

Big Brothers of Greater Vancouver
Financial Statements
For the year ended July 31, 2018

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For the year ended July 31, 2018**

Contents

Independent Auditors' Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	10
Schedule of Revenue	17

ABERCROMBY MELNYCHUK

CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditors' Report

**To the Members of
Big Brothers of Greater Vancouver**

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers of Greater Vancouver, which comprise the statement of financial position as at July 31, 2018, and the statements of operations and 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 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 the auditor's 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, the auditor considers 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 are 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 is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Big Brothers of Greater Vancouver as at July 31, 2018 and the results of its operations and 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 Societies Act, we report that, in our opinion these principles have been applied on a basis consistent with that of the preceding year.

Abercromby Melnychuk

Chartered Professional Accountants

November 13, 2018
Surrey, British Columbia


Big Brothers of Greater Vancouver Statement of Financial Position

July 31	2018	2017
Assets		
Current		
Cash	\$ 69,783	\$ 44,373
Accounts receivable	142,991	189,448
Prepaid expenses	30,619	22,658
	243,393	256,479
Capital assets (Note 1)	8,843	-
	\$ 252,236	\$ 256,479

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 42,550	\$ 80,292
Salaries payable	72,866	69,403
	115,416	149,695
Deferred contributions (Note 2)	50,395	35,096
	165,811	184,791
Commitments (Note 3)		
Net Assets		
Unrestricted	86,425	71,688
	\$ 252,236	\$ 256,479

On behalf of the Board:

 _____ Director

 _____ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Big Brothers of Greater Vancouver Statement of Operations and Changes in Net Assets

For the year ended July 31	2018	2017
Revenue		
Donations (Schedule)	\$ 2,071,418	\$ 2,068,872
Government grants (Schedule)	273,788	244,231
Interest	200	954
	<u>2,345,406</u>	<u>2,314,057</u>
Expenditures		
Core programs		
Community	577,163	794,024
School	168,551	189,612
Teen	278,368	329,540
Group	838,788	572,479
	<u>1,862,870</u>	<u>1,885,655</u>
Fundraising expenses	47,401	-
General and administrative	183,512	208,909
National affiliation fees	18,266	18,009
Professional fees	13,876	15,852
Recruitment and community outreach	166,666	185,945
Training and development	38,078	18,565
	<u>2,330,669</u>	<u>2,332,935</u>
Excess (deficiency) of revenue over expenditures for the year	14,737	(18,878)
Net assets, beginning of year	<u>71,688</u>	<u>90,566</u>
Net assets, end of year	<u>\$ 86,425</u>	<u>\$ 71,688</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Big Brothers of Greater Vancouver Statement of Cash Flows

For the year ended July 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 14,737	\$ (18,878)
Item not involving cash		
Amortization of capital assets	66	-
	14,803	(18,878)
Changes in non-cash working capital balances		
Accounts receivable	46,457	(139,573)
Prepaid expenses	(7,961)	274
Accounts payable and accrued liabilities	(37,742)	24,175
Salaries payable	3,463	10,263
Deferred contributions	15,299	(31,899)
	19,516	(136,760)
Investing activities		
Purchase of capital assets	(8,909)	-
Increase (decrease) in cash during the year	25,410	(155,638)
Cash, beginning of year	44,373	200,011
Cash, end of year	\$ 69,783	\$ 44,373

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Big Brothers of Greater Vancouver Summary of Significant Accounting Policies

July 31, 2018

Nature and Purpose of Organization

Big Brothers of Greater Vancouver is incorporated under the British Columbia Societies Act. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Organization was founded for the purpose of providing support to children who need positive adult role models in their lives.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and salaries payable.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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.

The Organization recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Big Brothers of Greater Vancouver Summary of Significant Accounting Policies

July 31, 2018

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the assets using the declining balance basis and the following annual rates:

Asset	Rate
Furniture and equipment	20%
Leasehold improvements	20%

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which include government grants, donations and other sources of funding. Government grants and other restricted program funding are recorded as revenue in the period to which they relate. Where a portion of such a grant relates to a future period, it is deferred and recognized in the subsequent period.

Unrestricted contributions and fundraising activities are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Donations-in-Kind

Donated "in-kind" materials are recorded at fair market value, when determinable, on receipt of the product and are recorded as revenue if the product would have been purchased by the Organization in the normal course of operations. A corresponding "in-kind" expense is recorded at an equal amount. The contribution of services by volunteers, which is a significant benefit to the Organization in carrying out its programs, is not reflected in the financial statements due to the difficulty of determining its fair value.

