

Big Brothers Big Sisters Windsor Essex

Financial Statements

For the year ended December 31, 2016

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Independent Auditor's Report

To the Directors of
Big Brothers Big Sisters Windsor Essex

We have audited the accompanying financial statements of Big Brothers Big Sisters Windsor Essex, which comprise the statement of financial position as at December 31, 2016, 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.

Auditor's 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 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 qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenue from donations and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenues other than grants, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters Windsor Essex as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
March 29, 2017

Big Brothers Big Sisters Windsor Essex

Statement of Financial Position

December 31, 2016 2015

	<u>Unrestricted & Restricted</u>	<u>Capital</u>	<u>Total</u>	<u>Total</u>
Assets				
Current				
Cash and bank - unrestricted	\$ 25,010	\$ -	\$ 25,010	\$ 12,215
Cash and bank - restricted (Note 2)	4,524	-	4,524	9,936
Accounts receivable	40,388	-	40,388	31,805
Prepaid expenses	1,758	-	1,758	2,714
	71,680	-	71,680	56,670
Capital assets (Note 3)	-	10,128	10,128	14,746
	\$ 71,680	\$ 10,128	\$ 81,808	\$ 71,416

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 11,202	\$ -	\$ 11,202	\$ 13,935
Deferred contributions (Note 6)	27,981	-	27,981	14,500
Due to The Foundation (Note 4)	82,625	-	82,625	88,595
	121,808	-	121,808	117,030

Commitments and contingent liabilities (Note 7)

Net assets

Unrestricted	(54,652)	-	(54,652)	(70,296)
Restricted	4,524	-	4,524	9,936
Invested in capital assets	-	10,128	10,128	14,746
	(50,128)	10,128	(40,000)	(45,614)
	\$ 71,680	\$ 10,128	\$ 81,808	\$ 71,416

On behalf of the Board:

_____ Director

_____ Director

Big Brothers Big Sisters Windsor Essex

Statement of Operations

For the year ended December 31,	2016	2015
Revenue		
Allocation by the United Way (Note 5)	\$ 360,163	\$ 349,278
Fundraising and donations, net (Schedule 1)	159,496	155,744
In-school mentoring program grants	85,287	92,500
Grants (Note 6)	60,109	16,077
Management income	17,409	18,284
United Way after school program	-	63,580
	<hr/>	<hr/>
	682,464	695,463
Expenses		
Salaries and employee benefits	480,439	447,702
Occupancy (Note 4)	90,805	95,721
Office	29,807	27,790
Program costs	29,659	18,032
Memberships and meetings	15,417	15,904
Transportation	10,594	9,359
Professional fees	8,325	7,800
Amortization	4,618	2,828
Recruitment and education	6,904	2,689
Interest and bank charges	282	327
United Way after school program	-	63,580
	<hr/>	<hr/>
	676,850	691,732
Excess of revenue over expenses	<hr/>	<hr/>
	\$ 5,614	\$ 3,731

Big Brothers Big Sisters Windsor Essex

Statement of Changes in Net Assets

For the year ended December 31, 2016 2015

Net assets	Unrestricted	Restricted	Invested in Capital Assets	Total	Total
Net assets, beginning of year	\$ (70,296)	\$ 9,936	\$ 14,746	\$ (45,614)	\$ (49,345)
Excess of expenses over revenue (revenue over expenses)	15,644	(5,412)	-	10,232	6,559
Amortization	-	-	(4,618)	(4,618)	(2,828)
Net assets, end of year	\$ (54,652)	\$ 4,524	\$ 10,128	\$ (40,000)	\$ (45,614)

Big Brothers Big Sisters Windsor Essex

Statement of Cash Flows

For the year ended December 31,	2016	2015
Cash Provided By (Used In)		
Operating activities		
Excess of (expenses over revenue) revenue over expenses	\$ 5,614	\$ 3,731
Item not involving cash		
Amortization	4,618	2,828
	<u>10,232</u>	<u>6,559</u>
Changes in non-cash working capital balances		
Accounts receivable and prepaid expenses	(7,627)	(27,562)
Accounts payable and accrued liabilities	(2,733)	(1,908)
Due to the Foundation	(5,970)	43,727
Deferred contributions	13,481	(16,000)
	<u>(2,849)</u>	<u>(1,743)</u>
Investing activities		
Capital asset additions	-	(3,898)
Increase in cash and bank during the year		
	7,383	918
Cash and bank, beginning of year	<u>22,151</u>	<u>21,233</u>
Cash and bank, end of year	\$ 29,534	\$ 22,151
Represented by		
Cash and bank - unrestricted	\$ 25,010	\$ 12,215
Cash and bank - restricted	4,524	9,936
	<u>\$ 29,534</u>	<u>\$ 22,151</u>

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2016

1. Significant accounting policies

Nature of association	Big Brothers Big Sisters Windsor Essex operates programs aimed at matching male and female youths with older male and female volunteers to offer friendship to those in need. The association is incorporated as a not-for-profit corporation without share capital under the corporate laws of the Province of Ontario and is a registered charitable organization under the Income Tax Act. Its Board of Directors is elected, pursuant to its By-laws by the community at large, at an annual members meeting held in March each year.						
Basis of accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.						
Fund accounting	<p>The association follows the restricted fund method of accounting for contributions.</p> <p>The Unrestricted Fund accounts for the association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.</p> <p>The Capital Fund reports the assets, liabilities, revenue and expenses related to the association's capital assets.</p> <p>The Restricted Fund reports the revenues and expenses related to fundraising efforts for the purpose of running programs.</p>						
Capital assets	<p>Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization expense is reported in the Capital Fund provided as follows:</p> <table><tr><td>Office furniture</td><td>20% diminishing balance</td></tr><tr><td>Computer equipment</td><td>30% diminishing balance</td></tr><tr><td>Signs</td><td>20% diminishing balance</td></tr></table> <p>One half the rate is used in the year of acquisition.</p>	Office furniture	20% diminishing balance	Computer equipment	30% diminishing balance	Signs	20% diminishing balance
Office furniture	20% diminishing balance						
Computer equipment	30% diminishing balance						
Signs	20% diminishing balance						

