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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2016**

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## REVIEW ENGAGEMENT REPORT

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To the Members of  
Big Brothers Big Sisters of the Fraser Valley

We have reviewed the statement of financial position of Big Brothers Big Sisters of the Fraser Valley as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

*Manning Elliott LLP*

Chartered Professional Accountants

Abbotsford, British Columbia

April 11, 2017

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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2016**

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	General Fund	Capital Fund	<b>2016</b> Total	<b>2015</b> Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash (Note 2)	\$ 317,106	\$ —	\$ 317,106	\$ 119,125
Accounts receivable (Note 3)	2,729	—	2,729	18,022
	319,835	—	319,835	137,147
<b>CAPITAL ASSETS (Note 4)</b>	—	492,028	492,028	503,851
	\$ 319,835	\$ 492,028	811,863	\$ 640,998
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities (Note 6)	\$ 18,611	\$ —	\$ 18,611	\$ 30,319
Unearned revenue	215,000	—	215,000	—
	233,611	—	233,611	30,319
<b>NET ASSETS</b>				
Invested in capital assets	—	492,028	492,028	503,851
Unrestricted	86,224	—	86,224	106,828
	86,224	492,028	578,252	610,679
	\$ 319,835	\$ 492,028	811,863	\$ 640,998

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY****STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2016**

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	General Fund	Capital Fund	2016 Total	2015 Total
<b>REVENUE</b>				
Government funding (Note 8)	\$ 277,034	\$ —	\$ 227,034	\$ 241,966
Mentoring grants	53,234	—	103,234	67,288
Fund development	198,238	—	198,238	259,007
External agreements	56,210	—	56,210	54,979
Interest revenue	232	—	232	176
Other revenue (Note 9)	8,070	—	8,070	21,251
	593,018	—	593,018	644,667
<b>EXPENSES</b>				
Amortization	—	23,610	23,610	23,070
Bad debt	4,918	—	4,918	—
Bank charges	2,542	—	2,542	2,254
Fund development	35,176	—	35,176	33,102
Mentoring program	27,618	—	27,618	20,370
Office	47,161	—	47,161	32,445
Payroll	396,481	—	396,481	369,109
Property	34,954	—	34,954	36,338
Support	52,985	—	52,985	39,441
	601,835	23,610	625,445	556,129
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ (8,817)	\$ (23,610)	\$ (32,427)	\$ 88,538

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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY****STATEMENT OF CHANGES IN NET ASSETS****YEAR ENDED DECEMBER 31, 2016**

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	General Fund	Capital Fund	<b>2016</b> Total	<b>2015</b> Total
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 106,828	\$ 503,851	\$ 610,679	\$ 522,141
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(8,817)	(23,610)	(32,427)	88,538
<b>INTERFUND TRANSFER</b>	—	—	—	—
<b>PURCHASE OF CAPITAL ASSETS DURING THE YEAR</b>	(11,787)	11,787	—	—
<b>NET ASSETS, END OF YEAR</b>	\$ 86,224	\$ 492,028	\$ 578,252	\$ 610,679

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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY****STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2016**

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	<b>2016</b>	<b>2015</b>
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (32,427)	\$ 88,538
Amortization	23,610	23,070
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Changes in non-cash working capital accounts	(8,817)	111,608
Accounts receivable	15,293	(11,690)
Accounts payable and accruals	(11,708)	(459)
Unearned revenue	215,000	(236,500)
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	209,768	(137,041)
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<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(11,787)	(9,383)
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<b>INCREASE (DECREASE) IN CASH RESOURCES DURING THE YEAR</b>	197,981	(146,424)
<b>CASH RESOURCES, BEGINNING OF YEAR</b>	119,125	265,549
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<b>CASH RESOURCES, END OF YEAR</b>	317,106	\$ 119,125

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## **BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

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#### **NATURE OF OPERATIONS**

The Society is incorporated under the laws of the Society Act of British Columbia. The Society's purpose is to enhance the emotional, social, and physical growth of youth from single parent homes. The primary means of attaining this goal is through the establishment of quality adult to child relationships.

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook – Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

The financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below.

##### **a) Fund accounting**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Society, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Two funds are maintained: the General Fund and the Capital Fund.

The General Fund is used to account for all revenue and expenses related to the general and ancillary operations of the Society.

