

Audited Financial Statements of
Big Brothers/Big Sisters Association
of North Durham Region

December 31, 2016



INDEPENDENT AUDITORS' REPORT

To the Members of
Big Brothers/Big Sisters Association
of North Durham Region

I have audited the accompanying financial statements of Big Brothers/Big Sisters Association of North Durham Region which comprise the statement of financial position as at December 31, 2016 and the statements of operations and net assets, statement of fund balances and statement of cash flows for the year then ended, 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 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate to the entity's preparation and fair presentation 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 overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my modified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Big Brothers/Big Sisters Association of North Durham Region derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2016 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.



Janet McGhee Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Port Perry, Ontario

June 7, 2017

**BIG BROTHERS/BIG SISTERS ASSOCIATION
OF NORTH DURHAM REGION
Statement of Financial Position**

As at December 31, 2016

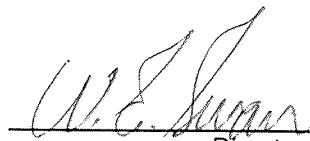
	2016	2015
Assets		
Current assets:		
Cash	\$ 28,848	\$ 60,971
Short term investment	10,000	-
Accounts receivable	3,222	1,156
Prepaid expenses	202	325
Accrued revenue	14,080	-
	<u>56,352</u>	<u>62,452</u>
Fixed assets, net (Note 3)	1,809	2,002
	<u>\$ 58,161</u>	<u>\$ 64,454</u>

Liabilities and Net Assets

Current Liabilities:		
Accounts payable	\$ 4,073	\$ 6,638
Deferred revenue (Note 4)	9,500	2,000
	<u>13,573</u>	<u>8,638</u>
Net assets, unrestricted	44,588	55,816
	<u>\$ 58,161</u>	<u>\$ 64,454</u>

See accompanying notes to financial statements.

On behalf of the Board:


Director


Director

**BIG BROTHERS/BIG SISTERS ASSOCIATION
OF NORTH DURHAM REGION
Statement of Operations**

As at December 31, 2016

	2016	2015
Revenue		
Fund raising events	\$ 131,615	\$ 75,871
Grants	92,249	101,537
Donations	22,091	51,844
Scout hall rental & rent rebate	7,781	7,364
GST/HST rebate	5,158	2,615
	<u>258,894</u>	<u>239,231</u>
Operating Expenses		
Wages and benefits	177,882	177,645
Fundraising expenses	45,118	16,336
Little Brothers/Sisters expense	7,462	5,997
HST paid	7,402	4,255
Dues and fees	6,400	5,196
Utilities and maintenance	5,615	5,561
Office and general	5,393	3,831
Mileage	4,252	5,389
Telephone and internet	2,998	3,045
Conventions and Workshops	2,800	219
Insurance	2,554	3,525
Advertising and promotion	1,224	2,557
Amortization	688	683
Interest and Bank Charges	334	98
	<u>270,122</u>	<u>234,337</u>
Excess of revenue over distributions and expenses	(11,228)	4,894
Net Assets at beginning of year	55,816	50,922
Net Assets at end of year	<u>\$ 44,588</u>	<u>\$ 55,816</u>

See accompanying notes to financial statements.

**BIG BROTHERS/BIG SISTERS ASSOCIATION
OF NORTH DURHAM REGION
Statement of Net Assets**

As at December 31, 2016

	2016	2015
Net Assets, beginning of year	55,816	50,922
Excess of revenue over distributions	(11,228)	4,894
Net Assets, end of year	\$ 44,588	\$ 55,816

See accompanying notes to financial statements.



**BIG BROTHERS/BIG SISTERS ASSOCIATION
OF NORTH DURHAM REGION
Statement of Cash Flows**

As at December 31, 2016

	2016	2015
Cash flows from operating activities:		
Excess of revenue over distributions and expenses	(11,228)	8,196
Items not involving cash:		
Amortization of capital assets	1,224	410
Change in non-cash operating working capital	2,869	17,131
Cash flows from operating activities	(7,135)	25,737
Cash flows from investing activities:		
Purchase of capital assets	(550)	(597)
Increase (decrease) in cash and cash equivalents	(7,685)	25,140
Cash and cash equivalents, beginning of year	58,216	32,390
Cash and cash equivalent, end of year	28,848	58,216

See accompanying notes to financial statements.



