

Financial Statements of

**BIG BROTHERS BIG SISTERS OF
VICTORIA CAPITAL REGION**

Year ended June 30, 2010



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AUDITORS' REPORT

To the Members of the Big Brothers Big Sisters of Victoria Capital Region

We have audited the statement of financial position of Big Brothers Big Sisters of Victoria Capital Region as at June 30, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, except for the change in accounting for net assets invested in capital assets, these principles have been applied on a basis consistent with that of the preceding year.

The comparative figures for June 30, 2009 were reported on by another firm of chartered accountants.

Chartered Accountants

Victoria, Canada

October 5, 2010

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Financial Position

June 30, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 50,074	\$ 47,004
Term deposit (note 2)	219,335	219,096
Accounts receivable	79,830	107,304
Prepaid expenses and deposits	1,849	9,098
	<u>351,088</u>	<u>382,502</u>
Capital assets (note 3)	25,214	24,064
	<u>\$ 376,302</u>	<u>\$ 406,566</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 78,462	\$ 68,610
Deferred contributions (note 4)	107,817	34,780
	<u>186,279</u>	<u>103,390</u>
Net assets	190,023	303,176
Commitment (note 6)	<u>\$ 376,302</u>	<u>\$ 406,566</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Operations

Year ended June 30, 2010, with comparative figures for 2009

	Operations	Donation Centre	2010	2009
Revenue:				
Donation Centre revenue	\$ -	\$ 836,438	\$ 836,438	\$ 768,158
United Way contributions	88,527	-	88,527	119,103
Grants and subsidies	75,464	-	75,464	113,882
Fundraising	63,409	-	63,409	88,742
Provincial government grants	42,528	-	42,528	45,846
Donations	42,168	-	42,168	33,531
Direct Access Gaming	29,977	-	29,977	139,900
Interest and miscellaneous	17,187	641	17,828	37,712
	359,260	837,079	1,196,339	1,346,874
Expenses:				
Advertising and promotion	12,877	4,614	17,491	14,449
Amortization	5,197	2,165	7,362	9,778
Building occupancy	76,108	80,091	156,199	164,116
Dues	5,338	-	5,338	21,853
Fundraising and development	38,725	-	38,725	35,065
Office	14,538	8,605	23,143	18,193
Professional	32,559	150	32,709	27,322
Program	17,486	62,369	79,855	78,122
Truck operating and rental	-	88,837	88,837	77,078
Wages and personnel	426,528	433,305	859,833	894,440
	629,356	680,136	1,309,492	1,340,416
Excess (deficiency) of revenue over expenses	\$ (270,096)	\$ 156,943	\$ (113,153)	\$ 6,458

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Changes in Net Assets

Year ended June 30, 2010, with comparative figures for 2009

	2010		2009	
Net assets, beginning of year	\$	303,176	\$	296,718
Excess (deficiency) of revenue over expenses		(113,153)		6,458
Net assets, end of year	\$	190,023	\$	303,176

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Statement of Cash Flows

Year ended June 30, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (113,153)	\$ 6,458
Amortization, not involving cash	7,362	9,778
	(105,791)	16,236
Changes in non-cash operating working capital:		
Term deposit	(239)	42
Accounts receivable	27,474	(8,472)
Prepaid expenses and deposits	7,249	18,506
Accounts payable and accrued liabilities	9,852	17,162
Deferred contributions	73,037	(16,543)
	11,582	26,931
Investing:		
Purchase of capital assets	(8,512)	(2,999)
Increase in cash	3,070	23,932
Cash, beginning of year	47,004	23,072
Cash, end of year	\$ 50,074	\$ 47,004

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements

Year ended June 30, 2010

Big Brothers Big Sisters of Victoria Capital Region (the "Society") is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. The Society strives to recruit, screen, and select volunteer adult friends for children of single parent families who need additional companionship to enhance their opportunities for personal growth and development and secondly, to provide ongoing support for those relationships.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Basis of presentation:

Operations reports revenue and expenses related to program delivery and administrative activities.

The Donation Centre reports revenue and expenses related to the coordination and pick up of donated items. All of the funds raised through this social enterprise are invested in support for mentoring programs.

(b) Contributed materials and service:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Volunteers contribute time and expertise across the Society's operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the period 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.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2010

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost. Contributions of capital assets are recorded at fair value at the date of contribution.

Amortization is calculated using the following rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer	Declining balance	30%
Leasehold improvements	Straight-line	remaining lease term

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(f) Financial instruments:

The Society has designated its cash and term deposits as held-for-trading, and carries them at fair value with changes in fair value recognized in interest and miscellaneous revenue. Accounts receivable are classified as loans and receivables and accounts payable are classified as other liabilities. These accounts are measured at amortized cost.

The Society follows the provisions of CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2010

1. Significant accounting policies (continued):

(g) New accounting pronouncements:

(i) Amendments to Section 1000, Financial Statement Concepts:

Effective July 1, 2009 the Society adopted the CICA amendments to Section 1000 of the CICA Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching revenue and expense items. Adoption of these amendments had no effect on these financial statements.

(ii) Revisions to Not-for-Profit accounting standards:

Effective July 1, 2009 the Society adopted the CICA amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations* and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. These amendments, effective February 1, 2009, remove a requirement to disclose fund balances invested in capital assets, require disclosure of allocated fundraising expenses by not-for-profit organizations, and include a requirement to follow Handbook 1540, *Cash Flow Statements*. The Society has elected to remove the disclosure of net assets invested in capital assets. Adoption of these amendments had no other material impact on these financial statements.

2. Term deposit:

Term deposit includes a guaranteed investment certificate at 4.3% (2009 - 4.05%) interest maturing on February 26, 2011.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2010

3. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Computer	\$ 69,896	\$ 57,600	\$ 12,296	\$ 9,128
Furniture and fixtures	88,832	75,914	12,918	14,936
Leasehold improvements	61,077	61,077	-	-
	\$ 219,805	\$ 194,591	\$ 25,214	\$ 24,064

4. Deferred contributions:

Deferred contributions represents unspent resources that have been externally restricted for use in a specified program.

The changes for the year are as follows:

	2010	2009
Opening balance	\$ 34,780	\$ 51,323
Less amounts recognized as revenue in the year:		
Grants and contributions	(20,389)	(122,150)
Add amounts received related to future periods:		
Direct Access Gaming	59,975	-
Grants and contributions	33,451	105,607
Closing balance	\$ 107,817	\$ 34,780

5. Capital management:

The Society defines capital to be its net assets. The Society receives its principal source of capital through the sales of donated goods to a single organization. The Society's objective when managing capital is to fund its operations. The Society monitors expenses and preserves capital in accordance with operating budgets.

The Society is not subject to any significant external covenants on its capital. The Society has complied with any external restrictions on its revenues.

BIG BROTHERS BIG SISTERS OF VICTORIA CAPITAL REGION

Notes to Financial Statements (continued)

Year ended June 30, 2010

6. Commitment:

The Society is leasing its premises under a lease expiring May 31, 2013. Future minimum lease payments exclusive of occupancy costs will aggregate \$250,337 including the following future payments:

2011	\$	82,425
2012		87,606
2013		80,306
		<hr/>
		\$ 250,337

7. Financial instruments:

The fair value of cash and term deposit, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to the relatively short periods to maturity of the instruments.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from its financial instruments.

8. Economic dependence:

The Society generated 70% (2009 – 57%) of its total revenue through sales of donated goods to a single organization.

9. Comparative figures:

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.