

**BURNABY COMMUNITY
SERVICES SOCIETY**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

FINAL DRAFT

BURNABY COMMUNITY SERVICES SOCIETY

DECEMBER 31, 2017

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FINAL DRAFT

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, 2017, 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 and fundraising, 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, 2017, current assets, and net assets as at December 31, 2017.

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, 2017 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 the BC Societies Act, I report that, in my opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Cran & Company
Chartered Professional Accountant

Delta, BC
June 29, 2018

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2017 Total</u>	<u>2016 Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 271,404	\$ 373	\$ 271,777	\$ 70,311
Prepaid expenses	11,321	-	11,321	12,184
Accounts receivable	42,309	-	42,309	29,158
GST refundable	4,761	-	4,761	2,055
Christmas Bureau receivables	102,119	-	102,119	99,630
Due from related parties (note 3)	-	-	-	43,516
Due (to) from interfunds	(2,684)	2,684	-	-
TOTAL CURRENT ASSETS	429,230	3,057	432,287	256,854
BANK SHARES	1,574	13	1,587	1,537
CHRISTMAS BUREAU CASH (note 2f)	4,167	-	4,167	4,188
CAPITAL ASSETS (note 4)	4,406	-	4,406	6,393
TOTAL ASSETS	\$ 439,377	3,070	\$ 442,447	\$ 268,972

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

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2017 Total</u>	<u>2016 Total</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 5,501	\$ -	\$ 5,501	\$ 5,500
Payroll liabilities	5,840	-	5,840	3,102
Deferred revenue (note 5)	148,839	3,070	151,909	81,017
TOTAL CURRENT LIABILITIES	160,180	3,070	163,250	89,619
DUE TO BMW (note 2d)	51,188	-	51,188	-
NET ASSETS				
Invested in capital assets	4,406	-	4,406	6,393
Unrestricted	117,317	-	117,317	69,142
Internally restricted (note 2f)	106,286	-	106,286	103,818
	228,009	-	228,009	179,353
TOTAL LIABILITIES AND NET ASSETS	\$ 439,377	\$ 3,070	\$ 442,447	\$ 268,972

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2017 Total</u>	<u>2016 Total</u>
REVENUE				
Administration fees (note 3)	\$ 37,241	\$ -	\$ 37,241	\$ 37,968
Better at Home	25,561	-	25,561	24,620
Burnaby Homeless Task Force	2,174	-	2,174	19,257
Camping Bureau grants	-	-	-	7,500
Christmas Bureau grant	23,947	-	23,947	31,671
Community Building Fund	3,870	-	3,870	3,547
Donations	168,949	1,000	169,949	178,090
Fundraising	8,572	-	8,572	19,516
Gaming	-	53,861	53,861	79,196
Grant revenue (note 6)	133,580	-	133,580	82,182
In kind donations (note 7)	42,170	-	42,170	49,308
Interest income and miscellaneous	5,545	30	5,575	176
Transportation and welcoming spaces revenues	41,998	-	41,998	30,175
New Horizons for Seniors	269,243	-	269,243	64,874
Voices of Burnaby Seniors	1,692	-	1,692	727
TOTAL REVENUE	764,542	54,891	819,433	628,807
EXPENSES				
Administration	43,613	994	44,607	40,942
Amortization	1,987	-	1,987	2,212
Burnaby Homeless Task Force	33,543	-	33,543	23,363
Camp subsidies	22,450	-	22,450	27,796
Fundraising	1,828	-	1,828	9,985
In kind donations (note 7)	42,170	-	42,170	49,308
Insurance	4,529	-	4,529	4,606
Miscellaneous (note 8)	9,078	-	9,078	6,273
Professional fees	6,335	-	6,335	5,089
Program expenses	72,035	3,828	75,863	70,896
Rent	23,761	-	23,761	18,229
Staff development and benefits	21,765	-	21,765	42,093
Seniors on the Move	223,682	-	223,682	47,071
Voices of Burnaby Seniors	792	-	792	523
Wages and salaries	208,319	50,069	258,388	279,853
TOTAL EXPENSES	715,887	54,891	770,778	628,239
Excess (deficiency) of revenue over expenses	48,655	-	48,655	568
Net assets, beginning of year	179,354	-	179,354	178,786
Net Assets, end of year	\$ 228,009	\$ -	\$ 228,009	\$ 179,354

