

BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS

OF EDMONTON & AREA SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

AND

INDEPENDENT AUDITOR'S REPORT

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
& AREA SOCIETY**

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INDEPENDENT AUDITOR'S REPORT

To the Members of **Boys & Girls Clubs Big Brothers Big Sisters of Edmonton & Area Society**:

Qualified Opinion

We have audited the financial statements of **Boys & Girls Clubs Big Brothers Big Sisters of Edmonton & Area Society** (the Entity), which consist of the statement of financial position at March 31, 2019, and statements of changes in net assets, operations and of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

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 March 31, 2019, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our 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 donations and fundraising revenue, excess of expenses for the year 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 for 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 policies 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 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 auditor's 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 auditor's 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.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Edmonton, Alberta
June 15, 2019

Yaremchuk & Annicchiarico LLP
Chartered Professional Accountants

BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON & AREA SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

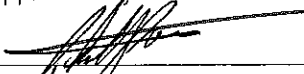

ASSETS

	Operating and Sustainability Fund	Program Development Fund	Endowment Fund	Award and Scholarship Fund	Capital Asset Fund	2019	2018
CURRENT ASSETS:							
Cash (Note 3)	\$8,041,101	\$ -	\$32,324	\$ -	\$ 40,031	\$ 8,113,456	\$7,200,402
Short-term investments (Note 3).....	729,118	94,803	-	19,210	477,171	1,320,302	1,198,035
Accounts receivable.....	153,716	-	-	-	-	153,716	134,083
Prepaid expenses	<u>61,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,476</u>	<u>57,803</u>
Total current assets	8,985,411	94,803	32,324	19,210	517,202	9,648,950	8,590,323
PROPERTY AND EQUIPMENT (Note 4)							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	1,286,406	<u>1,286,406</u>	<u>1,345,122</u>
TOTAL.....	<u>\$8,985,411</u>	<u>\$94,803</u>	<u>\$32,324</u>	<u>\$19,210</u>	<u>\$1,803,608</u>	<u>\$10,935,356</u>	<u>\$9,935,445</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:							
Accounts payable and accrued liabilities	\$ 567,637	\$ -	\$ -	\$ -	\$ -	\$ 567,637	\$ 614,544
Deferred revenue (Note 7)	8,096,628	-	-	-	-	8,096,628	6,970,501
Total current liabilities...	<u>8,664,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,664,265</u>	<u>7,585,045</u>
ASSET RETIREMENT OBLIGATION (Note 8).....							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	138,000	<u>138,000</u>	<u>138,000</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	318,074	<u>318,074</u>	<u>398,986</u>
COMMITMENT (Note 13)							
NET ASSETS:							
Invested in property and equipment.....	-	-	-	-	830,332	830,332	808,136
Endowment fund (Note 10). Externally restricted (Note 11)	-	-	32,324	-	-	32,324	32,324
Internally restricted (Note 11)	-	-	-	19,210	-	19,210	18,603
Unrestricted (Note 11)	-	94,803	-	-	517,202	612,005	563,174
	<u>321,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,146</u>	<u>391,177</u>
Total net assets	<u>321,146</u>	<u>94,803</u>	<u>32,324</u>	<u>19,210</u>	<u>1,347,534</u>	<u>1,815,017</u>	<u>1,813,414</u>
TOTAL.....	<u>\$8,985,411</u>	<u>\$94,803</u>	<u>\$32,324</u>	<u>\$19,210</u>	<u>\$1,803,608</u>	<u>\$10,935,356</u>	<u>\$9,935,445</u>

Approved by the Board:


 _____ Director

 _____ Director

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
& AREA SOCIETY**

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019**

	Operating and	Program	Endowment	Award and	Capital	Total	
	Sustainability Fund	Development Fund	Fund	Scholarship Fund	Asset Fund	2019	2018
Fund balance at beginning of the year	\$ 391,177	\$92,220	\$32,324	\$18,603	\$1,279,090	\$1,813,414	\$1,812,483
Excess of revenue (expenses) for the year.....	121,613	2,583	-	607	(123,200)	1,603	931
Deferred capital contributions...	15,000	-	-	-	(15,000)	-	-
Contribution to reserve	(38,800)	-	-	-	38,800	-	-
Purchase of property and equipment.....	(167,844)	-	-	-	167,844	-	-
Fund balance at end of the year	<u>\$ 321,146</u>	<u>\$94,803</u>	<u>\$32,324</u>	<u>\$19,210</u>	<u>\$1,347,534</u>	<u>\$1,815,017</u>	<u>\$1,813,414</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
& AREA SOCIETY**

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019**

	Operating and Sustainability Fund	Program Development Fund	Endowment Fund	Award and Scholarship Fund	Capital Asset Fund	Total	
						2019	2018
REVENUE:							
Operating revenue (Schedule 1)	\$6,307,737	\$ -	\$ -	\$ -	\$ 95,912	\$6,403,649	\$6,674,146
Fundraising - net (Note 12).....	761,419	-	-	-	-	761,419	644,376
Interest	<u>78,324</u>	<u>2,583</u>	<u>-</u>	<u>607</u>	<u>7,448</u>	<u>88,962</u>	<u>72,098</u>
Total revenue	<u>7,147,480</u>	<u>2,583</u>	<u>-</u>	<u>607</u>	<u>103,360</u>	<u>7,254,030</u>	<u>7,390,620</u>
EXPENSES:							
Edmonton and Area (Schedule 2)	6,832,617	-	-	-	-	6,832,617	6,851,465
Town of Lac La Biche (Schedule 3)	74,460	-	-	-	-	74,460	67,619
Town of Morinville (Schedule 4)	13,483	-	-	-	-	13,483	17,322
Town of Vegreville and City of Camrose (Schedule 5)	68,052	-	-	-	-	68,052	60,226
City of Cold Lake (Schedule 6)	37,255	-	-	-	-	37,255	28,985
Village of Wabamun (Schedule 7)	-	-	-	-	-	-	8,091
Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,560</u>	<u>226,560</u>	<u>355,981</u>
Total expenses	<u>7,025,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,560</u>	<u>7,252,427</u>	<u>7,389,689</u>
EXCESS OF REVENUE (EXPENSES) FOR THE YEAR.....	<u>\$ 121,613</u>	<u>\$2,583</u>	<u>\$ -</u>	<u>\$ 607</u>	<u>\$(123,200)</u>	<u>\$ 1,603</u>	<u>\$ 931</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
& AREA SOCIETY**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of revenue for the year	\$ 1,603	\$ 931
Item not involving cash for operations - amortization....	<u>226,560</u>	<u>355,981</u>
	228,163	356,912
Changes in non-cash working capital balances related to operations:		
Accounts receivable.....	(19,633)	53,816
Prepaid expenses.....	(3,673)	1,466
Accounts payable and accrued liabilities	(46,907)	69,844
Deferred revenue.....	1,126,127	869,717
Deferred capital contributions.....	<u>(80,912)</u>	<u>(104,643)</u>
Net cash from operating activities	1,203,165	1,247,112
INVESTING ACTIVITY - purchase of property and equipment	<u>(167,844)</u>	<u>(174,087)</u>
INCREASE IN CASH FOR THE YEAR.....	1,035,321	1,073,025
CASH AT BEGINNING OF THE YEAR.....	<u>8,398,437</u>	<u>7,325,412</u>
CASH AT END OF THE YEAR	<u>\$9,433,758</u>	<u>\$8,398,437</u>
CASH CONSISTS OF:		
Cash.....	\$8,113,456	\$7,200,402
Short-term investments.....	<u>1,320,302</u>	<u>1,198,035</u>
	<u>\$9,433,758</u>	<u>\$8,398,437</u>

BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON & AREA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

1. PURPOSE OF SOCIETY:

The Society is a community supported organization committed to the healthy development of children, youth and their families by providing safe places, positive relationships, services and opportunities to develop personal strengths and interpersonal skills that enhance their long-term success in life.

