

Financial statements of

**Big Brothers Big Sisters Ottawa /
Grand Frères Grandes Sœurs
d'Ottawa**

December 31, 2015

Big Brothers Big Sisters Ottawa / Grand Frères Grandes Sœurs d'Ottawa

December 31, 2015

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Deloitte LLP
1600 - 100 Queen Street
Ottawa ON K1P 5T8
Canada

Tel: (613) 236-2442
Fax: (613) 236-2195
www.deloitte.ca

Independent Auditor's Report

To the Members of
Big Brothers Big Sisters Ottawa /
Grands Frères Grandes Sœurs d'Ottawa

We have audited the accompanying financial statements of Big Brothers Big Sisters Ottawa / Grands Frères Grandes Sœurs d'Ottawa (the "Organization"), which comprise the balance sheet as at December 31, 2015, and the statements of revenue and expenses, 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, the Organization derives part of its revenue from the general public in the form of donations and special fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues from this source was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and special fundraising revenue, for the years ended December 31, 2015 and 2014, assets as at December 31, 2015 and 2014, and net assets as at January 1, and December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly, because of the possible effects of this scope limitation.

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 balance sheet of the Organization as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

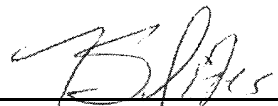
April 1, 2016

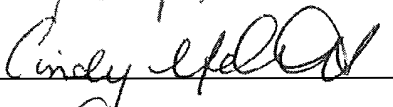
Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa

Balance sheet
as at December 31, 2015

	2015	2014
	\$	\$
Assets		
Current assets		
Cash	60,284	73,134
Accounts receivable (Note 4)	35,050	15,655
Prepaid expenses	4,679	9,380
	100,013	98,169
Capital assets (Note 5)	56,446	2,634
	156,459	100,803
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	135,170	36,796
Deferred revenue (Note 6)	36,595	25,500
Current portion of deferred lease inducement (Note 7)	-	1,634
	171,765	63,930
Fund balances		
Unrestricted		
General Fund	(75,165)	30,826
Invested in capital assets	56,446	2,634
Internally restricted		
Operating Contingency Reserve Fund	-	-
Externally restricted		
In-School Mentoring Achievement Award Fund	3,413	3,413
	(15,306)	36,873
	156,459	100,803

On behalf of the Board


 _____ Director


 _____ Director

Big Brothers Big Sisters Ottawa / Grands Frères Grandes soeurs d'Ottawa

Statement of revenue and expenses
year ended December 31, 2015

	2015	2014
	\$	\$
Revenue		
United Way / Centraide Ottawa	296,469	311,060
City of Ottawa	207,420	204,356
Annual Giving	81,676	94,793
Grants	246,465	133,600
Special Fundraising Activities	79,092	65,328
Other	22,047	5,082
	933,169	814,219
Expenses		
Salaries and benefits	634,388	492,694
Occupancy costs	86,371	86,769
Professional fees	33,172	48,047
Office expenses	29,899	30,800
Telecommunications	18,096	12,876
Membership fees	14,144	14,048
Group programs and materials	13,758	12,754
Fundraising	22,917	41,524
Advertising and promotion	10,066	3,970
Travel expenses	21,993	14,615
Insurance	15,423	11,231
Interest and bank charges	8,489	6,730
Meeting and staff development	18,999	11,503
Volunteer development and recognition	37,785	2,670
	965,500	790,231
Excess (deficiency) of revenues over expenses before undernoted item	(32,331)	23,988
Amortization of capital assets	19,848	4,675
Excess (deficiency) of revenue over expenses	(52,179)	19,313

Big Brothers Big Sisters Ottawa

Grands Frères Grandes Soeurs d'Ottawa

Changes in fund balances
year ended December 31, 2014

	Unrestricted		Internally restricted	Externally restricted		
	General fund	Invested in capital assets	Operating contingency reserve fund	In-school mentoring achievement award	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	30,826	2,634	-	3,413	36,873	17,560
Excess (deficiency) of revenue over expenses	(52,179)	-	-	-	(52,179)	19,313
Capital asset additions	(73,660)	73,660	-	-	-	-
Amortization of capital assets and deferred capital contribution	19,848	(19,848)	-	-	-	-
Fund balances, end of year	(75,165)	56,446	-	3,413	(15,306)	36,873

Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa

Statement of cash flows
year ended December 31, 2015

	2015	2014
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess (deficiency) of revenue over expenses	(52,179)	19,313
Items not affecting cash		
Amortization of capital assets	19,848	4,675
Amortization of lease inducements	(1,634)	(3,563)
Changes in non-cash operating working capital items		
Accounts receivable	(19,395)	(166)
Prepaid expenses	4,701	3,452
Changes in deferred revenue	11,095	15,500
Accounts payable and accrued liabilities	98,374	3,650
	60,810	42,861
Investing		
Purchase of capital assets	(73,660)	(830)
Net cash (outflow) inflow	(12,850)	42,031
Cash, beginning of year	73,134	31,103
Cash, end of year	60,284	73,134

