
BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

FINANCIAL STATEMENTS
DECEMBER 31, 2018

INDEX

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF BIG BROTHERS BIG SISTERS OF GREATER HALIFAX:

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of Greater Halifax (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in fund balances and 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 Big Brothers Big Sisters of Greater Halifax as at December 31, 2018, 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 not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to special fundraising events revenue, donations from individuals and corporations revenue, foundations donation revenue, excess (deficiency) of revenues over expenditures, and cash flows from operations for the years ended December 31, 2018 and 2017, assets as at December 31, 2018 and 2017, and fund balances as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization in accordance with the ethical requirements that are relevant to our audits 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

**Levy
Casey
Carter
MacLean**
Chartered Professional
Accountants

Stuart S. MacLean Inc.
J.E. Melvin Inc.
Greg T. Strange Inc.
Tracey Wright Inc.
Angela Kinley Inc.

211 Horseshoe Lake Drive
Suite 310
Halifax, NS B3S 0B9
Canada
Phone: (902) 445-4446
Fax: (902) 443-4846
www.lccm.ca

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 Organization'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 the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent 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 independent auditor's report. However, future events or conditions may cause the Organization 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.

Halifax, Nova Scotia
April 2, 2019


Chartered Professional Accountants
Licensed Public Accountants

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018

ASSETS

	Operating Fund	ReNew Crew Fund	Capital Fund	2018	2017
Current					
Cash	\$ 35,684	\$ 31,205	\$ -	\$ 66,889	\$ 39,041
Short term investments	20,394	-	-	20,394	18,507
Receivables (note 3)	18,849	100,507	-	119,356	136,210
Inventory	-	1,475	-	1,475	4,084
Prepaid expenses	-	2,071	-	2,071	3,104
	74,927	135,258	-	210,185	200,946
Capital assets (note 4)	-	18,843	66,237	85,080	86,353
	<u>\$ 74,927</u>	<u>\$ 154,101</u>	<u>\$ 66,237</u>	<u>\$ 295,265</u>	<u>\$ 287,299</u>

LIABILITIES

Current					
Bank indebtedness (note 5)	\$ -	\$ -	\$ -	\$ -	\$ 4,065
Payables and accruals	51,722	21,732	-	73,454	57,266
Deferred revenue (note 6)	78,151	-	-	78,151	40,525
Current portion of long term debt	-	5,843	-	5,843	-
	129,873	27,575	-	157,448	101,856
Interfund balance (note 9)	133,493	(133,493)	-	-	-
Long term debt (note 7)	-	8,277	-	8,277	-
	<u>263,366</u>	<u>(97,641)</u>	<u>-</u>	<u>165,725</u>	<u>101,856</u>

Commitments (note 8)

FUND BALANCES

Unrestricted	(188,439)	251,742	-	63,303	117,212
Investment in capital assets	-	-	66,237	66,237	68,231
	<u>(188,439)</u>	<u>251,742</u>	<u>66,237</u>	<u>129,540</u>	<u>185,443</u>
	<u>\$ 74,927</u>	<u>\$ 154,101</u>	<u>\$ 66,237</u>	<u>\$ 295,265</u>	<u>\$ 287,299</u>

On Behalf of the Board

Director

G. Black

Director

N. Chamberlain

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2018

	Operating Fund	ReNew Crew Fund	Capital Fund	2018	2017
Revenue					
Provincial government grant	\$ 161,900	\$ -	\$ -	\$ 161,900	\$ 161,900
Special fundraising events	182,320	-	-	182,320	201,013
Earned revenue	-	1,037,644	-	1,037,644	1,008,539
Donations from individuals and corporations	18,150	-	-	18,150	49,958
Foundations					
Halifax Youth Foundation	40,000	-	-	40,000	40,000
Other	81,333	-	-	81,333	61,066
Mooseheads 50/50 contract	30,620	-	-	30,620	25,980
Non-recurring government grants	24,150	-	-	24,150	3,717
Miscellaneous	1,730	-	-	1,730	3,946
	<u>540,203</u>	<u>1,037,644</u>	<u>-</u>	<u>1,577,847</u>	<u>1,556,119</u>
Expenditures					
Amortization	-	4,010	1,994	6,004	6,153
Salaries	556,027	320,533	-	876,560	873,865
Employee benefits	65,084	20,433	-	85,517	88,185
Fund development	57,573	-	-	57,573	49,878
Building occupancy	32,196	43,010	-	75,206	70,401
Office expenses	70,221	23,089	-	93,310	97,275
Promotion	4,571	7,698	-	12,269	22,527
Professional fees	13,384	8,875	-	22,259	22,531
Interest and bank charges	8,918	2,217	-	11,135	10,717
Partnership agreement	-	220,435	-	220,435	196,164
Insurance	19,134	3,389	-	22,523	15,485
Management and administrative services	(50,000)	50,000	-	-	-
Transportation	8,237	88,398	-	96,635	92,002
Meeting expenses	3,426	-	-	3,426	8,113
Agency dues and fees	15,944	-	-	15,944	14,554
Program materials and supplies	10,804	-	-	10,804	10,476
Non-recurring government grant expense	24,150	-	-	24,150	3,717
	<u>839,669</u>	<u>792,087</u>	<u>1,994</u>	<u>1,633,750</u>	<u>1,582,043</u>
Excess (deficiency) of revenue over expenditures	(299,466)	245,557	(1,994)	(55,903)	(25,924)
Fund balances, beginning of year	(88,973)	206,185	68,231	185,443	211,367
Interfund transfers (note 9)	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ (188,439)</u>	<u>\$ 251,742</u>	<u>\$ 66,237</u>	<u>\$ 129,540</u>	<u>\$ 185,443</u>

