

Financial Statements of

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

Year ended June 30, 2019



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Big Brothers Big Sisters of Victoria Capital Region (the Entity), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2019 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



***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 year.

Chartered Professional Accountants

Victoria, Canada  
October 22, 2019

# BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

## Statement of Financial Position

June 30, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 463,595	\$ 393,747
Term deposit (note 2)	65,492	64,524
Accounts receivable	15,960	28,250
<u>Prepaid expenses and deposits</u>	<u>11,813</u>	<u>8,001</u>
	556,860	494,522
Capital assets (note 3)	41,927	26,293
	<u>\$ 598,787</u>	<u>\$ 520,815</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 145,407	\$ 110,774
<u>Deferred contributions (note 5)</u>	<u>219,267</u>	<u>216,119</u>
	364,674	326,893
Deferred capital contributions (note 6)	8,085	11,550
Net assets:		
Unrestricted	52,186	27,629
Internally restricted (note 7)	140,000	140,000
<u>Invested in capital assets</u>	<u>33,842</u>	<u>14,743</u>
	226,028	182,372
Commitments (note 8)		
	<u>\$ 598,787</u>	<u>\$ 520,815</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, 2019, with comparative information for 2018

	2019			2018	
	Operations	Donation Centre	Total	Total	
					(Schedule 1)
Revenue:					
Donation Centre revenue	\$ -	\$ 1,220,408	\$ 1,220,408	\$ 1,345,932	
United Way contributions	56,179	-	56,179	38,856	
Grants and subsidies (note 9)	299,393	-	299,393	285,013	
Fundraising and donations	166,592	-	166,592	128,311	
Interest and miscellaneous	2,067	316	2,383	10,945	
Amortization of deferred capital contributions	3,465	-	3,465	4,950	
	527,696	1,220,724	1,748,420	1,814,007	
Expenses:					
Advertising and promotion	2,129	204	2,333	8,494	
Amortization	10,000	10,981	20,981	10,576	
Building occupancy	59,612	58,861	118,473	102,449	
Dues	13,137	304	13,441	15,130	
Fundraising and development	19,522	-	19,522	15,480	
Office	16,113	24,900	41,013	34,419	
Professional	5,402	13,971	19,373	11,378	
Program/Partnerships	30,260	480,852	511,112	583,948	
Truck operating and rental	-	60,308	60,308	88,334	
Wages and personnel	480,929	417,279	898,208	881,127	
	637,104	1,067,660	1,704,764	1,751,335	
Excess (deficiency) of revenue over expenses	\$ (109,408)	\$ 153,064	\$ 43,656	\$ 62,672	

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

## Statement of Changes in Net Assets

Year ended June 30, 2019, with comparative information for 2018

				2019	2018
	Unrestricted	Internally restricted	Invested in capital assets	Total	Total
Net assets, beginning of year	\$ 27,629	\$ 140,000	\$ 14,743	\$ 182,372	\$ 119,700
Excess (deficiency) of revenue over expenses	61,172	-	(17,516)	43,656	62,672
Transfers:					
Purchases of capital assets	(36,615)	-	36,615	-	-
Net assets, end of year	\$ 52,186	\$ 140,000	\$ 33,842	\$ 226,028	\$ 182,372

See accompanying notes to financial statements.



# BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

## Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 43,656	\$ 62,672
Amortization of deferred capital contributions	(3,465)	(4,950)
Amortization of capital assets	20,981	10,576
	61,172	68,298
Changes in non-cash operating working capital:		
Accounts receivable	12,290	10,882
Prepaid expenses and deposits	(3,812)	2,092
Accounts payable and accrued liabilities	34,633	(11,084)
Deferred contributions	3,148	81,436
	107,431	151,624
Financing:		
Capital contributions received	-	16,500
Investing:		
Purchase of capital assets	(36,615)	(24,693)
Increase in term deposit	(968)	(608)
	(37,583)	(25,301)
Increase in cash	69,848	142,823
Cash, beginning of year	393,747	250,924
Cash, end of year	\$ 463,595	\$ 393,747

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

## Notes to Financial Statements

Year ended June 30, 2019

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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, 2019

