

**BIG BROTHERS BIG
SISTERS OF LONDON
AND AREA**

FINANCIAL STATEMENTS

MARCH 31, 2010

**BIG BROTHERS BIG SISTERS OF LONDON AND AREA
INDEX TO AUDITED FINANCIAL STATEMENTS**

MARCH 31, 2010

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AUDITORS' REPORT

To the Shareholders of:
Big Brothers Big Sisters of London and Area

We have audited the statement of financial position of Big Brothers Big Sisters of London and Area as at March 31, 2010 and the statements of revenues and expenditures, changes in accumulated net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's 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 non-profit organizations, this organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation and fundraising revenues was limited to the amounts recorded in the records of the organization. Accordingly, we were unable to determine whether any adjustments for unrecorded amounts might be necessary to revenues, excess (deficit) of revenues over expenditures and accumulated net assets.

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of London and Area as at March 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.

London, Ontario
July 8, 2010

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BIG BROTHERS BIG SISTERS OF LONDON AND AREA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

	Investment in Capital Assets	Reserve Fund Internally Restricted (Note 5)	Gala Fund Internally Restricted	Operating Fund Unrestricted	2010 Total	2009 Total (Note 13)
ASSETS						
Current Assets						
Cash	\$ 507,170	\$ 93	\$ 18,289	\$ 13,244	\$ 538,796	\$ 251,970
Investments (Note 3)	100,000	-	60,059	-	160,059	-
Other receivables	116	-	26	2,544	2,686	17,098
Prepaid expenses	-	-	1,841	12,119	13,960	57,352
Inter-fund balances	-	-	8,927	524	9,451	7,581
	<u>607,286</u>	<u>93</u>	<u>89,142</u>	<u>28,431</u>	<u>724,952</u>	<u>334,001</u>
Capital Assets (Note 4)	<u>4,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,904</u>	<u>195,271</u>
	<u>\$ 612,190</u>	<u>\$ 93</u>	<u>\$ 89,142</u>	<u>\$ 28,431</u>	<u>\$ 729,856</u>	<u>\$ 529,272</u>

LIABILITIES AND ACCUMULATED NET ASSETS

Current Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 28,868	\$ 28,868	\$ 98,475
Due to Big Brothers of London	-	-	-	-	-	8,722
Inter-fund balances	9,451	-	-	-	9,451	7,581
	9,451	-	-	28,868	38,319	114,778
Deferred Contributions (Note 7)						
Expenses of future periods	-	-	21,184	29,832	51,016	168,102
Capital assets	58,330	-	-	-	58,330	136,093
	58,330	-	21,184	29,832	109,346	304,195
Accumulated Net Assets	<u>544,409</u>	<u>93</u>	<u>67,958</u>	<u>(30,269)</u>	<u>582,191</u>	<u>110,299</u>
	<u>\$ 612,190</u>	<u>\$ 93</u>	<u>\$ 89,142</u>	<u>\$ 28,431</u>	<u>\$ 729,856</u>	<u>\$ 529,272</u>

APPROVED ON BEHALF OF THE BOARD:

_____ President

_____ Treasurer

The attached Auditors' Report and notes form an integral part of these audited financial statements.

BIG BROTHERS BIG SISTERS OF LONDON AND AREA
STATEMENT OF CHANGES IN ACCUMULATED NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2010

	Investment Reserve Fund in Capital	Internally Restricted (Note 5)	Gala Fund Internally Restricted	Operating Fund Unrestricted	2010 Total	2009 Total (Note 13)
Balance, Beginning of Year	\$ 77,376	\$ 93	\$ 82,165	\$ (49,335)	\$ 110,299	\$ 149,629
Related Party Transactions (Note 10)	40,287	-	-	8,722	49,009	-
Excess (Deficit) of Revenue over Expenditures	426,746	-	66,330	(70,193)	422,883	(39,330)
Transfers among Funds (Note 6)	<u>-</u>	<u>-</u>	<u>(80,537)</u>	<u>80,537</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>\$ 544,409</u>	<u>\$ 93</u>	<u>\$ 67,958</u>	<u>\$ (30,269)</u>	<u>\$ 582,191</u>	<u>\$ 110,299</u>

The attached Auditors' Report and notes form an integral part of these audited financial statements.

