

**BURNABY COMMUNITY
SERVICES SOCIETY**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

BURNABY COMMUNITY SERVICES SOCIETY

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of Burnaby Community Services Society

Report on the Financial Statements

I have audited the accompanying financial statements of Burnaby Community Services Society, which comprise the statement of financial position as at December 31, 2015, and the statement of operations and changes in net assets and statement of 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Burnaby Community Services Society derives a part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of Burnaby Community Services Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation receipts, excess receipts over disbursements, and cash flows from operations for the year ended December 31, 2015, current assets, and net assets as at December 31, 2015.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Burnaby Community Services Society as at December 31, 2015 and the results from operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by communication with those charged with governance and with the BC Society Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.



Cran & Company
Chartered Professional Accountant

Delta, BC
July 13, 2016

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

| | <u>Operating Fund</u> | <u>Gaming Fund</u> | <u>2015 Total</u> | <u>2014 Total</u> |
|--|---------------------------|------------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 96,342 | \$ 36 | \$ 96,378 | \$ 123,804 |
| Due (to) from interfunds | (3,078) | 3,078 | - | - |
| Prepaid expenses | 9,880 | - | 9,880 | 6,114 |
| Accounts receivable | 43,317 | - | 43,317 | 68,501 |
| GST refundable | 2,270 | - | 2,270 | 3,561 |
| Christmas Bureau receivables | 60,926 | - | 60,926 | 65,558 |
| Due from BMW (note 3) | 7,908 | - | 7,908 | 2,536 |
| <hr/> | | | | |
| TOTAL CURRENT ASSETS | 217,565 | 3,114 | 220,679 | 270,074 |
| BANK SHARES | 1,477 | 12 | 1,489 | 1,439 |
| CHRISTMAS BUREAU CASH (note 2f) | 4,210 | - | 4,210 | 4,228 |
| CAPITAL ASSETS (note 4) | 8,605 | - | 8,605 | 10,816 |
| <hr/> | | | | |
| TOTAL ASSETS | \$ 231,857 | 3,126 | \$ 234,983 | \$ 286,557 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

| | <u>Operating Fund</u> | <u>Gaming Fund</u> | <u>2015 Total</u> | <u>2014 Total</u> |
|---|---------------------------|------------------------|-----------------------|-----------------------|
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 10,609 | \$ - | \$ 10,609 | \$ 16,340 |
| Payroll liabilities | 6,793 | - | 6,793 | 4,681 |
| Deferred revenue (note 5) | 35,673 | 3,126 | 38,799 | 61,653 |
| TOTAL CURRENT LIABILITIES | 53,075 | 3,126 | 56,201 | 82,674 |
| NET ASSETS | | | | |
| Invested in capital assets | 19,060 | - | 19,060 | 8,244 |
| Unrestricted | 94,586 | - | 94,586 | 125,853 |
| Internally restricted (note 2f) | 65,136 | - | 65,136 | 69,786 |
| | 178,782 | - | 178,782 | 203,883 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 231,857 | \$ 3,126 | \$ 234,983 | \$ 286,557 |

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>Operating Fund</u> | <u>Gaming Fund</u> | <u>2015 Total</u> | <u>2014 Total</u> |
|--|---------------------------|------------------------|-----------------------|-----------------------|
| REVENUE | | | | |
| Donations | \$ 172,593 | \$ - | \$ 172,593 | \$ 168,642 |
| Gaming | - | 83,146 | 83,146 | 110,174 |
| Community Building Fund | 10,970 | - | 10,970 | 74,775 |
| Grant revenue (note 6) | 61,181 | - | 61,181 | 61,776 |
| Fundraising | 30,045 | - | 30,045 | 59,462 |
| Burnaby Homeless Task Force | 27,839 | - | 27,839 | 55,144 |
| Better at Home | 37,226 | - | 37,226 | 44,759 |
| In kind donations (note 7) | 21,838 | - | 21,838 | 39,978 |
| United Way | 28,506 | - | 28,506 | 34,152 |
| Christmas Bureau grant | 30,752 | - | 30,752 | 28,712 |
| Voices of Burnaby Seniors | 8,437 | - | 8,437 | 27,400 |
| Camping Bureau grants | 9,250 | - | 9,250 | 5,250 |
| Transportation revenues | 7,607 | - | 7,607 | 2,356 |
| Interest income and miscellaneous | 1,093 | 44 | 1,137 | 186 |
| TOTAL REVENUE | 447,337 | 83,190 | 530,527 | 712,766 |
| EXPENSES | | | | |
| Administration | 2,987 | 3,493 | 6,480 | 5,992 |
| Amortization | 2,212 | - | 2,212 | 1,898 |
| Burnaby Homeless Task Force | 39,575 | - | 39,575 | 24,714 |
| Camp subsidies | - | 55,628 | 55,628 | 40,900 |
| Fundraising | 17,234 | - | 17,234 | 23,522 |
| In kind donations (note 7) | 21,838 | - | 21,838 | 39,978 |
| Insurance | 4,465 | - | 4,465 | 4,763 |
| Miscellaneous (note 8) | 9,749 | - | 9,749 | 9,778 |
| Professional fees | 5,638 | - | 5,638 | 5,638 |
| Program expenses | 84,439 | 3,202 | 87,641 | 161,442 |
| Rent | 19,245 | - | 19,245 | 18,984 |
| Staff development and benefits | 31,265 | - | 31,265 | 21,996 |
| Voices of Burnaby Seniors | 7,582 | - | 7,582 | 25,840 |
| Wages and salaries | 226,209 | 20,867 | 247,076 | 271,207 |
| TOTAL EXPENSES | 472,438 | 83,190 | 555,628 | 656,652 |
| (Deficiency)Excess of revenue over expenses | (25,101) | - | (25,101) | 56,114 |
| Net assets, beginning of year | 203,883 | - | 203,883 | 147,769 |
| Net Assets, end of year | \$ 178,782 | \$ - | \$ 178,782 | \$ 203,883 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF CASH FLOWS DECEMBER 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts | \$ 538,664 | \$ 671,141 |
| Cash paid for expenses | (566,176) | (660,670) |
| | | |
| (DECREASE) INCREASE IN CASH | (27,512) | 10,471 |
| | | |
| CASH AND CASH EQUIVALENTS, beginning of year | 128,100 | 117,629 |
| | | |
| CASH AND CASH EQUIVALENTS, end of year | \$ 100,588 | \$ 128,100 |
| | | |
| REPRESENTED BY: | | |
| CASH | | |
| General | \$ 96,342 | \$ 119,688 |
| Gaming | 36 | 4,184 |
| Christmas Bureau (note 2f) | 4,210 | 4,228 |
| | | |
| | \$ 100,588 | \$ 128,100 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. PURPOSE OF THE ORGANIZATION

