

Big Brothers of Greater Vancouver
Financial Statements
For the year ended July 31, 2019

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ABERCROMBY MELNYCHUK

CHARTERED PROFESSIONAL ACCOUNTANTS

G.J. ABERCROMBY INC.
T.E. MELNYCHUK INC.

Suite 305, 15127 – 100th Avenue
Surrey B.C. Canada V3R 0N9
Telephone: 604-951-9891
Telefax: 604-951-9892

Independent Auditor's Report

To the Members of Big Brothers of Greater Vancouver

Opinion

We have audited the accompanying financial statements of Big Brothers of Greater Vancouver ("the Organization") which comprise the statement of financial position as at July 31, 2019, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2019 and its financial performance 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Independent Auditor's Report

Auditor's 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 auditor's 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 these 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

Independent Auditor's Report

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion these accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Abercromby Melnychuk

Chartered Professional Accountants

Surrey, British Columbia
November 12, 2019

Big Brothers of Greater Vancouver Statement of Financial Position

July 31	2019	2018
Assets		
Current		
Cash	\$ 130,744	\$ 69,783
Accounts receivable	183,128	142,991
Prepaid expenses	29,289	30,619
	343,161	243,393
Capital assets (Note 1)	9,261	8,843
	\$ 352,422	\$ 252,236

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 98,016	\$ 42,550
Salaries payable	128,400	72,866
	226,416	115,416
Deferred contributions (Note 2)	72,455	50,395
	298,871	165,811
Commitments (Note 3)		
Net Assets		
Unrestricted	53,551	86,425
	\$ 352,422	\$ 252,236

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	2019	2018
Revenue		
Donations (Schedule)	\$ 2,301,259	\$ 2,071,418
Government grants (Schedule)	272,940	273,788
Interest	1,001	200
	<u>2,575,200</u>	<u>2,345,406</u>
Expenditures		
Core programs		
Community	851,228	577,163
School	213,606	168,551
Teen	397,475	278,368
Group	683,168	838,788
	<u>2,145,477</u>	<u>1,862,870</u>
Fundraising expenses	56,992	47,401
General and administrative	201,124	183,512
National affiliation fees	18,497	18,266
Professional fees	21,923	13,876
Recruitment and community outreach	137,134	166,666
Training and development	26,927	38,078
	<u>2,608,074</u>	<u>2,330,669</u>
(Deficiency) excess of revenue over expenditures for the year	(32,874)	14,737
Net assets, beginning of year	<u>86,425</u>	<u>71,688</u>
Net assets, end of year	<u>\$ 53,551</u>	<u>\$ 86,425</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	2019	2018
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenditures for the year	\$ (32,874)	\$ 14,737
Item not involving cash		
Amortization of capital assets	2,869	66
	(30,005)	14,803
 Changes in non-cash working capital balances		
Accounts receivable	(40,137)	46,457
Prepaid expenses	1,330	(7,961)
Accounts payable and accrued liabilities	55,466	(37,742)
Salaries payable	55,534	3,463
Deferred contributions	22,060	15,299
	94,253	19,516
 Investing activities		
Purchase of capital assets	(3,287)	(8,909)
Increase in cash during the year	60,961	25,410
Cash, beginning of year	69,783	44,373
Cash, end of year	\$ 130,744	\$ 69,783

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, 2019

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, 2019

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 following annual rates:

Asset	Rate
Computer equipment	55%
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, 2019

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, 2019

1. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 639	\$ 176	\$ -	\$ -
Furniture and equipment	2,725	391	658	66
Leasehold improvements	8,832	2,368	8,251	-
	\$ 12,196	\$ 2,935	\$ 8,909	\$ 66
Net book value		\$ 9,261		\$ 8,843

2. Deferred Contributions

	2019	2018
(i) Deferred Contributions consist of the following:		
Donations	\$ 65,440	\$ 43,380
Government grants	7,015	7,015
	\$ 72,455	\$ 50,395
(ii) Changes in Deferred Contributions were as follows:		
Opening balance	\$ 50,395	\$ 35,096
Add amounts received		
Donations	131,465	140,285
Government grants	245,288	245,288
Less amounts allocated to revenue		
Donations	(109,405)	(125,286)
Government grants	(245,288)	(244,988)
Ending balance	\$ 72,455	\$ 50,395

