

**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa**  
**Financial Statements**  
For the year ended December 31, 2016

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## Independent Auditor's Report

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**To the members of  
Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa**

We have audited the accompanying financial statements of Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in fund balances 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, Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa derives revenue from donations and special 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 Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa. Therefore, we were not able to determine whether any adjustments might be necessary to donations and special fundraising activities revenue, excess (deficiency) of revenues over expenses and cash flows from operations for the years ended December 31, 2016 and 2015, current assets as at December 31, 2016 and 2015, and fund balances as at January 1 and December 31, for both the 2016 and 2015 years. The audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa 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.

**Other Matter**

The financial statements of Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa for the year ended December 31, 2015 were audited by another auditor who expressed a qualified opinion on those statements on April 1, 2016 due to the possible effects of the matter described in the Basis of Qualified Opinion paragraph above.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
April 20, 2017

**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Statement of Financial Position**

December 31	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 81,547	\$ 60,284
Term deposits	15,010	-
Accounts receivable (Note 2)	36,498	35,050
Prepaid expenses	16,709	4,679
Inventories	3,057	-
	152,821	100,013
<b>Tangible capital assets (Note 3)</b>	45,427	56,446
	\$ 198,248	\$ 156,459
<b>Liabilities and Fund Balances</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 59,740	\$ 135,170
Deferred contributions (Note 5)	80,976	36,595
	140,716	171,765
<b>Deferred capital contribution</b>	4,306	-
	145,022	171,765
<b>Contractual obligations (Note 6)</b>		
<b>Fund Balances</b>		
Unrestricted		
General Fund	(2,895)	(71,752)
Invested in Tangible Capital Assets	41,121	56,446
Internally restricted		
Operating Contingency Reserve Fund	15,000	-
	53,226	(15,306)
	\$ 198,248	\$ 156,459

On behalf of the Board:

  
 \_\_\_\_\_ Director  
 Tim Hill

  
 \_\_\_\_\_ Director  
 Cindy Melville

**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Statement of Changes in Fund Balances**

<b>For the year ended December 31</b>	<b>Unrestricted - General fund</b>	<b>Unrestricted - Invested in Tangible Capital Assets</b>	<b>Internally restricted - Operating contingency reserve fund</b>	<b>2016</b>	<b>2015</b>
Balance, beginning of the year	\$ (71,752)	\$ 56,446	\$ -	\$ (15,306)	\$ 36,873
Excess (deficiency) of revenues over expenses	68,532	-	-	68,532	(52,179)
Acquisition of tangible capital assets	(29,591)	29,591	-	-	-
Amortization of tangible capital assets	40,610	(40,610)	-	-	-
Deferred capital contribution received	5,000	(5,000)	-	-	-
Amortization of deferred capital contribution	(694)	694	-	-	-
Interfund transfer (Note 7)	(15,000)	-	15,000	-	-
<b>Balance, end of the year</b>	<b>\$ (2,895)</b>	<b>\$ 41,121</b>	<b>\$ 15,000</b>	<b>\$ 53,226</b>	<b>\$ (15,306)</b>

The notes are an integral part of these financial statements.

**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Statement of Operations**

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
United Way / Centraide Ottawa	\$ 241,601	\$ 296,468
City of Ottawa	208,235	207,420
Ontario Ministry of Education	89,319	94,375
Grants	152,893	152,091
Annual giving	61,661	59,161
Special fundraising activities	143,879	67,300
Third party events	80,640	34,027
In Kind donations	43,591	22,327
	<u>1,021,819</u>	<u>933,169</u>
<b>Expenses</b>		
Advertising and promotion	6,517	10,066
Fundraising	69,946	22,917
Group programs and materials	16,270	13,757
Insurance	15,863	15,423
Interest and bank charges	9,566	8,490
Meeting and staff development	13,551	18,999
Membership fees	14,642	14,144
Occupancy costs	53,767	86,467
Office supplies	18,951	23,699
Professional fees	62,610	34,098
Salaries and benefits	574,072	634,388
Telecommunications	16,405	23,274
Travel	16,947	21,993
Volunteer development and recognition	23,570	37,785
	<u>912,677</u>	<u>965,500</u>
<b>Excess (deficiency) of revenues over expenses before undernoted item</b>	<b>109,142</b>	<b>(32,331)</b>
Amortization of tangible capital assets	40,610	19,848
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 68,532</b>	<b>\$ (52,179)</b>

