

**Big Brothers of Greater
Vancouver Foundation
Financial Statements
For the year ended July 31, 2017
(Unaudited)**

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Financial Statements
For the year ended July 31, 2017
(Unaudited)

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ABERCROMBY MELNYCHUK

CHARTERED PROFESSIONAL ACCOUNTANTS

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Review Engagement Report

To the Members of Big Brothers of Greater Vancouver Foundation

We have reviewed the statement of financial position of Big Brothers of Greater Vancouver Foundation as at July 31, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Foundation's management.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Abercromby Melnychuk

Chartered Professional Accountants

Surrey, British Columbia
November 23, 2017

**Big Brothers of Greater Vancouver Foundation
Statement of Financial Position
(Unaudited)**

July 31	2017	2016
Assets		
Current		
Cash	\$ 111,875	\$ 119,530
Accounts receivable	296,008	125,402
Prepaid expenses	35,272	35,011
	443,155	279,943
Portfolio investments (Note 1)	937,336	937,244
Capital assets (Note 2)	36,281	38,717
	\$ 1,416,772	\$ 1,255,904

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 210,292	\$ 92,790
Unearned revenue	121,802	148,402
Salaries payable	130,844	44,336
	462,938	285,528
Deferred contributions (Note 4)	8,742	1,864
	471,680	287,392
Net Assets		
Unrestricted	945,092	968,512
	\$ 1,416,772	\$ 1,255,904

On behalf of the Board:


 _____ Director


 _____ Director

**Big Brothers of Greater Vancouver Foundation
Statement of Operations and Changes in Net Assets
(Unaudited)**

For the year ended July 31	2017	2016
Revenue (Schedule)		
Donations	\$ 2,038,937	\$ 1,860,199
Fundraising	794,788	768,857
Net investment income	7,942	23,343
	<u>2,841,667</u>	<u>2,652,399</u>
Expenditures (Schedule)		
Fundraising and development	710,290	668,901
General and administrative	277,919	229,733
	<u>988,209</u>	<u>898,634</u>
Excess of revenue over expenditures before other revenue	1,853,458	1,753,765
Other revenue		
Amortization of deferred contributions related to capital assets	3,122	475
	<u>1,856,580</u>	<u>1,754,240</u>
Excess of revenue over expenditures before grants	1,856,580	1,754,240
Grants		
Big Brothers of Greater Vancouver	1,880,000	1,660,000
	<u>1,880,000</u>	<u>1,660,000</u>
(Deficiency) excess of revenue over expenditures and grants for the year	(23,420)	94,240
Net Assets, beginning of year	968,512	874,272
Net Assets, end of year	\$ 945,092	\$ 968,512

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

Big Brothers of Greater Vancouver Foundation
Statement of Cash Flows
(Unaudited)

For the year ended July 31	2017	2016
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenditures for the year	\$ (23,420)	\$ 94,240
Items not involving cash		
Amortization of capital assets	19,282	17,999
Amortization of deferred contributions related to capital assets	(3,122)	(475)
	<u>(7,260)</u>	<u>111,764</u>
Changes in non-cash working capital balances		
Accounts receivable	(170,606)	(25,456)
Prepaid expenses	(261)	5,631
Accounts payable and accrued liabilities	117,502	(42,096)
Unearned revenue	(26,600)	39,900
Salaries payable	86,508	(7,978)
	<u>6,543</u>	<u>(29,999)</u>
	<u>(717)</u>	<u>81,765</u>
Investing activities		
Purchase of capital assets	(16,846)	(18,508)
Increase in portfolio investments	(92)	(29,703)
	<u>(16,938)</u>	<u>(48,211)</u>
Financing activities		
Increase in deferred contributions related to capital assets	10,000	-
(Decrease) increase in cash during the year	(7,655)	33,554
Cash, beginning of year	119,530	85,976
Cash, end of year	\$ 111,875	\$ 119,530

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

Big Brothers of Greater Vancouver Foundation Summary of Significant Accounting Policies (Unaudited)

July 31, 2017

Nature and Purpose of Foundation

Big Brothers of Greater Vancouver Foundation was incorporated on August 19, 1999 pursuant to the Society Act of British Columbia. The Foundation 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 Foundation was founded for the purpose of providing support to children who need positive adult role models in their lives and to receive, steward and disburse resources in furtherance of this goal.

