

Big Brothers and Big Sisters of Red Deer & District
Financial Statements
December 31, 2016

Management's Responsibility

To the Members of Big Brothers and Big Sisters of Red Deer & District:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 21, 2017



Executive Director

Independent Auditors' Report

To the Members of Big Brothers and Big Sisters of Red Deer & District:

We have audited the accompanying financial statements of Big Brothers and Big Sisters of Red Deer & District, which comprise the statement of financial position as at December 31, 2016, and the statements of revenue and expenses, changes in net assets 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets, and net assets.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brothers and Big Sisters of Red Deer & District as at December 31, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Red Deer, Alberta

June 21, 2017

MNP LLP

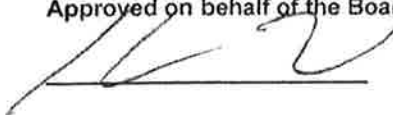
Chartered Professional Accountants

Big Brothers and Big Sisters of Red Deer & District
Statement of Financial Position

As at December 31, 2016

	2016	2015
Assets		
Current		
Cash	154,542	183,751
Accounts receivable	14,541	3,172
Investment (Note 3)	25,000	25,000
Cash - restricted	59	39,879
Prepaid expenses and deposits	3,112	4,711
Advances to related party (Note 8)	-	88,063
	197,254	344,576
Capital assets (Note 4)	1,148,964	1,101,294
	1,346,218	1,445,870
Liabilities		
Current		
Accounts payable	7,779	9,790
Deferred revenue (Note 5)	132,559	174,761
Advances to related party (Note 8)	2,651	-
	142,989	184,551
Unamortized capital contributions (Note 6)	772,958	822,951
	915,947	1,007,502
Contingencies (Note 12)		
Net Assets		
Invested in capital assets	376,006	278,343
Unrestricted	54,265	160,025
	430,271	438,368
	1,346,218	1,445,870

Approved on behalf of the Board of Directors




Big Brothers and Big Sisters of Red Deer & District
Statement of Revenue and Expenses

For the year ended December 31, 2016

	2016	2015
Revenue		
Donations - receipted	15,829	34,442
Donations - unreceipted	52,927	62,435
FCSS grant	170,000	169,980
Gaming	39,820	25,482
Interest	309	600
Other grants	23,297	15,748
Fundraising	1,437	1,180
Sponsorship	9,100	7,330
United Way	65,000	64,200
Youth in Care	61,382	66,009
Program participant charges	1,000	-
	440,101	447,406
Expenses		
Administrative costs	44,935	9,997
Fundraising costs	48,878	35,528
Program delivery costs	352,631	323,255
Facility costs	20,010	5,575
	466,454	374,355
Excess (deficiency) of revenue over expenses before other items	(26,353)	73,051
Other items		
Amortization of capital assets	(31,737)	(31,725)
Amortization of capital contributions	49,993	54,348
	18,256	22,623
Excess (deficiency) of revenue over expenses	(8,097)	95,674

The accompanying notes are an integral part of these financial statements

Big Brothers and Big Sisters of Red Deer & District
Statement of Changes in Net Assets

For the year ended December 31, 2016

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	2016	2015
Net assets, beginning of year	278,343	160,025	438,368	342,694
Excess (deficiency) of revenue over expenses	18,256	(26,353)	(8,097)	95,674
Purchase of capital assets	79,407	(79,407)	-	-
Net assets, end of year	376,006	54,265	430,271	438,368

The accompanying notes are an integral part of these financial statements

Big Brothers and Big Sisters of Red Deer & District
Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Cash receipts from grants, fundraising and donors	374,531	470,076
Cash paid for expenses	(454,867)	(376,150)
	(80,336)	93,926
Investing		
Advances to related party	-	(90,841)
Received from related party	90,714	-
Purchase of capital assets	(79,407)	(131,184)
	11,307	(222,025)
Decrease in cash resources	(69,029)	(128,099)
Cash resources, beginning of year	223,630	351,729
Cash resources, end of year	154,601	223,630
Cash - unrestricted total	154,542	183,751
Cash - restricted	59	39,879
	154,601	223,630

The accompanying notes are an integral part of these financial statements

Big Brothers and Big Sisters of Red Deer & District

Notes to the Financial Statements

For the year ended December 31, 2016

1. Objectives of the society

Big Brothers and Big Sisters of Red Deer & District (the "Society") is a registered Society under the Societies Act of the Province of Alberta. It is also registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The major objective of the Society is to help in the development of children from single parent families by enjoying a one on one mentoring relationship through a friendship that is personally, socially and psychologically beneficial.

Red Deer Youth & Volunteer Centre Foundation, Big Brothers and Big Sisters of Red Deer & District and Boys' and Girls' Club of Red Deer & District are separately incorporated, maintain separate bank accounts, are audited separately, maintain separate memberships and have separate Board of Directors. Nevertheless, these three organizations are related Societies as they share the same vision, mission, administrative supports and facility. During the prior year, the program activities were provided by the Red Deer Youth & Volunteer Centre Foundation. During the current year certain expenditures such as staffing and certain administrative costs were provided by the Red Deer Youth & Volunteer Centre Foundation.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	10-30 years
Equipment	straight-line	5-10 years
Leasehold improvements	straight-line	10-30 years
Paved surfaces	straight-line	10 years

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Society's operations and would otherwise have been purchased.

