

## INDEPENDENT AUDITORS' REPORT

To the Directors  
**Big Brothers Big Sisters of Halton**

We have audited the accompanying financial statements of Big Brothers Big Sisters of Halton which comprise the statement of financial position as at March 31, 2017, and the statements of changes in net assets, operations and 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.

### *Auditors' 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 auditors' 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 auditors consider 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.

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 charitable organizations, the organization derives revenues from contributions and fundraising activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions and fundraising revenue, net assets or cash and cash equivalents at year end.

### *Qualified Opinion*

In our opinion, except for the effect of the matters in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Halton as at March 31, 2017 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.

**GLENN • GRAYDON • WRIGHT LLP**

Chartered Accountants  
Licensed Public Accountants  
Oakville, Ontario  
June 5, 2017

# BIG BROTHERS BIG SISTERS OF HALTON

(Incorporated without share capital)

Statement of financial position

As at March 31, 2017

	Operating Fund	Endowment Fund	Investment in property and equipment	Total 2017	Total 2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 289,200			289,200	350,447
Short-term investments	5,310			5,310	5,263
Accounts receivable	26,280			26,280	
Government remittances receivable	5,574			5,574	4,379
Prepaid expenses	27,745			27,745	14,601
	354,109			354,109	374,690
<b>Investments</b>		125,737		125,737	117,229
<b>Property and equipment (Note 4)</b>			4,481	4,481	2,089
	\$ 354,109	125,737	4,481	484,327	494,008
<b>Liabilities and net assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 24,121			24,121	16,926
Government remittances payable					17,577
Deferred revenue (Note 5)	54,024			54,024	35,498
Deferred lease inducement	1,978			1,978	1,979
	80,123			80,123	71,980
<b>Net assets</b>					
Unrestricted	273,986			273,986	302,710
Endowment Fund		125,737		125,737	117,229
Investment in property and equipment			4,481	4,481	2,089
	273,986	125,737	4,481	404,204	422,028
	\$ 354,109	125,737	4,481	484,327	494,008

Approved by the Board

\_\_\_\_\_  
Chairperson

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Treasurer

**BIG BROTHERS BIG SISTERS OF HALTON**

(Incorporated without share capital)

Statement of changes in net assets

For the year ended March 31, 2017

		Operating Fund	Endowment Fund	Investment in property and equipment	Total 2017	Total 2016
<b>Net assets, beginning of year</b>	\$	302,710	117,229	2,089	422,028	339,177
Excess of (expenditure over revenue) revenue over expenditure for year		(29,537)		(1,088)	(30,625)	87,665
Transfer between funds		4,293	(4,293)			
Unrealized net gain (loss) on investments			12,801		12,801	(4,814)
Asset purchases		(3,480)		3,480		
<b>Net assets, end of year</b>	\$	273,986	125,737	4,481	404,204	422,028

## BIG BROTHERS BIG SISTERS OF HALTON

(Incorporated without share capital)

Statement of operations

For the year ended March 31, 2017

		Operating Fund	Investment in property and equipment	Total 2017	Total 2016
<b>Revenue</b>					
Grants	\$	683,484		683,484	562,682
Contributions		74,256		74,256	123,651
Fundraising, net (Note 6)		192,218		192,218	190,607
Other		2,380		2,380	2,277
		952,338		952,338	879,217
<b>Expenditure</b>					
Advertising		4,149		4,149	2,933
Amortization			1,088	1,088	787
Insurance		12,137		12,137	12,249
Interest and bank charges		5,706		5,706	3,306
Membership fees		22,144		22,144	17,253
Occupancy costs		43,557		43,557	43,376
Office and general		29,997		29,997	18,650
Office equipment and maintenance		16,321		16,321	6,343
Postage		2,834		2,834	2,301
Printing and reproduction		1,133		1,133	685
Professional fees		6,925		6,925	7,075
Program/events/camp costs		23,492		23,492	15,129
Salaries and benefits		770,387		770,387	638,449
Staff training and development		10,011		10,011	1,685
Telephone		16,058		16,058	11,167
Travel		15,765		15,765	9,806
Volunteer and donor recognition		1,259		1,259	358
		981,875	1,088	982,963	791,552
<b>Excess of (expenditure over revenue)</b>					
<b>revenue over expenditure for year</b>	\$	(29,537)	(1,088)	(30,625)	87,665

**BIG BROTHERS BIG SISTERS OF HALTON**

(Incorporated without share capital)

**Statement of cash flows****For the year ended March 31, 2017**

	2017	2016
<b>Cash flows from (used in) operating activities</b>		
Excess of (expenditure over revenue)		
revenue over expenditure for year	\$ (30,625)	87,665
Adjustment for		
Amortization of property and equipment	1,088	787
	(29,537)	88,452
Changes in non-cash working capital		
Increase in short-term investments	(47)	(58)
Increase in accounts receivable	(26,280)	
Increase in government remittances receivable	(1,195)	(1,960)
Increase in prepaid expenses	(13,144)	(3,290)
Increase (decrease) in accounts payable and accrued liabilities	7,194	(3,795)
(Decrease) increase in government remittances payable	(17,577)	2,280
Increase in deferred revenue	18,526	1,938
<b>Cash flows used in) from operating activities</b>	<b>(62,060)</b>	<b>83,567</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of property, plant and equipment	(3,480)	
Transfer from Endowment Fund	4,293	4,226
<b>Cash flows from investing activities</b>	<b>813</b>	<b>4,226</b>
<b>Net (decrease) increase in cash during year</b>	<b>(61,247)</b>	<b>87,793</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>350,447</b>	<b>262,654</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 289,200</b>	<b>350,447</b>

**BIG BROTHERS BIG SISTERS OF HALTON****(Incorporated without share capital)****Notes to financial statements****As at March 31, 2017**

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**1. Purpose of the organization**

Big Brothers Big Sisters of Halton operates as a charitable organization and was incorporated without share capital under the laws of the Province of Ontario.