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

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost except portfolio investments which are subsequently measured at fair value.

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 Foundation recognizes its transaction costs in the statement of operations for the year 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 Foundation Summary of Significant Accounting Policies (Unaudited)

July 31, 2017

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
Computer hardware and software	30%, 55% and 100%
Furniture and equipment	20%
Leasehold improvements	20%

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted program funding is recorded as revenue in the period to which it relates. Where a portion of such restricted program funding relates to a future period, it is deferred and recognized in the subsequent period.

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. Unrestricted investment income is recognized as revenue when earned.

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

Fundraising revenue is recorded on a cash basis, with the exception of event registration, invoiced sponsorship commitments and auction item purchases, which are recorded on an accrual basis when collection is reasonably assured.

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 Foundation 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 Foundation in carrying out its programs, is not reflected in these financial statements due to the difficulty in determining its fair value.

Big Brothers of Greater Vancouver Foundation Summary of Significant Accounting Policies (Unaudited)

July 31, 2017

Foreign Currency Translation

The Foundation uses the temporal method to translate its foreign currency transactions.

Foreign currency accounts are translated into Canadian dollars as follows: At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in revenue in the current period.

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 expenses 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.

Allocation of Expenses

Expenditures in the Statement of Operations are recorded on an accrual basis and where applicable are charged to either Fundraising and Development Expenditures or General and Administrative Expenditures, according to the activity they benefit. None of the Foundation's Expenditures are allocated to other programs.

**Big Brothers of Greater Vancouver Foundation
Notes to Financial Statements
(Unaudited)**

July 31, 2017

1. Portfolio Investments

	2017	2016
Equity securities	\$ 289,277	\$ 256,944
Fixed income and other interest bearing securities	648,059	680,300
	\$ 937,336	\$ 937,244

2. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware and software	\$ 237,093	\$ 215,837	\$ 221,390	\$ 200,169
Furniture and equipment	50,538	45,555	50,538	44,309
Leasehold improvements	94,846	84,804	93,703	82,436
	\$ 382,477	\$ 346,196	\$ 365,631	\$ 326,914
Net book value		\$ 36,281		\$ 38,717

3. Bank Loan

The Foundation has a credit facility with a maximum borrowing limit of \$400,000. Advances under the facility are due on demand and bear interest at the bank's prime rate, calculated and payable monthly. The credit facility is secured by a general security agreement covering all assets of the Foundation with a specific pledge of portfolio investments. Borrowings are limited to the extent of security coverage provided by specific portfolio investments. No amounts have been advanced under the facility since June 2011 and no amounts are owing as at July 31, 2017.

**Big Brothers of Greater Vancouver Foundation
Notes to Financial Statements
(Unaudited)**

July 31, 2017

4. Deferred Contributions

Deferred contributions consist of the following:

Deferred contributions related to capital assets	\$ 8,742	\$ 1,864
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Deferred contributions related to the purchase of capital assets constitute restricted contributions and are amortized at the same rates applied to the amortization of the capital assets acquired with the contributions.

Changes in the deferred contributions for the year are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,864	\$ 2,339
Donations received	10,000	-
Amortization of deferred contributions related to capital assets	(3,122)	(475)
Balance, end of year	\$ 8,742	\$ 1,864

Big Brothers of Greater Vancouver Foundation Notes to Financial Statements (Unaudited)

July 31, 2017

5. Financial Instruments

Risks and Concentrations

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Foundation's risk exposure and concentrations at July 31, 2017. Management is of the opinion that there was no significant change in risk exposures from the previous year.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The Foundation's portfolio investments expose the Foundation to market risks as equity and fixed income investments are subject to price changes in an open market.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign currency rate risk in connection with its portfolio investments. As at July 31, 2017, portfolio investments included \$107,525 (2016 - \$93,043) of US dollar investments which have been converted into Canadian dollars based on their fair market value at the exchange rate in effect at the year end date.

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 Foundation is exposed to interest rate risk through its floating rate bank loan, in the event that they borrow under the bank loan. Cash flows to service the bank loan will fluctuate as a result of changes in the market interest rate.

