

**BURNABY COMMUNITY
SERVICES SOCIETY**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

FINAL DRAFT

BURNABY COMMUNITY SERVICES SOCIETY

DECEMBER 31, 2018

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FINAL DRAFT

INDEPENDENT AUDITOR'S REPORT

To the members of Burnaby Community Services Society

Qualified Opinion

I have audited the accompanying financial statements of Burnaby Community Services Society, which comprise the statement of financial position as at December 31, 2018, and the statement of operations and changes in net assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 2018 and its results of 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 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, as I was not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am independent of Burnaby Community Services Society in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibility 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 the financial statements, management is responsible for assessing Burnaby Community Services Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Burnaby Community Services Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Burnaby Community Services Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Burnaby Community Services Society'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 Burnaby Community Services Society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Burnaby Community Services Society 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.

I 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 I identify during my audit.

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 28, 2019

FINAL DRAFT

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2018 Total</u>	<u>2017 Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 202,388	\$ 9,076	\$ 211,464	\$ 271,776
Prepaid expenses	8,500	-	8,500	11,321
Accounts receivable	53,387	-	53,387	42,309
GST refundable	3,922	-	3,922	4,761
Christmas Bureau receivables (note 2f)	23,687	-	23,687	102,119
Due (to) from interfunds	(2,685)	2,685	-	-
TOTAL CURRENT ASSETS	289,199	11,761	300,960	432,286
BANK SHARES	1,633	13	1,646	1,588
CHRISTMAS BUREAU CASH (note 2f)	4,163	-	4,163	4,167
CAPITAL ASSETS (note 4)	3,841	-	3,841	4,406
TOTAL ASSETS	\$ 298,836	11,774	\$ 310,610	\$ 442,447

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

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2018 Total</u>	<u>2017 Total</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 5,498	\$ -	\$ 5,498	\$ 5,501
Payroll liabilities	6,522	-	6,522	5,840
Deferred revenue (note 5)	162,087	11,774	173,861	151,909
TOTAL CURRENT LIABILITIES	174,107	11,774	185,881	163,250
DUE TO BMW	-	-	-	51,188
TOTAL LIABILITIES	174,107	11,774	185,881	214,438
NET ASSETS				
Invested in capital assets	3,841	-	3,841	4,406
Unrestricted	93,038	-	93,038	117,317
Internally restricted (note 2f)	27,850	-	27,850	106,286
TOTAL NET ASSETS	124,729	-	124,729	228,009
TOTAL LIABILITIES AND NET ASSETS	\$ 298,836	\$ 11,774	\$ 310,610	\$ 442,447

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2018 Total</u>	<u>2017 Total</u>
REVENUE				
Administration fees (note 3)	\$ 33,653	\$ -	\$ 33,653	\$ 37,241
Better at Home	24,650	-	24,650	25,561
Burnaby Homeless Task Force	-	-	-	2,174
Camping Bureau grants	3,500	-	3,500	-
Christmas Bureau grant	22,393	-	22,393	23,947
Community Building Fund	557	-	557	3,870
Donations	124,235	-	124,235	169,949
Fundraising	9,477	-	9,477	8,572
Gaming	40	45,296	45,336	53,861
Grant revenue (note 6)	151,955	-	151,955	133,580
In kind donations (note 7)	56,398	-	56,398	42,170
Interest income and miscellaneous	219	39	258	5,575
Transportation and welcoming spaces revenues	44,959	-	44,959	41,998
New Horizons for Seniors grant	171,039	-	171,039	269,243
Voices of Burnaby Seniors grant	8,654	-	8,654	1,692
TOTAL REVENUE	651,729	45,335	697,064	819,433
EXPENSES				
Administration	45,493	525	46,018	44,607
Amortization	2,062	-	2,062	1,987
Burnaby Homeless Task Force	-	-	-	33,543
Camp subsidies	23,815	-	23,815	22,450
Fundraising	3,751	-	3,751	1,828
In kind donations (note 7)	56,398	-	56,398	42,170
Insurance	4,557	-	4,557	4,529
Miscellaneous (note 8)	8,877	-	8,877	8,566
Professional fees	4,305	-	4,305	6,335
Program expenses	69,371	-	69,371	75,863
Rent	21,562	-	21,562	23,761
Staff development and training	6,975	-	6,975	4,253
Seniors on the Move	170,082	-	170,082	223,682
Voices of Burnaby Seniors	10,294	-	10,294	792
Wages and benefits	327,467	44,810	372,277	276,411
TOTAL EXPENSES	755,009	45,335	800,344	770,777
Excess (deficiency) of revenue over expenses	(103,280)	-	(103,280)	48,656
Net assets, beginning of year	228,009	-	228,009	179,353
Net Assets, end of year	\$ 124,729	\$ -	\$ 124,729	\$ 228,009

