FINANCIAL STATEMENTS
DECEMBER 31, 2018

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Big Brothers/Big Sisters of Lanark County
Financial Statements
December 31, 2018

Big Brothers Big Sisters
of Lanark County

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Big Brothers/Big Sisters of Lanark County are the responsibility of the Foundation's management and have been prepared in compliance with legislation, and in accordance with Canadian Not-For-Profit Organization Accounting Standards. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Organization. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.

Gail Logan, Executive Director

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INDEPENDENT AUDITOR'S REPORT

To the Members of Big Brothers / Big Sisters of Lanark County:

Qualified Opinion

We have audited the financial statements of the Big Brothers / Big Sisters of Lanark County (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations and fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies; (Hereinafter referred to as the 'financial statements').

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 Entity as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Basis of Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donation and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***'Auditors' Responsibilities for the Audit of the Financial Statements'*** section of our auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity's internal control.

- Evaluate the appropriateness of accounting polices 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 Entity's ability to continue as a going concern. If we
conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

- 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.

Allan

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
February 5, 2019.

Big Brothers/Big Sisters of Lanark County
Statement of Financial Position

December 31	2018	2017
	$	$
Assets		
Current Assets		
Cash	211,553	273,022
Accounts receivable	22,729	5,265
Prepaid expenses	16,248	14,923
	250,530	293,210
Capital Assets (note 2)	75,143	80,543
Total Assets	325,673	373,773
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	1,007	16,673
Government payables	12,514	—
Deferred revenue • Programs	10,000	59,517
• Fundraising	750	500
Current portion of long term debt	—	600
	24,271	77,290
Total Liabilities	24,271	77,290
Fund Balances		
Investment in capital assets	75,143	79,943
Restricted • Camp	1,669	1,621
Unrestricted	183,440	173,769
Restricted • Contingencies	25,000	25,000
Restricted • Sustainability	16,150	16,150
	301,402	296,483
Total Liabilities and Fund Balances	325,673	373,773

Approved on Behalf of the Board:

Director

Director

The accompanying notes are an integral part of these financial statements.

Big Brothers/Big Sisters of Lanark County
Statement of Operations and Fund Balances

For the year ended December 31	(Note 7) Budget	2018	2017
	$	$	$
Revenues			
Fundraising			
Bowl for Kids	85,000	95,050	94,823
Jewels clothing store (Schedule 1)	73,542	84,030	76,979
Fundraising events	37,000	36,225	37,002
Donations	52,000	60,899	89,310
United Way	17,500	49,965	36,449
Grants			
Province	155,437	149,679	117,459
Federal	—	—	9,561
Municipal	48,000	60,920	—
Foundations and corporate	83,500	37,750	28,129
Other income	—	3,034	5,413
Interest Income	1,000	1,587	1,744
Pike Falls Camp Fund - donations 3,850	—	—	—
- camp expense (3,802)	—	48	—
	552,979	579,187	496,869
Expenditures			
Human Resources			
Wages and benefits (net of recovery Schedule 1)	458,572	449,677	362,023
Staff development	5,000	6,337	6,097
Volunteer development	2,000	324	2,061
Travel	8,500	4,726	5,949
Occupancy			
Loan interest	600	—	68
Maintenance	7,000	4,885	4,277
Property taxes	1,900	1,845	1,871
Utilities	5,500	6,305	6,135
Amortization	—	5,400	5,400
Allocated to Jewels	(9,100)	(9,100)	(9,100)
Minor capital		—	5,744
Programs			
Site and skills based programs	62,514	53,099	35,170
Public Relations			
Volunteer appreciation	4,000	931	2,636
Outreach	1,000	1,963	903
Office			
Bank charges	2,000	2,575	2,258
Fees and dues	10,000	16,610	9,760
Fundraising	1,000	504	638
Insurance	9,350	9,001	8,694
Office supplies	13,650	14,063	15,566
Telephone and internet	2,200	2,758	2,117
Minor capital	4,500	2,365	4,444
	590,186	574,268	472,711
Net (Expenditures) Revenues for the Year	(37,207)	4,919	24,158
Fund Balances, Beginning of Year	296,483	296,483	272,325
Fund Balances, End of Year	259,276	301,402	296,483

The accompanying notes are an integral part of these financial statements.

