

**CHANGE THE WORLD FOUNDATION
(HARVEST PROJECT)**

FINANCIAL STATEMENTS

April 30, 2017

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

April 30, 2017

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Independent Auditor's Report

To the Members of:

Change The World Foundation (Harvest Project)

We have audited the accompanying financial statements of **Change The World Foundation (Harvest Project)**, which comprise the statement of financial position as at **April 30, 2017** and the statements of revenues and expenditures, changes in fund balances and 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 judgement, 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives a part of its revenue from donations, memberships and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our 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 the Society as at **April 30, 2017** and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads "Shannon & Company". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

North Vancouver, B.C.

September 09, 2017

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Statement of Revenues And Expenditures

For the Year Ended April 30, 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Revenue			
Contributions	9	\$ 541,887	\$ 494,845
In-kind contributions		68,336	489,162
Groceries contributions		587,690	658,773
Deferred contributions		6,298	30,618
Interest and other income		11,082	4,590
Investment gains(losses)		29,714	(3,693)
		<u>1,245,007</u>	<u>1,674,295</u>
Expenditures			
Donated groceries distribution		587,690	658,773
Wages, benefits and training		349,024	304,453
Rent and utilities		157,636	163,749
Professional fees		27,288	42,165
Office and miscellaneous		23,287	17,092
Distribution of donated goods and services		22,002	5,837
Advertising and promotion		15,153	15,260
Automotive		14,853	16,880
Amortization		12,722	65,305
Repairs and maintenance		10,759	15,935
Insurance		9,127	7,892
Telephone		8,122	7,321
Fundraising costs		6,906	10,051
Bank charges and interest		5,656	4,203
Investment fees		4,817	1,595
Staff and volunteer training		3,167	1,030
Kitchen supplies		1,042	436
		<u>1,259,251</u>	<u>1,337,977</u>
(Loss) Income from Operations		(14,244)	336,318
Excess of Expenditures over Revenue		\$ (14,244)	\$ 336,318

The accompanying notes form an integral part of these financial statements

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Statement of Changes In Fund Balances

For the Year Ended April 30, 2017

	2017			2016	
	Invested in Capital Assets (Note 4)	Restricted (Note 8)	Unrestricted	Total	Total
Net Assets, beginning of year	\$ 6,113	\$ 7,875	\$ 425,731	\$ 439,719	\$ 96,645
Operations for the year:					
Excess (deficiency) of revenue over expenses for the year	-	-	(14,244)	(14,244)	336,318
Acquisition of capital assets	46,932	-	(46,932)	-	-
Amortization	(12,722)	-	12,722	-	-
Increase (decrease) in restricted funds	-	(675)	-	(675)	6,756
Net operations for the year	34,210	(675)	(48,454)	(14,919)	343,074
Net Assets, end of year	\$ 40,323	\$ 7,200	\$ 377,277	\$ 424,800	\$ 439,719

The accompanying notes form an integral part of these financial statements

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Statement of Financial Position

As at April 30, 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Current			
Cash		\$ 15,760	\$ 29,975
Term deposits	3	100,000	170,000
Accounts receivable		4,260	3,413
Prepaid expenses		6,918	4,569
		<u>126,938</u>	<u>207,957</u>
Long Term			
West Vancouver Community Foundation		282,146	249,280
Lease deposit		13,175	13,175
Capital assets	4	40,323	6,113
Trademark		767	767
		<u>336,411</u>	<u>269,335</u>
Total Assets		<u>\$ 463,349</u>	<u>\$ 477,292</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 963	\$ 16,563
Payroll liabilities		18,983	16,109
		<u>19,946</u>	<u>32,672</u>
Long Term			
Deferred contributions	6	18,603	4,901
		<u>38,549</u>	<u>37,573</u>
NET ASSETS			
Fund Balances	7	<u>424,800</u>	<u>439,719</u>
Total Liabilities & Net Assets		<u>\$ 463,349</u>	<u>\$ 477,292</u>

Approved on Behalf of the Board

_____ Director

_____ Director

The accompanying notes form an integral part of these financial statements

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Statement of Cash Flows

For the Year Ended April 30, 2017

	2017	2016
Cash provided by (used in):		
Operating Activities		
Excess (deficiency) of revenue over expenditures	\$ (14,244)	\$ 336,318
Items not requiring an outlay of cash:		
Amortization of capital assets	12,722	65,305
	(1,521)	401,623
Changes in non-cash working capital:		
(Increase) in Accounts receivable	(847)	(903)
(Increase) in Prepaid expenses	(2,349)	(3,406)
(Decrease) increase in Accounts payable & accrued liabilities	(15,601)	11,880
Increase in Payroll liabilities	2,874	4,018
Increase (decrease) in Deferred contributions	13,702	(29,084)
	(2,221)	(17,495)
Net Cash Provided by (Used in) Operating Activities	(3,742)	384,128
Financing Activities		
(Decrease) increase in Internally restricted funds	(675)	6,756
Investing Activities		
(Additions to) Capital assets	(46,932)	(2,345)
(Additions to) West Vancouver Community Foundation funds	(32,866)	(249,280)
Cash Flows used in Investing Activities	(79,798)	(251,625)
Net Increase (Decrease) in Cash and Cash Equivalents	(84,215)	139,259
Cash and Cash Equivalents consist of:		
Cash in Bank	15,760	29,975
Term Deposits	100,000	170,000
Cash and Cash Equivalents	115,760	199,975
Net Cash and Cash Equivalents, beginning of year	199,975	60,716
Net Increase (Decrease) in Cash and Cash Equivalents	(84,215)	139,259
Net Cash and Cash Equivalents, end of year	\$ 115,760	\$ 199,975

The accompanying notes form an integral part of these financial statements

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Notes to the Financial Statements

April 30, 2017

1. Nature of Operations

Change the World Foundation (Harvest Project) assists in the relief of distress and suffering caused by poverty. It works specifically with those in the community who want to help themselves, are actively seeking school training or employment, and require support as they work through the transitional time in their lives.