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

	Operating Fund	ReNew Crew Fund	Capital Fund	Total 2018	Total 2017
Operating Activities					
Excess (deficiency) of revenue over expenditures	\$ (299,466)	\$ 245,557	\$ (1,994)	\$ (55,903)	\$ (25,924)
Amortization	<u>-</u>	<u>4,010</u>	<u>1,994</u>	<u>6,004</u>	<u>6,153</u>
	(299,466)	249,567	-	(49,899)	(19,771)
Net change in non-cash working capital balances related to operations (note 10)	<u>84,586</u>	<u>(10,278)</u>	<u>-</u>	<u>74,308</u>	<u>(19,613)</u>
	<u>(214,880)</u>	<u>239,289</u>	<u>-</u>	<u>24,409</u>	<u>(39,384)</u>
Financing Activities					
Change in interfund balance	13,409	(13,409)	-	-	-
Transfers	200,000	(200,000)	-	-	-
Proceeds from long term debt	-	17,850	-	17,850	-
Repayments on long term debt	<u>-</u>	<u>(3,730)</u>	<u>-</u>	<u>(3,730)</u>	<u>-</u>
	<u>213,409</u>	<u>(199,289)</u>	<u>-</u>	<u>14,120</u>	<u>-</u>
Investing Activities					
Purchase of					
Office equipment	-	(4,730)	-	(4,730)	-
Computer equipment	-	-	-	-	(3,208)
Investment in short term investments	<u>(1,886)</u>	<u>-</u>	<u>-</u>	<u>(1,886)</u>	<u>(788)</u>
	<u>(1,886)</u>	<u>(4,730)</u>	<u>-</u>	<u>(6,616)</u>	<u>(3,996)</u>
Increase (decrease) in cash during the year	(3,357)	35,270	-	31,913	(43,380)
Cash (bank indebtedness), beginning of year	<u>39,041</u>	<u>(4,065)</u>	<u>-</u>	<u>34,976</u>	<u>78,356</u>
Cash, end of year	<u>\$ 35,684</u>	<u>\$ 31,205</u>	<u>\$ -</u>	<u>\$ 66,889</u>	<u>\$ 34,976</u>
Represented by:					
Cash	\$ 35,684	\$ 31,205	\$ -	\$ 66,889	\$ 39,041
Bank indebtedness	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,065)</u>
	<u>\$ 35,684</u>	<u>\$ 31,205</u>	<u>\$ -</u>	<u>\$ 66,889</u>	<u>\$ 34,976</u>

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

1. Purpose of the organization

Big Brothers Big Sisters is a local charity whose mission is to put a mentor into the life of every child and youth who needs and wants one. The agency supports child and youth development through essential volunteer-led mentoring programs. Supported by professional staff the outcomes of these services contribute to building a healthy community.

Big Brothers Big Sisters manages a variety of fund raising initiatives to support the organization's mission, including individual, corporate, government and foundation donors as well as fund raising through special events and the agency's social enterprise, ReNew Crew.

ReNew Crew accepts donations of clothing and sells them to Value Village stores which is a for-profit privately held international second-hand store which purchases product from non-profit organizations and then sells these items in their stores - turning otherwise unused items into sustainable revenue that supports the work of their charity partners, including Big Brothers Big Sisters of Greater Halifax. This revenue provides at least \$200,000 annually which helps the agency recruit, screen and train volunteers so it can match local children with positive adult mentors and to further develop programs to meet changing community needs.

Big Brothers Big Sisters of Greater Halifax is incorporated as a not-for-profit organization in Nova Scotia and is exempt from income tax as a registered charity under the Canadian Income Tax Act.

