



**Big Sisters**  
of BC Lower Mainland

# Financial Statements

Big Sisters of BC Lower Mainland

December 31, 2018

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# Independent Auditor's Report

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Grant Thornton LLP  
Suite 1600  
333 Seymour Street  
Vancouver, BC  
V6B 0A4  
T +1 604 687 2711  
F +1 604 685 6569

To the Members of [Big Sisters of BC Lower Mainland](#)

## Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited financial statements of Big Sisters of BC Lower Mainland ("the Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, 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 Big Sisters of BC Lower Mainland as at December 31, 2018, and its 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 Society derives revenue from donations and events, 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and events revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 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 Society 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that applied in preparing the financial statements of the preceding year.

Vancouver, Canada  
April 17, 2019



Chartered Professional Accountants

# Big Sisters of BC Lower Mainland

## Statement of Operations

Year ended December 31	2018	2017
<b>Revenues</b>		
Events revenue	\$ 865,398	\$ 837,082
Donations	310,542	184,703
Grants	396,050	391,689
Gaming	173,000	150,000
Bequests	-	103,604
Interest income	10,354	9,711
	<u>1,755,344</u>	<u>1,676,789</u>
<b>Expenditures</b>		
Amortization	15,988	16,747
Audit	17,945	16,406
Big Brothers Big Sisters of Canada	16,015	25,014
Events expense	161,588	150,547
Fundraising expenditures	19,401	16,452
General and administrative	81,433	78,377
Insurance	19,419	12,781
Little Sisters activities	46,960	38,782
Salaries and contract costs	1,155,905	1,093,548
Travel	16,176	19,261
Volunteer recognition	7,962	4,008
Write off of property and equipment	10,450	-
	<u>1,569,242</u>	<u>1,471,923</u>
Excess of revenues over expenditures	<u>\$ 186,102</u>	<u>\$ 204,866</u>

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## Big Sisters of BC Lower Mainland

### Statement of Changes in Net Assets

Year ended December 31, 2018

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	Internally Restricted (Note 7)	Unrestricted	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance, December 31, 2016	\$ 354,793	\$ 347,538	\$ 702,331
Excess of revenues over expenditures	(17,098)	221,964	204,866
Interfund transfers	<u>90,713</u>	<u>(90,713)</u>	<u>-</u>
Balance, December 31, 2017	428,408	478,789	907,197
Excess of revenues over expenditures	(4,335)	190,437	186,102
Interfund transfers	<u>163,132</u>	<u>(163,132)</u>	<u>-</u>
<b>Balance, December 31, 2018</b>	<b><u>\$ 587,205</u></b>	<b><u>\$ 506,094</u></b>	<b><u>\$ 1,093,299</u></b>

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# Big Sisters of BC Lower Mainland Statement of Financial Position

December 31

2018

2017

## Assets

### Current

Cash and cash equivalents (Note 3)	\$ 916,839	\$ 640,596
Receivables	22,745	19,128
Prepaid expenses	<u>34,933</u>	<u>25,434</u>

974,517                      685,158

Investments (Note 4)

203,325                      203,325

Property and equipment (Note 5)

220,011                      221,766

\$ 1,397,853                      \$ 1,110,249

## Liabilities

### Current

Payables and accruals (Note 6)	\$ 144,273	\$ 105,033
Deferred revenue	<u>160,281</u>	<u>98,019</u>

304,554                      203,052

## Net assets

Internally restricted (Note 7)

587,205                      428,408

Unrestricted

506,094                      478,789

1,093,299                      907,197

\$ 1,397,853                      \$ 1,110,249

Approved on behalf of the Board



Director



Director

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## Big Sisters of BC Lower Mainland

### Statement of Cash Flows

Year ended December 31

2018

2017

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Cash flows provided by (used in)

#### Operating

Excess of revenues over expenditures	\$	186,102	\$	204,866
Items not affecting cash				
Amortization		15,988		16,747
Write off of property and equipment		10,450		-

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212,540 221,613

Change in non-cash working capital items

Receivables	(3,617)	(1,531)
Prepaid expenses	(9,499)	(1,056)
Payables and accruals	39,240	(39,677)
Deferred revenue	62,262	95,408

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300,926 274,757

#### Investing

Purchase of property and equipment	(24,683)	(33,108)
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Net increase in cash and cash equivalents 276,243 241,649

Cash and cash equivalents, beginning of year 640,596 398,947

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Cash and cash equivalents, end of year \$ 916,839 \$ 640,596

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# Big Sisters of BC Lower Mainland

## Notes to the Financial Statements

December 31, 2018

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### 1. Nature of operations

Big Sisters of BC Lower Mainland (the "Society") was incorporated under the Society Act. The Society is committed to enhancing the confidence, self-esteem and well-being of girls and young women by establishing and supporting mentorship with caring women. The Society is a registered charity under the Income Tax Act of Canada and, as long as it continues to meet the requirements of the Act, is not taxable.