The Society's head office is in Edmonton with satellite offices in Parkland County, Strathcona County, Lac La Biche, Morinville, Vegreville, Camrose and Cold Lake.

The Society is incorporated under the Societies Act (Alberta). The Society is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

2. ACCOUNTING POLICIES:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition:

Grants and donations are included in revenue in the year in which they are received or become receivable, with the exception that amounts received to fund specific expenditures are included in revenue in the year the funds are expended.

Revenue from fundraising activities is included in revenue when projects are substantially completed. Proceeds from casinos and gaming projects are included in revenue as expenditures are incurred for the objectives specified by the license.

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable if the amount to be received can be reasonably estimated and collections are reasonably assured.

Contributions:

The Society follows the deferral method of accounting for contributions. Under this method, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. All other contributions are reported as revenue in the current period.

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

2. ACCOUNTING POLICIES (continued):

Fund accounting:

Revenue and expenses related to program delivery and administrative activities are reported in the Operating and Sustainability Fund.

Revenue and expenses related to program development, award, scholarship and endowment activities are reported in the respective funds.

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to the Society's property and equipment. Within the Capital Asset Fund is an internally restricted fund, Capital Maintenance Fund, for the structural and physical needs of the facility and purchase of property and equipment. The amount transferred from or to the fund is established annually.

Donations of services:

The work of the Society is dependent on the voluntary service from many individuals. Since these services are not normally purchased by the Society and because of the uncertainty in determining their fair value, donated services are not recognized in these financial statements.

Donations of materials:

The Society receives many donations of goods such as food and supplies from many individuals and organizations. Contributed materials, whose value can be measured, are recorded at fair market value at the time of the donation. Contributed materials which are not normally purchased by the organization whose value is not readily arrived at are not recognized in these financial statements.

Equipment:

Equipment donated to the Society is recorded at its estimated fair market value at the time of the donation.

Short-term investments:

Short-term investments consist of guaranteed investment certificates and are stated at cost.

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

2. ACCOUNTING POLICIES (continued):

Property and equipment:

Property and equipment are stated at cost. Amortization is provided using the straight-line method at the following annual rates:

Automotive	20%
Buildings.....	3 1/3% - 10%
Leasehold improvements	20%
Office equipment and furniture	33 1/3%

Asset retirement obligation:

The Society has committed to maintaining a demolition fund to return land to its original state if and when a sub-lease with the City of Edmonton and the School District #7 terminates. The Society assesses its provision for asset retirement obligations on an annual basis or when new information or circumstances merit reassessment.

Actual costs incurred may differ from estimated costs. Also, future changes and regulations could increase the extent of the asset retirement obligation maintained by the Society. Increases in future costs could materially increase amounts expensed and amounts charged to the amount in excess of revenue (expenses) for the year for asset retirement obligations.

The Society records the present value of the estimated asset retirement obligation required to maintain the demolition requirement in the year acquired, along with the corresponding increase in the carry value of the related asset. The present value of the estimated future cash outflows to settle the asset retirement obligation is determined using a cost of borrowing that reflects the time value of money. The liability is subsequently adjusted for the passage of time and is recognized as an interest expense in the amount in excess of revenue (expenses) for the year. The liability is also adjusted due to revision in either timing or amount of the original estimated cash outflows associated with the liability, or for changes to the current cost of borrowing rate. Changes resulting from revisions to the timing or amount of the original estimate of the undiscounted retirement obligation cash flows are recognized as an increase or decrease in the carrying amount of the asset retirement obligation with the corresponding increase or decrease in the carrying value of the related asset.

The provision, at each reporting date, for asset retirement obligations represents management's best estimate of the present value of the asset retirement obligation. Actual expenditures may differ from the recorded amount.

