

**BURNABY COMMUNITY
SERVICES SOCIETY**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

BURNABY COMMUNITY SERVICES SOCIETY

DECEMBER 31, 2016

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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, 2016, 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, 2016, current assets, and net assets as at December 31, 2016.

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, 2016 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 Societies 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
June 27, 2017

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 70,077	\$ 234	\$ 70,311	\$ 96,377
Due (to) from interfunds	(2,684)	2,684	-	-
Prepaid expenses	12,184	-	12,184	9,880
Accounts receivable	29,158	-	29,158	27,702
GST refundable	2,055	-	2,055	2,270
Christmas Bureau receivables	99,630	-	99,630	60,926
Due from related parties (note 3)	43,516	-	43,516	23,523
<hr/>				
TOTAL CURRENT ASSETS	253,936	2,918	256,854	220,678
BANK SHARES	1,525	12	1,537	1,489
CHRISTMAS BUREAU CASH (note 2f)	4,188	-	4,188	4,210
CAPITAL ASSETS (note 4)	6,393	-	6,393	8,605
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TOTAL ASSETS	\$ 266,042	2,930	\$ 268,972	\$ 234,982

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

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 5,500	\$ -	\$ 5,500	\$ 10,605
Payroll liabilities	3,102	-	3,102	6,793
Deferred revenue (note 5)	78,087	2,930	81,017	38,799
TOTAL CURRENT LIABILITIES	86,689	2,930	89,619	56,197
NET ASSETS				
Invested in capital assets	6,393	-	6,393	8,605
Unrestricted	69,142	-	69,142	105,044
Internally restricted (note 2f)	103,818	-	103,818	65,136
	179,353	-	179,353	178,785
TOTAL LIABILITIES AND NET ASSETS	\$ 266,042	\$ 2,930	\$ 268,972	\$ 234,982

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
REVENUE				
Donations	\$ 175,500	\$ 2,590	\$ 178,090	\$ 172,593
Gaming	-	79,196	79,196	83,146
Community Building Fund	3,547	-	3,547	10,970
Grant revenue (note 6)	142,318	-	142,318	61,181
Fundraising	19,516	-	19,516	30,045
Burnaby Homeless Task Force	19,257	-	19,257	27,839
Better at Home	24,620	-	24,620	37,226
In kind donations (note 7)	49,308	-	49,308	21,838
United Way	4,738	-	4,738	28,506
Administration fees (note 3)	41,974	-	41,974	36,227
Christmas Bureau grant	31,671	-	31,671	30,752
Voices of Burnaby Seniors	727	-	727	8,437
Camping Bureau grants	7,500	-	7,500	9,250
Transportation and welcoming spaces revenues	30,175	-	30,175	7,607
Interest income and miscellaneous	141	35	176	1,137
TOTAL REVENUE	550,992	81,821	632,813	566,754
EXPENSES				
Administration	33,084	7,858	40,942	42,707
Amortization	2,212	-	2,212	2,212
Burnaby Homeless Task Force	23,363	-	23,363	39,575
Camp subsidies	27,796	-	27,796	55,628
Fundraising	9,985	-	9,985	17,234
In kind donations (note 7)	49,308	-	49,308	21,838
Insurance	4,606	-	4,606	4,465
Miscellaneous (note 8)	6,273	-	6,273	9,749
Professional fees	5,089	-	5,089	5,638
Program expenses	46,639	28,263	74,902	87,641
Rent	18,229	-	18,229	19,245
Staff development and benefits	42,093	-	42,093	31,265
Seniors on the Move	47,071	-	47,071	-
Voices of Burnaby Seniors	523	-	523	7,582
Wages and salaries	234,153	45,700	279,853	247,076
TOTAL EXPENSES	550,424	81,821	632,245	591,855
Excess (deficiency) of revenue over expenses	568	-	568	(25,101)
Net assets, beginning of year	178,785	-	178,785	203,886
Net Assets, end of year	\$ 179,353	\$ -	\$ 179,353	\$ 178,785

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

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF CASH FLOWS DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts	\$ 635,038	\$ 590,506
Cash paid for expenses	(661,127)	(618,018)
DECREASE IN CASH	(26,089)	(27,512)
CASH AND CASH EQUIVALENTS, beginning of year	100,588	128,100
CASH AND CASH EQUIVALENTS, end of year	\$ 74,499	\$ 100,588
REPRESENTED BY:		
CASH		
General	\$ 70,077	\$ 96,342
Gaming	234	36
Christmas Bureau (note 2f)	4,188	4,210
	\$ 74,499	\$ 100,588

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

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Donated services**

The organization benefits greatly from donated services in the form of volunteer time, during the year, volunteers contributed over 5,100 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.