BIG BROTHERS BIG SISTERS OF LONDON AND AREA
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2010

	Investment Reserve Fund in Capital	Internally Restricted (Note 5)	Gala Fund Internally Restricted	Operating Fund Unrestricted	2010 Total	2009 Total (Note 13)
Revenues						
Donations, grants, and other	\$ -	\$ -	\$ -	\$ 220,134	\$ 220,134	\$ 183,578
Fundraising events (Note 8)	154,005	-	98,810	74,745	327,560	265,282
United Way	-	-	-	399,509	399,509	283,509
Interest and other	-	-	62	128	190	2,876
Amortization of deferred contributions related to capital assets (Note 7)	108,297	-	-	-	108,297	19,661
Gain on disposal of assets	<u>336,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,380</u>	<u>-</u>
	598,682	-	98,872	694,516	1,392,070	754,906
Expenditures						
General and administrative	-	-	-	279,571	279,571	359,537
Fundraising events and stewardship (Note 8)	145,865	-	32,542	17,618	196,025	66,841
Amortization	26,071	-	-	-	26,071	20,082
Professional services	-	-	-	11,715	11,715	46,559
Children's programs and services	-	-	-	433,504	433,504	284,805
Membership fees	-	-	-	14,694	14,694	8,350
Training and development	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,607</u>	<u>7,607</u>	<u>8,062</u>
	<u>171,936</u>	<u>-</u>	<u>32,542</u>	<u>764,709</u>	<u>969,187</u>	<u>794,236</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ 426,746</u>	<u>\$ -</u>	<u>\$ 66,330</u>	<u>\$ (70,193)</u>	<u>\$ 422,883</u>	<u>\$ (39,330)</u>

The attached Auditors' Report and notes form an integral part of these audited financial statements.

BIG BROTHERS BIG SISTERS OF LONDON AND AREA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010

	Investment Reserve Fund in Capital Internally	Gala Fund Internally	Operating Fund	2010	2009	
	Assets	Restricted (Note 5)	Restricted Unrestricted	Total	Total (Note 13)	
Cash Flows from Operating Activities						
Excess (deficit) of revenue over expenditures	\$ 426,746	\$ -	\$ 66,330	\$ (70,193)	\$ 422,883	\$ (39,330)
Items not requiring an outlay of cash:						
Gain on disposal of capital assets	(336,380)	-	-	-	(336,380)	-
Amortization of capital assets	26,071	-	-	-	26,071	20,082
Amortization of deferred contributions related to capital assets	<u>108,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,297</u>	<u>(19,661)</u>
	224,734	-	66,330	(70,193)	220,871	(38,909)
Changes in non-cash working capital items:						
Other receivables	33	-	9	14,370	14,412	1,913
Prepaid expenses	-	-	60	43,332	43,392	(48,931)
Accounts payable	-	-	-	(69,606)	(69,606)	75,367
Due to Big Brothers of London	-	-	-	(8,722)	(8,722)	8,722
Expenses of future periods	(77,763)	-	405	(117,491)	(194,849)	112,854
Inter-fund balances	<u>(6,851)</u>	<u>-</u>	<u>(4,566)</u>	<u>11,417</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	140,153	-	62,238	(196,893)	5,498	111,016
Cash Flows from Investing Activities						
Inter-fund transfers	-	-	(80,537)	80,537	-	-
Purchase of capital assets	(25,843)	-	-	-	(25,843)	(7,653)
Proceeds from disposal of capital assets	497,764	-	-	-	497,764	-
Contributions related, capital assets received	(30,534)	-	-	-	(30,534)	478
Investments	<u>(100,000)</u>	<u>-</u>	<u>(60,059)</u>	<u>-</u>	<u>(160,059)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>341,387</u>	<u>-</u>	<u>(140,596)</u>	<u>80,537</u>	<u>281,328</u>	<u>(7,175)</u>
Net Increase (Decrease) in Cash	481,540	-	(78,358)	(116,356)	286,826	103,841
Cash, Beginning of Year	<u>25,630</u>	<u>93</u>	<u>96,647</u>	<u>129,600</u>	<u>251,970</u>	<u>148,129</u>
Cash, End of Year	\$ <u>507,170</u>	\$ <u>93</u>	\$ <u>18,289</u>	\$ <u>13,244</u>	\$ <u>538,796</u>	\$ <u>251,970</u>

The attached Auditors' Report and notes form an integral part of these audited financial statements.