2. Significant accounting policies

The organization has applied the following significant accounting policies:

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting

Big Brothers Big Sisters follows the deferral method of accounting for contributions as follows:

- (i) The Operating Fund accounts for the organization's program delivery and administration activities. This fund reports unrestricted and restricted revenues.
- (ii) The ReNew Crew Fund reports the operations of the ReNew Crew project. This project raises funds to support organizational programs.
- (iii) The Capital Fund reports the capital assets of the organization with the exception of the ReNew Crew Fund.

(c) Contributed services

Volunteers contribute countless hours per year to assist Big Brothers Big Sisters in carrying out its service delivery activities. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

2. Significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

(e) Use of estimates

The preparation of financial statements 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. The use of estimates is required primarily in estimating the useful life of capital assets and in determining the collectability of accounts receivable.

(f) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, adjusted by the amount of transaction costs directly attributable to the instrument. At each reporting date, the organization subsequently measures all of its financial assets and financial liabilities at amortized cost (less impairment in the case of financial assets), except for short term investments, which must be measured at fair value. Short term investments consist of commonly traded equity and mutual fund investments. All changes in fair value of the organization's short term investments are recorded in the statement of operations. The financial instruments measured at amortized cost are cash, receivables, bank indebtedness, payables and accruals and long term debt. Transaction costs are amortized on the straight line basis over the term of the instrument.

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. Where there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amounts of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(g) Revenue recognition

The organization follows the deferral method of accounting for its contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as a direct increase in net assets of the Capital Fund. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Earned revenue from the ReNew Crew Fund is recognized when title is transferred to the purchaser, the amount can be reasonably estimated and collection is reasonably assured.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations.

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

2. Significant accounting policies (continued)

(h) Allocated expenses

Management and administrative fees are charged by the Operating Fund to the ReNew Crew Fund based on the estimated time spent by operations staff to support the work of the ReNew Crew project. Salaries for specific initiatives are allocated based on the estimated time spent by employees in the specific area as listed in note 13. All other expenditures are allocated based on actual expenditures.

(i) Donations in kind

Each year individuals and businesses donate prizes to be auctioned off to support the fundraising efforts of the organization. These items are recorded in the accounts at the amount received from the auction proceeds.

(j) Capital assets and amortization

Capital assets are recorded at cost and amortized using the declining balance method at rates based on the estimated useful life of the assets, as indicated in note 4. Amortization is calculated at one-half the annual rate in the year of acquisition. No amortization is recorded in the year of disposal.

(k) Impairment of long-lived assets

Capital assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the future service potential of the asset. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(l) Inventory

As discussed in note 8 the organization has an agreement to sell used clothing; the majority of this clothing is donated to the organization and thus has no cost. However, the organization also purchases a portion of its clothing from third party partners in order to meet its sales commitments. The inventory recorded on the statement of financial position represents the average cost of purchased clothing on hand at the end of the year. Once sold, this purchased inventory is included in partnership agreement expenditures on the statement of operations and changes in fund balances.

3. Receivables

	<u>2018</u>	<u>2017</u>
Trade	\$ 103,310	\$ 119,612
HST recoverable	<u>16,046</u>	<u>16,598</u>
	<u>\$ 119,356</u>	<u>\$ 136,210</u>

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

4. Capital assets

	2018				2017
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Capital Fund					
Land		\$ 35,500	\$ -	\$ 35,500	\$ 35,500
Building	4%	65,452	37,453	27,999	29,166
Computer hardware	30%	62,376	61,580	796	1,137
Computer software	100%	7,271	7,271	-	-
Office equipment	20%	32,747	30,805	1,942	2,428
		<u>\$ 203,346</u>	<u>\$ 137,109</u>	<u>\$ 66,237</u>	<u>\$ 68,231</u>
	2018				2017
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
ReNew Crew Fund					
Leasehold improvements	20%	\$ 6,074	\$ 6,074	\$ -	\$ -
Equipment	20-30%	115,908	99,357	16,551	14,848
Computer equipment	30%	14,478	12,186	2,292	3,274
		<u>136,460</u>	<u>117,617</u>	<u>18,843</u>	<u>18,122</u>
Total for both funds		<u>\$ 339,806</u>	<u>\$ 254,726</u>	<u>\$ 85,080</u>	<u>\$ 86,353</u>

5. Bank indebtedness

Terms and conditions

The organization has two authorized lines of credit, payable on demand, with the following details:

- The first has a limit of \$75,000 which bears interest at prime plus 3.15%. The operating line is secured by the property at 86 Ochterloney Street. As at December 31, 2018 there was no balance on this account.
- The second has a limit of \$50,000 which bears interest at prime plus 3.15%. The operating line is secured by the property at 86 Ochterloney Street. As at December 31, 2018 there was no balance on this account.

