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Financial statements of  
Big Brothers - Big Sisters of  
Saint John Inc.

December 31, 2018

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## Independent Practitioner's Review Engagement Report

To the Directors of  
Big Brothers – Big Sisters of Saint John Inc.

We have reviewed the statement of financial position of Big Brothers – Big Sisters of Saint John Inc. (the "Organization") as at December 31, 2018 and the statements of revenues and expenses – Operating Fund, fund balances, 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.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Big Brothers – Big Sisters of Saint John Inc. 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.

A handwritten signature in black ink that reads "DELOITTE LLP". The signature is stylized, with a large, looped "D" at the beginning.

Chartered Professional Accountants  
June 13, 2019

**Big Brothers - Big Sisters of Saint John Inc.****Statement of revenues and expenses - Operating Fund**

Year ended December 31, 2018

(Unaudited)

	Notes	2018 \$	2017 \$
<b>Revenues</b>			
Bowl for Kids		242,869	162,916
United Way of Greater Saint John grant		69,100	70,000
Fundraising events		65,724	52,805
Other grants and sponsorships	8	43,907	105,092
Province of New Brunswick grant		28,260	28,260
Donations		15,622	16,381
Employment grants		13,105	6,870
Sundry income		1,151	1,791
		<b>479,738</b>	<b>444,115</b>
<b>Expenses</b>			
Salaries		264,168	272,120
Employee benefits		23,184	25,639
Programs and other		13,942	8,930
Insurance		12,482	9,723
Fundraising		9,206	13,675
Office supplies and postage		8,941	8,394
Dues and subscriptions		8,000	8,720
Travel allowances		7,828	9,355
Telephone		6,395	5,908
Rent		6,000	6,000
Professional fees		5,665	5,555
HST		4,389	5,210
Bowl for Kids	9	4,143	7,648
Go Girl Program		3,173	5,494
Advertising and promotion		2,893	3,377
Parking		2,770	2,961
Meetings		1,337	5,163
Training		935	806
Bank charges and interest		550	467
Amortization		317	445
Miscellaneous		—	342
		<b>386,318</b>	<b>405,932</b>
<b>Excess of revenues over expenses</b>		<b>93,420</b>	<b>38,183</b>

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

**Big Brothers - Big Sisters of Saint John Inc.****Statement of fund balances**

Year ended December 31, 2018

(Unaudited)

	Notes	2018 \$	2017 \$
Stabilization Fund	6		
<b>Balance, beginning of year</b>		<b>50,000</b>	50,000
Transfer to Operating Fund		(627)	(239)
Interest earned and bank charges, net		627	239
Transfer from Operating Fund		50,000	—
<b>Balance, end of year</b>		<b>100,000</b>	50,000
George Hitchcock Endowment Fund	7		
<b>Balance, beginning of year</b>		<b>46,286</b>	46,008
Donations		1,075	—
Financial support provided		(1,182)	(600)
Unrealized (loss) gain on investments		(1,530)	274
Interest earned and bank charges, net		645	604
<b>Balance, end of year</b>		<b>45,294</b>	46,286
Operating Fund			
<b>Balance, beginning of year</b>		<b>71,472</b>	33,050
Transfer from Stabilization Fund		627	239
Transfer to Stabilization Fund		(50,000)	—
Excess of revenues over expenses		93,420	38,183
<b>Balance, end of year</b>		<b>115,519</b>	71,472

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

**Big Brothers - Big Sisters of Saint John Inc.****Statement of financial position**

As at December 31, 2018

(Unaudited)

	Notes	2018 \$	2017 \$
<b>Assets</b>			
Current assets			
Cash		<b>179,390</b>	84,692
Restricted cash	7	<b>28,135</b>	29,139
Investments	3	<b>119,739</b>	67,147
Accounts receivable		<b>4,411</b>	5,210
Inventory of supplies		<b>200</b>	200
Prepaid expenses		<b>10,696</b>	9,702
		<b>342,571</b>	196,090
Capital assets	4	<b>720</b>	1,037
		<b>343,291</b>	197,127
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>7,587</b>	6,514
Deferred revenue	5	<b>74,891</b>	22,855
		<b>82,478</b>	29,369
<b>Fund balances</b>			
Stabilization Fund	6	<b>100,000</b>	50,000
George Hitchcock Endowment Fund	7	<b>45,294</b>	46,286
Operating Fund		<b>115,519</b>	71,472
		<b>260,813</b>	167,758
		<b>343,291</b>	197,127