Big Brothers of Greater Vancouver Summary of Significant Accounting Policies

July 31, 2018

Allocation of Expenses

Expenditures in the Statement of Operations are recorded on an accrual basis and where applicable are charged directly to programs according to the activity they benefit. The Organization allocates certain of its general support expenses to programs by identifying an appropriate basis of allocation and applying that basis consistently each year. General support expenses include occupancy, computer maintenance, telephone, administration fees, office and miscellaneous and insurance. Occupancy, computer maintenance and telephone expenditures are allocated based on the number of staff employed for specific purposes. Administration fees, office and miscellaneous and insurance are not allocated, but are included in general and administrative expenditures.

Total core program expenditures are generally allocated between specific core programs on the basis of actual "Matches" of little brothers to big brothers during the year by program.

Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Controlled Entities

The Organization has the right to appoint the majority of the voting members to the Big Brothers of Greater Vancouver Foundation and therefore the Foundation is considered a controlled entity. The Organization does not consolidate controlled entities. Financial information related to the Big Brothers of Greater Vancouver Foundation is disclosed in Note 10.

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2018

1. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 658	\$ 66	\$ -	\$ -
Leasehold improvements	8,251	-	-	-
	\$ 8,909	\$ 66	\$ -	\$ -
Net book value		\$ 8,843		\$ -

2. Deferred Contributions

	2018		2017	
(i) Deferred Contributions consist of the following:				
Donations	\$ 43,380		\$ 28,381	
Government grants	7,015		6,715	
	\$ 50,395		\$ 35,096	
(ii) Changes in Deferred Contributions were as follows:				
Opening balance	\$ 35,096		\$ 66,995	
Add amounts received				
Donations	140,285		125,285	
Government grants	245,288		214,587	
Less amounts allocated to revenue				
Donations	(125,286)		(137,040)	
Government grants	(244,988)		(234,731)	
Ending balance	\$ 50,395		\$ 35,096	

Deferred contributions arise from externally restricted operating funds received in a current year that are related to expenses expected to be incurred in a subsequent period.

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2018

3. Commitments

The Organization is committed to the following future annual minimum lease payments for its premises:

	Total	Anticipated Recoveries	Net
2019	\$ 208,478	\$ 41,615	\$ 166,863
2020	209,233	41,615	167,618
2021	113,555	20,808	92,747
2022	35,452	-	35,452
2023	30,924	-	30,924
	\$ 597,642	\$ 104,038	\$ 493,604

Anticipated recoveries are from month by month sub-leases with Big Brothers of Greater Vancouver Foundation and Renew Crew Foundation. The annual premises lease payments exclude maintenance, property taxes, insurance, and other operating costs, which change each year. For the year ended July 31, 2018 these costs amounted to an additional \$77,595 (2017 - \$73,788) in occupancy costs.

4. Endowment Funds

The Organization has two permanent endowments:

- (i) The Big Brothers of Greater Vancouver Endowment Fund held by the Vancouver Foundation in the amount of \$20,000, and
- (ii) The Whistler and Pemberton Big Brothers / Big Sisters Fund held by the Community Foundation of Whistler in the amount of \$7,560.

The Organization is only entitled to the interest earned on these funds, which amounted to \$1,152 (2017 - \$1,141). Accordingly the endowment fund capital is not reflected in the Organization's assets.

5. Economic Dependence

The Organization received 80.4% (2017 - 81.2%) of its total operating revenue from the Big Brothers of Greater Vancouver Foundation, which receives a majority of its revenue from the Renew Crew Foundation. The financial ability for the Organization to carry out its existing level of programs in the short term is dependent on the donations received from these Foundations.

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2018

6. Financial Instruments

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. Management is of the opinion that there was no significant change in risk exposures from the previous year. The following analysis provides a measure of the Organization's risk exposure and concentrations at July 31, 2018:

Credit Risk

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable arise primarily from grants and donations receivable. The maximum exposure to credit risk is the carrying value of accounts receivable on the statement of financial position. At July 31, 2018, 86% (2017 - 95%) of the Organization's accounts receivable were due from one entity.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and salaries payable.