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

BURNABY COMMUNITY SERVICES SOCIETY

STATEMENT OF CASH FLOWS DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts	\$ 788,808	\$ 871,928
Cash paid for expenses	(845,970)	(670,495)
	(57,162)	201,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(1,497)	-
	(1,497)	-
(DECREASE) INCREASE IN CASH	(58,659)	201,433
CASH AND CASH EQUIVALENTS, beginning of year	275,932	74,499
CASH AND CASH EQUIVALENTS, end of year	\$ 217,273	\$ 275,932
REPRESENTED BY:		
CASH		
General	\$ 202,388	\$ 271,404
Bank shares	1,646	-
Gaming	9,076	361
Christmas Bureau (note 2f)	4,163	4,167
	\$ 217,273	\$ 275,932

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

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Donated services**

The organization benefits greatly from donated services in the form of volunteer time, during the year, there were about 600 volunteers who contributed over 3,000 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, consisting of Christmas Bureau cash and receivables. 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>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer hardware	\$ 8,220	\$ 7,022	\$ 6,723	\$ 6,723
Office equipment	<u>12,337</u>	<u>9,694</u>	<u>12,337</u>	<u>7,931</u>
	<u>\$ 20,557</u>	<u>\$ 16,716</u>	<u>\$ 19,060</u>	<u>\$ 14,654</u>
		<u>2018</u>		<u>2017</u>
Net Book Value	\$	<u>3,841</u>		<u>4,406</u>

BURNABY COMMUNITY SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. DEFERRED REVENUE

Total deferred revenue of \$173,861 (2017 - \$151,909) comprise of \$162,087 (2017 - \$148,839) in the operating fund, and \$11,774 (2017 - \$3,070) in the gaming fund.

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

	<u>2017</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>2018</u>
Community Building Fund	\$ 11,295	\$ -	\$ 559	\$ 10,736
Voices of Burnaby Seniors	15,068	25,000	8,640	31,428
Seniors on the Move	<u>122,476</u>	<u>193,486</u>	<u>196,039</u>	<u>119,923</u>
	<u>\$ 148,839</u>	<u>\$ 218,486</u>	<u>\$ 205,238</u>	<u>\$ 162,087</u>

In the gaming fund, a total of \$54,000 in grants was received and \$8,074 was deferred. There was \$11,774 of unspent gaming funds at December 31, 2018 to be deferred and used in 2019.

6. GRANT REVENUE

consists of:

	<u>2018</u>	<u>2017</u>
City of Burnaby	\$ 53,000	\$ 52,296
Hamber Foundation	1,500	1,500
Santa Photo	72,908	65,761
Vancouver Foundation	10,000	1,550
HRDC	<u>14,547</u>	<u>12,473</u>
	<u>\$ 151,955</u>	<u>\$ 133,580</u>

7. IN KIND DONATIONS

	<u>2018</u>	<u>2017</u>
Local advertising - donated by Burnaby Now	\$ 20,899	\$ -
Seniors on the Move	22,837	22,837
Toys for Burnaby Christmas Bureau - receipted donors	-	7,518
Lease grant - City of Burnaby	<u>12,662</u>	<u>11,815</u>
	<u>\$ 56,398</u>	<u>\$ 42,170</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, 2018

8. MISCELLANEOUS

	<u>2018</u>	<u>2017</u>
Agency expense	\$ 6,627	\$ 6,186
Dues and subscriptions	909	994
Bank and credit card charges	<u>1,341</u>	<u>1,386</u>
	<u>\$ 8,877</u>	<u>\$ 8,566</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	\$ 13,604	\$ 35,780	\$ 17,900	\$ 31,484
Electronics	300	715	640	375
Soft toys	3,900	19,200	15,900	7,200
Stocking stuffers	2,052	21,240	18,720	4,572
Sporting goods	4,345	10,405	12,115	2,635
Miscellaneous	<u>29,620</u>	<u>126,359</u>	<u>130,404</u>	<u>25,575</u>
	<u>\$ 53,821</u>	<u>\$ 213,699</u>	<u>\$ 195,679</u>	<u>\$ 71,841</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, 2018

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. In September 2015, the Society entered into a 66-month lease with Konica Minolta for a copier/printer at approximately \$219 per month plus taxes.
2. On January 1, 2014, the Society entered into a 5-year lease with the City of Burnaby to house the administrative offices located at 2055 Rosser Ave, Burnaby BC for approximately \$1,090 per month plus taxes. This lease was renewed for another 5-year term, starting January 1, 2019.
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, 2018

13. ECONOMIC DEPENDENCE

The Society is economically dependent on government funding and independent grants, which represent 44.16% (2017 - 52.23%) 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.

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