Big Brothers Big Sisters of Halton is a volunteer based charitable organization that is committed to helping kids in need make healthy life choices through positive mentoring relationships.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

**a) Management estimates**

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the 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.

**b) Basis of accounting**

The organization follows the deferral method of accounting for contributions.

**c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less.

**d) Property and equipment**

Property and equipment are recorded at acquisition cost. Amortization is recorded at rates intended to write off the cost of the assets over their estimated useful life. Methods and rates used are:

Furniture and fixtures  
20% diminishing balance basis

Computer equipment  
30% diminishing balance basis

**BIG BROTHERS BIG SISTERS OF HALTON****(Incorporated without share capital)****Notes to financial statements****As at March 31, 2017**

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**2. Significant accounting policies – continued****e) Fund accounting**

For financial statement reporting purposes, the accounts have been classified into the following funds:

**i) Operating Fund**

Revenue and expenditure, other than those recorded in special purpose funds, are recorded in the Operating Fund.

**ii) Endowment Fund**

Amounts placed in the Endowment Fund are considered to be permanent in nature, pursuant to restrictions established at the time that donations are received, and only the investment income is recognized in the statement of changes in net assets.

**iii) Investment in property and equipment**

The investment in property and equipment reports the assets, liabilities and expenditure related to the property and equipment owned by the organization.

**f) Revenue recognition**

Contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from operating grants and subsidies are deferred and recognized as revenue in the financial period to which they relate.

Revenues from fundraising and investment activities are recognized when received.

**g) Contributed materials and services**

The organization recognizes contributed materials and services if the determination of fair value is readily available. The value of volunteer time is not reflected in these financial statements.

**3. Financial instruments****a) Fair value**

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

## BIG BROTHERS BIG SISTERS OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2017

### 3. Financial instruments – continued

#### b) 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 underlying market factors. The organization is exposed to interest rate risk.

##### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The organization's short-term investments earn interest at fixed rates. Consequently, the cash flow risks are not significant.

#### c) Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the organization is not subject to significant liquidity risk. The organization manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.

### 4. Property and equipment

		2017		2016	
	Cost	Accumulated amortization	Net	Net	Net
Furniture and fixtures	\$ 14,659	14,174	485	606	
Computer equipment	64,194	60,198	3,996	1,483	
	<u>\$ 78,853</u>	<u>74,372</u>	<u>4,481</u>	<u>2,089</u>	

Amortization recorded during the year amounted to \$1,088.

During the year, property and equipment were acquired for cash at an aggregate cost of \$3,480.

### 5. Deferred revenue

Deferred revenue represents grants received during the year that relate to a future period.

	2017	2016
Balance, beginning of year	\$ 35,498	33,560
Amount received in the year	706,303	564,620
Revenue recognized in the year	(687,777)	(562,682)
Balance, end of year	<u>\$ 54,024</u>	<u>35,498</u>



**BIG BROTHERS BIG SISTERS OF HALTON**

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2017

**6. Fundraising**

Fundraising activities for the year are as follows:

	2017	2016
Revenues		
Bowling	\$ 77,573	76,691
Curling	36,036	39,471
Dragonboat	6,562	
Golf tournament	55,737	55,920
On-line auction	19,657	14,767
Third party events	36,529	32,536
	<u>232,094</u>	<u>219,385</u>
Expenses		
Bowling	6,612	4,808
Curling	1,673	900
Dragonboat	700	
Golf tournament	17,280	17,155
Third party events	13,611	5,915
	<u>39,876</u>	<u>28,778</u>
Fundraising, net	\$ <u>192,218</u>	<u>190,607</u>

**7. Transfers between funds**

Transfers from the Endowment Fund to the Operating Fund represent income earned on endowed funds which is available to the organization for granting purposes.

**8. Related party transactions**

During the year, the organization entered into the following transactions with Big Brothers Big Sisters of Canada (BBBSC) and Big Brothers Big Sisters of Ontario (BBBSO), related by virtue of having the ability to significantly influence the strategic and operational policies and activities of the organization, measured at their exchange amount in the normal course of operations:

- a) Grant revenue was received from BBBSC, aggregating to \$96,900 for the year.
- b) Membership fees were paid to BBBSC, aggregating to \$18,068 for the year.
- c) Other licence fees paid to BBBSC, aggregating to \$2,586 for the year.
- d) Grant revenue was received from BBBSO, aggregating to \$7,500 for the year.

## BIG BROTHERS BIG SISTERS OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2017

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### 9. Operating lease commitments

Future minimum rental payments required under operating leases that have remaining terms in excess of one year are:

2018	\$	48,549
2019		31,162
2020		3,097
2021		<u>1,549</u>
	\$	<u>84,357</u>

### 10. Income tax status

The organization is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

### 11. Economic dependence

The organization is dependent primarily on the funding from local United Way agencies in order to carry out its operations.

### 12. Comparative figures

Certain figures in the 2016 financial statements have been reclassified to conform with the basis of presentation used in 2017.