The Society is incorporated under the Societies Act of British Columbia as a non-profit organization and is a registered charity eligible to issue official charitable donation receipts and is exempt from tax under federal income tax legislation (Sections 149 and 149.1 of the Income Tax Act).

2. Summary of Significant Accounting Policies

(a) Revenue Recognition

The Society utilizes the deferral method of accounting for contributions. Restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets in use are amortized on a straight-line basis over 5 years.

(c) Contributed Services

Approximately 180 volunteers contribute over 18,200 hours of volunteer time during the year to assist the Society in carrying out its activities. These hours represent a significant value to the overall functioning of the organization. Because of the difficulty in determining their fair value, contributed services are not recognized on the financial statements.

(d) Contributed Goods

The Society receives food and clothing donations that are distributed throughout the year. Donated groceries are recognized in the statement of operations as grocery contribution revenue and a grocery distribution expense (see also note 10). Other contributed goods are only recognized on the financial statements if a tax receipt was issued for its fair market value.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the evaluating of accounts payable and accrued liabilities and the determination of useful lives of capital assets for the purpose of calculation amortization.

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Notes to the Financial Statements

April 30, 2017

3. Term Deposits

The Society has funds invested in a cashable term deposit for a term of 12 months at an interest rate of 1.1%.

4. Capital Assets

	Cost	Accumulated Amortization	Net 2017	Net 2016
Computer equipment	\$ 17,311	\$ 15,192	\$ 2,119	\$ 3,085
Computer software	5,145	1,715	3,430	-
Food Access equipment	62,246	27,793	34,453	2,047
Furniture and fixtures	23,355	23,034	321	642
Kitchen equipment	18,041	18,041	-	-
Leasehold improvements	297,788	297,788	-	338
Vehicles	92,946	92,946	-	-
Website	14,540	14,540	-	-
Total Capital Assets	\$ 531,372	\$ 491,049	\$ 40,323	\$ 6,112

5. Available Bank Financing

The Society has available an operating loan from VanCity Savings Credit Union in the amount of \$75,000. The loan is payable on demand, bears interest at the bank's prime rate plus 3% and is secured by a general security agreement creating a first priority security interest over all present and after acquired personal property of the Society. The balance as at April 30, 2017 is nil.

6. Deferred Contributions

Deferred contributions represent unspent resources externally restricted for operation funding received in the current period which is related to subsequent periods. Changes in the deferred contributions balances are as follows:

	2017	2016
Balance, beginning of year	\$ 4,901	\$ 33,984
Less amount recognized as revenue in the year	(6,298)	(30,617)
Plus amounts received for the subsequent year	20,000	1,534
Balance, end of year	\$ 18,603	\$ 4,901

7. Fund Balances

	2017	2016
Invested in Capital Assets	\$ 40,323	\$ 6,112
Restricted -internal	7,200	7,875
Unrestricted	377,277	425,731
Balance, end of year	\$ 424,800	\$ 439,718

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Notes to the Financial Statements

April 30, 2017

8. Restricted Net Assets

	Balance, beginning of year	Contributions received in the year	Expenditures disbursed in the year	Net transactions in the year	Balance, end of year
Care Program Funding	\$ 7,017	\$ 4,000	\$ (5,913)	\$ (1,913)	\$ 5,104
Client Transportation Funding	-	2,025	(787)	1,238	1,238
Grants - Resource Library	692	-	-	-	692
Upgrades to Centre	166	-	-	-	166
Total Restricted Net Assets	\$ 7,875	\$ 6,025	\$ (6,700)	\$ (675)	\$ 7,200

The Society is in the process of establishing a contingency reserve fund in addition to a sinking fund for the replacement of operating capital assets.

9. Contributions

Donations were received from the following sources:

	2017	2016
Businesses	\$ 142,014	\$ 145,012
Non-Profits and Groups	26,770	19,932
Individuals	137,804	150,622
Registered Charities	163,133	122,029
Clothes for Change	27,771	25,242
Other	44,395	32,008
	\$ 541,887	\$ 494,845

10. Groceries Donation and Distribution

Groceries donation and distribution represent groceries received and distributed to individuals and families challenged by family break-down, illness, job loss and poverty. The amounts are based on a hybrid calculation of price per pound and market value.

According to national standards recommended by Food Banks of Canada, the monetary equivalent of one pound of food donations is \$2.50. Management has decided to use this rate as the basis for determining the value of donated food and other products revenue. These donated food and other products are reflected in the statement of operations in the period received as a revenue and an expense. The donations had a value of \$587,690 for fiscal year 2017 and \$658,773 for fiscal year 2016.

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

Notes to the Financial Statements

April 30, 2017

11. Lease Commitments

The Society is committed to a lease on its premises until September 30, 2021. The future annual payments, exclusive of certain incremental occupancy costs are as follows:

2018	\$	109,287
2019		120,559
2020		122,317
2021		125,375
2022		52,776

12. Financial Instruments

The carrying values of the Society's cash, term deposits, accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to the relatively short periods to maturity of the instruments.

13. Remuneration to Directors and Employees

As required by the B.C. Societies Act, the Society reports the following remuneration during the year ended April 30, 2017.

Remuneration to Directors	NIL
Remuneration of Employees and Contractors earning over \$75,000 per annum:	
Employees earning over \$75,000 per annum	NIL
Contractors earning over \$75,000 per annum	NIL

14. Financial Assistance

The Society did not provide any financial assistance to Directors and Employees as defined by the B.C. Societies Act during the year ended April 30, 2017.