

**Big Brothers Big Sisters
of Hanover & District
Financial Statements
For the year ended December 31, 2010**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Big Brothers Big Sisters of Hanover & District, which comprise the balance sheet as at December 31, 2010, and the statements of operations, 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 generally accepted accounting principals, 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.

Auditor's 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 auditor's 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, Big Brothers Big Sisters of Hanover & District receives part of its income from donations 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. We were unable to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the 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 Big Sisters of Hanover & District as at December 31, 2010 and the results of its operations and its 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

May 31, 2011

Big Brothers Big Sisters of Hanover & District Balance Sheet

December 31	2010	2009
Assets		
Current		
Cash	\$ 63,565	\$ 41,106
Short-term investments (Note 1)	13,614	13,166
Accounts receivable	9,005	1,301
Inventory	-	594
Prepaid expenses	-	919
	86,184	57,086
Endowment fund (Note 2)	10,584	9,478
	\$ 96,768	\$ 66,564

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 6,414	\$ 7,662
Deferred contributions (Note 3)	10,732	11,186
	17,146	18,848
Net Assets		
Unrestricted net assets	69,038	38,238
Net assets restricted for endowment purposes (Note 2)	10,584	9,478
	79,622	47,716
	\$ 96,768	\$ 66,564

On behalf of the Board:

_____ Director

_____ Director

Big Brothers Big Sisters of Hanover & District Statement of Operations

For the year ended December 31	2010	2009
Revenue		
Donations	\$ 78,328	\$ 13,405
Fundraising events	73,383	54,709
Creativity challenges	2,533	4,065
Brad Becker Memorial Fund donations	4,553	3,136
Grants - Mentoring	5,000	6,968
- United Way	7,000	6,000
- Other	10,500	4,015
Interest	675	579
Other	300	735
	182,272	93,612
Expenses		
Bank charges	273	167
Fundraising expense	24,884	12,443
Insurance	919	909
Membership fees	2,601	950
Miscellaneous	641	616
Office expenses	5,311	4,796
Office overhead	11,013	10,814
Professional fees	16,286	4,147
Promotion and advertising	136	402
Programs - community kitchen	-	1,557
- core	49,421	43,825
- site based	14,851	12,245
- sports	4,553	3,206
- other	349	340
Training, conference and travel	1,479	825
Wages - administration	6,251	7,534
- fundraising	12,504	11,287
	151,472	116,063
Excess of revenues over (under) expenses	\$ 30,800	\$ (22,451)

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**

For the year ended December 31	2010			2009
	Restricted for endowment purposes	Unrestricted	Total	Total
Balance, beginning of year	\$ 9,478	\$ 38,238	\$ 47,716	\$ 68,004
Excess of revenues over (under) expenses for the year	-	30,800	30,800	(22,451)
Endowment contributions	1,484	-	1,484	1,450
Endowment investment income	(378)	-	(378)	713
Balance, end of year	\$ 10,584	\$ 69,038	\$ 79,622	\$ 47,716

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 Cash Flows

For the year ended December 31	2010	2009
Cash provided by (used in)		
Operating activities		
Excess of revenues over (under) expenses for the year	\$ 30,800	\$ (22,451)
Changes in non-cash working capital balances		
Accounts receivable	(7,704)	(686)
Inventory	594	659
Prepaid expenses	919	1,434
Accounts payable and accrued liabilities	(1,248)	(4,602)
Deferred contributions	(454)	806
	22,907	(24,840)
Investing activities		
Purchase of investments	(448)	(166)
Increase (decrease) in cash during the year	22,459	(25,006)
Cash, beginning of year	41,106	66,112
Cash, end of year	\$ 63,565	\$ 41,106

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

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

December 31, 2010

**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 mentoring programs and services 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 organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization'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.

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

December 31, 2010

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 organization'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.

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

December 31, 2010

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:

Accounting Standards for Not-for-Profit Organizations (NPO)

In December 2010, the Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) issued new standards for not-for-profit organizations (NPOs). For non-government (private sector) NPOs, they have a choice of:

1. International Financial Reporting Standards ("IFRS") or
2. Accounting Standards for NPOs (which is essentially the Accounting Standards for Private Enterprises with the current 4400 series of NPO specific standards added with some minor changes)

The Boards require NPOs to adopt their respective standards for year ends beginning on or after January 1, 2012; early adoption is allowed. Until the date of transition to the new standards, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook – Accounting Part V – Pre-Changeover Standards.

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

December 31, 2010

1. Short-term Investments

	2010	2009
Term deposit, 3.00%, matures February 2011	\$ 8,411	\$ 8,166
Term deposit, 3.91%, matures February 2011	5,203	5,000
	\$ 13,614	\$ 13,166

2. Endowment Fund

During the year, NIL \$ (2009 - \$1,450) 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.

3. Deferred Contributions

Deferred contributions represent unspent resources externally restricted. Changes in the deferred contributions balance are as follows:

	2010	2009
Beginning balance	\$ 11,186	\$ 10,380
Amounts received during year	6,100	7,259
Less amounts recognized as revenue during year	(6,554)	(6,453)
	\$ 10,732	\$ 11,186

4. 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.

5. Other

The comparative amounts have been restated to conform to the current year presentation.