Burnaby Community Services Society is a not for profit organization incorporated under the British Columbia Society Act.

The purposes of the Society are to provide a voice, resources and opportunities to people who need support. The Society's vision is that people are empowered to improve their lives and their community.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are reported as revenue in the period in which the related expenses are incurred. Unrestricted contributions are reported as revenue in the period of receipt.

(b) Estimates

When preparing financial statements according to ASNPO, the organization makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

(c) Cash and cash equivalents

Cash equivalents are comprised of highly liquid term deposits that are readily convertible to cash with maturities that are less than three months from the date of acquisition.

(d) Capital assets

Purchased capital assets are recorded at cost. Capital assets costing more than \$1,000 are capitalized; others are expensed when purchased. Amortization has been taken as follows:

| | |
|--------------------------------|-------------------------|
| Computer hardware and software | 3-5 years straight line |
| Office furniture and equipment | 5-7 years straight line |

1/2 of the above is taken in the year of acquisition.

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Donated goods and services**

The organization benefits greatly from donated services in the form of volunteer time and donated goods to the Burnaby Christmas Bureau each year. Because of the difficulty in determining fair value, the value of donated goods and services are only recognized when the fair value is determined by presentation of invoices or receipts. During the year, volunteers contributed over 5,000 hours of service.

(f) **Fund descriptions**

The Operating Fund accounts for the organization's program delivery and administrative activities. The net assets from these activities are unrestricted resources.

Within the Operating Fund there are amounts that are internally restricted for the Christmas Bureau these funds are collected through the Burnaby Christmas Bureau direct mail campaign and go towards the purchase of toys and food gift certificates to Burnaby families with low income.

The Gaming Fund reports assets, liabilities, revenues and expenses related to gaming. Expenses are restricted to those allowed by the B.C. Gaming Commission.

3. RELATED PARTIES

Burnaby Community Services Society shares premises, capital assets and various expenses with Burnaby Meals on Wheels Society (BMW), MOSAIC Settlement Services and Young Men's Christian Association (YMCA) of Greater Vancouver. Shared assets and expenses have been allocated at the discretion of the integrated management committee. These transactions occurred in the normal course of operations and are measured at an exchange amount, which is the amount of consideration established and agreed to by the parties.

4. CAPITAL ASSETS

| | <u>2015</u> | | <u>2014</u> | |
|-----------------------|------------------|-------------------------------------|------------------|-------------------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Cost</u> | <u>Accumulated Amortization</u> |
| Computer hardware | \$ 6,723 | \$ 6,049 | \$ 6,723 | \$ 5,600 |
| Office equipment | <u>12,337</u> | <u>4,406</u> | <u>12,337</u> | <u>2,644</u> |
| | <u>\$ 19,060</u> | <u>\$ 10,455</u> | <u>\$ 19,060</u> | <u>\$ 8,244</u> |
| | | <u>2015</u> | | <u>2014</u> |
| Net Book Value | | \$ <u>8,605</u> | | \$ <u>10,816</u> |

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

5. DEFERRED REVENUE

Within the operating fund, deferred revenue represents grants received to be used in subsequent years for the following purpose:

| | <u>2014</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>2015</u> |
|----------------------------------|------------------|-----------------|---------------------|-------------------------|
| Community Building Fund | \$ 29,360 | \$ - | \$ 10,970 | \$ 18,390 |
| Voices of Burnaby Seniors | 18,122 | - | 839 | 17,283 |
| Westminster Savings 2015 camping | <u>6,900</u> | <u>-</u> | <u>6,900</u> | <u>-</u> |
| | <u>\$ 54,382</u> | <u>\$ -</u> | <u>\$ 18,709</u> | <u>\$ 35,673</u> |

In the gaming fund, a total of \$79,000 in grants and \$4,146 of the prior year's deferral was realized in 2015. There was \$3,126 of unspent gaming funds at December 31, 2015 to be deferred and used in 2016.

