

Financial Statements of

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

Year ended June 30, 2018



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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, 2018, 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, 2018, 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 Societies 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

Victoria, Canada
October 23, 2018

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Financial Position

June 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 393,747	\$ 250,924
Term deposit (note 2)	64,524	63,916
Accounts receivable	28,250	39,132
<u>Prepaid expenses and deposits</u>	<u>8,001</u>	<u>10,093</u>
	494,522	364,065
Capital assets (note 3)	26,293	12,176
	<u>\$ 520,815</u>	<u>\$ 376,241</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 110,774	\$ 121,858
<u>Deferred contributions (note 5)</u>	<u>216,119</u>	<u>134,683</u>
	326,893	256,541
Deferred capital contributions (note 6)	11,550	-
Net assets:		
Unrestricted	27,629	57,524
Internally restricted (note 13)	140,000	50,000
<u>Invested in capital assets</u>	<u>14,743</u>	<u>12,176</u>
	182,372	119,700
Commitments (note 7)		
	<u>\$ 520,815</u>	<u>\$ 376,241</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, 2018, with comparative information for 2017

			2018		2017	
	Operations	Donation Centre	Total	Total		
	(Schedule 1)					
Revenue:						
Donation Centre revenue	\$ -	\$ 1,345,932	\$ 1,345,932	\$ 1,284,168		
United Way contributions	38,856	-	38,856	86,442		
Grants and subsidies	142,009	-	142,009	141,802		
Fundraising and donations	128,311	-	128,311	92,145		
Direct Access Gaming	143,004	-	143,004	143,004		
Interest and miscellaneous	10,717	228	10,945	8,727		
Amortization of deferred capital contributions	4,950	-	4,950	-		
	467,847	1,346,160	1,814,007	1,756,288		
Expenses:						
Advertising and promotion	7,513	981	8,494	8,680		
Amortization	5,412	5,164	10,576	3,681		
Building occupancy	50,473	51,976	102,449	105,806		
Dues	14,960	170	15,130	12,758		
Fundraising and development	15,480	-	15,480	7,523		
Office	9,923	24,496	34,419	48,959		
Professional	6,878	4,500	11,378	9,840		
Program/Partnerships	25,465	558,483	583,948	526,087		
Truck operating and rental	-	88,334	88,334	87,251		
Wages and personnel	482,135	398,992	881,127	865,975		
	618,239	1,133,096	1,751,335	1,676,560		
Excess (deficiency) of revenue over expenses	\$ (150,392)	\$ 213,064	\$ 62,672	\$ 79,728		

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Changes in Net Assets

Year ended June 30, 2018, with comparative information for 2017

				2018	2017
	Unrestricted	Internally restricted	Invested in capital assets	Total	Total
Net assets, beginning of year	\$ 57,524	\$ 50,000	\$ 12,176	\$ 119,700	\$ 39,972
Excess (deficiency) of revenue over expenses	68,298	-	(5,626)	62,672	79,728
Transfers:					
Purchases of capital assets	(8,193)	-	8,193	-	-
Internal restrictions (note 13)	(90,000)	90,000	-	-	-
	(98,193)	90,000	8,193	-	-
Net assets, end of year	\$ 27,629	\$ 140,000	\$ 14,743	\$ 182,372	\$ 119,700

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Cash Flows

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 62,672	\$ 79,728
Amortization of deferred capital contributions	(4,950)	-
Amortization of capital assets	10,576	3,681
	68,298	83,409
Changes in non-cash operating working capital:		
Accounts receivable	10,882	(27,170)
Prepaid expenses and deposits	2,092	(505)
Accounts payable and accrued liabilities	(11,084)	58,636
Deferred contributions	81,436	18,021
	151,624	132,391
Financing:		
Decrease in bank indebtedness	-	(6,790)
Capital contributions received	16,500	-
	16,500	(6,790)
Investing:		
Purchase of capital assets	(24,693)	(1,056)
Decrease in term deposit	(608)	(664)
	(25,301)	(1,720)
Increase in cash	142,823	123,881
Cash, beginning of year	250,924	127,043
Cash, end of year	\$ 393,747	\$ 250,924

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements

Year ended June 30, 2018

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. On November 28, 2016, the new Societies Act (British Columbia) became effective. The Society transitioned to the new Societies Act on April 5, 2018.

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.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2018

1. Significant accounting policies (continued):

(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.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a basis and rate corresponding with the amortization rate for the related capital asset.

