

**BIG BROTHERS/BIG SISTERS ASSOCIATION OF NORTH DURHAM REGION**  
**Financial Statements**  
**Year Ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 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 qualified audit opinion.

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Independent Auditor's Report to the Members of Big Brothers/Big Sisters Association of North Durham Region (continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Big Brother/Big Sister Association of North Durham Region derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Big Brother/Big Sister Association of North Durham Region. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2017 and December 31, 2016, and net assets as at December 31, 2017 and December 31, 2016. My audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brother/Big Sister Association of North Durham Region 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.

Port Perry, Ontario  
June 11, 2018



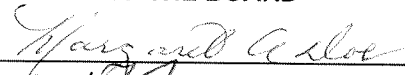

JANET MCGHEE PROFESSIONAL CORPORATION

Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario

**BIG BROTHERS/BIG SISTERS ASSOCIATION  
OF NORTH DURHAM REGION**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 78,006	\$ 28,848
Domestic term deposits	30,000	10,000
Accounts receivable	6,866	3,222
Interest receivable	7	-
Prepaid	368	202
Accrued revenue	-	14,080
	<b>115,247</b>	<b>56,352</b>
<b>FIXED ASSETS (Note 3)</b>	<b>2,190</b>	<b>1,809</b>
	<b>\$ 117,437</b>	<b>\$ 58,161</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 4,744	\$ 4,073
Deferred revenue (Note 4)	7,495	9,500
	<b>12,239</b>	<b>13,573</b>
<b>NET ASSETS</b>	<b>105,198</b>	<b>44,588</b>
	<b>\$ 117,437</b>	<b>\$ 58,161</b>

**ON BEHALF OF THE BOARD**

 Director  
 Director

The accompanying notes are an integral part of these financial statements.



**BIG BROTHERS/BIG SISTERS ASSOCIATION  
OF NORTH DURHAM REGION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2017**

	2017	2016
<b>REVENUES</b>		
Fundraising events	\$ 177,731	\$ 131,615
Grants	149,671	92,249
Donations	17,838	22,091
Scout hall rental & rent rebate	8,313	7,781
GST/HST rebate	7,926	5,158
Interest	77	-
	<b>361,556</b>	<b>258,894</b>
<b>EXPENSES</b>		
Wages and benefits	175,871	177,882
Fundraising expenses	75,517	45,118
HST paid	11,372	7,402
Little Brothers/Sisters expense	9,490	7,462
Dues and fees	6,137	6,400
Mileage	5,304	4,252
Utilities and maintenance	4,457	5,615
Office and general	4,205	5,393
Insurance	2,609	2,554
Telephone and internet	2,439	2,998
Interest and bank charges	1,018	334
Conventions and workshops	904	2,800
Advertising and promotion	828	1,224
Amortization	795	688
	<b>300,946</b>	<b>270,122</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 60,610</b>	<b>\$ (11,228)</b>

The accompanying notes are an integral part of these financial statements.



**BIG BROTHERS/BIG SISTERS ASSOCIATION  
OF NORTH DURHAM REGION  
Statement of Changes in Net Assets  
Year Ended December 31, 2017**

	2017	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 44,588</b>	<b>\$ 55,816</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>60,610</b>	<b>(11,228)</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 105,198</b>	<b>\$ 44,588</b>

The accompanying notes are an integral part of these financial statements.



**Statement of Cash Flow  
Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 60,610	\$ (11,228)
Item not affecting cash:		
Amortization of capital assets	795	689
	<b>61,405</b>	<b>(10,539)</b>
Changes in non-cash working capital:		
Accounts receivable	(3,644)	(2,066)
Interest receivable	(7)	-
Prepaid	(166)	122
Accrued revenue	14,080	(14,080)
Accounts payable	671	(2,565)
Deferred revenue	(2,005)	7,500
	<b>8,929</b>	<b>(11,089)</b>
Cash flow from (used by) operating activities	<b>70,334</b>	<b>(21,628)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,176)	(495)
Investing activities	(20,000)	(10,000)
Cash flow used by investing activities	<b>(21,176)</b>	<b>(10,495)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>49,158</b>	<b>(32,123)</b>
Cash and cash equivalents - beginning of year	28,848	60,971
<b>CASH - END OF YEAR</b>	<b>\$ 78,006</b>	<b>\$ 28,848</b>

The accompanying notes are an integral part of these financial statements.





**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**

Basis of presentation

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 Big Brothers/Big Sisters Association of North Durham Region prepares its financial statements in accordance with the restricted fund basis of accounting.

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.

Cash and cash equivalents

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

Prepaid

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

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2. Significant accounting policies (continued)

Capital assets

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:

Computer equipment	30%
Furniture and fixtures	20%
Software	50%

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

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.

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.

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.

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**

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 6,708	\$ 5,378	\$ 1,330	\$ 978
Furniture and equipment	862	510	352	440
Software	1,708	1,200	508	391
	<b>\$ 9,278</b>	<b>\$ 7,088</b>	<b>\$ 2,190</b>	<b>\$ 1,809</b>

**4. Deferred revenue**

	2017	2016
Opening balance	\$ 9,500	\$ 2,000
Amounts received for Winding Roads	-	5,000
Amounts received for Boston Pizza	8,500	4,500
Amounts received for Ministry of Education	1,120	-
Change in balance for revenue brought into income	(9,500)	(2,000)
Ending balance	<b>\$ 9,620</b>	<b>\$ 9,500</b>

**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.

**(a) 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.

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6. Financial instruments (*continued*)

*(b) 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 GIC investment.

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

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7. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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