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, 2019

3. Commitments

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

	Total	Anticipated Recoveries	Net
2020	\$ 209,233	\$ 37,943	\$ 171,290
2021	113,555	18,972	94,583
2022	35,452	-	35,452
2023	30,924	-	30,924
	\$ 389,164	\$ 56,915	\$ 332,249

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, 2019 these costs amounted to an additional \$65,754 (2018 - \$77,595) 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 \$1,001 (2018 - \$1,152). Accordingly the endowment fund capital is not reflected in the Organization's assets.

5. Economic Dependence

The Organization received 83.1% (2018 - 80.4%) 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, 2019

6. Financial Instruments

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk, except as otherwise noted. 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, 2019:

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, 2019, 92% (2018 - 86%) 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, 2019

7. Allocation of Expenses

Occupancy, computer maintenance and telephone expenditures of \$308,665 (2018 - \$277,707) have been allocated to the following:

	2019	2018
Programs	\$ 293,035	\$ 265,289
Recruitment and community outreach	15,630	12,418
	\$ 308,665	\$ 277,707

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 Corporations 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 \$1,775,000 (2018 - \$1,770,000) 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, 2019

9. Related Party Transactions

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

	<u>2019</u>	<u>2018</u>
Big Brothers of Greater Vancouver Foundation		
Donations received	\$ 2,140,000	\$ 1,885,000
Amounts received and offset against core program expenditures	\$ 57,730	\$ 59,074
Amounts paid for core program expenditures	\$ 164,313	\$ 160,247
Amounts paid for general and administrative expenditures	\$ 143,292	\$ 155,556
Amounts paid for marketing services	\$ 145,448	\$ 124,077
Renew Crew Foundation		
Amounts received and offset against core program expenditures	\$ 28,900	\$ 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:

	<u>2019</u>	<u>2018</u>
Big Brothers of Greater Vancouver Foundation	\$ 168,729	\$ 123,002

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

	<u>2019</u>	<u>2018</u>
Big Brothers of Greater Vancouver Foundation	\$ 69,736	\$ 19,548

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2019

10. Non-Consolidated Controlled Entity

Big Brothers of Greater Vancouver Foundation (the "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 audited financial information of the Foundation at July 31, 2019 and unaudited financial information from July 31, 2018 was as follows:

	2019	2018
Financial position		
Total assets	\$ 1,408,269	\$ 1,607,292
Liabilities	356,710	331,371
Net assets	\$ 1,051,559	\$ 1,275,921
Results of operations		
Revenue		
Donations	\$ 2,065,391	\$ 2,578,716
Fundraising	663,364	698,547
Net investment loss	(2,870)	(214,972)
Total revenue	2,725,885	3,062,291
Expenditures		
Fundraising and development	564,186	584,643
General and administrative	246,061	261,819
Grants	2,140,000	1,885,000
Total expenditures	2,950,247	2,731,462
(Deficiency) excess of revenue over expenditures for the year	\$ (224,362)	\$ 330,829
Cash flows		
Cash flow from (to):		
Operating activities	\$ (182,639)	\$ 376,238
Investing activities	212,926	(333,713)
Increase in cash during year	\$ 30,287	\$ 42,525

Big Brothers of Greater Vancouver Notes to Financial Statements

July 31, 2019

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 \$132,675 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	2019	2018
Donations		
Big Brothers of Greater Vancouver Foundation	\$ 2,140,000	\$ 1,885,000
United Way	109,405	125,285
General donations	27,059	31,896
Fundraising	20,395	29,237
Other charities	4,400	-
	\$ 2,301,259	\$ 2,071,418
Government Grants		
Provincial	\$ 205,000	\$ 204,700
Municipal	67,940	69,088
	\$ 272,940	\$ 273,788