

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO
Financial Statements
Year Ended December 31, 2018

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Big Brothers Big Sisters of Wood Buffalo

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of Wood Buffalo (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, 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 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 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 Organization. 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 year ended December 31, 2018, current assets and net assets as at December 31, 2018. 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 of 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 those 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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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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.

King + Company

Edmonton, AB
May 8, 2019

CHARTERED ACCOUNTANTS

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Statement of Financial Position

As at December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash (Note 3)	\$ 353,794	\$ 377,723
Term deposits (Note 4)	100,000	99,225
Accounts receivable (Note 5)	106,251	35,566
Prepaid expenses	5,908	4,985
	<u>\$ 565,953</u>	<u>\$ 517,499</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 35,405	\$ 41,885
Deferred revenue (Note 7)	122,805	29,192
Deferred contributions (Note 8)	62,968	77,075
	<u>221,178</u>	<u>148,152</u>
NET ASSETS		
Internally restricted (Note 10)	60,000	60,000
Unrestricted	284,775	309,347
	<u>344,775</u>	<u>369,347</u>
	<u>\$ 565,953</u>	<u>\$ 517,499</u>

ON BEHALF OF THE BOARD

Director

Director

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO**Statement of Revenues and Expenditures****Year Ended December 31, 2018**

	2018	2017
REVENUE		
Full Circle Mentoring	\$ 179,804	\$ 291,137
Wine auction <i>(Note 11)</i>	109,911	100,693
Casino <i>(Note 8)</i>	48,598	3,446
Community Tradition	45,361	55,432
In School Mentoring	35,000	64,720
Donations	26,257	72,008
Duck race <i>(Note 11)</i>	22,402	13,033
Curl for Kids <i>(Note 11)</i>	14,157	20,534
Go Girls	4,394	-
Interest	332	518
	<u>486,216</u>	<u>621,521</u>
EXPENSES		
Salaries and benefits	388,166	377,091
Rent	32,046	26,850
Office	26,745	27,593
Big 'N Little activities	25,373	18,683
Dues and memberships	10,400	11,217
Advertising and promotion	9,867	16,831
Professional fees	7,000	7,395
Insurance	5,385	5,306
Goods and services tax	5,177	5,074
Training and education	3,418	6,301
Telephone, fax and internet	2,957	3,033
Volunteer appreciation	1,442	2,338
Utilities (recovery)	(7,188)	4,619
	<u>510,788</u>	<u>512,331</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (24,572)</u>	<u>\$ 109,190</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO**Statement of Changes in Net Assets****Year Ended December 31, 2018**

	Internally Restricted (Note 10)	Unrestricted	2018	2017
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 60,000	\$ 319,785	\$ 379,785	\$ 227,294
Prior period error <i>(Note 2)</i>	-	(10,438)	(10,438)	32,863
As restated	60,000	309,347	369,347	260,157
Excess (deficiency) of revenue over expenses	-	(24,572)	(24,572)	109,190
NET ASSETS - END OF YEAR	\$ 60,000	\$ 284,775	\$ 344,775	\$ 369,347

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from donations, fundraising and other	\$ 503,741	\$ 658,972
Interest received	332	518
Cash paid to suppliers and employees	<u>(527,227)</u>	<u>(491,838)</u>
Cash flow from (used by) operating activities	<u>(23,154)</u>	<u>167,652</u>
INVESTING ACTIVITY		
Purchase of term deposits	<u>(775)</u>	<u>(60,350)</u>
INCREASE (DECREASE) IN CASH	(23,929)	107,302
CASH - BEGINNING OF YEAR	<u>377,723</u>	<u>270,421</u>
CASH - END OF YEAR	<u>\$ 353,794</u>	<u>\$ 377,723</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2018

NATURE OF OPERATIONS

Big Brothers Big Sisters of Wood Buffalo (the "association") is an association incorporated under the Alberta Societies Act. The association is a charitable organization operated for the benefit of youth aged 6-17 in the Fort McMurray region. The association is dependant on the support of volunteers to continue operations.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from all other sources is included in revenue in the year in which it is received or receivable.

Contributed Services

Volunteers contribute time each year to aid the association in carrying out its services and fundraising activities. Due to the difficulty in determining the fair value, the financial value of contributed services is not recognized in these financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash

Cash is comprised of cash held with financial institutions.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2018

2. PRIOR PERIOD ERROR

During the year, it was determined that accounts payables and accrued liabilities and unrestricted net assets were understated by \$10,438 as a result of operating expenses which were not recorded. It was also determined that revenues for the prior year were overstated and net assets were understated by \$32,863 as a result of funding allocations related to the Full Circle Mentoring program.

These corrections have been applied retrospectively and prior periods have been adjusted.

3. CASH

	<u>2018</u>	<u>2017</u>
Unrestricted	\$ 168,021	\$ 271,456
Restricted for grants	122,805	29,192
Restricted for bingos and casinos	<u>62,968</u>	<u>77,075</u>
	<u>\$ 353,794</u>	<u>\$ 377,723</u>

Use of the revenue from bingos and casinos is restricted to expenses approved by Alberta Gaming, Liquor and Cannabis.

4. TERM DEPOSITS

Term deposits consist of guaranteed investment certificates earning interest between 0.55% and 2.45% (2017 - 1.35 and 2.05%) and maturing between January 2019 and December 2022. Upon maturity, the principal plus interest is to be renewed for a one year term.

5. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Donations and sponsorships receivable	\$ 87,762	\$ 26,113
Utility recovery	13,155	-
Goods and services tax receivable	<u>5,334</u>	<u>9,453</u>
	<u>\$ 106,251</u>	<u>\$ 35,566</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2018

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade	\$ 18,846	\$ 26,351
Wages	15,610	12,078
Government remittances	949	3,456
	<u>\$ 35,405</u>	<u>\$ 41,885</u>

7. DEFERRED REVENUE

Deferred revenue is comprised of unexpended funds received for grants related to the association's programs for the 2018 - 2019 year.

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent externally restricted operating funding received in the current year that is related to subsequent periods. The following is a summary of the changes for the period:

	2018	2017
Balance, beginning of year	\$ 77,075	\$ 37,414
Contributions	34,491	41,832
Transferred from bingo	-	1,275
Recognized as revenue	<u>(48,598)</u>	<u>(3,446)</u>
Balance, end of year	<u>\$ 62,968</u>	<u>\$ 77,075</u>

9. COMMITMENT

The association is committed until June 30, 2020 under an operating lease for office premises to minimum monthly rent of \$2,263 plus operating costs.

10. INTERNALLY RESTRICTED NET ASSETS

The Board has internally restricted \$60,000 of net assets for future operations. The funds cannot be utilized without Board authorization.

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2018

11. NET FUNDRAISING REVENUE

	<u>2018</u>	<u>2017</u>
Wine Auction		
Revenue	\$ 267,944	\$ 249,839
Expense	<u>(158,033)</u>	<u>(149,146)</u>
	<u>\$ 109,911</u>	<u>\$ 100,693</u>
Duck Race		
Revenue	\$ 28,466	\$ 16,338
Expense	<u>(6,064)</u>	<u>(3,305)</u>
	<u>\$ 22,402</u>	<u>\$ 13,033</u>
Curl for Kids		
Revenue	\$ 22,930	\$ 24,557
Expense	<u>(8,773)</u>	<u>(4,023)</u>
	<u>\$ 14,157</u>	<u>\$ 20,534</u>

12. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2018.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is exposed to interest rate risk primarily through its cash and term deposits.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.