

**Big Brothers & Big Sisters Association  
of Lacombe and District  
Financial Statements  
For the year ended December 31, 2016  
(Unaudited)**

**Big Brothers & Big Sisters Association of Lacombe a District**  
**Financial Statements**  
For the year ended December 31, 2016  
(Unaudited)

---

**Contents**

<b>Review Engagement Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10



Tel: 403 782 3361  
Fax: 403 782 3070  
lacombe@bdo.ca  
www.bdo.ca

BDO Canada LLP  
5820B Highway 2A  
Lacombe AB T4L 2G5 Canada

---

## Review Engagement Report

---

**To the Members of  
Big Brothers & Big Sisters Association of Lacombe a District**

We have reviewed the statement of financial position of Big Brothers & Big Sisters Association of Lacombe a District as at December 31, 2016 and the statements of changes in net assets, operations and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*  
Chartered Professional Accountants

Lacombe, Alberta  
May 11, 2017

**Big Brothers & Big Sisters Association of Lacombe a District  
Statement of Financial Position  
(Unaudited)**

December 31	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 33,892	\$ 57,471
Accounts/contributions receivable	29,985	11,019
	<u>63,877</u>	<u>68,490</u>
Long-term portion of contributions receivable (Note 3)	45,000	-
Property (Note 4)	297,909	-
	<u>\$ 406,786</u>	<u>\$ 68,490</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 3,001	\$ 8,131
Deferred revenue (Note 5)	17,198	2,198
Current portion of long-term debt (Note 6)	147,475	-
Current portion of deferred capital contributions (Note 7)	7,908	-
	<u>175,582</u>	<u>10,329</u>
Deferred capital contributions (Note 7)	150,256	-
Long-term portion of deferred revenue (Note 3)	45,000	-
	<u>370,838</u>	<u>10,329</u>
<b>Net assets</b>		
Restricted (Note 8)	8,001	8,880
Unrestricted (Note 8)	35,677	49,281
Capital (Note 8)	(7,730)	-
	<u>35,948</u>	<u>58,161</u>
	<u>\$ 406,786</u>	<u>\$ 68,490</u>

Approved on behalf of the board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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

**Big Brothers & Big Sisters Association of Lacombe a District**  
**Statement of Changes in Net Assets**  
**(Unaudited)**

For the year ended December 31

	Restricted	Unrestricted	Capital	Total 2016	Total 2015
<b>Balance, beginning of year</b>					
As previously reported \$	8,880 \$	49,281 \$	-	58,161 \$	77,923
Direct increase in net assets for land acquisition	-	-	20,000	20,000	-
As restated	8,880	49,281	20,000	78,161	77,923
Excess (deficiency) of revenue over expenditures for the year	(62,547)	20,334	-	(42,213)	(19,762)
Transfers	61,668	(61,668)	-	-	-
Asset purchase	-	(283,822)	283,822	-	-
Acquire debt	-	150,000	(150,000)	-	-
Deferred capital contributions	-	133,822	(133,822)	-	-
Debt retirement	-	27,707	(27,707)	-	-
Deferred contributions recognized	-	(2,788)	2,788	-	-
Debt retirement recognized	-	(577)	577	-	-
Principal loan payments	-	(2,525)	2,525	-	-
Amortization	-	5,913	(5,913)	-	-
<b>Balance, end of year \$</b>	<b>8,001 \$</b>	<b>35,677 \$</b>	<b>(7,730) \$</b>	<b>35,948 \$</b>	<b>58,161</b>