**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 68,532	\$ (52,179)
Items not affecting cash:		
Amortization of tangible capital assets	40,610	19,848
Amortization of lease inducements	-	(1,634)
Amortization of deferred capital contribution	(694)	-
	<u>108,448</u>	<u>(33,965)</u>
Changes in non-cash working capital:		
Accounts receivable	(1,448)	(19,396)
Inventories	(3,057)	-
Prepaid expenses	(12,030)	4,701
Accounts payable and accrued liabilities	(75,430)	98,375
Deferred contributions	44,381	11,095
	<u>60,864</u>	<u>60,810</u>
<b>Cash flows from investing activities</b>		
Acquisition of tangible capital assets	(29,591)	(73,660)
Purchase of term deposits	(15,010)	-
	<u>(44,601)</u>	<u>(73,660)</u>
<b>Cash flows from financing activities</b>		
Deferred capital contribution received	5,000	-
	<u>5,000</u>	<u>-</u>
<b>Net increase (decrease) in cash</b>	<b>21,263</b>	<b>(12,850)</b>
<b>Cash, beginning of the year</b>	<b>60,284</b>	<b>73,134</b>
<b>Cash, end of the year</b>	<b>\$ 81,547</b>	<b>\$ 60,284</b>

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**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Notes to Financial Statements**

**December 31, 2016**

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**1. Accounting Policies**

**Status and Purpose of  
Organization**

Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa is a not-for-profit organization incorporated without share capital under the laws of the Ontario Corporations Act. The organization's purpose is to foster, facilitate and support volunteer-based mentoring programs for children in need. The organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.

**Basis of Accounting**

The organization applies the Canadian accounting standards for not-for-profit organizations.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the valuation of accounts receivable and the estimated useful life of tangible capital assets.

**Fund Accounting**

The organization uses the restricted fund method of accounting for contributions. The organization has three funds: a General Fund, a Tangible Capital Assets Fund and an Operating Contingency Reserve Fund.

The General Fund accounts for current operations and programs as well as the organization's general operations. Unrestricted contributions (donations and grants) and restricted contributions to be used for operations are reported in this fund.

The Tangible Capital Assets Fund reports the assets, liabilities, revenues and expenses related to tangible capital assets.

The Operating Contingency Reserve Fund is an internally restricted fund that was created to ensure that all contractual and legal commitments can be met.



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**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Notes to Financial Statements**

**December 31, 2016**

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**1. Accounting Policies (continued)**

**Revenue Recognition**      Restricted contributions related to general operations are recognized as revenue of the General 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 General Fund when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to the purchase of tangible capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the contributed tangible capital assets.

**Financial Instruments**

**Initial and subsequent measurement**

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

**Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

**Transaction costs**

Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

**Tangible Capital Assets**

Tangible capital assets are accounted for at cost and amortized on the basis of their useful life using the straight-line basis at the following durations:

Clothing bins	7 years
Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	term of the lease
Website	5 years

**Big Brothers Big Sisters Ottawa /  
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Notes to Financial Statements**

**December 31, 2016**

**1. Accounting Policies (continued)**

**Contributed Services**      Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**2. Accounts Receivable**

	2016	2015
Harmonized sales tax receivable	\$ 10,267	\$ 15,121
Other	26,231	19,929
	\$ 36,498	\$ 35,050

**3. Tangible Capital Assets**

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Clothing bins	\$ 12,537	\$ 1,045	\$ -	\$ -
Computer equipment	27,168	19,805	19,420	17,939
Furniture and equipment	27,537	24,253	25,037	23,464
Leasehold improvements	78,470	58,502	75,040	21,648
Website	3,376	56	-	-
	\$ 149,088	\$ 103,661	\$ 119,497	\$ 63,051
Net carrying amount		\$ 45,427		\$ 56,446

**4. Line of Credit**

The organization has a line of credit for a maximum of \$25,000 at the prime rate plus 2.40%. As of December 31, 2016, the remaining balance available was \$25,000 (2015 - \$25,000).

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**Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Notes to Financial Statements**

**December 31, 2016**

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**5. Deferred Contributions**

Deferred contributions consists of amounts received before year-end for future programs and initiatives. Transactions during the year are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 36,595	\$ 25,500
Plus: amounts received during the year	422,457	119,069
Less: amounts recognized as revenue in the year	<u>(378,076)</u>	<u>(107,974)</u>
Balance, end of year	<u>\$ 80,976</u>	<u>\$ 36,595</u>

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**6. Contractual Obligations**

The organization leases its premises under a lease expiring on August 31, 2017. The organization also leases equipment under a lease expiring on May 31, 2020. Future minimum lease payments for premises and equipment total \$39,613 and include the following payments over the next four years:

2017	\$ 26,235
2018	\$ 5,946
2019	\$ 5,946
2020	\$ 1,486

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**7. Interfund Transfer and Internal Restrictions**

In 2016, the board of directors of the organization resolved to restrict \$15,000 from the General Fund to establish the Operating Contingency Reserve Fund.

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**8. Financial Instruments**

Credit risk

The organization is exposed to credit risk for its accounts receivable to the extent that other organizations and/or individuals fail to meet their obligations or commitments.

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**Big Brothers Big Sisters Ottawa /  
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Notes to Financial Statements**

**December 31, 2016**

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**9. Employee Future Benefits**

Defined contribution pension plan

The organization is a participating employer in a multi-employer defined contribution pension plan for its unionized employees. The employer contributions for the year are \$11,494 (2015 - \$10,816).

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**10. Comparative Figures**

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.