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

2. ACCOUNTING POLICIES (continued):

Financial instruments:

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

The Society's financial instruments measured at amortized cost consists of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and asset retirement obligation.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue (expenses) for the year. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount of impairment recognized previously. The amount of the reversal is recognized in the excess of revenue (expenses) for the year.

Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments that can be converted readily to cash with maturities not exceeding 365 days.

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and adjustments are made to excess of revenue as appropriate in the year they become known.

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

3. RESTRICTED CASH AND SHORT-TERM INVESTMENTS:

As outlined in Notes 7, 9, 10 and 11, the Society's fund balances include amounts subject to externally and internally imposed restrictions. Cash and short-term investments are maintained in segregated accounts as follows:

	<u>2019</u>	<u>2018</u>
Endowment Fund - cash	\$ <u>32,324</u>	\$ <u>32,324</u>
Externally restricted:		
Award and Scholarship Fund - guaranteed investment certificate	\$ 19,210	\$ 18,603
Casino - cash	375,542	297,552
Dream Home Lottery - cash	4,652,119	4,123,740
Win 50 Lottery - cash	<u>2,050,382</u>	<u>1,556,185</u>
	<u>\$7,097,253</u>	<u>\$5,996,080</u>
Internally restricted:		
Program Development Fund - guaranteed investment certificate	\$ <u>94,803</u>	\$ <u>92,220</u>
Capital Maintenance Fund:		
Cash	40,031	1,231
Guaranteed investment certificate	<u>477,171</u>	<u>469,723</u>
	<u>517,202</u>	<u>470,954</u>
	<u>\$ 612,005</u>	<u>\$ 563,174</u>

4. PROPERTY AND EQUIPMENT:

The major categories of property and equipment and related accumulated amortization are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2019</u>	<u>2018</u>
Automotive	\$ 19,496	\$ 19,496	\$ -	\$ -
Buildings	2,073,201	1,364,431	708,770	769,513
Leasehold improvements	1,655,641	1,218,685	436,956	422,309
Office equipment and furniture	<u>629,277</u>	<u>594,202</u>	<u>35,075</u>	<u>47,695</u>
	4,377,615	3,196,814	1,180,801	1,239,517
Land	<u>105,605</u>	<u>-</u>	<u>105,605</u>	<u>105,605</u>
	<u>\$4,483,220</u>	<u>\$3,196,814</u>	<u>\$1,286,406</u>	<u>\$1,345,122</u>

Buildings contain three structures which reside on land owned by the City of Edmonton and the School District #7. The Society enters into fixed term leases with the landlord.

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

5. CREDIT FACILITY:

The Society has negotiated a \$250,000 bank line of credit which bears interest at the bank prime rate plus .25% per annum. There was no balance outstanding on the line of credit at March 31, 2019. The line of credit is secured by a first mortgage on the land and buildings.

6. DUE TO ALBERTA MENTORING PARTNERSHIP:

The Society is acting as a fiscal agent for a coalition named the Alberta Mentoring Partnership. The agency relationship is limited in nature. The fiscal agency agreement states that expenses on behalf of the Alberta Mentoring Partnership are paid by the Society with the funds received which are designated for the Alberta Mentoring Partnership. The expenses and related revenue do not constitute the Society's operations. As such, no recognition has been given to these revenues or expenses in the Society's Statement of Operations and Changes in Net Assets. The balance due to Alberta Mentoring Partnership as at March 31, 2019 is \$409,258 (2018 - \$521,839). No recognition has been given to this asset and liability in the Society's Statement of Financial Position.