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

**Big Brothers & Big Sisters Association of Lacombe a District  
Statement of Operations  
(Unaudited)**

<b>For the year ended December 31</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenue</b>			
Bowl for Kids Sake	\$ 30,000	\$ 23,472	\$ 44,129
Direct expenses	(8,834)	(7,881)	(8,476)
Donations	47,100	64,537	71,986
Fundraising	52,000	53,823	49,694
Gord Bamford Charity Tournament	-	-	10,000
Grant revenue	17,000	16,028	16,998
United Way funding	21,200	21,732	19,707
Other revenue	-	144	322
	<b>158,466</b>	<b>171,855</b>	<b>204,360</b>
<b>Program costs</b>			
Big Bunch	26,218	21,027	22,004
In School Mentoring	64,693	84,238	91,103
Kids and Kops	9,112	5,611	5,204
Rural Outreach	50,659	49,001	59,581
Summer Program	1,045	9,589	10,702
	<b>151,727</b>	<b>169,466</b>	<b>188,594</b>
<b>Gross margin</b>	<b>6,739</b>	<b>2,389</b>	<b>15,766</b>
<b>Expenditures</b>			
Amortization	-	5,913	-
Insurance	4,000	1,850	2,243
Interest and bank charges	-	967	243
Interest on long-term debt	-	2,075	-
Office	-	-	38
Professional dues	5,350	5,509	4,836
Building purchase costs	-	1,644	-
Salaries and related benefits	27,012	21,705	23,221
Telephone and utilities	16,800	3,025	2,351
Travel	-	1,914	2,596
	<b>53,162</b>	<b>44,602</b>	<b>35,528</b>
<b>Deficiency of revenue over expenditures for the year</b>	<b>\$ (46,423)</b>	<b>\$ (42,213)</b>	<b>\$ (19,762)</b>

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

**Big Brothers & Big Sisters Association of Lacombe a District**  
**Statement of Cash Flows**  
(Unaudited)

For the year ended December 31	2016	2015
<b>Cash flows from operating activities</b>		
Deficiency of revenue over expenditures for the year	\$ (42,213)	\$ (19,762)
Adjustment for non-cash item		
Amortization	5,913	-
	<u>(36,300)</u>	<u>(19,762)</u>
Change in non-cash working capital items		
Increase in accounts/contributions receivable	(18,966)	(10,127)
Increase (decrease) in accounts payable and accrued liabilities	(5,130)	5,104
Increase (decrease) in deferred revenue	15,000	(25,435)
	<u>(45,396)</u>	<u>(50,220)</u>
<b>Cash flows from investing activity</b>		
Purchase of property	<u>(276,375)</u>	-
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(2,525)	-
Proceeds from long-term debt	150,000	-
Deferred capital contributions	106,375	-
Recognition of deferred capital contributions	(2,788)	-
Deferred debt repayment	27,707	-
Recognition of deferred debt repayment	(577)	-
Contributions for purchase of land	20,000	-
	<u>298,192</u>	<u>-</u>
<b>Increase (decrease) in cash during the year</b>	<b>(23,579)</b>	<b>(50,220)</b>
<b>Cash, beginning of year</b>	<b>57,471</b>	<b>107,691</b>
<b>Cash, end of year</b>	<b>\$ 33,892</b>	<b>\$ 57,471</b>
<b>Cash consists of:</b>		
Unrestricted cash	\$ 31,694	\$ 55,273
Externally restricted cash - casino	2,198	2,198
	<u>\$ 33,892</u>	<u>\$ 57,471</u>

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

---

# Big Brothers & Big Sisters Association of Lacombe a District

## Notes to the Financial Statements

(Unaudited)

December 31, 2016

---

### Nature of operations

Big Brothers & Big Sisters Association of Lacombe a District (the "Association") is incorporated under the Societies Act of Alberta for the purpose of providing mentoring programs to children in the City of Lacombe and surrounding area.

The organization is non-taxable as a non-profit organization under Section 149(1)(l) of the Canadian Income Tax Act.

---

### 1. Summary of significant accounting policies

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

The significant accounting policies used are as follows:

#### Property

Property is recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the property over its estimated useful life. The annual amortization rate and is as follows:

Asset	Method	Rate
Buildings	Straight-line	20 years

#### 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.

Contributions specified for capital purposes are recorded as deferred capital asset contributions. These deferred contributions are taken into income as the related capital costs are amortized.

Unrestricted investment income is recognized as revenue when earned.

#### Accounting estimates

The preparation of financial statements in accordance 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 amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Contributed services

Volunteers contributed time to assist the Association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.



**Big Brothers & Big Sisters Association of Lacombe a District**  
**Notes to the Financial Statements**  
**(Unaudited)**

December 31, 2016

1. Summary of significant accounting policies (continued)

**Reserves**

It is the Association's policy as a part of their risk management strategy to maintain an operating reserve equal to six months' operating expenses. These funds are internally restricted and can be used only by obtaining approval from the Board of Directors.

