



# Financial Statements

Big Sisters of BC Lower Mainland

December 31, 2019

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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 the financial statements of Big Sisters of BC Lower Mainland (the "Society"), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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 15, 2020



Chartered Professional Accountants

# Big Sisters of BC Lower Mainland

## Statement of Operations

Year ended December 31

	2019	2018
<b>Revenues</b>		
Events revenue	\$ 1,148,605	\$ 865,398
Donations	260,073	310,542
Grants	406,789	396,050
Gaming	173,000	173,000
Raffle	25,070	-
Interest income	11,682	10,354
	<u>2,025,219</u>	<u>1,755,344</u>
<b>Expenditures</b>		
Amortization	15,849	15,988
Audit	15,553	17,945
Big Brothers Big Sisters of Canada	23,776	18,963
Events expense	324,238	161,588
Fundraising expenditures	53,804	19,401
General and administrative	86,443	74,215
Insurance	19,134	19,419
Program expenses	53,085	51,230
Salaries and contract costs	1,366,889	1,155,905
Travel	13,506	16,176
Volunteer recognition	8,078	7,962
Write off of property and equipment	-	10,450
	<u>1,980,355</u>	<u>1,569,242</u>
Excess of revenues over expenditures	<u>\$ 44,864</u>	<u>\$ 186,102</u>

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**Big Sisters of BC Lower Mainland**  
**Statement of Changes in Net Assets**  
Year ended December 31, 2019

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	Internally Restricted (Note 8)	Unrestricted	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance, December 31, 2017	\$ 428,408	478,789	\$ 907,197
Excess (deficiency) of revenues over expenditures	(4,335)	190,437	186,102
Interfund transfers	<u>163,132</u>	<u>(163,132)</u>	<u>-</u>
Balance, December 31, 2018	587,205	506,094	1,093,299
Excess (deficiency) of revenues over expenditures	(4,166)	49,030	44,864
Interfund transfers	<u>3,208</u>	<u>(3,208)</u>	<u>-</u>
<b>Balance, December 31, 2019</b>	<b><u>\$ 586,247</u></b>	<b><u>\$ 551,916</u></b>	<b><u>\$ 1,138,163</u></b>

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# Big Sisters of BC Lower Mainland Statement of Financial Position

December 31	2019	2018
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 3)	\$ 1,109,155	\$ 916,839
Receivables	70,917	22,745
Prepaid expenses	31,252	34,933
	<u>1,211,324</u>	<u>974,517</u>
Investments (Note 4)	203,325	203,325
Property and equipment (Note 5)	213,375	220,011
	<u>\$ 1,628,024</u>	<u>\$ 1,397,853</u>
<b>Liabilities</b>		
Current		
Payables and accruals (Note 6)	\$ 165,232	\$ 144,273
Deferred revenue (Note 7)	324,629	160,281
	<u>489,861</u>	<u>304,554</u>
<b>Net assets</b>		
Internally restricted (Note 8)	586,247	587,205
Unrestricted	551,916	506,094
	<u>1,138,163</u>	<u>1,093,299</u>
	<u>\$ 1,628,024</u>	<u>\$ 1,397,853</u>

Approved on behalf of the Board

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director



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# Big Sisters of BC Lower Mainland

## Notes to the Financial Statements

December 31, 2019

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### 1. Nature of operations

Big Sisters of BC Lower Mainland (the "Society") was incorporated under the Societies Act of British Columbia. 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, 2019

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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 (2018 - \$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, 2019, the accumulated balance of this fund held by the Vancouver Foundation had a market value of \$253,544 (2018 - \$236,261).

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### 5. Property and equipment

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 136,302	\$ -	\$ 136,302	\$ 136,302
Building	89,027	52,034	36,993	38,940
Furniture and fixtures	46,744	37,261	9,483	6,913
Computer equipment	90,449	59,852	30,597	37,856
	<u>\$ 362,522</u>	<u>\$ 149,147</u>	<u>\$ 213,375</u>	<u>\$ 220,011</u>

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# Big Sisters of BC Lower Mainland

## Notes to the Financial Statements

December 31, 2019

### 6. Payables and accruals

Included in payables and accruals are government remittances payable of \$24,115 (2018 - \$18,609).

7. Deferred revenue	2019	2018
Deferred revenue, beginning of year	\$ 160,281	\$ 98,019
Funds received	245,795	84,891
Less: revenue recognized	(81,447)	(22,629)
Deferred revenue, end of year	\$ 324,629	\$ 160,281

### 8. Internally restricted net assets

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

- (a) The House Maintenance Fund was established to set aside funding in the event of specific works required at the Big Sisters House.
- (b) The Contingency Fund was established to provide cash for major expenses.
- (c) 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.
- (d) The Scholarship Fund was established to provide four year scholarships to two little sisters.
- (e) 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, 2018	\$ 33,949	\$ 281,957	\$ 203,325	\$ 38,991	\$ 28,983	\$ 587,205
Expenditures	-	-	-	(1,505)	(2,661)	(4,166)
Transfer from unrestricted net assets	-	-	-	-	3,208	3,208
<b>Balance, December 31, 2019</b>	<b>\$ 33,949</b>	<b>\$ 281,957</b>	<b>\$ 203,325</b>	<b>\$ 37,486</b>	<b>\$ 29,530</b>	<b>\$ 586,247</b>

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# Big Sisters of BC Lower Mainland

## Notes to the Financial Statements

December 31, 2019

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### 9. 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 \$Nil (2018 - \$Nil) to directors, \$225,460 (2018 - \$166,705) in remuneration to employees, and there were no contractors who were paid above \$75,000.

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### 10. Financial instruments

The carrying amounts of financial assets measured at amortized cost are \$1,383,397, as at December 31, 2019 (2018 - \$1,142,909).

The carrying amounts of financial liabilities measured at amortized cost are \$165,232 as at December 31, 2019 (2018 - \$144,273).

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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### 10. Comparative figures

Certain comparative figures have been reclassified to conform to the classification used in the current year.

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### 11. Subsequent events

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our operations are not known at this time. These impacts could include potential future decreases in revenue. Management is closely monitoring the evolving situation and taking measures to mitigate potential negative impacts to the Society.