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

6. Deferred revenue

Deferred revenue represents funding received in the Operating Fund in the current period that is related to the subsequent period. Changes in the deferred revenue balance are as follows:

	<u>2018</u>			<u>2017</u>
	<u>Provincial Government Grant</u>	<u>Other</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 40,475	\$ 50	\$ 40,525	\$ 51,113
Add: amount received during the year	161,900	71,410	233,310	164,778
Less: amount recognized as revenue in the year	<u>(161,900)</u>	<u>(33,784)</u>	<u>(195,684)</u>	<u>(175,366)</u>
Balance, end of year	\$ <u>40,475</u>	\$ <u>37,676</u>	\$ <u>78,151</u>	\$ <u>40,525</u>

The provincial government grant received by the organization is on an April 1, 2018 to March 31, 2019 funding basis. The organization recognizes the grant into revenue on a evenly monthly basis over this funding period. The other deferred revenue represents funding received for projects and expenses that relate to the subsequent fiscal year.

7. Long term debt

	<u>2018</u>	<u>2017</u>
Term loan bearing interest at 5.20%, amortized to and maturing in 2021, repayable in equal monthly installments of principal and interest of \$537. Secured by land and buildings with a net book value of \$63,499.	\$ 14,120	\$ -
Principal portion repayable within one year	<u>5,843</u>	<u>-</u>
	\$ <u>8,277</u>	\$ <u>-</u>

Minimum principal repayments required within the next three years are as follows:

2019	\$ 5,843
2020	\$ 6,154
2021	\$ <u>2,123</u>
Total	\$ <u>14,120</u>

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

8. Commitments

The organization has entered into the following commitments:

- (a) The organization has entered into a bulk purchase and sale agreement with a large retailer of used clothing. The organization agrees to sell all of the donated personal property, without exception, which they solicit during the term of the agreement. A two year agreement was signed effective December 30, 2018 to January 2, 2021.
- (b) Lease agreement for vehicles for the ReNew Crew Fund with minimum fixed lease payments required over the next five years are as follows:

2019	\$	28,296
2020	\$	28,296
2021	\$	28,296
2022	\$	28,296
2023	\$	28,296

Lease payments are made monthly and are subject to HST and future increases based on CPI. In addition to the monthly fixed payments, the organization is also responsible for monthly variable charges based on \$0.089 per kilometre.

9. Interfund transfers

Each year the organization budgets to transfer funds from the ReNew Crew Fund to the Operating Fund to assist in funding operations. The amount is transferred monthly and the budgeted amount is adjusted if the operating results of the ReNew Crew Fund differ substantially from budget. During the year, \$200,000 was transferred from the ReNew Crew Fund to the Operating Fund.

The interfund balances on the statement of financial position are non-interest bearing and have no set terms of repayment.

10. Net change in non-cash working capital balances related to operations

Increase (decrease) in cash from changes in:

	Operating Fund	ReNew Crew Fund	Capital Fund	2018	2017
Receivables	\$ 15,227	\$ 1,627	\$ -	\$ 16,854	\$ (9,291)
Prepaid expenses	1,259	(226)	-	1,033	12,126
Inventory	-	2,609	-	2,609	(2,210)
Payables and accruals	30,474	(14,288)	-	16,186	(9,650)
Deferred revenue	<u>37,626</u>	<u>-</u>	<u>-</u>	<u>37,626</u>	<u>(10,588)</u>
	<u>\$ 84,586</u>	<u>\$ (10,278)</u>	<u>\$ -</u>	<u>\$ 74,308</u>	<u>\$ (19,613)</u>

BIG BROTHERS BIG SISTERS OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

11. Economic dependence

The revenue of the ReNew Crew Fund is earned almost entirely by way of the bulk purchase and sales agreement with a large retailer of used clothing as discussed in note 8. The ability of the ReNew Crew Fund to generate funding for the Operating Fund is dependent on this agreement.

12. Financial instruments

The following are the significant risks that the organization is exposed to through its financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. The organization has significant exposure to one customer, as described in note 11. The organization has a twenty year relationship with this customer and has not experienced collection issues in the past; therefore, management believes collection risk is low.

Management has determined that there are no other significant risks.

13. Allocation of salaries and benefits

	Total 2018	Total 2017
Fund development	\$ <u>5,617</u>	\$ <u>5,097</u>

These salaries and benefits have been allocated to the above expenditures as per note 2 (h), and are in addition to the salaries expenditure listed on the statement of operations.

14. Comparative figures

The comparative figures have been restated to conform with the current year's presentation.
