
BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of the Fraser Valley which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes comprising 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 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to fund development revenue, excess (deficiency) of revenue over expenses, and cash flows from operation for the years ended December 31, 2015 and 2014, total assets as at December 31, 2015 and 2014, and net assets at both the beginning and end of the December 31, 2015 and 2014 years.



INDEPENDENT AUDITORS' REPORT

Qualified Opinion

In our 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 Brothers Big Sisters of the Fraser Valley as at December 31, 2015 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations applied on a consistent basis.

Manning Elliott LLP

Chartered Professional Accountants

Abbotsford, British Columbia

March 28, 2016

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2015**

	General Fund	Capital Fund	2015 Total	2014 Total
ASSETS				
CURRENT ASSETS				
Cash (Note 2)	\$ 119,125	\$ —	\$ 119,125	\$ 265,549
Accounts receivable (Note 3)	18,022	—	18,022	6,332
	137,147	—	137,147	271,881
CAPITAL ASSETS (Note 4)	—	503,851	503,851	517,538
	\$ 137,147	\$ 503,851	640,998	\$ 789,419
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 6)	\$ 30,319	\$ —	\$ 30,319	\$ 30,778
Unearned revenue	—	—	—	236,500
	30,319	—	30,319	267,278
NET ASSETS (DEFICIT)				
Invested in capital assets	—	503,851	503,851	517,538
Unrestricted	106,828	—	106,828	4,603
	106,828	503,851	610,679	522,141
	\$ 137,147	\$ 503,851	640,998	\$ 789,419

Approved by the Board:

_____ Director

_____ Director

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2015**

	General Fund	Capital Fund	2015 Total	2014 Total
REVENUE				
Government funding (Note 8)	\$ 241,966	\$ —	\$ 241,966	\$ 236,244
Mentoring grants	67,288	—	67,288	60,470
Fund development	259,007	—	259,007	203,599
External agreements	54,979	—	54,979	55,898
Interest revenue	176	—	176	186
Other revenue (Note 9)	21,251	—	21,251	17,595
	<hr/> 644,667	<hr/> —	<hr/> 644,667	<hr/> 573,992
EXPENSES				
Amortization	—	23,070	23,070	22,904
Bank charges	2,254	—	2,254	2,281
Fund development	33,102	—	33,102	44,040
Mentoring program	20,370	—	20,370	22,074
Office	32,445	—	32,445	36,644
Payroll	369,109	—	369,109	453,950
Property	36,338	—	36,338	39,967
Support	39,441	—	39,441	46,335
	<hr/> 533,059	<hr/> 23,070	<hr/> 556,129	<hr/> 668,195
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES				
	\$ 111,608	\$ (23,070)	\$ 88,538	\$ (94,203)

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF CHANGES IN NET ASSETS****YEAR ENDED DECEMBER 31, 2015**

	General Fund	Capital Fund	Education Fund	2015 Total	2014 Total
NET ASSETS (DEFICIT), BEGINNING OF YEAR	\$ (26,889)	\$ 517,538	\$ 31,492	\$ 522,141	\$ 616,344
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	111,608	(23,070)	—	88,538	(94,203)
INTERFUND TRANSFER	31,492	—	(31,492)	—	—
PURCHASE OF CAPITAL ASSETS DURING THE YEAR	(9,383)	9,383	—	—	—
NET ASSETS, END OF YEAR	\$ 106,828	\$ 503,851	\$ —	\$ 610,679	\$ 522,141

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2015**

	2015	2014
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess (Deficiency) of revenue over expenses	\$ 88,538	\$ (94,203)
Amortization	23,070	22,904
	111,608	(71,299)
Changes in non-cash working capital accounts		
Accounts receivable	(11,690)	11,421
Accounts payable and accruals	(459)	5,967
Unearned revenue	(236,500)	11,500
	(137,041)	(42,411)
FINANCING ACTIVITIES		
Proceeds from term deposit	—	10,000
INVESTING ACTIVITY		
Purchase of capital assets	(9,383)	(5,343)
DECREASE IN CASH RESOURCES DURING THE YEAR	(146,424)	(37,754)
CASH RESOURCES, BEGINNING OF YEAR	265,549	303,303
CASH RESOURCES, END OF YEAR	119,125	\$ 265,549

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

Three funds are maintained: the General Fund, the Capital Fund and the Education 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.

The Education Fund is used to account for all revenue and expenses related to the future education by Little Brothers and Little Sisters for post-secondary education. During the year the Education Fund was dissolved with the fund balance transferred to the General Fund.

b) Financial instruments

Measurement

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

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.

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2015**

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

	2015	2014
Unrestricted cash	\$ 74,093	\$ 8,311
Restricted cash	45,032	257,238
	<hr/> \$ 119,125	<hr/> \$ 265,549

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

3. ACCOUNTS RECEIVABLE

	2015	2014
Trade accounts receivable	\$ 16,924	\$ 5,461
Government remittance receivable	1,098	871
	<hr/> \$ 18,022	<hr/> \$ 6,332

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2015**

4. CAPITAL ASSETS

			2015	2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 56,305	\$ —	\$ 56,305	\$ 56,305
Buildings	562,174	133,506	428,668	446,529
Computer equipment	56,848	44,143	12,705	9,896
Office furniture and equipment	29,571	23,398	6,173	4,808
	<hr/> \$ 704,898	<hr/> \$ 201,047	<hr/> \$ 503,851	<hr/> \$ 517,538

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, 2015, the Society was in compliance with this financial covenant.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade accounts payable	\$ 29,919	\$ 30,336
Government remittances payable	400	442
	<hr/> \$ 30,319	<hr/> \$ 30,778

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2015**

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

	2015	2014
Province of British Columbia - Community Gaming Grant	\$ 225,000	\$ 225,000
Government of Canada - Canada Summer Jobs Grant	16,966	11,244
	<hr/> \$ 241,966	<hr/> \$ 236,244

9. OTHER REVENUE

Included in other revenue is \$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.

11. COMPARATIVE FIGURES

The comparative figures for 2014 have been reclassified to ensure comparability with those of the current period. Such reclassification does not have any effect on the assets or earnings previously reported.