BIG BROTHERS BIG SISTERS OF LONDON AND AREA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2010

1. Nature of Organization

Big Brothers Big Sisters of London and Area (the "organization") is a non-profit organization whose mission is to provide positive mentoring experiences to boys and girls in order to foster the development of their self esteem and potential for a brighter future. The organization is a registered charity and its charitable donation registration number is 12982-0874-RR0001.

2. Significant Accounting Policies

The accompanying financial statements have been prepared by management in accordance with generally accepted accounting principles. Those policies that are considered to be particularly significant are outlined below:

(a) Revenue Recognition

The organization follows the deferral method of accounting for contributions which include donations and government grants.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purpose of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Grants, donations, United Way allotment and other revenue to support general operations are recorded as unrestricted.

Fundraising revenue net of expenses, related to the annual gala event, are part of the Internally Restricted Fund.

Bequest and endowment contributions received by the organization are transferred to the Big Brothers Big Sisters of London and Area Endowment Fund (see Note 11).

(b) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.



BIG BROTHERS BIG SISTERS OF LONDON AND AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

2. Significant Accounting Policies Continued

(c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the following terms:

<u>Asset</u>	<u>Term</u>
Building	20 years
Furniture and equipment	5 years
Computer hardware	3 years
Computer software	2 years

(d) Financial Instruments

The financial assets and liabilities are classified and measured as follows:

- Cash and investments are classified as held for trading and are measured at fair value. Unrealized gains and losses are recorded in net assets in the year in which they occur. Realized gains and losses are accounted for on a specific identification basis and are included in investment income in the year in which they are earned.
- Other receivables are classified as loans and receivables and are initially measured at fair value and subsequently at amortized cost using the effective interest rate method.
- Accounts payable and due to Big Brothers of London are classified as other liabilities and are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

During the normal course of operations, the organization receives donations from contributors. The organization minimizes its credit risk by recording the revenue on these donations when the money is received or a guarantee of the donation is provided.

(e) Contributed Services

Volunteers contribute about 68,000 hours per year to assist the organization in carrying out its service activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

BIG BROTHERS BIG SISTERS OF LONDON AND AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

3. Investments

Short-term investments comprised of GICs that are recorded at market value with interest rates of 0.4% and 1% which mature in less than one year.

4. Capital Assets

	Cost	Accumulated Amortization	Net 2010	Net 2009
Land	\$ -	\$ -	\$ -	\$ 71,250
Building	-	-	-	119,307
Furniture and equipment	104,043	101,360	2,683	-
Computer hardware	58,853	56,632	2,221	3,548
Computer software	<u>18,172</u>	<u>18,172</u>	<u>-</u>	<u>1,166</u>
	<u>\$ 181,068</u>	<u>\$ 176,164</u>	<u>\$ 4,904</u>	<u>\$ 195,271</u>

5. Reserve Fund

The Board of Directors has determined that an internally restricted Reserve Fund should be established to ensure the continuance of services in future years. The Board of Directors may authorize the transfer of Reserve Funds in order to offset any shortfall in the Operating Fund. Both the allocation to and from the Reserve Fund is to be determined on an annual basis at the discretion of the Board of Directors.

6. Interfund Transfers

The net proceeds of \$80,537 from the May 2008 Gala were transferred during the year from the Gala Fund to the Operating Fund to fund the general operations of the organization.

BIG BROTHERS BIG SISTERS OF LONDON AND AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

7. Deferred Contributions

a) Expenses of Future Periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

	2010	2009
Balance, beginning of year	\$ 168,102	\$ 55,248
Less: amount recognized as revenue in the year	(207,370)	(40,436)
Add: amount received during the year	<u>90,284</u>	<u>153,290</u>
Balance, end of year	<u>\$ 51,016</u>	<u>\$ 168,102</u>

b) Capital Assets

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations received for the purchase of capital assets. These contributions are being amortized into income on the same basis as the related capital assets. The changes in the deferred contribution balance for the year are as follows:

