

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

North Vancouver, British Columbia

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FINANCIAL STATEMENTS

April 30, 2019

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

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**Fernandez Young LLP**  
Chartered Professional Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members of Change The World Foundation (Harvest Project):

### Qualified Opinion

We have audited the accompanying financial statements of Change The World Foundation (Harvest Project) ("the Society"), which comprise the statement of financial position as at April 30, 2019 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.

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, 2019 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.

### Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In common with many not-for-profit organizations, the Society derives a part of its revenues from cash donations, memberships and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these cash 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.

### Responsibilities 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 the 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 the Society or to cease operations, or has no realistic alternative but to do so.

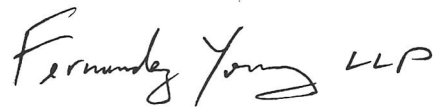
Those charged with governance are responsible for overseeing the Society's financial reporting process.

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**Auditor's Responsibilities for the Audit of the Financial Statements**

Our 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 our 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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.

**Fernandez Young LLP**

Chartered Professional Accountants

Vancouver, British Columbia  
September 4, 2019

# CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

## STATEMENT OF REVENUES AND EXPENDITURES

For the year ended April 30, 2019

	2019		2018	
	\$	%	\$	%
<b>Revenue</b>				
Contributions (Note 11)	705,805	46.6	588,781	43.9
In-kind contributions	37,541	2.5	10,116	0.8
Groceries contributions (Note 12)	764,011	50.5	727,265	54.2
Capital contributions	4,995	0.3	5,977	0.4
Interest and other income	45	0.1	8,694	0.6
Investment gains (losses)	-	-	1,927	0.1
	<u>1,512,397</u>	<u>100.0</u>	<u>1,342,760</u>	<u>100.0</u>
<b>Expenses</b>				
Donated groceries distribution (Note 12)	764,011	50.5	727,265	54.2
Wages, benefits and training	390,405	25.8	361,879	27.0
Rent and utilities	156,615	10.4	158,543	11.8
Office and miscellaneous	27,938	1.8	30,438	2.3
Professional fees	26,195	1.7	34,392	2.6
Automobile	24,800	1.6	17,972	1.3
Distribution of goods and services	24,642	1.6	13,985	1.0
Amortization	22,151	1.5	12,584	0.9
Advertising and promotion	18,888	1.2	23,884	1.8
Repairs and maintenance	11,772	0.8	11,049	0.8
Insurance	9,260	0.6	9,367	0.7
Fundraising costs	7,976	0.5	3,292	0.2
Telephone	7,973	0.5	8,197	0.6
Interest and bank charges	7,805	0.5	6,302	0.5
Investment fees	-	-	5,150	0.4
Staff and volunteer training	2,370	0.2	1,051	0.1
Kitchen supplies	1,013	0.1	966	0.1
	<u>1,503,814</u>	<u>99.3</u>	<u>1,426,316</u>	<u>106.3</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>8,583</b>	<b>0.7</b>	<b>(83,556)</b>	<b>(6.3)</b>

The accompanying notes are 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, 2019

				2019 \$	2018 \$
	Invested in Capital Assets (Note 5)	Restricted (Note 10)	Unrestricted	Total	Total
<b>Net Assets</b> , beginning of year	28,742	7,836	305,305	<b>341,883</b>	424,800
Operations for the year:					
Excess (deficiency) of revenue over expenses for the year	-	-	8,583	<b>8,583</b>	(83,556)
Acquisition of capital assets	58,756	-	(58,756)	-	-
Amortization	(22,151)	-	22,151	-	-
Increase in restricted funds	-	43,704	-	<b>43,704</b>	636
Net operations for the year	36,605	43,704	(28,022)	<b>52,287</b>	(82,920)
<b>Net Assets</b> , end of year	<b>65,347</b>	<b>51,540</b>	<b>277,283</b>	<b>394,170</b>	341,880

The accompanying notes are an integral part of these financial statements.

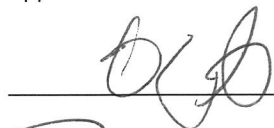
## CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

### STATEMENT OF FINANCIAL POSITION

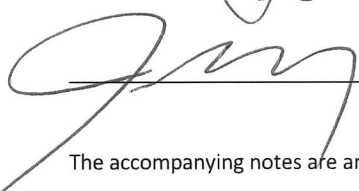
As at April 30, 2019

	2019 \$	2018 \$
<b>Assets</b>		
Current		
Cash	49,342	41,996
Term deposit (Note 3)	70,000	10,000
Accounts receivable	4,535	3,306
Prepaid expenses	5,481	5,442
	<u>129,358</u>	<u>60,744</u>
West Vancouver Community Foundation fund (Note 4)	286,937	286,937
Lease deposit	13,175	13,175
Equipment and leasehold improvements (Note 5)	65,347	28,742
Trademark	767	767
	<u>366,226</u>	<u>329,621</u>
	<u>495,584</u>	<u>390,365</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	11,012	12,862
Payroll liabilities	24,129	22,058
Current portion - vehicle loan payable (Note 7)	8,247	-
	<u>43,388</u>	<u>34,920</u>
Vehicle loan payable (Note 7)	45,173	-
Deferred contributions (Note 8)	12,853	13,565
	<u>101,414</u>	<u>48,485</u>
<b>Net Assets</b>		
Fund balances (Note 9)	394,170	341,880
	<u>495,584</u>	<u>390,365</u>