(g) **Comparative figures**

Certain prior year figures have been restated to conform with current presentation.

3. RELATED PARTIES

Burnaby Community Services Society shares premises, capital assets and various expenses with Burnaby Meals on Wheels Society (BMW), Burnaby Seniors Outreach Services Society (BSOSS), 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>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer hardware	\$ 6,723	\$ 6,498	\$ 6,723	\$ 6,049
Office equipment	<u>12,337</u>	<u>6,169</u>	<u>12,337</u>	<u>4,406</u>
	<u>\$ 19,060</u>	<u>\$ 12,667</u>	<u>\$ 19,060</u>	<u>\$ 10,455</u>
		<u>2016</u>		<u>2015</u>
Net Book Value		\$ <u>6,393</u>		\$ <u>8,605</u>

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

5. DEFERRED REVENUE

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

	<u>2015</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>2016</u>
Community Building Fund	\$ 18,390	\$ -	\$ 3,225	\$ 15,165
Voices of Burnaby Seniors	17,283	-	572	16,711
Seniors on the Move	-	111,085	64,874	46,211
	<u>\$ 35,673</u>	<u>\$ 111,085</u>	<u>\$ 68,671</u>	<u>\$ 78,087</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>2016</u>	<u>2015</u>
City of Burnaby	\$ 52,912	\$ 53,720
New Horizons for Seniors	64,874	-
Chris Spencer Foundation	3,500	-
HRDC	<u>21,032</u>	<u>7,461</u>
	<u>\$ 142,318</u>	<u>\$ 61,181</u>

7. IN KIND DONATIONS

	<u>2016</u>	<u>2015</u>
Local advertising - donated by Burnaby Now	\$ 17,042	\$ 3,660
Seniors on the Move	15,225	-
Toys for Burnaby Christmas Bureau - receipted donors	4,962	5,718
Lease grant - City of Burnaby	<u>12,079</u>	<u>12,460</u>
	<u>\$ 49,308</u>	<u>\$ 21,838</u>

The value of donated goods and services are recognized when the fair value is determined by presentation of invoices or receipts.

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

8. MISCELLANEOUS

	<u>2016</u>	<u>2015</u>
Agency expense	\$ 4,181	\$ 6,361
Dues and subscriptions	994	220
Bank and credit card charges	552	1,781
Board development	<u>546</u>	<u>1,387</u>
	<u>\$ 6,273</u>	<u>\$ 9,749</u>

9. CHRISTMAS BUREAU

The following is an estimate in the value of the total in kind items that were donated and distributed in the year. These items have not been recorded in the statement of operations, nor as an asset in inventory.

	<u>Opening Balance</u>	<u>Donated</u>	<u>Distributed</u>	<u>Ending Balance</u>
Boxed Goods	\$ 15,723	\$ 27,173	\$ 28,190	\$ 14,706
Electronics	1,300	1,140	1,890	550
Soft toys	1,000	12,250	13,250	-
Stocking stuffers	2,310	28,050	28,440	1,920
Sporting goods	160	13,720	11,945	1,935
Miscellaneous	<u>20,839</u>	<u>80,430</u>	<u>76,854</u>	<u>24,415</u>
	<u>\$ 41,332</u>	<u>\$ 162,763</u>	<u>\$ 160,569</u>	<u>\$ 43,526</u>

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, 2016

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 contracts and 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.
4. In May 2016 BCSS entered into a contract with the Minister of Employment and Social Development Canada as part of the New Horizons for Seniors Program. The project runs from May 2016 to April 2019 with approximately \$610,000 in grant funding to be received. As part of this project BCSS has entered into 36 month contracts with several third party service providers to help manage and deliver this program.

12. 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.

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

13. ECONOMIC DEPENDENCE

The Society is economically dependent on government funding and independent grants, which represent 50.93% (2015 - 50.8%) of the total revenue.

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.