

# **Big Brothers Big Sisters Windsor Essex**

## **Financial Statements**

**For the year ended December 31, 2018**

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## Independent Auditor's Report

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To the board of directors of Big Brothers Big Sisters Windsor Essex

### Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters Windsor Essex (the Association), which comprise the statement of financial position as at December 31, 2018, the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, and its financial performance and cash flows for the then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

#### **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 Association'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 Association'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 Association 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.

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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario  
March 20, 2019

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# Big Brothers Big Sisters Windsor Essex

## Statement of Financial Position

December 31,	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash and bank - unrestricted	\$ 30,517	\$ 42,594
Cash and bank - restricted (Note 2)	7,737	3,183
Accounts receivable	24,995	19,747
Prepaid expenses	1,546	1,869
	<u>64,795</u>	<u>67,393</u>
Capital assets (Note 3)	<u>6,680</u>	<u>8,699</u>
	<u>\$ 71,475</u>	<u>\$ 76,092</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 14,167	\$ 11,053
Deferred contributions (Note 6)	-	27,535
Due to The Foundation (Note 4)	32,595	12,595
	<u>46,762</u>	<u>51,183</u>
<b>Commitments and contingent liabilities (Note 7)</b>		
<b>Net assets</b>		
Unrestricted	10,296	13,027
Restricted	7,737	3,183
Invested in capital assets	6,680	8,699
	<u>24,713</u>	<u>24,909</u>
	<u>\$ 71,475</u>	<u>\$ 76,092</u>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Big Brothers Big Sisters Windsor Essex

### Statement of Operations

For the year ended December 31,	2018	(Unaudited) Budget	2017
<b>Revenue</b>			
Allocation by the United Way (Note 5)	\$ 360,163	\$ 360,163	\$ 360,163
Donation from Foundation - base	145,000	145,000	144,854
In-school mentoring program grants	60,300	60,300	75,009
Grants (Note 6)	34,078	28,000	52,513
Other fundraising, net	28,560	30,000	33,997
Management income	2,650	1,250	17,596
Donation from Foundation - special	-	-	50,000
	<b>630,751</b>	<b>624,713</b>	<b>734,132</b>
<b>Expenses</b>			
Salaries and employee benefits	447,906	463,000	479,224
Occupancy (Note 4)	89,672	91,500	89,451
Office	30,542	23,500	27,935
Program costs	18,209	22,200	25,695
Memberships and meetings	23,164	16,500	17,118
Transportation	10,884	13,000	14,876
Professional fees	8,030	11,320	9,389
Amortization	2,019	-	2,828
Recruitment and education	146	1,500	2,387
Interest and bank charges	375	-	320
	<b>630,947</b>	<b>642,520</b>	<b>669,223</b>
<b>Excess of (expenses over revenue)</b>			
revenue over expenses	\$ (196)	\$ (17,807)	\$ 64,909

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## Big Brothers Big Sisters Windsor Essex

### Statement of Changes in Net Assets

For the year ended December 31, 2018      2017

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Net assets	Unrestricted	Restricted	Invested in Capital Assets	Total	Total
Net assets, beginning of year	\$ 13,027	\$ 3,183	\$ 8,699	\$ 24,909	\$ (40,000)
Excess of expenses over revenue (revenue over expenses)	(2,731)	4,554	-	1,823	67,737
Amortization	-	-	(2,019)	(2,019)	(2,828)
<b>Net assets, end of year</b>	<b>\$ 10,296</b>	<b>\$ 7,737</b>	<b>\$ 6,680</b>	<b>\$ 24,713</b>	<b>\$ 24,909</b>

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## Big Brothers Big Sisters Windsor Essex

### Statement of Cash Flows

For the year ended December 31,	2018	2017
<b>Cash Provided By (Used In)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ (196)	\$ 64,909
Item not involving cash		
Amortization	2,019	2,828
	<u>1,823</u>	<u>67,737</u>
Changes in non-cash working capital balances		
Accounts receivable and prepaid expenses	(4,928)	20,530
Accounts payable and accrued liabilities	3,117	(145)
Due to the Foundation	20,000	(70,031)
Deferred contributions	<u>(27,535)</u>	<u>(446)</u>
	<u>(9,346)</u>	<u>(50,092)</u>
<b>Investing activities</b>		
Capital asset additions		<u>(1,402)</u>
(Decrease) increase in cash and bank during the year	(7,523)	16,243
Cash and bank, beginning of year	<u>45,777</u>	<u>29,534</u>
Cash and bank, end of year	\$ 38,254	\$ 45,777
<b>Represented by</b>		
Cash and bank - unrestricted	\$ 30,517	\$ 42,594
Cash and bank - restricted	<u>7,737</u>	<u>3,183</u>
	\$ 38,254	\$ 45,777

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# Big Brothers Big Sisters Windsor Essex

## Notes to Financial Statements

**December 31, 2018**

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### 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** The association follows the restricted fund method of accounting for contributions.

The Unrestricted Fund accounts for the association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the association's capital assets.

The Restricted Fund reports the revenues and expenses related to fundraising efforts subject to external restrictions.

**Capital assets** 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:

Office furniture	20% diminishing balance
Computer equipment	30% diminishing balance
Signs	20% diminishing balance

One half the rate is used in the year of acquisition.

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# Big Brothers Big Sisters Windsor Essex

## Summary of Significant Accounting Policies

December 31, 2018

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### 1. Significant accounting policies (continued)

#### Revenue recognition

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.

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.

The above applies to funding from the United Way and other income.

#### Use of estimates

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.

#### Financial instruments

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.

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### 2. Cash and bank - restricted

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

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# Big Brothers Big Sisters Windsor Essex

## Notes to Financial Statements

December 31, 2018

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### 3. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office furniture	\$ 76,049	\$ 72,127	\$ 3,922	\$ 4,013
Computer equipment	23,045	20,400	2,645	4,578
Signs	5,568	5,455	113	108
	<u>\$ 104,662</u>	<u>\$ 97,982</u>	<u>\$ 6,680</u>	<u>\$ 8,699</u>

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### 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 (2017 - \$48,000) for use of the facility during the year. At year end there was a balance of \$1,160 in accounts receivable from Big Brothers Big Sisters Windsor Essex Foundation.

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.

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### 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.

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## Big Brothers Big Sisters Windsor Essex

### Notes to Financial Statements

**December 31, 2018**

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#### 6. Grants

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

	<u>2018</u>	<u>2017</u>
Group program	\$ 19,644	\$ 16,764
Summer program	14,434	12,249
Trillium grant	-	23,500
	<u>\$ 34,078</u>	<u>\$ 52,513</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>2018</u>	<u>2017</u>
ISM Funding	\$ -	\$ 22,535
Sisters of St. Joseph Grant	-	5,000
	<u>\$ -</u>	<u>\$ 27,535</u>

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#### 7. Commitments and contingent liabilities

The organization has signed a letter of guarantee in the amount of \$150,000, 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 \$150,000.

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# Big Brothers Big Sisters Windsor Essex

## Notes to Financial Statements

**December 31, 2018**

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### 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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