

**Big Brothers Big Sisters  
of Hanover & District  
Financial Statements  
For the year ended December 31, 2009**

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## Auditors' Report

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**To the Directors of  
Big Brothers Big Sisters of Hanover & District**

We have audited the balance sheet of Big Brothers Big Sisters of Hanover & District as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many charitable organizations, Big Brothers Big Sisters of Hanover & District receives part of its income from cash receipts which are not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Hanover, Ontario  
March 16, 2010

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## Big Brothers Big Sisters of Hanover & District Balance Sheet

December 31	2009	2008
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 41,106	\$ 66,112
Short-term investments (Note 1)	13,166	13,000
Accounts receivable	1,301	615
Inventory	594	1,253
Prepaid expenses	919	2,353
	57,086	83,333
<b>Endowment fund (Note 2)</b>	<b>9,478</b>	<b>7,315</b>
	\$ 66,564	\$ 90,648

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 7,662	\$ 12,264
Deferred contributions (Note 3)	11,186	10,380
	18,848	22,644
<b>Commitment (Note 4)</b>		
<b>Net Assets</b>		
Unrestricted net assets	38,238	60,689
Net assets restricted for endowment purposes (Note 2)	9,478	7,315
	47,716	68,004
	\$ 66,564	\$ 90,648

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Big Brothers Big Sisters of Hanover & District Statement of Operations

For the year ended December 31	2009	2008
<b>Revenue</b>		
Donations	\$ 13,405	\$ 22,332
Fundraising events	54,709	78,739
Creativity challenges	4,065	4,279
Brad Becker Memorial Fund donations	3,136	1,828
Grants - Ontario Trillium	-	2,445
- Mentoring	6,968	3,032
- United Way	6,000	6,000
- Other	4,015	950
Interest	579	834
Other	735	-
	<b>93,612</b>	<b>120,439</b>
<b>Expenses</b>		
Bank charges	167	74
Boys and girls outings	2,376	3,226
Fundraising expense	12,443	14,202
Insurance	909	1,198
Membership fees	950	2,200
Miscellaneous	616	-
Office expenses	4,796	3,975
Office overhead	10,814	10,676
Professional fees	4,147	5,574
Promotion and advertising	402	491
Programs - community kitchen	1,557	126
- mentoring	12,218	3,032
- sports	3,206	1,828
- other	340	319
Training, conference and travel	1,397	2,695
Wages	59,725	61,296
	<b>116,063</b>	<b>110,912</b>
<b>Excess of revenues over (under) expenses</b>	<b>\$ (22,451)</b>	<b>\$ 9,527</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Big Brothers Big Sisters of Hanover & District  
Statement of Changes in Net Assets**

<b>For the year ended December 31</b>	<b>2009</b>			<b>2008</b>	
	<b>Restricted for endowment purposes</b>	<b>Unrestricted</b>	<b>Total</b>		<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 7,315</b>	<b>\$ 60,689</b>	<b>\$ 68,004</b>	<b>\$</b>	<b>58,477</b>
<b>Excess of revenues over (under) expenses for the year</b>	<b>-</b>	<b>(22,451)</b>	<b>(22,451)</b>		<b>9,527</b>
<b>Endowment contributions</b>	<b>1,450</b>	<b>-</b>	<b>1,450</b>		<b>-</b>
<b>Endowment investment income</b>	<b>713</b>	<b>-</b>	<b>713</b>		<b>-</b>
<b>Balance, end of year</b>	<b>\$ 9,478</b>	<b>\$ 38,238</b>	<b>\$ 47,716</b>	<b>\$</b>	<b>68,004</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## Big Brothers Big Sisters of Hanover & District Statement of Cash Flows

For the year ended December 31	2009	2008
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the year	\$ (22,451)	\$ 9,527
Changes in non-cash working capital balances		
Accounts receivable	(686)	2,206
Inventory	659	784
Prepaid expenses	1,434	(521)
Accounts payable and accrued liabilities	(4,602)	421
Deferred contributions	806	3,371
	<b>(24,840)</b>	<b>15,788</b>
<b>Investing activities</b>		
Proceeds on sale of investments	-	(13,000)
Purchase of investments	(166)	23,362
	<b>(166)</b>	<b>10,362</b>
<b>Increase (decrease) in cash during the year</b>	<b>(25,006)</b>	<b>26,150</b>
<b>Cash, beginning of year</b>	<b>66,112</b>	<b>39,962</b>
<b>Cash, end of year</b>	<b>\$ 41,106</b>	<b>\$ 66,112</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## Big Brothers Big Sisters of Hanover & District Summary of Significant Accounting Policies

