

Financial Statements of

**BIG BROTHERS BIG SISTERS OF
VICTORIA CAPITAL REGION**

Year ended June 30, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of Big Brothers Big Sisters of Victoria Capital Region

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of Victoria Capital Region, which comprise the statement of financial position as at June 30, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and 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 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 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.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Victoria Capital Region as at June 30, 2016, and its results of 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 Society Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

November 2, 2016
Victoria, Canada

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Financial Position

June 30, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 127,043	\$ 132,221
Term deposit (note 2)	62,948	62,289
Accounts receivable	12,266	42,893
Prepaid expenses and deposits	9,588	13,125
	<u>211,845</u>	<u>250,528</u>
Capital assets (note 3)	14,801	16,305
	<u>\$ 226,646</u>	<u>\$ 266,833</u>

Liabilities and Net Assets

Current liabilities:		
Bank indebtedness (note 4)	\$ 6,790	\$ 38,723
Accounts payable and accrued liabilities	63,222	63,442
Deferred contributions (note 5)	116,662	116,633
	<u>186,674</u>	<u>218,798</u>
Net assets:		
Unrestricted	39,972	48,035
Commitments (note 6)		
	<u>\$ 226,646</u>	<u>\$ 266,833</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Operations

Year ended June 30, 2016, with comparative information for 2015

	2016		2015	
	Operations	Donation Centre	Total	Total
				(Schedule 1)
Revenue:				
Donation Centre revenue (note 10) \$	-	\$ 774,752	\$ 774,752	\$ 803,837
United Way contributions	102,946	-	102,946	75,832
Grants and subsidies	159,979	-	159,979	115,953
Fundraising and donations	109,844	-	109,844	112,324
Direct Access Gaming	143,004	-	143,004	143,004
Interest and miscellaneous	2,739	989	3,728	6,679
	518,512	775,741	1,294,253	1,257,629
Expenses:				
Advertising and promotion	7,004	1,803	8,807	2,519
Amortization	2,252	2,000	4,252	4,776
Building occupancy	50,823	53,011	103,834	100,556
Dues	12,506	170	12,676	12,835
Fundraising and development	7,681	-	7,681	16,901
Office	21,637	28,386	50,023	42,199
Professional	9,645	4,500	14,145	12,300
Program/Partnerships	20,208	87,681	107,889	108,017
Truck operating and rental	-	88,017	88,017	83,527
Wages and personnel	440,251	457,241	897,492	870,207
Contribution to Victoria Foundation (note 11)	7,500	-	7,500	-
	579,507	722,809	1,302,316	1,253,837
Excess (deficiency) of revenue over expenses	\$ (60,995)	\$ 52,932	\$ (8,063)	\$ 3,792

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Changes in Net Assets

Year ended June 30, 2016, with comparative information for 2015

	2015		2014
Net assets, beginning of year	\$ 48,035	\$	44,243
Excess (deficiency) of revenue over expenses	(8,063)		3,792
Net assets, end of year	\$ 39,972	\$	48,035

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Cash Flows

Year ended June 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (8,063)	\$ 3,792
<u>Amortization, an item not involving cash</u>	4,252	4,776
	(3,811)	8,568
Changes in non-cash operating working capital:		
Accounts receivable	30,627	(14,395)
Prepaid expenses and deposits	3,537	422
Accounts payable and accrued liabilities	(220)	(21,550)
<u>Deferred contributions</u>	29	372
	30,162	(26,583)
Financing:		
Increase (decrease) in bank indebtedness	(31,933)	38,723
Investing:		
Purchase of capital assets	(2,748)	(1,499)
<u>Increase in term deposit</u>	(659)	(834)
	(3,407)	(2,333)
Increase (decrease) in cash	(5,178)	9,807
Cash, beginning of year	132,221	122,414
<u>Cash, end of year</u>	<u>\$ 127,043</u>	<u>\$ 132,221</u>

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements

Year ended June 30, 2016

Big Brothers Big Sisters of Victoria Capital Region (the "Society") is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. The Society strives to recruit, screen and train volunteer mentors for children identified within the community who are vulnerable and in need of additional support. Mentored children have improved self-esteem, enhanced relationships within the classroom and community, improved social and academic development and increased ability to make healthy decisions. Risk and harm reduction is evident and the cost/benefit to community is significant. The intent is to spark a relationship that will endure while offering support and safety through a relationship based on friendship.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

Operations reports revenue and expenses related to program delivery and administrative activities.

The Donation Centre reports revenue and expenses related to the coordination and pick up of donated items. All of the funds raised through this social enterprise are invested in support for mentoring programs.