2. Cash

Included in cash are restricted funds held by the Association. The operating reserve is internally restricted by the Board of Directors. The casino funds are externally restricted by legislative requirements. The balances are as follows:

	2016	2015
Operating reserve	\$ 10,001	\$ 41,117
Casino	2,198	2,198
	\$ 12,199	\$ 43,315

The Association's credit facility includes an authorized revolving line of credit of \$30,000 bearing interest at the Credit Union's Prime plus 1.50%, of which none was used at year end. These facilities are secured by general security agreement providing a first charge and interest on all the present and after-acquired personal property. Prime rate at December 31, 2016 was 2.7%.

3. Contribution receivable

Contributions receivable is comprised of amounts relating to an agreement whereby the Gord Bamford Charitable Foundation is to pay a total of \$100,000 over the course of no more than five years. In return, they will receive title sponsorship on the Association's new premises.

An initial amount of \$40,000 was received during the 2016 year, and the remaining \$60,000 is to be paid over the next four years (estimated at \$15,000 each year).

4. Property

	2016		2015	
	Cost	Accumulated Amortization	Net	Net
Land	\$ 20,000	\$ -	\$ 20,000	\$ -
Buildings	283,822	5,913	277,909	-
	\$ 303,822	\$ 5,913	\$ 297,909	\$ -

The Association acquired the property in 2016 at a cost of \$303,822 of which \$278,822 was acquired with cash and \$25,000 was acquired via the Association providing a tax donation in lieu of cash.

**Big Brothers & Big Sisters Association of Lacombe a District**  
**Notes to the Financial Statements**  
(Unaudited)

**December 31, 2016**

**5. Deferred revenue**

	2016	2015
Gord Bamford Charitable Foundation	\$ 15,000	\$ -
Casino funds	2,198	2,198
	\$ 17,198	\$ 2,198

**6. Long-term debt**

1.50% plus prime mortgage, payable \$1,150 monthly including interest, due August 1, 2017.	\$ 147,475
Less current portion	147,475
Long-term portion	\$ -

Prime rate at December 31, 2016 was 2.7%.

The mortgage is secured by a general security agreement specifically pledging all present and after acquired property.

Although the mortgage is refinanced each year, estimated principal repayments are as follows:

2017	\$ 7,754
2018	8,086
2019	8,432
2020	8,794
2021	9,170
Subsequent years	105,239
	\$ 147,475

**Big Brothers & Big Sisters Association of Lacombe a District**  
**Notes to the Financial Statements**  
(Unaudited)

December 31, 2016

**7. Deferred capital contributions**

The Association has received restricted contributions for the purchase of capital assets. These contributions are amortized on a declining balance over the useful life of the asset for which the contributions were received.

	Balance, beginning of year	Contributions	Current amortization	Current portion	Balance, end of year
Deferred contri- butions	\$ -	\$ 133,822	\$ (2,788)	\$ (6,552)	\$ 124,482
Debt repayment	-	27,707	(577)	(1,356)	25,774
	<u>\$ -</u>	<u>\$ 161,529</u>	<u>\$ (3,365)</u>	<u>\$ (7,908)</u>	<u>\$ 150,256</u>

**8. Net Assets**

	2016 Opening Balances	Revenue	Expenses	Transfers	2016 Closing Balances
In School Mentoring	\$ -	\$ 41,468	\$ (84,238)	\$ 42,770	\$ -
Kids and Kops Summer Program	7,419	4,732	(5,611)	-	6,540
Rural Outreach	-	3,528	(9,589)	6,061	-
Go Girls	1,461	36,164	(49,001)	12,837	1,461
	<u>8,880</u>	<u>85,892</u>	<u>(148,439)</u>	<u>61,668</u>	<u>8,001</u>
Restricted	<u>\$ 8,880</u>	<u>\$ 85,892</u>	<u>\$ (148,439)</u>	<u>\$ 61,668</u>	<u>\$ 8,001</u>
Unrestricted	<u>\$ 49,281</u>	<u>\$ 93,844</u>	<u>\$ (52,483)</u>	<u>\$ (33,938)</u>	<u>\$ 35,677</u>
Capital	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ (27,730)</u>	<u>\$ (7,730)</u>

Restricted funds include monies received from both government organizations and private individuals, where it was requested that the funds go toward a specific program.

**9. Allocation of Administration Expense**

Administration costs applicable to the operations of the entire Association are allocated to projects based on the type of expenditure and the appropriate costs, pro-rated according to budgeted amounts.