



Financial Statements

The St. Catharines, Thorold and District Big
Brothers, Big Sisters Association, Incorporated

December 31, 2017

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Independent Auditor's Report

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To the Members of
The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

We have audited the accompanying financial statements of The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated, which comprise the statement of financial position as at December 31, 2017, and the statements of revenues, expenses and net assets 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 association'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 association'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.

Independent Auditor's Report (continued)

Basis for qualified opinion

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated in common with many not-for-profit organizations, derives a material amount of revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated. Therefore, we were unable to determine whether any adjustments might be necessary to donations and special events revenues, deficiency of revenues over expenses, cash flows from operations for the years ended December 31, 2017 and 2016, current assets at December 31, 2017 and 2016, and net assets as at January 1, 2017 and 2016 and December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated as at December 31, 2017 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.

Report on other legal and regulatory requirements

As required by Section 96(2) of the Corporations Act, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

St. Catharines, Canada
May 22, 2018

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

**The St. Catharines, Thorold and District
Big Brothers, Big Sisters Association, Incorporated
Statement of Financial Position**

December 31

2017

2016

Assets

Current

Cash	\$ 102,096	\$ 102,725
Term deposits	139,749	131,588
Marketable securities	12,318	5,452
Accounts receivable	1,706	11,949
HST receivable	9,802	5,747
Prepaid expenses	<u>11,601</u>	<u>-</u>
	<u>277,272</u>	<u>257,461</u>

Long-term

Property and equipment (Note 3)	<u>214,474</u>	<u>215,088</u>
	<u>\$ 491,746</u>	<u>\$ 472,549</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 13,662	\$ 10,458
Government remittances payable	9,201	11,203
Deferred grant revenue (Note 4)	<u>30,537</u>	<u>32,721</u>
	<u>53,400</u>	<u>54,382</u>

Net assets

Net assets invested in property and equipment	214,474	215,088
Unrestricted	<u>223,872</u>	<u>203,079</u>
	<u>438,346</u>	<u>418,167</u>
	<u>\$ 491,746</u>	<u>\$ 472,549</u>

On behalf of the board


MICHELLE MILLER

Director

Director

**The St. Catharines, Thorold and District
Big Brothers, Big Sisters Association, Incorporated
Statement of Revenues, Expenses and Net Assets**

Year ended December 31

2017

2016

Revenues

Donations	\$ 192,719	\$ 150,574
United Way	69,996	69,996
Special events	226,492	258,530
Grants (Note 4)	180,938	96,015
Interest and other income	<u>8,010</u>	<u>7,704</u>
	678,155	582,819

Expenses

Salaries and benefits	449,034	380,876
Subcontract services	34,402	47,089
Special events	51,011	71,433
Program costs	7,587	6,772
Strategic development	-	677
Organizational development	1,067	8,765
Dues and fees	11,343	13,048
Promotion	9,415	13,984
Office and general	24,600	24,459
Professional fees	5,997	4,191
Mileage	6,224	4,428
Insurance and property taxes	15,786	16,222
Utilities and telephone	11,112	11,793
Repairs and maintenance	16,206	5,417
Bank charges and interest	7,124	7,318
Amortization	<u>7,068</u>	<u>5,659</u>
	657,976	622,131

Excess (deficiency) of revenues over expenses **\$ 20,179** **\$ (39,312)**

Net assets, beginning of year **\$ 418,167** \$ 457,479

Excess (deficiency) of revenues over expenses **20,179** (39,312)

