

Big Brothers Big Sisters Ottawa /  
Grands Frères Grandes Soeurs d'Ottawa  
Financial Statements  
For the year ended December 31, 2018

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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

### Qualified Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in fund balances 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 the matter 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 Organization as at December 31, 2018, and its results of operations and its cash flows for the year 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 Organization 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and special fundraising activities revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, December 31, 2018, current assets as at December 31, December 31, 2018, and fund balances as at January 1 and December 31 for both the 2017 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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 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 qualified audit opinion.



## **Responsibilities of Management and Those Charged with Governance 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.

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.

## **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.

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

Ottawa, Ontario  
March 25, 2019

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

December 31	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 76,344	\$ 56,687
Guaranteed investment certificates	20,135	115,165
Accounts receivable (Note 2)	106,520	67,412
Prepaid expenses	13,353	6,915
	216,352	246,179
<b>Tangible capital assets (Note 3)</b>	<b>95,070</b>	<b>122,039</b>
	<b>\$ 311,422</b>	<b>\$ 368,218</b>
<b>Liabilities and Fund Balances</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 56,300	\$ 115,258
Deferred contributions (Note 5)	157,654	119,533
	213,954	234,791
<b>Deferred contributions related to tangible capital assets (Note 6)</b>	<b>55,436</b>	<b>70,584</b>
	<b>269,390</b>	<b>305,375</b>
<b>Contractual obligations (Note 7)</b>		
<b>Fund Balances</b>		
Unrestricted		
General Fund (Deficiency)	(12,602)	(3,612)
Invested in Tangible Capital Assets	39,634	51,455
Internally restricted		
Operating Contingency Reserve Fund	15,000	15,000
	42,032	62,843
	<b>\$ 311,422</b>	<b>\$ 368,218</b>

On behalf of the Board:



Director



Director

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

For the year ended December 31	Unrestricted - General fund	Unrestricted - Invested in Tangible Capital Assets	Internally restricted - Operating contingency reserve fund	2018	2017
Balance, beginning of the year	\$ (3612)	\$ 51 455	\$ 15 000	\$ 62 843	\$ 48 106
Excess (deficiency) of revenues over expenses	(20,811)	-	-	(20,811)	14,737
Acquisition of tangible capital assets	(2,614)	2,614	-	-	-
Amortization of tangible capital assets	29,583	(29,583)	-	-	-
Amortization of deferred contributions related to tangible capital assets	(15,148)	15,148	-	-	-
<b>Balance, end of the year</b>	<b>\$ (12,602)</b>	<b>\$ 39,634</b>	<b>\$ 15,000</b>	<b>\$ 42,032</b>	<b>\$ 62,843</b>

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

For the year ended December 31	2018	2017
<b>Revenues</b>		
City of Ottawa	\$ 223,914	\$ 217,392
United Way / Centraide Ottawa	173,211	192,286
Grants	381,883	184,659
Special fundraising activities	221,795	172,263
Third party events	28,623	117,389
Ontario Ministry of Education	97,867	95,608
Annual giving	73,356	90,357
Other	474	2,545
	<u>1,201,123</u>	<u>1,072,499</u>
<b>Expenses</b>		
Advertising and promotion	18,702	11,348
Event specific costs	9,253	-
Fundraising	82,063	83,349
Group programs and materials	10,441	16,675
Insurance	27,494	18,302
Interest and bank charges	8,879	10,449
Meeting and staff development	12,535	13,145
Membership fees	15,047	14,790
Occupancy costs	46,819	45,633
Office supplies	30,970	18,988
Professional fees	98,246	63,951
Salaries and benefits	780,211	684,041
Telecommunications	16,815	17,566
Travel	19,581	18,405
Volunteer development and recognition	15,295	7,563
	<u>1,192,351</u>	<u>1,024,205</u>
Excess of revenues over expenses before undernoted item	8,772	48,294
Amortization of tangible capital assets	<u>29,583</u>	<u>33,557</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (20,811)</b>	<b>\$ 14,737</b>