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## 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
Vehicles	Straight-line	8 years
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	lesser of useful life and remaining lease term

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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, 2019

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## 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 1.75% (2018 - 1.05%) and maturing on April 16, 2020. 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, 2019

## 3. Capital assets:

2019	Cost	Accumulated amortization	Net book value
Vehicles	\$ 34,774	\$ 11,475	\$ 23,299
Furniture and fixtures	96,143	93,364	2,779
Computer equipment	107,796	91,947	15,849
Leasehold improvements	61,411	61,411	-
	\$ 300,124	\$ 258,197	\$ 41,927

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

## 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, 2019 was 3.95% (2018 - 3.45%). As at June 30, 2019, nil (2018 - 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, 2019

## 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:

	2019	2018
Opening balance	\$ 216,119	\$ 134,683
Add amounts received:		
Community Gaming Grant	149,000	143,000
Other grants and contributions	136,488	99,406
Less amounts recognized as revenue in the year:		
Community Gaming Grant	(145,004)	(142,970)
Other grants and contributions	(137,336)	(18,000)
Closing balance	\$ 219,267	\$ 216,119

## 6. Deferred capital contributions:

In the prior year, the Society received a capital project gaming grant of \$16,500 that was spent on computer equipment. Amortization of \$3,465 (2018 - \$4,950) has been recorded in revenue.

## 7. Internally restricted:

The Board of Directors of the Society has restricted \$25,000 as an insurance reserve and \$115,000 as an operating contingency reserve.

There were no changes to internally restricted funds during fiscal 2019.

## 8. Commitments:

The Society is leasing its premises under a lease expiring May 31, 2023. Future minimum lease payments exclusive of occupancy costs will aggregate \$191,705 (2018 - \$237,006).

# BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2019

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## 9. Grants and subsidies:

Grant and subsidy revenue by source is as follows:

	2019	2018
Federal government	\$ 3,036	\$ -
School District #62	30,000	-
Municipal government	6,000	4,200
Non-government	115,353	137,809
Community Gaming Grant	145,004	143,004
	<u>\$ 299,393</u>	<u>\$ 285,013</u>

## 10. Financial risk management:

The Society's financial instruments include cash, term deposit, accounts receivable 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 2018.

## 11. Economic dependence:

The Society operates a donation centre from which it generated 70% (2018 - 74%) of its total revenue through sales of donated goods to a single organization. The sales contract is subject to review and renewal on December 31, 2019.

## 12. Government remittances payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,323 (2018 - \$4,777) relating to payroll taxes, health taxes and workers' safety insurance.

# BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2019

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## 13. 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, 2019 was \$22,920 (2018 - \$17,088). 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, 2019 was \$21,527 (2018 - \$21,362). Distributions from the fund are awarded as bursaries.

## 14. 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, 2019, the Society paid remuneration of \$94,169 to one employee (2018 - \$92,828 to one employee). There were no remuneration payments made to directors during the year.



# BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Operations

Schedule 1

Year ended June 30, 2018

	Operations	Donation Centre	Total
<b>Revenue:</b>			
Donation Centre revenue	\$ -	\$ 1,345,932	\$ 1,345,932
United Way contributions	38,856	-	38,856
Grants and subsidies (note 9)	285,013	-	285,013
Fundraising and donations	128,311	-	128,311
Interest and miscellaneous	10,717	228	10,945
Amortization of deferred capital contributions	4,950	-	4,950
	<u>467,847</u>	<u>1,346,160</u>	<u>1,814,007</u>
<b>Expenses:</b>			
Advertising and promotion	7,513	981	8,494
Amortization	5,412	5,164	10,576
Building occupancy	50,473	51,976	102,449
Dues	14,960	170	15,130
Fundraising and development	15,480	-	15,480
Office	9,923	24,496	34,419
Professional	6,878	4,500	11,378
Program/Partnerships	25,465	558,483	583,948
Truck operating and rental	-	88,334	88,334
Wages and personnel	482,135	398,992	881,127
	<u>618,239</u>	<u>1,133,096</u>	<u>1,751,335</u>
Excess (deficiency) of revenue over expenses	\$ (150,392)	\$ 213,064	\$ 62,672