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

**Big Brothers - Big Sisters of Saint John Inc.****Statement of cash flows**

Year ended December 31, 2018

(Unaudited)

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of revenue over expenses for the year	<b>93,420</b>	38,183
Adjustment to opening George Hitchcock Fund balance	<b>—</b>	(1,595)
Financial support provided	<b>(1,182)</b>	(600)
Donations	<b>1,075</b>	—
Item not requiring use of cash:		
Amortization	<b>317</b>	445
Net change in non-cash operating working capital items:		
Accounts receivable	<b>799</b>	(994)
Prepaid expenses	<b>(994)</b>	(58)
Accounts payable and accrued liabilities	<b>1,073</b>	(10,861)
Deferred revenue	<b>52,036</b>	(17,582)
	<b>146,544</b>	6,938
<b>Investing</b>		
Purchase of investments	<b>(54,122)</b>	—
Interest earned and bank charges, net	<b>1,272</b>	843
	<b>(52,850)</b>	843
Net cash inflow	<b>93,694</b>	7,781
<b>Cash and restricted cash, beginning of year</b>	<b>113,831</b>	106,050
<b>Cash and restricted cash, end of year</b>	<b>207,525</b>	113,831

Additional information

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

## **Big Brothers - Big Sisters of Saint John Inc.**

### **Notes to the financial statements**

Year ended December 31, 2018

(Unaudited)

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#### **1. Description of business**

Big Brothers – Big Sisters of Saint John Inc. (the “Organization”) is a non-profit agency serving Saint John and surrounding communities; offering children and youth, friendship and support by fostering, through volunteer participation, relationships which enhance personal growth and development.

All of the assets of the Organization are held in trust by the directors for the objective and purpose for which the Organization was incorporated. The Organization is a non-profit organization and accordingly is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

#### **2. Accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”), the more significant of which are as follows:

##### *Cash*

Cash includes cash held with Canadian chartered financial institutions.

##### *Investments*

Investments consist of mutual funds and are measured at fair market value as determined at the fiscal year end based on market values with maturities less than twelve months. Any transaction costs are expensed as incurred.

##### *Capital assets*

Capital assets having an estimated useful economic life greater than one year are capitalized. Capital assets are stated at cost less accumulated amortization. Amortization is provided based on the declining balance method at the rate of 30% per year.

##### *Inventory*

Inventory is valued at the lower of cost and net realizable value. Cost is determined based on average cost. Net realizable value is the estimated selling price less the estimated cost of completion. All inventory is considered finished goods.

##### *Financial instruments*

The Organization’s financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities.

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments in listed shares, which are measured at fair value.

Interest earned on short term investments, unrealized gains and losses on listed shares, and realized gains and losses on sale of short term investments are included in the statement of fund balances or statements of revenues and expenses, whichever is appropriate.



## Big Brothers - Big Sisters of Saint John Inc.

### Notes to the financial statements

Year ended December 31, 2018

(Unaudited)

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## 2. Accounting policies (continued)

### *Financial instruments (continued)*

Transaction costs related to financial instruments measured at fair value subsequent to initial recognition are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes an impairment loss, if any, when there are indicators or impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the period the reversal occurs.

### *Contributed services*

Volunteers contribute a significant number of hours per year to assist the Organization in carrying out its objectives. In addition, the Organization receives donated materials and services throughout the year. These contributions are only recognized in the financial statements when the fair value can be reasonably determined.

### *Revenue recognition*

Revenues from donations and other voluntary sources are recognized when received. Grants from funding organizations are recorded in the period to which the funding has been designated. Deferred revenue represents funds received in the current period that are designated for a subsequent period.

### *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Organization's management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The primary area requiring management estimate is the economic lives of capital assets. Actual results could materially differ from these estimates.