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

For the year ended December 31	2018	2017
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (20,811)	\$ 14,737
Items not affecting cash:		
Amortization of tangible capital assets	29,583	33,557
Amortization of deferred capital contribution	(15,148)	(5,414)
	(6,376)	42,880
Changes in non-cash working capital:		
Accounts receivable	(39,108)	(30,914)
Prepaid expenses	(6,438)	9,794
Accounts payable and accrued liabilities	(58,958)	55,518
Deferred contributions	38,121	38,557
	(72,759)	115,835
Cash flows from investing activities		
Acquisition of tangible capital assets	(2,614)	(112,232)
Purchase of guaranteed investment certificates	(20,135)	(100,155)
Redemption of guaranteed investment certificates	115,165	-
	92,416	(212,387)
Cash flows from financing activities		
Deferred capital contributions received	-	71,692
Net increase (decrease) in cash	19,657	(24,860)
Cash, beginning of the year	56,687	81,547
Cash, end of the year	\$ 76,344	\$ 56,687



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

December 31, 2018

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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	<p>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.</p> <p>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.</p> <p>The Tangible Capital Assets Fund reports the assets, liabilities, revenues and expenses related to tangible capital assets.</p> <p>The Operating Contingency Reserve Fund is an internally restricted fund that was created to ensure that all contractual and legal commitments can be met.</p>

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Big Brothers Big Sisters Ottawa /  
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Notes to Financial Statements

December 31, 2018

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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
Truck	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, 2018

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.

Contributed Materials      Due to the difficulty in determining the fair value of materials contributed to the organization they are not recognized in the financial statements.

2. Accounts Receivable

	2018	2017
Harmonized sales tax receivable	\$ 9,965	\$ 9,418
Receivable from Big Brothers Big Sisters Canada	47,916	-
Accrued receivables	48,639	37,695
Undeposited funds	-	20,299
	\$ 106,520	\$ 67,412

3. Tangible Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Clothing bins	\$ 27,845	\$ 6,741	\$ 27,845	\$ 2,763
Computer equipment	42,986	31,535	40,372	24,046
Furniture and equipment	25,037	25,037	25,037	24,167
Truck	32,014	9,184	32,014	2,781
Leasehold improvements	108,366	84,961	108,366	78,982
Website	24,319	8,039	24,319	3,175
	\$ 260,567	\$ 165,497	\$ 257,953	\$ 135,914
Net carrying amount		\$ 95,070		\$ 122,039

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Big Brothers Big Sisters Ottawa /  
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Notes to Financial Statements

December 31, 2018

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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, 2018, the remaining balance available was \$25,000 (2017 - \$25,000).

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5. Deferred Contributions

Deferred contributions consists of amounts received before year-end for future programs and initiatives. The variations in the balance are as follows:

	2018	2017
Balance, beginning of year	\$ 119,533	\$ 80,976
Plus: amounts received during the year	714,002	376,305
Less: amounts recognized as revenue in the year	(675,881)	(337,748)
Balance, end of year	<u>\$ 157,654</u>	<u>\$ 119,533</u>

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6. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represents contributions received for tangible capital assets. The variations in the balance are as follows:

	2018	2017
Balance, beginning of year	\$ 70,584	\$ 4,306
Plus: amount received during the year	-	72,917
Less: amount amortized to operations	(15,148)	(6,639)
Balance, end of year	<u>\$ 55,436</u>	<u>\$ 70,584</u>

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Big Brothers Big Sisters Ottawa /  
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Notes to Financial Statements

December 31, 2018

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7. Contractual Obligations

The organization leases its premises under a lease expiring on August 31, 2019 and also leases equipment under a lease expiring on May 31, 2020. The organization also signed an agreement for event management and secure information management. Future minimum lease payments for premises, equipment, event management and secure information management total \$89,098 and include the following payments over the next five years:

2019	\$	72,720
2020	\$	4,114
2021	\$	2,628
2022	\$	2,628
2023	\$	2,628

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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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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 \$14,035 (2017 - \$13,721).