
BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of Big Brothers Big Sisters of the Fraser Valley that comprise of the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets 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 misstatements, whether due to fraud or error.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Big Brothers Big Sisters of the Fraser Valley as at December 31, 2018 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.

Manning Elliott LLP

Chartered Professional Accountants

Abbotsford, British Columbia

April 11, 2019

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2018**

	General Fund	Capital Fund	2018 Total	2017 Total
ASSETS				
CURRENT ASSETS				
Cash (Note 2)	\$ 122,630	\$ —	\$ 122,630	\$ 88,012
Accounts receivable (Note 3)	8,342	—	8,342	18,882
Prepays	2,323	—	2,323	1,996
	133,295	—	133,295	108,890
CAPITAL ASSETS (Note 4)	—	449,109	449,109	469,432
	\$ 133,295	\$ 449,109	582,404	\$ 578,322
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 6)	\$ 35,196	\$ —	\$ 35,196	\$ 26,042
Unearned revenue	—	—	—	1,500
	35,196	—	35,196	27,542
NET ASSETS				
Invested in capital assets	—	449,109	449,109	469,432
Unrestricted	98,099	—	98,099	81,348
	98,099	449,109	547,208	550,780
	\$ 133,295	\$ 449,109	582,404	\$ 578,322

Approved by the Board:

Director_____
Director

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2018**

	General Fund	Capital Fund	2018 Total	2017 Total
REVENUE				
Government funding (Note 8)	\$ 236,681	\$ —	\$ 236,681	\$ 230,797
Mentoring grants	81,065	—	81,065	30,569
Fund development	178,828	—	178,828	235,739
External agreements	90,147	—	90,147	77,576
Interest revenue	686	—	686	150
Other revenue (Note 9)	21,454	—	21,454	25,243
	608,861	—	608,861	600,074
EXPENSES				
Amortization	—	20,323	20,322	22,596
Bank charges	3,896	—	3,896	3,798
Fund development	34,882	—	34,882	38,091
Mentoring program	17,268	—	17,268	21,184
Office	28,728	—	28,728	57,944
Payroll	433,192	—	433,192	416,288
Property	25,809	—	25,809	21,612
Support	48,335	—	48,335	46,033
	592,110	20,323	612,433	627,546
DEFICIENCY OF REVENUE OVER EXPENSES	\$ 16,751	\$ (20,323)	\$ (3,572)	\$ (27,472)

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF CHANGES IN NET ASSETS****YEAR ENDED DECEMBER 31, 2018**

	General Fund	Capital Fund	2018 Total	2017 Total
NET ASSETS, BEGINNING OF YEAR	\$ 81,348	\$ 469,432	\$ 550,780	\$ 578,252
DEFICIENCY OF REVENUE OVER EXPENSES	16,751	(20,323)	(3,572)	(27,472)
INTERFUND TRANSFER	—	—	—	—
PURCHASE OF CAPITAL ASSETS DURING THE YEAR	—	—	—	—
NET ASSETS, END OF YEAR	\$ 98,099	\$ 449,109	\$ 547,208	\$ 550,780

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2018**

	2018	2017
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (3,572)	\$ (27,472)
Amortization	20,323	22,596
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Changes in non-cash working capital accounts	16,751	(4,876)
Prepays	(327)	(1,995)
Accounts receivable	10,540	(16,153)
Accounts payable and accruals	9,154	7,430
Unearned revenue	(1,500)	(213,500)
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	34,618	(229,094)
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INVESTING ACTIVITY		
Purchase of capital assets	—	—
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INCREASE (DECREASE) IN CASH RESOURCES DURING THE YEAR	34,618	(229,094)
CASH RESOURCES, BEGINNING OF YEAR	88,012	317,106
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CASH RESOURCES, END OF YEAR	\$ 122,630	\$ 88,012

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018**

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

	2018	2017
Unrestricted cash	\$ 117,752	\$ 83,843
Restricted cash	4,878	4,169
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	\$ 122,630	\$ 88,012

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

3. ACCOUNTS RECEIVABLE

	2018	2017
Trade accounts receivable	\$ 7,580	\$ 17,915
Government remittance receivable	762	967
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	\$ 8,342	\$ 18,882

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2018**

4. CAPITAL ASSETS

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 56,305	\$ —	\$ 56,305	\$ 56,305
Buildings	562,174	182,916	379,258	395,061
Computer equipment	61,621	55,275	6,346	9,065
Office furniture and equipment	36,584	29,384	7,200	9,001
	\$ 716,684	\$ 267,575	\$ 449,109	\$ 469,432

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, 2018, the Society was in compliance with this financial covenant.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade accounts payable	\$ 34,649	\$ 25,426
Government remittances payable	547	616
	\$ 35,196	\$ 26,042

BIG BROTHERS BIG SISTERS OF THE FRASER VALLEY**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2018**

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

	2018	2017
Province of British Columbia - Community Gaming Grant	\$ 225,000	\$ 215,000
Government of Canada - Canada Summer Jobs Grant	11,681	15,797
Province of British Columbia - Human Service Career Program grant	—	—
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	\$ 236,681	\$ 230,797

9. OTHER REVENUE

Included in other revenue is \$3,165 (2017 - \$3,693) 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.