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2018

7. Allocation of Expenses

Occupancy, computer maintenance and telephone expenditures of \$277,707 (2017 - \$260,301) have been allocated to the following:

	2018	2017
Programs	\$ 265,289	\$ 244,468
Recruitment and community outreach	12,418	15,833
	\$ 277,707	\$ 260,301

8. Significantly Influenced Organization

As a result of certain common management activities, the Organization is considered to have significant influence over the operations of the Renew Crew Foundation. The stated objectives of the Renew Crew Foundation are to fund, facilitate, promote and carry out activities and programs which are beneficial to the community as a whole. It currently raises funds through the sale of used clothing and other items collected from the general public. The Renew Crew Foundation was incorporated under the Canada Corporation's Act and is registered as an extraprovincial society under the British Columbia Societies Act. As a registered charity, the Renew Crew Foundation is exempt from income tax and may issue receipts for charitable donations. During the year the Renew Crew Foundation donated \$1,770,000 (2017 - \$1,835,000) to the Big Brothers of Greater Vancouver Foundation, a non-consolidated controlled entity of the Organization.

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2018

9. Related Party Transactions

The Organization had the following transactions with organizations considered related by common management:

	2018	2017
Big Brothers of Greater Vancouver Foundation		
Donations received	\$ 1,885,000	\$ 1,880,000
Amounts received and offset against core program expenditures	\$ 59,074	\$ 57,515
Amounts paid for core program expenditures	\$ 160,247	\$ 167,983
Amounts paid for general and administrative expenditures	\$ 155,556	\$ 179,588
Amounts paid for marketing services	\$ 124,077	\$ 95,729
Renew Crew Foundation		
Amounts received and offset against core program expenditures	\$ 28,400	\$ 28,400

These transactions were in the normal course of operations and were measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates their arm's length equivalent value.

Amounts included in accounts receivable from the related parties arising from these transactions are as follows:

	2018	2017
Big Brothers of Greater Vancouver Foundation	\$ 123,002	\$ 180,000

Amounts included in accounts payable to the related parties arising from these transactions are as follows:

	2018	2017
Big Brothers of Greater Vancouver Foundation	\$ 19,548	\$ 62,297

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2018

10. Non-Consolidated Controlled Entity

Big Brothers of Greater Vancouver Foundation was incorporated under the British Columbia Societies Act and is a registered charity under the Income Tax Act. The main purpose of the Foundation is to provide support to an organization dedicated to the furthering of the emotional, physical and spiritual well-being of children who do not have ongoing adult guidance and contact. The Organization is the main recipient of the fundraising support activities carried out by the Foundation. Members of the Foundation, who elect its Directors, are restricted to those persons who serve on the Executive Committee of the Organization.

Summarized unaudited financial information of the Foundation at July 31, 2018 and 2017 was as follows:

	2018	2017
Financial position		
Total assets	\$ 1,607,292	\$ 1,416,772
Liabilities	331,371	471,680
Net assets	\$ 1,275,921	\$ 945,092
Results of operations		
Revenue		
Donations	\$ 2,578,716	\$ 2,042,059
Fundraising	698,547	794,788
Net investment (loss) income	(214,972)	7,942
Total revenue	3,062,291	2,844,789
Expenditures		
Fundraising and development	584,643	710,290
General and administrative	261,819	277,919
Grants	1,885,000	1,880,000
Total expenditures	2,731,462	2,868,209
Excess (deficiency) of revenue over expenditures for the year	\$ 330,829	\$ (23,420)
Cash flows		
Cash flow from (to):		
Operating activities	\$ 376,238	\$ (717)
Investing activities	(333,713)	(16,938)
Financing activities	-	10,000
Increase (decrease) in cash during year	\$ 42,525	\$ (7,655)

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2018

11. Director, Employee and Contractor Remuneration

Under the disclosure requirements of the British Columbia Societies Act, the Organization must report the amount of remuneration paid to the ten highest paid employees where their remuneration, comprised of salaries and benefits, exceeds \$75,000. The Organization operates using a shared service model with related organizations. Under this model, remuneration is allocated proportionately to the respective organization. If the remuneration allocated to the Organization does not exceed \$75,000, the remuneration is not included in this note disclosure. The Organization had one employee who was paid remuneration of \$81,608 during the year. There were no payments made to Directors in the year.

**Big Brothers of Greater Vancouver
Schedule of Revenue**

For the year ended July 31	2018	2017
Donations		
Big Brothers of Greater Vancouver Foundation	\$ 1,885,000	\$ 1,880,000
United Way	125,285	125,285
General donations	31,896	22,806
Fundraising	29,237	25,899
Other charities	-	14,882
	\$ 2,071,418	\$ 2,068,872
Government Grants		
Provincial	\$ 204,700	\$ 170,000
Municipal	69,088	74,231
	\$ 273,788	\$ 244,231