Volunteers contribute many hours per year to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, their contributed services are not recognized in the financial statements.

Big Brothers and Big Sisters of Red Deer & District Notes to the Financial Statements

For the year ended December 31, 2016

2. Significant accounting policies (Continued from previous page)

Revenue recognition

The Society follows the deferral method of accounting for contributions and grants. Externally 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. Deferred contributions related to capital assets are recognized as revenue on the same basis as the related asset is amortized.

Donations, fundraising and sponsorship are recognized as revenue when received or when the receivables can be reasonably estimated and collection is reasonably assured.

Bingo and casino (gaming) revenue is recognized as revenue when related expenses are incurred.

Program registrations are recognized when programs are delivered.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty (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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant estimates made by management include the allocation of revenue and expenses between programs and collectibility of accounts receivable. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 8).

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Big Brothers and Big Sisters of Red Deer & District

Notes to the Financial Statements

For the year ended December 31, 2016

2. Significant accounting policies (Continued from previous page)

Financial asset impairment

The Society assesses impairment of all of its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

Allocation of expenses

During the year some of the program activities were provided by the Red Deer Youth & Volunteer Centre Foundation ("the Foundation"). The costs of each program provided by the Foundation include the costs of personnel, premises, and other expenses that are directly related to providing the program. The Foundation also incurs a number of general support expenses that are common to the administration of the Foundation and each of its programs. The Foundation also engages in youth services programs requiring certain fundraising activities. The Foundation allocates certain of its fundraising and general support expenses to this Society by identifying the appropriate basis of allocating each component expense, and applying that basis consistently each year.

3. Investment

Investment consists of a guaranteed investment certificate maturing January 2017 (January 2016 in 2015) and bearing interest at 0.65% (0.9% in 2015). This investment is held as security for the letter of credit in Note 12.

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2016 Net book value</i>	<i>2015 Net book value</i>
Buildings	1,185,030	580,070	604,960	622,378
Equipment	189,560	185,211	4,349	6,322
Leasehold improvements	699,074	159,419	539,655	471,374
Paved surfaces	12,204	12,204	-	1,220
	2,085,868	936,904	1,148,964	1,101,294

During the year, capital assets were acquired at an aggregate cost of \$79,407, (2015 - \$134,684) of which \$- (2015 - \$3,500) were acquired with non-cash donations and \$79,407 (2015 - \$131,484) were acquired in cash.

Big Brothers and Big Sisters of Red Deer & District Notes to the Financial Statements

For the year ended December 31, 2016

5. Deferred revenue

The Society received funds from organizations that cover certain expenditures to be made in periods beyond December 31, 2016. The following amounts have been deferred until these expenditures take place.

	2016	2015
Raffle	26	39,840
Casino	33	39
Camp Alexo projects	75,000	75,000
Youth in Care	15,000	16,382
Other	-	1,000
FCSS	42,500	42,500
	132,559	174,761

6. Unamortized capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2016	2015
Balance, beginning of year	822,951	744,880
Amounts taken into revenue	(49,993)	(54,348)
Contributed capital assets	-	132,419
	772,958	822,951

7. Commitments

The Society has an agreement with the Province of Alberta to lease the land on which Camp Alexo is located for a term of twenty-five years which expires May 2030 and has an annual rent of \$1. The fair value of this lease is indeterminable.

8. Related party transactions

During the year \$323,141 (\$312,973 in 2015) of program delivery, \$26,400 (\$0 in 2015) of office operating, and \$25,517 (\$25,194 in 2015) of fundraising costs were paid to Red Deer Youth & Volunteer Centre Foundation.

\$2,651 is receivable from Red Deer Youth & Volunteer Centre Foundation (\$88,063 receivable from Red Deer Youth & Volunteer Centre Foundation in 2015).

All transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Big Brothers and Big Sisters of Red Deer & District

Notes to the Financial Statements

For the year ended December 31, 2016

9. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

10. Additional information to comply with the disclosure requirement of the Charitable Fundraising Act and Regulation

The Red Deer Youth & Volunteer Centre Foundation employs a fund development manager who is responsible for coordinating all fund development activities for all of the related societies in Note 1. Staff members from each society provide assistance to the fund development manager as applicable to their related society as required. The total remuneration of the fund development manager was \$61,645 (\$62,987 in 2015) of which \$25,517 (\$25,194 in 2015) was allocated to this Society. During the year fundraising related gift in kind donations were recognized totaling \$12,000 (\$0 in 2015).

11. Allocation of expenses

During the year, the following expenses were allocated to the Society from the Red Deer Youth & Volunteer Centre Foundation:

	\$	%	Basis
Fundraising	25,517	40.0 to August 2016, 44.1 to December 2016	Time spent

In the prior year \$25,194 (40%) was allocated based on time spent.

12. Contingency

The Society arranged a letter of credit in the amount of \$23,000 (\$23,000 in 2015) in favour of the Government of Alberta (pertaining to possible reclamation costs at Camp Alexo). This letter of credit is secured by a \$25,000 (\$25,000 in 2015) GIC. As at year end no amounts were drawn on this facility. No liability for reclamation has been accrued as the fair value cannot be reasonably estimated given the reclamation would only occur if the camp were to close and the lease expired without renewal; the Society does not intend on closing the camp.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.