7. DEFERRED REVENUE:

Deferred revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Alberta Culture and Tourism	\$ -	\$ 39,437
Alberta Human Services	-	106,154
Anti Bullying Program	17,890	6,733
Boys & Girls Clubs of Canada	15,390	51,000
Bowl for Kids Sake	14,980	13,447
Butler Family Foundation	20,000	20,000
Canadian Tire Foundation	70,191	113,596
Canadian Western Bank	10,793	-
Casino	375,542	297,552
City Lumber	9,560	-
Bannerman Communities United	12,433	8,000
Bannerman Community League	-	2,204
Dream Home Lottery	4,652,119	4,123,740
Edmonton Catholic School District	7,950	-
Edmonton Community Foundation	109,864	161,012
Edmonton Police Fund	8,035	16,126
Enbridge Transport	-	3,582
Epcor	75,000	20,834
Family & Community Support Services	<u>293,912</u>	<u>225,868</u>
Subtotal	<u>5,693,659</u>	<u>5,209,285</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

7. DEFERRED REVENUE (continued):

	<u>2019</u>	<u>2018</u>
Balance forward.....	\$5,693,659	\$5,209,285
Government of Alberta - Middle Years.....	200,000	-
Ionic Club.....	5,740	5,740
Italian Centre.....	1,000	1,000
Muttart Foundation.....	-	2,500
No More Excuses.....	1,137	1,137
FCSS Parkland County.....	-	2,500
Pride Centre of Edmonton.....	-	4,875
Reach.....	32,670	36,396
Rotary Club of Morinville.....	5,000	-
Royal Bank of Canada.....	31,208	12,000
TD Canada Trust.....	-	7,500
Telus.....	10,000	16,000
United Way.....	65,832	111,659
West Edmonton Centre.....	-	3,724
Win 50 Lottery.....	<u>2,050,382</u>	<u>1,556,185</u>
	<u>\$8,096,628</u>	<u>\$6,970,501</u>

8. ASSET RETIREMENT OBLIGATION:

Pursuant to the terms of a sub-lease with the City of Edmonton and School District #7, the Society leases land on which it owns a building operating as the West Club. Under the terms of the existing lease, the Society is required to provide to the City of Edmonton a demolition fund to be used for removal of the building upon expiry of the lease. The amount of the asset retirement obligation at the end of the year is estimated at \$138,000 (2018 - \$138,000.) No amounts were paid towards the liability during the year. No amount is expected to be payable towards this obligation in the foreseeable future. The amount of \$13,800 (2018 - \$13,800) has been internally restricted in the year for the purpose of settling the asset retirement obligation.

9. DEFERRED CAPITAL CONTRIBUTIONS:

Deferred capital contributions represent externally restricted contributions which have been utilized to purchase or develop property and equipment. The deferred capital contributions are recognized as revenue on the same basis as related property and equipment is being amortized.

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9. DEFERRED CAPITAL CONTRIBUTIONS (continued):

Deferred capital contributions consists of the following:

	<u>2019</u>	<u>2018</u>
Alberta Lottery and Gaming Commission	\$ 67,188	\$ 73,438
City of Edmonton	45,170	67,755
Community Facility Enhancement Program- McCauley ...	51,000	76,000
- Kinsmen	73,375	73,375
HRDC	10,000	20,000
HRJ Consulting	9,341	22,418
Kin Club of Fort Edmonton.....	15,000	-
Melton Foundation	19,000	27,000
Muttart Foundation.....	12,000	16,000
St. Paul's Foundation.....	6,000	8,000
Wawanesa	<u>10,000</u>	<u>15,000</u>
	<u>\$318,074</u>	<u>\$398,986</u>

10. ENDOWMENT FUND:

This fund was established for bequests and like gifts. All disbursements from the fund must be approved by the Board of Directors. The funds will normally be used to fund existing program operations.

The Edmonton Community Foundation also holds a permanent endowment fund on behalf of the Society. The balance as at December 31, 2018 of the fund was \$262,741. The income earned on this fund is disbursed to the Society. The fund is the property of the Edmonton Community Foundation and is not recorded in the accounts of the Society.

11. FUND BALANCES:

EXTERNALLY RESTRICTED:

Externally restricted fund balances consist of the Award and Scholarship Fund.