(b) Contributed materials and service:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Volunteers contribute time and expertise across the Society's operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2016

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost. Contributions of capital assets are recorded at fair value at the date of contribution.

Amortization is provided over the estimated useful lives of the assets, using the following rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer	Declining balance	30%
Leasehold improvements	Straight-line	lesser of useful life and remaining lease term

When a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in operations in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2016

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of the financial statements 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 year. Actual results could differ from those estimates.

2. Term deposit:

Term deposit is a cashable guaranteed investment certificate bearing interest at 1.05% (2015 - 1.05%) and maturing on April 16, 2017. This term deposit has been assigned as security for the operating line of credit (note 4).

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2016

3. Capital assets:

2016	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 96,025	\$ 90,517	\$ 5,508
Computer	80,327	74,104	6,223
Leasehold improvements	61,411	58,341	3,070
	\$ 237,763	\$ 222,962	\$ 14,801

2015	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 96,025	\$ 89,111	\$ 6,914
Computer	77,579	72,025	5,554
Leasehold improvements	66,993	63,156	3,837
	\$ 240,597	\$ 224,292	\$ 16,305

4. Bank indebtedness:

The Society has an operating line of credit with a credit union with a maximum of \$60,000. The operating line of credit bears interest, payable monthly, at a floating rate equal to the B.C. Central Credit Union Basic Rate and is secured by a term deposit (note 2). The rate as at June 30, 2016 was 2.70% (2015 - 2.85%). As at June 30, 2016, \$6,790 (2015 - \$38,723) was drawn on the operating line of credit.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2016

5. Deferred contributions:

Deferred contributions represent unspent resources that have been externally restricted for use in a specified program.

The changes for the year are as follows:

	2016	2015
Opening balance	\$ 116,633	\$ 116,261
Less prior year amounts recognized as revenue in the year:		
Direct Access Gaming	(95,723)	(95,352)
Add amounts received related to future periods:		
Direct Access Gaming	95,752	95,724
Closing balance	\$ 116,662	\$ 116,633

6. Commitments:

The Society is leasing its premises under a lease expiring May 31, 2018. Future minimum lease payments exclusive of occupancy costs will aggregate \$80,500.

The Society entered into a five year lease agreement to lease three trucks expiring September 1, 2018. The future minimum lease payments associated with the lease will aggregate \$86,450.

7. Financial risk management:

The Society's financial instruments include cash, term deposit, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from its financial instruments. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to risk exposures from 2015.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2016

8. Economic dependence:

The Society generated 60% (2015 - 63%) of its total revenue through sales of donated goods to a single organization.

9. Government remittances payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,743 (2015 - \$10,868) relating to payroll taxes, health taxes and workers' safety insurance.

10. Donation Centre revenue:

Donation Centre revenue includes \$27,025 (2015 - \$41,670) in cost recoveries for the operation of the attended donation station at Tillicum Centre.

11. Victoria Foundation Endowment Fund:

During the year, the Society transferred \$7,500 to the Victoria Foundation to create an endowment fund, the Big Brothers Big Sisters of Victoria Fund, to be held and managed in perpetuity by the Victoria Foundation. These funds were matched by the Victoria Foundation, therefore the fund balance at June 30, 2016 was \$15,000. At this time there have been no distributions received from the fund. Future distributions from the fund by the Victoria Foundation will be made in consultation with the Society and recorded as revenue.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Operations

Schedule 1

Year ended June 30, 2015

	Operations	Donation Centre	Total
Revenue:			
Donation Centre revenue (note 10)	\$ -	\$ 803,837	\$ 803,837
United Way contributions	75,832	-	75,832
Grants and subsidies	115,953	-	115,953
Fundraising and donations	112,324	-	112,324
Direct Access Gaming	143,004	-	143,004
Interest and miscellaneous	5,731	948	6,679
	<u>452,844</u>	<u>804,785</u>	<u>1,257,629</u>
Expenses:			
Advertising and promotion	1,793	726	2,519
Amortization	2,776	2,000	4,776
Building occupancy	50,450	50,106	100,556
Dues	12,665	170	12,835
Fundraising and development	16,901	-	16,901
Office	13,750	28,449	42,199
Professional	7,687	4,613	12,300
Program/Partnerships	26,300	81,717	108,017
Truck operating and rental	-	83,527	83,527
Wages and personnel	396,833	473,374	870,207
	<u>529,155</u>	<u>724,682</u>	<u>1,253,837</u>
Excess (deficiency) of revenue over expenses	\$ (76,311)	\$ 80,103	\$ 3,792