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### 2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### (a) Cash and cash equivalents

Cash and cash equivalents consist of cash, and all highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

#### (b) Property and equipment

Property and equipment purchased are recorded at cost. Property and equipment contributed is recorded at its estimated fair value at the date of contribution. Furniture and equipment acquired and donated prior to January 1, 1977 have been given a nominal value of \$1. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates are as follows:

Building	5%
Furniture and fixtures	20%
Computer equipment	30%

#### (c) Revenue recognition

The Society 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. Endowment contributions are recognized as direct increases in net assets.

#### (d) Donated materials and services

The Society relies on volunteer time and donated goods and services to achieve its purposes. Because of the difficulty of determining their fair values, volunteer time and donated goods and services are not recognized in these financial statements.

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# Big Sisters of BC Lower Mainland

## Notes to the Financial Statements

December 31, 2018

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### 2. Significant accounting policies (continued)

#### (e) Financial instruments

Financial instruments are measured at fair value when issued or acquired. At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, investments, and payables and accruals.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

#### (f) Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

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### 3. Line of credit

The Society has a \$350,000 revolving demand loan available. The balance outstanding at year end is \$Nil (2017 - \$Nil). The line is secured by the Society's land and building and a general assignment. Interest is payable monthly and is calculated based on prime rate plus 0.75% per annum.

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### 4. Investments

Investments are held by the Vancouver Foundation as a retractable fund and are carried at amortized cost. As at December 31, 2018, the accumulated balance of this fund held by the Vancouver Foundation had a market value of \$236,261 (2017 - \$248,689).

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### 5. Property and equipment

			<u>2018</u>	<u>2017</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 136,302	\$ -	\$ 136,302	\$ 136,302
Building	89,027	50,087	38,940	34,323
Furniture and fixtures	42,352	35,439	6,913	18,020
Computer equipment	85,628	47,772	37,856	33,121
	<u>\$ 353,309</u>	<u>\$ 133,298</u>	<u>\$ 220,011</u>	<u>\$ 221,766</u>

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# Big Sisters of BC Lower Mainland

## Notes to the Financial Statements

December 31, 2018

### 6. Payables and accruals

Included in payables and accruals are government remittances payable of \$18,609 (2017 - \$8,840).

### 7. Internally restricted net assets

The internally restricted net assets are not available for other purposes without approval from the board of directors (the "Board").

- The House Maintenance Fund was established to set aside funding in the event of specific works required at the Big Sisters House.
- The Contingency Fund was established to provide cash for major expenses.
- The Big Sisters Endowment Fund, founded by Peter and Joanne Brown was established as a non-permanent endowment fund held with the Vancouver Foundation. If retracted by the Society, no part of the fund may be used for any purpose other than those set forth by the Society's endowment policy. Such policy was approved and adopted by the Society's board of directors on March 15, 2005. Any income earned by the fund may be used for any purpose approved by and at the discretion of the Board.
- The Scholarship Fund was established to provide four year scholarships to two little sisters.
- Other Funds consist of: Joanne's Bliss Fund, which provides opportunities and essentials to Little Sisters whose families have limited financial means; the Linda Parsons Volunteer Development Fund, which provides training and workshops to volunteers; and the Rachel Paul Fund, which provides extras for Little Sisters.

	House Maintenance Fund	Contingency Fund	The Big Sisters Endowment Fund, Founded by Peter and Joanne Brown	Scholarship Fund	Other Funds	Total
Balance, December 31, 2017	\$ 33,949	\$ 131,957	\$ 203,325	\$ 40,000	\$ 19,177	\$ 428,408
Expenditures	-	-	-	(1,009)	(3,326)	(4,335)
Transfer from unrestricted net assets	-	150,000	-	-	13,132	163,132
<b>Balance, December 31, 2018</b>	<b>\$ 33,949</b>	<b>\$ 281,957</b>	<b>\$ 203,325</b>	<b>\$ 38,991</b>	<b>\$ 28,983</b>	<b>\$ 587,205</b>

### 8. Disclosure required under the Societies Act

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Society paid \$166,705 to two employees who were paid more than \$75,000.

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# Big Sisters of BC Lower Mainland

## Notes to the Financial Statements

December 31, 2018

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### 9. Financial instruments

The carrying amounts of financial assets measured at amortized cost are \$1,142,909 as at December 31, 2018 (2017 - \$863,049).

The carrying amounts of financial liabilities measured at amortized cost are \$144,273 as at December 31, 2018 (2017 - \$105,033).

Management believes that the Society is exposed to the following risks with respect to its financial instruments:

#### *Interest rate risk*

Interest rate risk is the potential for financial loss to the Society from changes in the values of its financial instruments due to changes in market interest rates. The investments of the Society are all with the Vancouver Foundation, which holds well-diversified portfolios.

#### *Credit risk*

The Society is exposed to the risk that counterparty defaults or becomes insolvent. The only financial instruments that potentially subject the Society to concentrations of credit risk are cash and cash equivalents and investments. The Society limits its exposure to credit risk by placing its cash and cash equivalents and investments with major financial institutions.

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