The Capital Fund is used to account for all capital assets of the Society and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

##### **b) Financial instruments**

###### **Measurement**

The Society's financial instruments consist of cash, accounts receivable and accounts payable.

The Society initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions. Fair value is determined by the instrument's initial cost in a transaction between unrelated parties. The Society subsequently measures all financial assets and liabilities at amortized cost.

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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

c) Revenue recognition

The Society follows the deferral method of accounting for revenue. Restricted revenue is recognized during the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The Society recognizes fundraising revenue for events at the occurrence of the event.

d) Capital assets

Capital assets are stated at cost less accumulated amortization which is recorded over the useful lives of the assets on the declining balance basis, with a half-year's provision in the year of acquisition, at the following annual rates:

Buildings	4%
Computer equipment	30%
Office furniture and equipment	20%

e) Income taxes

The Society is registered as a charitable organization under the Income Tax Act of 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, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

f) Contributed services

Volunteers contribute a number of hours per year to assist the Society in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.



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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2016**

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organization 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 revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenue and expenses in the period in which they become known.

## 2. CASH

	<b>2016</b>	<b>2015</b>
Unrestricted cash	\$ 112,107	\$ 74,093
Restricted cash	204,999	45,032
	<hr/> \$ 317,106	<hr/> \$ 119,125

Restricted cash is comprised of Gaming Funds, which are restricted in accordance with Gaming rules for allowed uses.

## 3. ACCOUNTS RECEIVABLE

	<b>2016</b>	<b>2015</b>
Trade accounts receivable	\$ 1,136	\$ 16,924
Government remittance receivable	1,593	1,098
	<hr/> \$ 2,729	<hr/> \$ 18,022

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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2016**

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## 4. CAPITAL ASSETS

			<b>2016</b>	<b>2015</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 56,305	\$ —	\$ 56,305	\$ 56,305
Buildings	562,174	150,653	411,521	428,668
Computer equipment	61,621	48,670	12,951	12,705
Office furniture and equipment	36,584	25,333	11,251	6,173
	<hr/> \$ 716,684	<hr/> \$ 224,656	<hr/> \$ 492,028	<hr/> \$ 503,851

## 5. BANK INDEBTEDNESS

The Society has an operating line of credit authorized to a maximum of \$35,000, payable on demand. The line of credit bears interest at prime plus 1% per annum. The operating line of credit is secured as follows:

- A general security agreement granting a first security interest in all present and after acquired personal property; and
- First security interest over the Society's premises located at 2445 West Railway Street, Abbotsford BC.

The terms of the line of credit requires the Company to maintain a debt service coverage of 1.20:1. As at December 31, 2016, the Society was in compliance with this financial covenant.

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>2016</b>	<b>2015</b>
Trade accounts payable	\$ 17,932	\$ 29,919
Government remittances payable	679	400
	<hr/> \$ 18,611	<hr/> \$ 30,319

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**BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2016**

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**7. FINANCIAL INSTRUMENTS RISKS**

Financial instruments are subject to risk and uncertainties such as interest rate risk, liquidity risk, credit risk and market risk. In management's opinion, the Society is not exposed to any liquidity risk, credit risk, market risk, currency risk or other price risk.

**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 Society is exposed to interest rate risk on its operating line of credit. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The interest rate on bank indebtedness is disclosed in Note 5. There has been no change in the risk exposure from the prior year.

**8. GOVERNMENT FUNDING**

	<b>2016</b>	<b>2015</b>
Province of British Columbia - Community Gaming Grant	\$ 215,000	\$ 225,000
Government of Canada - Canada Summer Jobs Grant	12,034	16,966
Province of British Columbia - Human Service Career Program grant	50,000	—
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	\$ 227,034	\$ 241,966

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**9. OTHER REVENUE**

Included in other revenue is \$1,407 (2015 - \$3,320) of interest income earned on the endowment fund. The endowment fund is held by Abbotsford Community Foundation with any income earned allocated to the Society and has a principal balance of \$70,341 at year end. The endowment fund principal balance is not reflected in these financial statements.

**10. ECONOMIC DEPENDANCE**

The Society is economically dependant on the Community Gaming Grant of the Province of British Columbia as it receives a substantial portion its revenue from this source.