Big Brothers Big Sisters Windsor Essex

Summary of Significant Accounting Policies

December 31, 2016

1. Significant accounting policies (continued)

Revenue recognition	<p>Restricted contributions related to general operations are recognized as revenue of the unrestricted fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.</p> <p>Unrestricted contributions are recognized as revenue of the unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>The above applies to funding from the United Way and other income.</p>
Use of estimates	<p>The preparation of financial statements in accordance 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. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Financial instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.</p>

2. Cash and bank - restricted

The use of funds in the bingo, nevada and lottery bank accounts are externally restricted by the regulatory bodies.

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2016

3. Capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Office furniture	\$ 74,650	\$ 70,095	\$ 4,555	\$ 5,177
Computer equipment	23,045	17,647	5,398	9,361
Signs	5,568	5,393	175	208
	<u>\$ 103,263</u>	<u>\$ 93,135</u>	<u>\$ 10,128</u>	<u>\$ 14,746</u>

4. Due to The Foundation

On January 1, 2005, Big Brothers of Windsor & Essex County and the Big Sisters Association of Greater Windsor unified their operating assets to form Big Brothers Big Sisters Windsor Essex. The land, building and mortgages of the two former associations were combined to form the Big Brothers Big Sisters Windsor Essex Foundation ("The Foundation").

Big Brothers Big Sisters Windsor Essex is the operating association and pays rent to The Foundation for use of the land and building. The association was charged \$48,000 (2015 - \$48,000) for use of the facility during the year.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established by the two associations), which approximates the arm's length equivalent value. The balances are interest-free, payable on demand and have arisen from loans from The Foundation and unpaid rents at year-end.

5. Funding

The general operations of the association are funded through grants from United Way of Windsor-Essex County. Any surplus arising out of these activities may be refundable to the United Way.

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2016

6. Grants

During the year the association brought the following grants into income:

	<u>2016</u>	<u>2015</u>
Group program	\$ 21,405	\$ 8,000
Summer program	12,204	8,077
Trillium grant	26,500	-
	<u>\$ 60,109</u>	<u>\$ 16,077</u>

The group program grant was used to fund various group activities and the summer program grant was given to fund students running the summer camp program.

At year end, the following was included in deferred contributions:

	<u>2016</u>	<u>2015</u>
Sisters of St. Joseph Grant	\$ 7,500	\$ 14,500
ON Track for Success	1,981	-
Trillium grant	18,500	-
	<u>\$ 27,981</u>	<u>\$ 14,500</u>

7. Commitments and contingent liabilities

The organization has signed a letter of guarantee in the amount of \$152,000, in favour of The Foundation for operating lines of credit held with the Windsor Family Credit Union. During the year the unused available credit was \$152,000.

In 2012, a lawsuit was commenced against the Agency and a former employee by a former client. During the year, the matter was settled at no cost to the Agency. The Agency has received a full and final release. As such, there is no longer any contingent liability with respect to this matter.

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2016

8. Financial instruments

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

Trade accounts payable and accrued liabilities are generally repaid within 30 days.

The organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Business risk

A business risk arises due to the economic dependence on funding from the United Way. This is common for many not-for-profit organizations. Funding from the United Way has been consistent over the last several years.



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Auditor's Comments on Supplementary Financial Information

To the Directors of
Big Brothers Big Sisters Windsor Essex

The audited financial statements of the Big Brothers Big Sisters Windsor Essex as at December 31, 2016 and our report thereon dated March 29, 2017 are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
March 29, 2017

Big Brothers Big Sisters Windsor Essex

Schedule 1: Fundraising Activities

For the year ended December 31,	2016	2015
Revenue		
Donation from the Foundation	\$ 130,781	\$ 123,996
Nevada	30,448	39,347
Bingo	12,938	12,763
Donations	10,492	4,880
Interest	55	56
	<hr/>	<hr/>
	184,714	181,042
Expenses		
Nevada	17,106	20,857
Other fundraising	8,112	4,441
	<hr/>	<hr/>
	25,218	25,298
Excess of fundraising revenues over expenses	<hr/>	<hr/>
	\$ 159,496	\$ 155,744

Big Brothers Big Sisters Windsor Essex

Schedule 2: Comparison to Budget

For the year ended December 31,	Actual 2016	(Unaudited) Budget	Actual 2015
Revenue			
Allocation by United Way	\$ 360,163	\$ 360,168	\$ 349,278
Fundraising and donations, net	159,496	160,781	155,744
In-school Mentoring program grants	85,287	82,500	92,500
Grants	60,109	21,500	16,077
Management income	17,409	17,200	18,284
United Way after school program	-	-	63,580
	682,464	642,149	695,463
Expenses			
Salaries and employee benefits	480,439	449,504	447,702
Occupancy	95,423	100,700	98,549
Office	29,807	23,900	27,790
Program costs	29,659	19,375	18,032
Memberships and meetings	15,417	18,000	15,904
Transportation	10,594	10,000	9,359
Professional fees	8,325	10,920	7,800
Recruitment and education	6,904	9,750	2,689
Interest and bank charges	282	-	327
United Way after school program	-	-	63,580
	676,850	642,149	691,732
Excess of revenue over expenses	\$ 5,614	\$ -	\$ 3,731