December 31, 2009

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### **Nature and Purpose of Organization**

Big Brothers Big Sisters of Hanover & District is a non-profit organization incorporated without share capital under the laws of Ontario. The organization offers counselling and social programs to children in Hanover and the surrounding communities.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

### **Revenue Recognition**

The organization 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 the collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

### **Contributed Services**

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

### **Financial Instruments**

The organization's financial instruments consist of cash, temporary investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair values of these financial instruments approximates their carrying values, unless otherwise noted.

All transactions related to financial instruments are recorded on a trade date basis.

The company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

#### **Held-for-trading**

This category is comprised of cash and certain investments in equity instruments and are measured at fair value with changes in fair value recognized in the income statement. Transaction costs are expensed as incurred.

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## Big Brothers Big Sisters of Hanover & District Summary of Significant Accounting Policies

December 31, 2009

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### Financial Instruments (Continued)

#### Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

#### Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity and comprises certain investments in debt securities. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to held-to-maturity investments are expensed as incurred.

#### Other financial liabilities

Other financial liabilities includes all financial liabilities and comprises trade payables and other short-term monetary liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

### Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

### Capital Assets

Capital assets are not recorded on the balance sheet. Expenditures for capital assets in the year are recorded as expenses and disclosed in the statement of operations.

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## Big Brothers Big Sisters of Hanover & District Summary of Significant Accounting Policies

December 31, 2009

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### **New Accounting Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

#### Future for Not-for-Profit Organizations (NPO)

In March 2010, the Accounting Standards Board (AcSB) issued an Exposure Draft entitled "Accounting Standards for Not-for-Profit Organizations" and the Public Sector Accounting Board (PSAB) issued its own Exposure Draft entitled "Financial Reporting by Government Not-for-Profit Organizations (GNPOs)". The AcSB is proposing a choice between the accounting standards for private enterprises plus the current NPO-specific standards (with minor modifications) and International Financial Reporting Standards. Once the PSAB GNPO standards are finalized they may also allow those as a choice. The PSAB has proposed that GNPOs follow Public Sector Accounting Standards with the current NPO-specific standards added on (with minor modifications). The standards would be effective for years beginning on or after January 1, 2012. Until the Boards make a final decision, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook Part V - Accounting.

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## Big Brothers Big Sisters of Hanover & District Notes to Financial Statements

**December 31, 2009**

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### 1. Short-term Investments

	2009	2008
Term deposit, 3.00%, matures February 2011	\$ 8,166	\$ -
Term deposit, 3.91%, matures February 2011	5,000	5,000
Term deposit, 2.65%, matures February 2009	-	3,000
Term deposit, 3.30%, matures February 2009	-	5,000
	\$ 13,166	\$ 13,000

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### 2. Endowment Fund

During the year, \$1,450 (2008 - \$0) was transferred to the endowment fund for Big Brothers Big Sisters of Hanover & District held by Community Foundation Grey Bruce to service the needs of young boys and girls in the future. The agreement with Community Foundation Grey Bruce stipulates that the capital be maintained permanently. Additional donations from the general public and transfers from the organization may be made to the fund. The net earnings of the fund are distributed to the organization annually.

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### 3. Deferred Contributions

Deferred contributions represent unspent resources externally restricted.

Changes in the deferred contributions balance are as follows:

	2009	2008
Beginning balance	\$ 10,380	\$ 7,009
Amounts received during year	7,259	12,850
Less amounts recognized as revenue during year	(6,453)	(9,479)
	\$ 11,186	\$ 10,380

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### 4. Commitment

The organization has an operating lease for its premises at a monthly rate of \$735 expiring in September 2010.

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**Big Brothers Big Sisters of Hanover & District  
Notes to Financial Statements**

**December 31, 2009**

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**5. Capital Management**

For the purpose of capital management, the organization has defined capital as the unrestricted net asset balance. The organization's objectives with respect to capital management are to maintain sufficient fund balances to fund current projects.

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