The Alberta Orange Foundation for Children, Orange Hall Association (Edmonton) Ltd. and the Orange Order in Edmonton have contributed to a fund from which the interest earned funds the Male and Female Volunteer of the Year Award and the Little Sister and the Little Brother of the Year Award.

The Society has established and accepted donations for a scholarship fund from which any earnings will be used to provide scholarships to needy individuals.

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11. FUND BALANCES (continued):

INTERNALLY RESTRICTED:

The Board of Directors has internally restricted resources to be used for designated purposes. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

Program Development Fund:

The intent of the Program Development Fund is to ensure that new programs and or initiatives have access to supplemental funding necessary to develop short term projects to test the feasibility of a new idea. To access funding from the fund the program cannot have operated for more than 3 years in the agency. The funds allocated to this fund must come from fundraising activities and must be approved by the Board of Directors. Every effort will be made to secure funding from sources external to the agency. These funds will be in addition to or as a bridge between implementation and funding from external sources being available to the Society.

Capital Maintenance Fund:

The Capital Maintenance Fund was established to fund the structural and physical needs of the facility and the purchase of property and equipment and for unpredictable occurrences.

UNRESTRICTED:

Operating and Sustainability Fund:

The Operating and Sustainability Fund is to provide cash flow for current operations and to meet unpredictable contingencies or unpredicted shortfalls that could occur should revenue from fundraising or funding agencies drop below anticipated levels. The fund is expected to be maintained at a level not to exceed the cost of six months of operating expenses.

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12. FUNDRAISING:

The details of the fundraising activities are as follows:

	2019			2018		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Dream Home Lottery .	\$2,829,921	\$2,335,726	\$494,195	\$2,717,898	\$2,364,941	\$352,957
Bids for Kids	13,914	-	13,914	11,341	-	11,341
Bowl for Kids Sake	25,765	6,238	19,527	24,719	5,423	19,296
Golf tournament.....	138,051	23,758	114,293	143,867	22,892	120,975
Lobster Lovers.....	154,837	35,347	119,490	181,223	41,416	139,807
Win 50 Lottery	667,139	667,139	-	668,669	668,669	-
	<u>\$3,829,627</u>	<u>\$3,068,208</u>	<u>\$761,419</u>	<u>\$3,747,717</u>	<u>\$3,103,341</u>	<u>\$644,376</u>

13. COMMITMENT:

The Society has agreements with two home builders who are each responsible for building one home for the Dream Home Lottery. Pursuant to the terms of the Home Builders Agreements, the Society is required to purchase one of the homes, chosen by the lottery winner, for a price of up to \$1,100,000.

14. FINANCIAL INSTRUMENTS:

The Society is exposed to risk on certain financial instruments as follows:

Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from its accounts receivable balances. Management believes this risk is mitigated as the balances due to the Society are from government agencies in which default will be unlikely.

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

The Society mitigates this risk through investing in guaranteed investment certificates.

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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

14. FINANCIAL INSTRUMENTS (continued):

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on short-term investments. The fixed-rate instruments subject the Society to a fair value risk.

The Society manages this risk by holding guaranteed investment certificates to maturity and by staggering the terms of the securities held.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and asset retirement obligation.

Changes in risk:

There were no significant changes in risk profile of the financial instruments for the Society from the prior year.