6. GRANT REVENUE

consists of:

| | <u>2015</u> | <u>2014</u> |
|-------------------|------------------|------------------|
| City of Burnaby | \$ 53,720 | \$ 54,260 |
| Hamber Foundation | - | 1,500 |
| HRDC | <u>7,461</u> | <u>6,016</u> |
| | <u>\$ 61,181</u> | <u>\$ 61,776</u> |

7. IN KIND DONATIONS

| | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|
| Local advertising - donated by Burnaby Now | \$ 3,660 | \$ 22,682 |
| Toys for Burnaby Christmas Bureau - receipted donors | 5,718 | 3,372 |
| Lease grant - City of Burnaby | <u>12,460</u> | <u>13,924</u> |
| | <u>\$ 21,838</u> | <u>\$ 39,978</u> |

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

8. MISCELLANEOUS

| | <u>2015</u> | <u>2014</u> |
|------------------------------|-----------------|-----------------|
| Agency expense | \$ 6,361 | \$ 7,502 |
| Dues and subscriptions | 220 | 624 |
| Bank and credit card charges | 1,781 | 1,505 |
| Board development | <u>1,387</u> | <u>147</u> |
| | <u>\$ 9,749</u> | <u>\$ 9,778</u> |

9. CHRISTMAS BUREAU

Donated goods that are received with an accompanying sales receipt are issued a tax receipts and are recorded in the statement of operations. Following is an estimate in the value of the total in kind items that were donated and distributed in the year.

| | <u>Opening Balance</u> | <u>Donated</u> | <u>Distributed</u> | <u>Ending Balance</u> |
|-------------------|------------------------|-------------------|--------------------|-----------------------|
| Boxed Goods | \$ 26,001 | \$ 31,630 | \$ 41,908 | \$ 15,723 |
| Electronics | 1,385 | 2,705 | 2,790 | 1,300 |
| Soft toys | 1,900 | 41,200 | 42,100 | 1,000 |
| Stocking stuffers | 6,614 | 12,420 | 16,724 | 2,310 |
| Sporting goods | 3,455 | 19,260 | 22,555 | 160 |
| Miscellaneous | <u>34,714</u> | <u>82,885</u> | <u>96,760</u> | <u>20,839</u> |
| | <u>\$ 74,069</u> | <u>\$ 190,100</u> | <u>\$ 222,837</u> | <u>\$ 41,332</u> |

The above items have not been recorded in the statement of operations, nor as an asset in inventory.

10. FINANCIAL INSTRUMENTS

The organization uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, and liquidity risk.

The organization does not use any derivative financial instruments to mitigate these risks.

Credit risk

Credit risks arise from two sources: cash and cash equivalents, and accounts receivable. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant. The investments include term deposits issued by high-credit quality financial institutions, and we consider the risk of non-performance of these instruments to be remote.

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

10. FINANCIAL INSTRUMENTS - continued

Interest rate risk

The organization is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, and investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income.

Liquidity risk

Liquidity risk exposure is dependent on the receipt of funds from provincial government grants, donations and other sources of revenue to enable the organization to pay its liabilities as they become due.

11. COMMITMENTS

The association has entered into long term leases as follows:

1. Copier/printer at \$765 per quarter plus taxes for 22 quarters (66 months), starting April 2011.
2. Alarm monitoring services at \$29.50 per month, with Arpel Security, for 36 months, starting in October 2013
3. Premise to house the administrative offices located at 2055 Rosser Ave, Burnaby BC, with the City of Burnaby, for five years starting January 1, 2014. Monthly rent is \$1,090.

12. ECONOMIC DEPENDENCE -

The Society is economically dependent on government funding and independent grants, which represent 50.8% (2014 - 55.8%) of the total revenue.

13. MANAGEMENT OF CAPITAL

The Society receives its principal source of capital through funding received from grants. The Society defines capital to be net assets.

The Society's objectives when managing capital are to fund its operational requirements and capital asset additions. The Society makes adjustments based on available funding and economic conditions. Currently, the Society's strategy is to monitor expenditures to preserve capital in accordance with available and budgeted funding.

The Society is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the bylaws, budget and funding requirements. The Society had complied with the external restrictions on the funding provided.

14. INCOME TAXES

The association qualifies as a non-profit organization as defined in the Income Tax Act and, as such, is exempt from income tax.