**Big Brothers of Greater Vancouver Foundation
Notes to Financial Statements
(Unaudited)**

July 31, 2017

6. Related Party Transactions

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

	2017	2016
Renew Crew Foundation		
Donations received	\$ 1,835,000	\$ 1,690,000
Amounts received and offset against general and administrative expenditures	\$ 138,979	\$ 105,260
Amounts received and offset against fundraising and development expenditures	\$ 35,485	\$ 20,818
Big Brothers of Greater Vancouver		
Grants paid	\$ 1,880,000	1,660,000
Amounts received for general and administrative expenditures	\$ 347,571	\$ 306,547
Amounts received for fundraising and development expenditures	\$ 95,729	\$ 88,204
Amounts paid and offset against fundraising and development expenditures	\$ 57,515	\$ 55,948

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.

Big Brothers of Greater Vancouver Foundation
Notes to Financial Statements
(Unaudited)

July 31, 2017

6. Related Party Transactions, continued

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

	2017	2016
Renew Crew Foundation	\$ 174,675	\$ 13,717
Big Brothers of Greater Vancouver	62,297	33,344
	\$ 236,972	\$ 47,061

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

	2017	2016
Renew Crew Foundation	\$ 139	\$ 25,000
Big Brothers of Greater Vancouver	180,000	45,000
	\$ 180,139	\$ 70,000

7. Significantly Influenced Organization

As a result of certain common management activities, the Big Brothers of Greater Vancouver Foundation is considered to have significant influence over the operations of the Renew Crew Foundation. The nature and purpose of the Renew Crew Foundation is to receive and disburse resources to support activities and programs which are beneficial to the community. The Renew Crew Foundation currently collects used clothing and other items from the general public which it sells under contract to Value Village Stores, Inc. The Renew Crew Foundation was incorporated under the Canada Corporation's Act and is registered as an extraprovincial society under the British Columbia Society 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 \$1,835,000 (2016 - \$1,690,000) to the Big Brothers of Greater Vancouver Foundation.

8. Donations-In-Kind

Included in fundraising revenue and fundraising expenses are the estimated fair values of non-cash donations in the amount of \$100,205 (2016 - \$94,421).

**Big Brothers of Greater Vancouver Foundation
Notes to Financial Statements
(Unaudited)**

July 31, 2017

9. Director, Employee and Contractor Remuneration

Under the new disclosure requirements of the B.C. Societies Act, the Foundation 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 Foundation 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 Foundation does not exceed \$75,000, the remuneration is not included in this note disclosure. The Foundation had one employee who was paid remuneration of \$88,868 during the year. There were no payments made to Directors in the year.

**Big Brothers of Greater Vancouver Foundation
Schedule of Revenue
(Unaudited)**

For the year ended July 31	2017	2016
Donations		
Renew Crew Foundation	\$ 1,835,000	\$ 1,690,000
General	<u>203,937</u>	<u>170,199</u>
	\$ 2,038,937	\$ 1,860,199
Fundraising		
Bowl for Big Brothers	\$ 372,074	\$ 344,170
Shaughnessy Golf Open	358,256	356,201
Other initiatives	<u>64,458</u>	<u>68,486</u>
	\$ 794,788	\$ 768,857
Net investment income		
Dividends	\$ 6,891	\$ 2,944
Interest	18,049	2,227
(Loss) gain on portfolio investments	<u>(6,888)</u>	<u>21,952</u>
	18,052	27,123
Less: Investment management fees	<u>10,110</u>	<u>3,780</u>
	\$ 7,942	\$ 23,343

Big Brothers of Greater Vancouver Foundation
Schedule of Expenditures
(Unaudited)

For the year ended July 31	2017	2016
Fundraising and development		
Bowl for Big Brothers	\$ 170,670	\$ 160,512
Shaughnessy Golf Open	209,109	187,884
Other initiatives	53,109	37,309
General	8,475	3,695
Marketing and communications	18,766	15,012
Salaries and employee benefits	250,161	264,489
	\$ 710,290	\$ 668,901
General and administrative		
Amortization	\$ 19,282	\$ 17,999
Computer support	8,381	11,884
Interest and bank charges	5,359	5,495
Occupancy	63,072	57,744
Office and miscellaneous	12,800	14,268
Professional fees	13,624	6,303
Salaries and employee benefits	150,124	110,969
Telephone	5,277	5,071
	\$ 277,919	\$ 229,733