Big Brothers/Big Sisters Association of North Durham Region

Notes to Financial Statements

December 31, 2016

1. Purpose of the Organization:

The purpose of our organization is to recruit suitable adults to act as big brothers/sisters and mentors to primarily single parent children in the area of North Durham. We monitor each match to ensure both parties benefit.

Big Brothers/Big Sisters Association of North Durham Region is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, Big Brothers Big Sisters of Canada must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies:

The organization has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organization in accordance with Canadian generally accepted accounting principles. Big Brothers/Big Sisters of North Durham Region prepares its financial statements in accordance with the restricted fund basis of accounting.

(a) Revenue recognition:

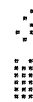
Some fundraising events such as the 50/50 draw are for less material amounts and the money received is not eligible to be treated as a charitable donation. Therefore is not subject to the control of the pre-numbered receipts registers. The amounts are recorded as revenue when received for these activities as well as other fundraising activities. Rental revenue is also recorded when received. Grant revenue reported in these financial statements represents funds received from provincial and municipal governments and other charitable organizations and is recorded when received. HST rebates are recognized on an accrual basis. All other revenues are recognized when received or receivable if the amount to be received can be estimated and collection is reasonably assured.

(b) Cash and cash equivalents:

The Big Brothers/Big Sisters Association of North Durham Region considers deposits in banks, certificates of deposits and short-term investments with original maturities of less than one year as cash and cash equivalents.

(c) Prepaid:

Prepaid is for expenses paid for in the current year which relate to a future period.



Purchased capital assets are stated at acquisition cost and are amortized over their useful lives. Amortization is provided on the following bases and the estimated useful lives of the assets as follows:

Assets	Basis	Rate
Computer Equipment	Declining Balance	30%
Furniture & Fixtures	Declining Balance	20%
Software	Declining Balance	50%

In the first year of acquisition only ½ of the amount is recognized.

e) Deferred Revenue:

Funds received in the current year that will not be used until a future period, are classified as deferred revenues. This will arise when funds are received in advance for a project which has not been completed.

f) Measurement Uncertainty:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their nature these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

g) Measurement of Financial Instruments:

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. The organization has not designated any financial asset or financial liability to be measured at fair value.

h) Volunteer services:

Big Brothers/Big Sisters Association of North Durham Region benefits from substantial services in the form of volunteer time. Since these invaluable donated services are not purchased by Big Brothers/Big Sisters Association of North Durham Region, they are not recorded in these financial statements.

3. Capital assets:

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	\$ 5,950	\$ 4,971	\$ 979	\$ 5,950	\$ 4,426	\$ 1,524
Furniture & Equipment	862	422	440	862	422	440
Software	1,291	900	390	796	758	38
	<u>8,103</u>	<u>6,293</u>	<u>1,809</u>	<u>7,608</u>	<u>5,606</u>	<u>2,002</u>



4. Deferred revenue

Deferred assets are grants or other revenue that are related to a future period. For 201, the balance is a grant received that relates only to 2016.

For 2016, the details of the balances are:

Opening balance	\$ 2,000
Grant received in 2016 relating to 2017	4,500
Amounts received for Winding Roads	5,000
Change in balance for revenue brought into income	<u>(2,000)</u>
Ending balance	<u>9,500</u>

5. Unrestricted net assets:

Unrestricted net assets, which are comparable to the retained earnings of a for-profit organization, are available to sustain operations in the event of unforeseen conditions, such as a significant shortfall in fundraising efforts.

6. Financial Instruments

The financial instruments of the organization consist mainly of cash, accounts receivable, and accounts payable and accrued liabilities.

Fair Values

The carrying amounts of financial instruments including cash, investments, accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short maturity of these instruments.

Risk

The organization is not generally exposed to any significant risks with respect to its financial instruments.