Big Brothers/Big Sisters of Lanark County
Statement of Cash Flows

For the year ended December 31	2018	2017
	$	$
Cash Flows Provided From:		
Operating Activities		
Net revenues for the year	4,919	24,158
Add: amortization	5,400	5,400
	10,319	29,558
Net Change in Non-Cash Working Capital Balances Related to Operations		
Accounts receivable	(17,444)	3,966
Prepaid expenses	(1,325)	(8,700)
Accounts payable and accrued liabilities	(15,666)	3,653
Government payables	12,514	—
Deferred revenue	(49,267)	34,267
	(71,188)	33,100
Financing Activities		
Repayment of long term debt	(600)	(6,977)
Change in Cash, During the Year	(61,469)	55,681
Cash, Beginning of Year	273,022	217,341
Cash, End of Year	211,553	273,022

The accompanying notes are an integral part of these financial statements.

December 31, 2018

Nature of Business

Big Brothers/Big Sisters of Lanark County is a registered charity under Section 149(1) of the Income Tax Act (Canada). The Organization's mission is to provide every child in Lanark County who needs a mentor with a mentor.

1. Significant Accounting Policies

Revenue Recognition

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations. Under the deferral method 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.

Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital asset.

Restricted donations and grants are recognized as revenue when the related expenditure is incurred.

Expense Recognition

Expenditures are recognized according to the accrual basis of accounting in that the expenditures are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

Capital Assets

Capital assets purchased by the Organization are recorded at cost and those donated to the Organization are recorded at their fair value at the date of acquisition when fair market value can be reasonably estimated. Capital assets are amortized on a straight line basis with the following estimated useful lives:

Building	25 years

Deferred Revenue

The Organization receives amounts for which services have yet to be performed. These amounts are recognized as revenues in the fiscal year the related expenditures are incurred or services performed.

Donated Services

No amounts are reflected in the statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Organization and its fundraising activities.

1. Significant Accounting Policies / continued

Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Organization has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held for trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Organization classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements 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 date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates are reviewed periodically and as adjustments become necessary they are reported in earnings in the period in which they become known.

2. Capital Assets

	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Building	134,697	59,554	75,143	80,543

3. Long Term Debt

	2018	2017
	$	$
Valley Heartland Community Futures Development Corporation (0.00%), reducing principal of $150 per month, due March 2018.	---	600
	---	600
Less: current portion of long term debt	---	600
	---	---

4. Risk Management

In the normal course of operations, the Organization is exposed to a variety of financial risks which are actively managed by the Organization.

The Organization's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Organization's exposure to and management of risk has not changed materially from December 31, 2017.

Credit Risk

Credit risk arises from the possibility that the entities to which the Organization provides services to may experience difficulty and be unable to fulfill their obligations. The Organization is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Organization does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Organization is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Organization's operating results.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization requires working capital to meet day-to-day operating activities. Management expects that the Organization's cash flows from operating activities will be sufficient to meet these requirements.

5. Management of Capital

The Organization defines its capital as the amounts included in its net assets.

The Organization's objectives when managing capital are to safeguard its ability to continue as a going concern and to fulfil its mandate.

The Board of Directors regularly monitors its capital by ensuring that annual operating budgets are developed and approved by the Board of Directors and through monitoring of actual results during the year to ensure there are adequate resources to fund operations.

The Organization is not subject to externally imposed capital requirements.

6. Income Tax Status

The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

7. Budget Figures

The budget figures are unaudited.

Big Brothers/Big Sisters of Lanark County
Schedule 1 ▸ Jewels Clothing Stores

For the year ended December 31	(Note 7) Budget	2018	2017
	$	$	$
Revenues			
Jewels Clothing Stores	166,000	172,202	172,601
Expenditures			
Allocated occupancy	9,100	9,100	9,100
Allocated wages	43,758	43,758	46,763
Advertising	1,500	1,306	1,088
Rent and utilities	30,000	29,960	29,782
Supplies and other	5,000	2,920	2,748
Maintenance	---	---	4,592
Telephone	2,100	1,128	1,549
	91,458	88,172	95,622
Net Revenue for the Year	73,542	83,030	76,979