(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 equipment	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.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2018

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

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.

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% (2017 - 0.95%) and maturing on April 16, 2019. 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, 2018

3. Capital assets:

2018	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 96,143	\$ 92,542	\$ 3,601
Computer equipment	105,957	85,230	20,727
Leasehold improvements	61,411	59,446	1,965
	\$ 263,511	\$ 237,218	\$ 26,293

2017	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 96,025	\$ 91,524	\$ 4,501
Computer equipment	81,382	76,163	5,219
Leasehold improvements	61,411	58,955	2,456
	\$ 238,818	\$ 226,642	\$ 12,176

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, 2018 was 3.45% (2017 - 2.70%). As at June 30, 2018, nil (2017 - nil) 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, 2018

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:

	2018	2017
Opening balance	\$ 134,683	\$ 116,662
Add amounts received:		
Direct Access Gaming	143,000	143,000
Other grants and contributions	99,406	18,000
Less amounts recognized as revenue in the year:		
Direct Access Gaming	(142,970)	(142,979)
Other grants and contributions	(18,000)	-
Closing balance	\$ 216,119	\$ 134,683

6. Deferred capital contributions:

During the year the Society received a capital project gaming grant for \$16,500. The amount was spent on computer equipment. Amortization of \$4,950 was recorded in revenue.

7. Commitments:

The Society is leasing its premises under a lease expiring May 31, 2023. Future minimum lease payments exclusive of occupancy costs will aggregate \$237,006 (2017 - \$38,500).

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 \$6,550 (2017 - \$46,550). The lease agreement stipulated that the Society guarantees the residual value of each truck at the termination of the lease. On August 31, 2018, the Society purchased the trucks for \$31,410 which effectively eliminated the requirement to remediate the trucks on termination of the lease.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2018

8. 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 2017.

9. Economic dependence:

The Society operates a donation centre from which it generated 74% (2017 - 73%) of its total revenue through sales of donated goods to a single organization.

10. Government remittances payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,777 (2017 - \$5,737) relating to payroll taxes, health taxes and workers' safety insurance.

11. Foundation Endowment Funds:

(a) Victoria Foundation:

In 2016 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. The fund market value at June 30, 2018 was \$17,088 (2017 - \$16,600). There have been no distributions received from the fund to date. Future distributions from the fund by the Victoria Foundation will be made in consultation with the Society and recorded as revenue.

(b) Vancouver Foundation:

In 1991 the Harry deSwager Big Brothers and Big Sisters of Victoria Bursary Fund was established at the Vancouver Foundation and, in accordance with the provisions of the Vancouver Foundation Act, the Fund is held permanently by the Vancouver Foundation.

The market value of the fund at June 30, 2018 was \$21,362 (2017 - \$20,997). Distributions from the fund are awarded as bursaries.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2018

12. Employee and contractor remuneration:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending June 30, 2018, the Society paid remuneration of \$92,828 to one employee (2017 - \$93,912 to one employee). There were no remuneration payments made to directors during the year.

13. Internally restricted:

In 2017 the Board of Directors of the Society internally restricted \$25,000 as an insurance reserve and \$25,000 as an operating contingency.

During fiscal 2018, the Board of Directors of the Society internally restricted a further \$90,000 to be added to the reserves for operating contingencies.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Operations

Schedule 1

Year ended June 30, 2017

	Operations	Donation Centre	Total
Revenue:			
Donation Centre revenue	\$ -	\$ 1,284,168	\$ 1,284,168
United Way contributions	86,442	-	86,442
Grants and subsidies	141,802	-	141,802
Fundraising and donations	92,145	-	92,145
Direct Access Gaming	143,004	-	143,004
Interest and miscellaneous	7,682	1,045	8,727
Amortization of deferred capital contributions	4,950	-	-
	476,025	1,285,213	1,756,288
Expenses:			
Advertising and promotion	6,517	2,163	8,680
Amortization	1,681	2,000	3,681
Building occupancy	51,092	54,714	105,806
Dues	12,588	170	12,758
Fundraising and development	7,523	-	7,523
Office	18,174	30,785	48,959
Professional	5,340	4,500	9,840
Program/Partnerships	24,163	501,924	526,087
Truck operating and rental	-	87,251	87,251
Wages and personnel	451,547	414,428	865,975
	578,625	1,097,935	1,676,560
Excess (deficiency) of revenue over expenses	\$ (102,600)	\$ 187,278	\$ 79,728