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**SCHEDULE OF OPERATING REVENUE
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
BBBS of Canada	\$ 127,811	\$ 173,798
Boys & Girls Clubs of Canada	154,599	60,194
Casino	51,350	64,836
Corporate donations	86,543	327,752
Facility rent	67,943	67,199
Federal government	327,760	364,283
Foundation grants	405,548	441,879
Individual donations	316,357	411,806
Management fees	27,500	59,500
Municipal funding	1,604,494	1,435,764
Partner programs	246,939	293,666
Provincial government	931,577	952,509
Renew Crew	175,234	149,370
Service clubs	-	61,000
United Way grants	<u>1,879,994</u>	<u>1,810,590</u>
 Total revenue	 <u>\$6,403,649</u>	 <u>\$6,674,146</u>

**BOYS & GIRLS CLUBS BIG BROTHERS BIG SISTERS OF EDMONTON
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**SCHEDULE OF OPERATING EXPENSES - EDMONTON & AREA
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
Board and Committee	\$ 11,497	\$ 9,089
Conferences	11,268	5,534
Evaluation	99,594	168,811
Food	71,385	62,282
Insurance	47,997	37,909
Interest and bank charges	23,981	25,978
Membership dues - Big Brothers & Big Sisters Canada	33,886	29,738
Office	187,563	184,300
Professional fees	42,765	37,497
Programs - direct service delivery costs	174,175	217,525
Recruitment	32,525	28,448
Repairs and maintenance	170,591	178,400
Salaries and benefits	5,578,289	5,531,907
Staff development	28,619	20,858
Telephone	92,262	104,718
Travel	122,675	117,819
Utilities	102,323	88,775
Volunteer recognition	<u>1,222</u>	<u>1,877</u>
 Total operating expenses - Edmonton and Area ..	 <u>\$6,832,617</u>	 <u>\$6,851,465</u>

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**SCHEDULE OF OPERATING EXPENSES - TOWN OF LAC LA BICHE
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
Board and committee	\$ 213	\$ 63
Insurance	1,000	975
Office	10,270	9,726
Professional fees	1,350	1,300
Programs - direct service delivery costs	3,274	3,215
Recruitment	801	771
Rent	3,690	3,690
Salaries and benefits	49,458	44,427
Telephone	1,374	1,557
Travel	2,321	1,895
Volunteer recognition	<u>709</u>	<u>-</u>
 Total operating expenses - Town of Lac La Biche	 <u>\$74,460</u>	 <u>\$67,619</u>

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**SCHEDULE OF OPERATING EXPENSES - TOWN OF MORINVILLE
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
Insurance	\$ 500	\$ 309
Office	1,984	2,232
Professional fees	750	471
Programs - direct service delivery costs	-	820
Recruitment	775	925
Salaries and benefits	9,024	11,597
Telephone	-	101
Travel	-	665
Volunteer recognition	<u>450</u>	<u>202</u>
 Total operating expenses - Town of Morinville	 <u>\$13,483</u>	 <u>\$17,322</u>

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SCHEDULE OF OPERATING EXPENSES
TOWN OF VEGREVILLE AND CITY OF CAMROSE
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Board and committees	\$ 96	\$ -
Insurance	1,000	950
Office	7,489	8,438
Professional fees	1,325	1,275
Programs - direct service delivery costs	989	316
Recruitment	800	1,637
Salaries and benefits	54,347	45,070
Telephone	956	941
Travel	850	1,592
Volunteer recognition	<u>200</u>	<u>7</u>
 Total operating expenses - Town of Vegreville and City of Camrose	 <u>\$68,052</u>	 <u>\$60,226</u>

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SCHEDULE OF OPERATING EXPENSES - CITY OF COLD LAKE
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Board and committees	\$ 96	\$ -
Insurance	1,050	1,000
Office	5,609	4,531
Professional fees	1,050	1,000
Programs - direct service delivery costs	288	77
Recruitment	875	350
Salaries and benefits	27,268	20,000
Telephone	809	846
Travel	<u>210</u>	<u>1,181</u>
 Total operating expenses - City of Cold Lake	 <u>\$37,255</u>	 <u>\$28,985</u>

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SCHEDULE OF OPERATING EXPENSES - VILLAGE OF WABAMUN
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Office.....	\$ -	\$ 940
Salaries and benefits.....	-	5,515
Telephone	-	68
Travel.....	<u>-</u>	<u>1,568</u>
	<u>\$ -</u>	<u>\$8,091</u>