Big Brothers Big Sisters Ottawa / Grands Frères Grandes Sœurs d'Ottawa

Notes to the financial statements
December 31, 2015

1. Description of organization

Big Brothers Big Sisters Ottawa / Grands Frères Grandes Sœurs d'Ottawa (the "Organization"), a tax exempt private corporation without share capital, is incorporated under the Ontario Corporations Act and is a charitable organization. The Organization's mission is to foster, facilitate and support volunteer-based mentoring programs for children in need.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over the following periods:

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	remaining term of the lease

Lease inducements

Lease inducements are deferred and amortized on a straight-line basis over the term of the lease. The amortization is recognized as a reduction of the rent expense.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value. Changes in fair value are recognized in the statement of operations.

Fund accounting

The Organization uses the restricted fund method of accounting for contributions. The Organization has three funds: a General Fund, an Operating Contingency Reserve Fund, and the In-School Mentoring Achievement Award Fund.

The Operating Contingency Reserve Fund is an internally restricted fund which was created to ensure all contractual and legal commitments can be met should the Organization cease to exist.

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

Mr. Robert Allen, a donor, created the In-School Mentoring Achievement Award Fund, an externally restricted fund, to recognize Mentoring In-School Little who displays overall improvement as a result of their participation in the program. A maximum of five individual awards of \$100 each are presented annually to children who meet the criteria.

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 in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Big Brothers Big Sisters Ottawa / Grands Frères Grandes Sœurs d'Ottawa

Notes to the financial statements

December 31, 2015

2. Significant accounting policies (continued)

Contributed services

Volunteers contribute an important amount of time in carrying out the Organization's activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Fair value

The fair value of accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Significant areas requiring the use of management's estimates include the allowance for collectible amount of accounts receivables, which includes donations and pledges, the amount of accrued liabilities and the estimated useful life of capital assets. Actual results could differ from the estimates made by management.

3. Capital management

The Organization defines capital as its fund balances. The Organization's main objective with respect to capital management is to maintain a sufficient level of fund balances, thereby ensuring the continuity of the Organization and the ongoing fulfilment of its mission.

The purpose of the unrestricted fund balances is to fund ongoing operations and future projects. The purpose of the externally restricted fund balance is disclosed in Note 2. During the year, there were no recipients (December 31, 2015 - \$Nil) whose awards were funded from the externally restricted fund balance.

There have been no changes to the Organization's capital requirements and its overall strategy with respect to capital remains unchanged from the prior year.

4. Accounts receivable

	2015	2014
	\$	\$
Harmonized sales tax	15,121	9,109
Sponsorships and other	19,929	6,546
	35,050	15,655

Credit risk

The Organization is exposed to credit risk to the extent that other organizations and/or individuals fail to meet their obligations or commitments.

Big Brothers Big Sisters Ottawa / Grands Frères Grandes Sœurs d'Ottawa

Notes to the financial statements
December 31, 2015

5. Capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and equipment	25,037	23,464	1,573	658
Computer equipment	19,420	17,939	1,481	1,334
Leasehold improvements	75,040	21,648	53,392	642
	119,497	63,051	56,446	2,634

6. Deferred revenue

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

	2015	2014
	\$	\$
Balance, beginning of year	25,500	10,000
Amount received during the year	119,069	37,500
Amount recognized during the year	(107,974)	(22,000)
Balance, end of year	36,595	25,500

7. Deferred lease inducement

In March 2010, the Organization entered into a lease agreement for premises, which expired June 14, 2015, and received an inducement of \$17,816. The remainder of this inducement was amortized this year.

	2015	2014
	\$	\$
Balance, beginning of year	1,634	5,197
Amount amortized to expense during the year	(1,634)	(3,563)
Balance, end of year	-	1,634
Current portion	-	1,634
Long-term portion	-	-

8. Employee pension plan

In 2009, the Organization became a participating employer in a Multi-employer defined contribution pension plan, for its unionized employees. The employer contributions for the year are \$10,816 (2014 - \$9,984).

Big Brothers Big Sisters Ottawa / Grands Frères Grandes Sœurs d'Ottawa

Notes to the financial statements

December 31, 2015

9. Commitments

The Organization is committed under a lease for premises expiring August 31, 2017 to pay a total minimum rent of \$35,092 for the first 14 months of the total lease term.

The Organization is also committed to one long-term equipment lease expiring May 31, 2020. The lease includes a minimum basic amount plus additional operating expenses.

The minimum lease payments for the next five years for premises and equipment are as follows:

	\$
2016	35,587
2017	25,560
2018	5,508
2019	5,508
2020	2,477
	<hr/> 74,640 <hr/>

10. Line of credit

The Organization has a bank line of credit for a maximum of \$25,000 at the prime rate plus 2.40%. As of December 31, 2015, no balance was outstanding (2014 - \$Nil).

11. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.