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

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF CASH FLOWS DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts	\$ 871,928	\$ 631,032
Cash paid for expenses	(670,495)	(657,121)
INCREASE (DECREASE) IN CASH	201,433	(26,089)
CASH AND CASH EQUIVALENTS, beginning of year	74,499	100,588
CASH AND CASH EQUIVALENTS, end of year	\$ 275,932	\$ 74,499
REPRESENTED BY:		
CASH		
General	\$ 271,404	\$ 70,077
Gaming	361	234
Christmas Bureau (note 2f)	4,167	4,188
	\$ 275,932	\$ 74,499

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

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. PURPOSE OF THE ORGANIZATION

Burnaby Community Services Society is a not for profit organization incorporated under the British Columbia Societies 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, 2017

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>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer hardware	\$ 6,723	\$ 6,723	\$ 6,723	\$ 6,498
Office equipment	<u>12,337</u>	<u>7,931</u>	<u>12,337</u>	<u>6,169</u>
	<u>\$ 19,060</u>	<u>\$ 14,654</u>	<u>\$ 19,060</u>	<u>\$ 12,667</u>
		<u>2017</u>		<u>2016</u>
Net Book Value		\$ <u>4,406</u>		\$ <u>6,393</u>

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

5. DEFERRED REVENUE

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

	<u>2016</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>2017</u>
Community Building Fund	\$ 15,165	\$ -	\$ 3,870	\$ 11,295
Voices of Burnaby Seniors	16,711	-	1,643	15,068
Seniors on the Move	<u>46,211</u>	<u>76,265</u>	<u>-</u>	<u>122,476</u>
	<u>\$ 78,087</u>	<u>\$ 76,265</u>	<u>\$ 5,513</u>	<u>\$ 148,839</u>

In the gaming fund, a total of \$54,000 in grants and \$139 was deferred. There was \$3,070 of unspent gaming funds at December 31, 2017 to be deferred and used in 2018.

6. GRANT REVENUE

consists of:

	<u>2017</u>	<u>2016</u>
City of Burnaby	\$ 52,296	\$ 52,912
United Way	-	4,738
Chris Spencer Foundation	-	3,500
Hamber Foundation	1,500	-
Santa Photo	65,761	-
Vancouver Foundation	1,550	-
HRDC	<u>12,473</u>	<u>21,032</u>
	<u>\$ 133,580</u>	<u>\$ 82,182</u>

7. IN KIND DONATIONS

	<u>2017</u>	<u>2016</u>
Local advertising - donated by Burnaby Now	\$ -	\$ 17,042
Seniors on the Move	22,837	15,225
Toys for Burnaby Christmas Bureau - receipted donors	7,518	4,962
Lease grant - City of Burnaby	<u>11,815</u>	<u>12,079</u>
	<u>\$ 42,170</u>	<u>\$ 49,308</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, 2017

8. MISCELLANEOUS

	<u>2017</u>	<u>2016</u>
Agency expense	\$ 6,186	\$ 4,181
Dues and subscriptions	994	994
Bank and credit card charges	1,386	552
Board development	<u>512</u>	<u>546</u>
	<u>\$ 9,078</u>	<u>\$ 6,273</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	\$ 14,706	\$ 30,328	\$ 31,430	\$ 13,604
Electronics	550	1,150	1,400	300
Soft toys	-	12,600	8,700	3,900
Stocking stuffers	1,920	21,000	20,868	2,052
Sporting goods	1,935	16,400	13,990	4,345
Miscellaneous	<u>24,415</u>	<u>100,535</u>	<u>95,330</u>	<u>29,620</u>
	<u>\$ 43,526</u>	<u>\$ 182,013</u>	<u>\$ 171,718</u>	<u>\$ 53,821</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, 2017

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 \$656 per quarter plus taxes for 22 quarters (66 months), starting September 2015.
2. 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.
3. 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, 2017

13. ECONOMIC DEPENDENCE

The Society is economically dependent on government funding and independent grants, which represent 52.23% (2016 - 50.93%) 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.

FINAL DRAFT