 195,428
Accounts receivable	21,600	2,500
GST receivable	1,974	1,189
	241,061	199,117
Restricted cash (note 3)	200,000	200,000
Capital assets (note 4)	61,191	65,424
Cash surrender value of life insurance	9,430	8,802
	\$ 511,682	\$ 473,343
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 6,226	\$ 5,807
Government remittances payable	5,741	4,991
Deferred revenue (note 5)	8,772	17,522
	20,739	28,320
Unamortized deferred capital contributions (note 6)	7,415	7,824
	28,154	36,144
Net assets		
Unrestricted	229,752	179,599
Invested in capital assets	53,776	57,600
Internally restricted (note 7)	200,000	200,000
	483,528	437,199
	\$ 511,682	\$ 473,343

Approved on behalf of the board:

Director _____

Director _____

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF OPERATIONS
For the year ended December 31, 2018

	2018	2017
Revenue		
Fundraising (schedule 1)	\$ 329,504	\$ 264,310
Family and Community Support Services	98,800	85,300
Grants, foundations and charities	35,770	63,056
Donations	32,064	13,976
Interest income	4,069	3,632
Increase in cash surrender value of life insurance	628	605
	500,835	430,879
Expenses		
Salaries and benefits	275,350	249,082
Fundraising (schedule 1)	71,162	56,164
Program expenses	24,258	20,199
Office and general	21,801	17,949
Repairs and maintenance	13,626	8,216
Insurance	10,685	8,298
Travel and conferences	6,229	4,726
Utilities and telephone	8,386	7,564
Membership fees - Big Brothers Big Sisters Canada	8,185	8,300
Professional fees	7,891	7,944
Education program	3,109	3,613
	450,682	392,055
Excess of revenue over expenses from operations	50,153	38,824
Expenses (income) relating to capital assets		
Amortization of capital contributions	(409)	(431)
Amortization	4,233	5,317
	3,824	4,886
Excess of revenue over expenses	\$ 46,329	\$ 33,938

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2018

	Unrestricted	Invested in capital assets	Internally restricted	Total 2018	Total 2017
Balance, beginning of year	\$ 179,599	\$ 57,600	\$ 200,000	\$ 437,199	\$ 403,261
Excess of revenue over expenses	46,329	-	-	46,329	33,938
Amortization	4,233	(4,233)	-	-	-
Amortization of capital contributions	(409)	409	-	-	-
Balance, end of year	\$ 229,752	\$ 53,776	\$ 200,000	\$ 483,528	\$ 437,199

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

	2018	2017
Cash flows from operating activities		
Excess of revenue over expenses	\$ 46,329	\$ 33,938
Adjustments for items which do not affect cash		
Amortization	4,233	5,317
Amortization of capital contributions	(404)	(431)
	50,158	38,824
Change in non-cash working capital items		
Accounts receivable	(19,100)	9,622
GST	(785)	276
Accounts payable and accrued liabilities	414	(3,253)
Government remittances payable	750	(156)
Deferred revenue	(8,750)	12,387
	22,687	57,700
Cash flows from investing activities		
Purchase of capital assets	-	(1,342)
Increase in cash surrender value of life insurance	(628)	(605)
	(628)	(1,947)
Net increase in cash and cash equivalents	22,059	55,753
Cash and cash equivalents, beginning of year	395,428	339,675
Cash and cash equivalents, end of year	\$ 417,487	\$ 395,428
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 217,487	\$ 195,428
Restricted cash	200,000	200,000
	\$ 417,487	\$ 395,428

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

1. Nature of operations

Big Brothers Big Sisters of Lethbridge and District (the Association) is a society incorporated under the laws of Alberta. Its principal activity is providing direct service to children by matching them to adult volunteers in quality mentoring relationships. As a registered charity the organization is exempt from income tax under Section 149(1) of the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Cash and cash equivalents

The Association includes cash on hand, funds held by financial institutions in operating accounts, cheques issued in excess of cash on hand, restricted cash and guaranteed investment certificates in the determination of cash and cash equivalents.

(b) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	5%
Signs	10%
Office equipment	30%
Computer equipment	45%

(c) Revenue recognition

The Association 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.

Program and fundraising revenues are recognized as income in the period the services are provided.

(d) Net assets invested in capital assets

The Association has chosen to treat net assets invested in capital assets as a separate component of net assets.

(e) Contributed services

Volunteers occasionally contribute their time to assist the Association in carrying out certain programs. Because of the difficulty of determining their value contributed services are not recognized in the financial statements.

(f) Financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

2. **Significant accounting policies, continued**

(g) 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 amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. **Restricted cash**

Restricted cash comprises of funds set aside for future use as described in note 7.

	2018	2017
Guaranteed investment certificates	\$ 158,266	\$ 154,917
Cash	41,734	45,083
	\$ 200,000	\$ 200,000

Guaranteed investments certificates bear interest at rates between 0.85% to 2.52%, and mature from July 2019 to March 2020.

4. **Capital assets**

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Land	\$ 24,800	\$ -	\$ 24,800	\$ 24,800
Buildings	93,063	67,872	25,191	26,517
Signs	8,615	2,649	5,966	6,629
Office equipment	55,763	51,095	4,668	6,669
Computer equipment	5,235	4,669	566	809
	\$ 187,476	\$ 126,285	\$ 61,191	\$ 65,424

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

5. Deferred revenue

Deferred revenue represents unspent resources externally restricted for specific projects and programs that are related to a subsequent year. The balances in these funds are as follows:

	Balance, beginning of year	Received	Recognized	Balance, end of year
Lethbridge Community Foundation	\$ 5,022	\$ -	\$ -	\$ 5,022
Canadian Western Bank - mentoring	-	7,500	(3,750)	3,750
Rogers Communications	12,500	-	(12,500)	-
	<u>\$ 17,522</u>	<u>\$ 7,500</u>	<u>\$ (16,250)</u>	<u>\$ 8,772</u>

6. Unamortized deferred capital contributions

Unamortized capital contributions represent the unamortized portion of contributions received for the purchase of capital assets. The changes for the year are as follows:

	2018	2017
Balance, beginning of year	\$ 7,824	\$ 8,255
Amounts recognized	(409)	(431)
	<u>\$ 7,415</u>	<u>\$ 7,824</u>

7. Internally restricted

The Association has internally restricted \$200,000 for future capital projects. The restricted amounts are not available for other purposes without approval by the Board of Directors.

8. Funds held by others

The Lethbridge Community Foundation holds funds on behalf of Big Brothers Big Sisters of Lethbridge and District. The Association will receive investment income earned on the contributions. As at December 31, 2018, the fund balance was \$5,188 (2017 - \$5,317).

9. Financial instruments

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk with respect to its accounts receivables. However, the Association has a significant number of donors which minimizes concentration of credit risk.

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

10. **Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

Schedule of fundraising	Schedule 1	
	2018	2017
Revenue		
BIG Gala	\$ 141,119	\$ 100,515
Golf for Kids Sake	133,661	101,185
Bowl for Kids Sake	53,324	55,095
Other fundraising	1,400	7,515
	329,504	264,310
Expenses		
BIG Gala	37,744	28,280
Golf for Kids Sake	23,536	18,554
Bowl for Kids Sake	6,782	8,388
Other fundraising	3,100	942
	71,162	56,164
Excess of revenue over expenses	\$ 258,342	\$ 208,146