	2010	2009
Balance, beginning of year	\$ 136,093	\$ 155,276
Add:		
Donation	30,000	-
Interest	534	478
Less:		
Amortization of deferred contributions	<u>(108,297)</u>	<u>(19,661)</u>
Balance, end of year	<u>\$ 58,330</u>	<u>\$ 136,093</u>

Balance represented by:

	2010	2009
Unamortized contributions	\$ 2,166	\$ 110,463
Unspent contributions	<u>56,164</u>	<u>25,630</u>
	<u>\$ 58,330</u>	<u>\$ 136,093</u>

BIG BROTHERS BIG SISTERS OF LONDON AND AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

8. Fundraising Events and Stewardship

	Revenues	Expenses	2010 Net	2009 Net
Gala evening	\$ 98,810	\$ 32,542	\$ 66,268	\$ 80,538
Golf tournament	50,657	9,283	41,374	35,426
Snow volleyball	24,088	5,226	18,862	35,887
Bowling for Kids' Sake	-	576	(576)	49,801
Volunteer recognition	-	2,533	(2,533)	(3,211)
I Luv London	<u>154,005</u>	<u>145,865</u>	<u>8,140</u>	<u>-</u>
	<u>\$ 327,560</u>	<u>\$ 196,025</u>	<u>\$ 131,535</u>	<u>\$ 198,441</u>

9. Lease Commitments

The organization has entered into a lease agreement for the photocopiers it utilizes and the building it rents. Under the terms of the leases, which expire March 31, 2011 and November 30, 2015, respectively, the organization pays utilities, insurance, property taxes, repairs and maintenance, and other like costs. The annual base rental payments are as follows:

Year ending March 31, 2011	\$ 78,028
March 31, 2012	72,199
March 31, 2013	72,199
March 31, 2014	72,199
March 31, 2015	72,199
Thereafter	<u>48,133</u>
	<u>\$ 414,957</u>

10. Related Party Transactions

During the year, the remaining assets from Big Brothers of London were transferred to Big Brothers Big Sisters of London and Area. These assets were transferred at the carrying amount, in accordance with CICA Handbook guidance on related party transactions. The excess was credited to accumulated net assets.

BIG BROTHERS BIG SISTERS OF LONDON AND AREA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2010

11. Big Brothers Big Sisters of London and Area Endowment Fund

A permanent charitable endowment fund has been created within the London Community Foundation. Interest and dividend income earned by the fund shall be paid on an annual basis no later than April 30 each year. Net realized gains on the sale of investments will be reinvested as capital unless notice to the contrary is secured by the London Community Foundation by May 30 each year. If in any year there occurs a realized loss that reduces the fund balance below the total value of the capital donations, then no payout of net income or realized gains would be made from the Endowment Fund until the original capital has been rebuilt. An annual administration fee, of not more than 1% of capital, is charged to the Fund by the London Community Foundation. Changes in the balance of the fund are as follows:

	2010	2009
Balance, beginning of year	\$ 156,766	\$ 170,730
Donations	3,222	2,340
Investment gains (losses)	34,351	(21,715)
Transfers from Big Brothers of London Endowment Fund	3,000	13,809
Disbursement to Big Brothers Big Sisters of London & Area	(700)	(6,800)
Administrative fees	<u>(1,831)</u>	<u>(1,598)</u>
Balance, end of year	\$ <u>194,808</u>	\$ <u>156,766</u>

12. Capital Disclosure

The organization manages its capital to ensure that it will be able to continue as a going concern while maximizing its ability to achieve the organization's mission through suitable debt and accumulated net assets appropriate for an entity of the organization's size and status. The organization is not subject to externally imposed capital requirements and the organization's strategy with respect to capital risk management is to perform annual cash flow projections, reviewed by the Board on a quarterly basis.

The capital structure of the organization consists of Accumulated Net Assets comprised of those invested in capital assets, internally restricted and unrestricted funds.

13. Comparative Figures

On February 1, 2009, the Big Brothers of London and Big Sisters of London organizations were unified. Big Sisters of London's name was changed to Big Brothers Big Sisters of London and Area. The current year figures include the operations of the unified Big Brothers Big Sisters of London and Area for a whole year. The prior year figures include the operations of Big Brothers for the period of February 1, 2009 to March 31, 2009. Certain prior year figures have been reclassified to conform to the current year presentation.