## 3. Investments

Investments consist of units of Royal Mutual Funds Inc. as follows:

	<b>2018</b>	2017
	\$	\$
RBC Canadian Money Market Fund	<b>100,000</b>	50,000
RBC Monthly Income Fund	<b>16,007</b>	17,147
RBC Common shares	<b>3,732</b>	—
	<b>119,739</b>	67,147

## Big Brothers - Big Sisters of Saint John Inc.

### Notes to the financial statements

Year ended December 31, 2018

(Unaudited)

#### 4. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2018 Net book value</b>	2017 Net book value
	\$	\$	\$	\$
Computer hardware	<b>15,045</b>	<b>14,325</b>	<b>720</b>	1,029
Equipment	<b>19,807</b>	<b>19,807</b>	<b>—</b>	8
	<b>34,852</b>	<b>34,132</b>	<b>720</b>	1,037

#### 5. Deferred revenue

	<b>2018</b>	2017
	\$	\$
Balance, beginning of year	<b>22,855</b>	40,437
Add: amount received during the year	<b>95,264</b>	22,855
Less: amount recognized as revenue	<b>(43,228)</b>	(40,437)
	<b>52,036</b>	(17,582)
Balance, end of year	<b>74,891</b>	22,855

#### 6. Stabilization fund

The Board of Directors maintains a Stabilization Fund which will be added to from time to time as the financial position of the Organization permits. At December 31, 2018, the Fund balance was \$100,000 (\$50,000 in 2017).

#### 7. George Hitchcock Endowment Fund

During 2008, the George Hitchcock Endowment Fund was established for the funding of summer camps. Terms of the endowment are to use the interest from the original \$10,000 donation and any additional donations for summer camps. This amount has been segregated into the George Hitchcock Memorial Fund bank account and has been internally restricted for above noted use. The fund at year end consisted of \$28,135 (\$29,139 in 2017) in restricted cash and \$16,007 (\$17,147 in 2017) in restricted investments.

## Big Brothers - Big Sisters of Saint John Inc.

### Notes to the financial statements

Year ended December 31, 2018

(Unaudited)

#### 8. Other grants and sponsorships

	Donations received	Deferred donations	2018 \$	2017 \$
Canadian Women's Foundation – Go Girl Program	40,000	—	40,000	70,388
Saint John Community Foundation	—	—	—	15,000
Boston Pizza	9,600	7,041	2,559	7,600
Canadian Tire Jumpstart	2,399	1,733	666	6,880
Other	—	—	—	4,524
Vibrant Communities Charlotte County	50	—	50	700
RBC	25,000	24,368	632	—
	<b>77,049</b>	<b>33,142</b>	<b>43,907</b>	105,092

#### 9. Bowl for Kids

	2018 \$	2017 \$
Expenditures		
Lane rental	2,261	2,885
Advertising and promotion	1,882	4,763
	<b>4,143</b>	7,648

#### 10 Statement of cash flows supplementary information

	2018 \$	2017 \$
Interest received	1,272	865

#### 11. Financial instruments and risk management

The Organization has exposure to credit risk and liquidity risk. The Organization's Board of Directors has overall responsibility for the oversight of these risks and reviews the Organization's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

##### *Interest rate risk*

The Organization's cash and investment balances are invested in mutual funds with Canadian Chartered banks, bearing interest at variable rates. The Organization has no long-term debt. The Organization's management believes its interest rate risk is not material due to the short-term nature of its assets and liabilities.

## **Big Brothers - Big Sisters of Saint John Inc.**

### **Notes to the financial statements**

Year ended December 31, 2018

(Unaudited)

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#### **11. Financial instruments and risk management (continued)**

##### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Organization's credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not material. The total balance included in the allowance for doubtful accounts at December 31, 2018 is nil (nil in 2017). The Organization's cash and investments are distributed among bank and investment accounts held in Canadian Chartered Banks. The Organization does not expect any liquidity issues or credit losses on those investments.

##### *Liquidity risk*

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. As at December 31, 2018 the Organization has cash of \$207,525 (\$113,831 in 2017) and short-term investments funds of \$119,739 (\$67,147 in 2017). The Organization believes it has sufficient resources available to meet its current obligations. If this risk were to exist in the future consideration could be given, if necessary, to seeking additional funds through third party funding or membership rate increases, assuming these could be obtained. All of the Organization's financial liabilities are short-term in nature and are subject to normal trade terms.