Net assets, end of year **\$ 438,346** **\$ 418,167**

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

Statement of Cash Flows

December 31	2017	2016
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenues over expenses	\$ 20,179	\$ (39,312)
Amortization	7,068	5,659
Unrealized (gain) loss on marketable securities	<u>(744)</u>	<u>65</u>
	26,503	(33,588)
Change in non-cash working capital items		
Accounts receivable	6,188	8,114
Prepaid expenses	(11,601)	2,067
Accounts payable and accrued liabilities	1,202	(18,924)
Deferred grant revenue	<u>(2,184)</u>	<u>30,945</u>
	<u>20,108</u>	<u>(11,386)</u>
Investing		
Purchase of marketable securities	(6,122)	(5,517)
(Purchase) redemption of term deposits	(8,161)	1,078
Purchase of property and equipment	<u>(6,454)</u>	<u>(2,507)</u>
	<u>(20,737)</u>	<u>(6,946)</u>
Decrease in cash	(629)	(18,332)
Cash		
Beginning of year	<u>102,725</u>	<u>121,057</u>
End of year	<u>\$ 102,096</u>	<u>\$ 102,725</u>

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

Notes to the Financial Statements

December 31, 2017

1. Nature of operations

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated (Association) was established to provide companionship and guidance to single parent children. The Association is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario, and is a registered charity under the Income Tax Act. As such it is exempt from income taxes.

2. Significant accounting policies

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

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized on the statement of revenues, expenses and net assets.

Financial assets and liabilities measured at amortized cost include cash, term deposits, contributions receivable and HST receivable, accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses.

Property and equipment

Capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided for over the estimated useful life of the asset.

The amortization rates and methods used for each class of capital assets are:

Building	4%	Declining balance
Furniture and equipment	20%	Declining balance
Computers	3	Years straight-line

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated Notes to the Financial Statements

December 31, 2017

2. Significant accounting policies (continued)

Revenue recognition

The Association follows the deferral method of accounting for contributions which include donations and grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Cash and cash equivalents

The Association's policy is to present bank balances under cash and cash equivalents, term deposits are disclosed separately.

Contributed material and services

The Association receives benefits from a substantial amount of volunteer services as well as donations in kind of merchandise; no amounts have been reflected in the statements for these items.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known.

Items subject to significant management estimates include estimated useful lives of property and equipment and revenue recognition of deferred grants.

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

Notes to the Financial Statements

December 31, 2017

3. Property and equipment

			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 114,895	\$ -	\$ 114,895	\$ 114,895
Building	215,691	124,965	90,726	94,506
Furniture and equipment	59,752	55,202	4,550	5,687
Computers	<u>28,127</u>	<u>23,824</u>	<u>4,303</u>	<u>-</u>
	<u>\$ 418,465</u>	<u>\$ 203,991</u>	<u>\$ 214,474</u>	<u>\$ 215,088</u>

4. Deferred grant revenue

Deferred grant revenues relate to restricted contributions for special projects or specified purposes. These grants and the changes in the deferred revenue balances are as follows:

	<u>2016</u>			<u>2017</u>
	<u>Deferred balance</u>	<u>Amount received / receivable</u>	<u>Amount recognized</u>	<u>Deferred balance</u>
Ontario Trillium Foundation Capital Grant (2007)	\$ 1,421	\$ -	\$ (284)	\$ 1,137
Ontario Trillium Foundation Grant	31,300	62,600	(64,500)	29,400
Ontario Ministry of Education Grant	-	68,727	(68,727)	-
Game On! and Go Girls! Grants	-	37,450	(37,450)	-
Wise Guys Charity Fund Grant	-	5,000	(5,000)	-
Canada Summer Jobs Grant	<u>-</u>	<u>4,977</u>	<u>(4,977)</u>	<u>-</u>
	<u>\$ 32,721</u>	<u>\$ 178,754</u>	<u>\$ (180,938)</u>	<u>\$ 30,537</u>

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

Notes to the Financial Statements

December 31, 2017

5. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the company's risk exposure and concentrations at December 31, 2017:

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk with respect to investments in fixed rate term deposits.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk primarily through its holdings of marketable securities.

6. Comparative figures

Certain of the comparative figures have been reclassified to conform to changes in the financial statement presentation adopted for the current year.