Approved on behalf of the Board:



Kathryn Seeley - Chair



James Grey - Treasurer

The accompanying notes are an integral part of these financial statements.

## CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

### STATEMENT OF CASH FLOWS

For the year ended April 30, 2019

	2019 \$	2018 \$
<b>Cash flows related to operating activities</b>		
Cash receipts from donors	746,400	600,790
Interest and dividends received	45	10,621
Cash paid to suppliers and employees	(719,541)	(673,088)
Source deductions recovered	2,071	3,075
	<u>28,975</u>	<u>(58,602)</u>
<b>Cash flows related to investing activities</b>		
Proceeds from (investment in) term deposit	(60,000)	90,000
Additions to equipment and leasehold improvements	(58,756)	(1,003)
Additions to West Vancouver Community Foundation	-	(4,792)
	<u>(118,756)</u>	<u>84,205</u>
<b>Cash flows related to financing activities</b>		
Advances from vehicle loan payable	53,420	-
Increase in internally restricted funds	43,707	633
	<u>97,127</u>	<u>633</u>
<b>Net increase in cash</b>	<b>7,346</b>	<b>26,236</b>
Cash, beginning	41,996	15,760
<b>Cash, ending</b>	<b>49,342</b>	<b>41,996</b>
<b>Cash represented by:</b>		
Cash on hand and balances with banks	49,342	41,996
	<u>49,342</u>	<u>41,996</u>

The accompanying notes are an integral part of these financial statements.



# CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2019

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### **Note 1    Nature of operations**

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Change the World Foundation (Harvest Project) (the "Society") 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 not-for-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).

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### **Note 2    Significant accounting policies**

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#### **Basis of presentation**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

#### **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.

#### **Contributed services**

Approximately 180 volunteers contribute over 20,135 hours of volunteer time during the fiscal 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, volunteers do not invoice the Society for the contributed services and therefore the contributed services are not recognized on the financial statements and no tax receipts were issued.

#### **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 12). Other contributed goods are only recognized on the financial statements if a tax receipt was issued for its fair market value.

#### **Equipment and Leasehold Improvements**

Equipment and leasehold improvements are recorded at cost. Contributed equipment is recorded at fair market value at the date of contribution. Equipment and leasehold improvements in use are amortized on a straight-line basis over 5 years.

#### **Use of estimates**

The preparation of financial statements in accordance 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

## CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2019

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#### Note 2 Significant accounting policies (continued)

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##### Use of estimates (continued)

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, the determination of useful lives of equipment and leasehold improvements and the determination of the fair market value of in-kind donations and capital contributions received.

##### Financial instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

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#### Note 3 Term deposit

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The Society has \$70,000 (2018 - \$10,000) invested in a cashable term deposit for a term of 12 months at an interest rate of 1.1%.

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#### Note 4 West Vancouver Community Foundation fund

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The Society is the sole beneficiary of the funds held in the West Vancouver Community Foundation fund on behalf of the Society.

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#### Note 5 Equipment and leasehold improvements

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##### 2019

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer equipment	18,314	17,243	1,071
Computer software	5,145	5,145	-
Food access equipment	65,029	45,531	19,498
Furniture and fixture	23,355	23,355	-
Kitchen equipment	18,041	18,041	-
Leasehold equipment	297,788	297,788	-
Vehicles	148,918	104,140	44,778
Website	14,540	14,540	-
	<u>591,130</u>	<u>525,783</u>	<u>65,347</u>

## CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2019

#### Note 5 Equipment and leasehold improvements (continued)

##### 2018

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer equipment	18,314	16,361	1,953
Computer software	5,145	3,430	1,715
Food access equipment	62,246	37,172	25,074
Furniture and fixture	23,355	23,355	-
Kitchen equipment	18,041	18,041	-
Leasehold equipment	297,788	297,788	-
Vehicles	92,946	92,946	-
Website	14,540	14,540	-
	<u>532,375</u>	<u>503,633</u>	<u>28,742</u>

#### Note 6 Operating line of credit

The Society has an operating line of credit with VanCity Savings Credit Union in the amount of \$75,000. The line of credit 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, 2019 is Nil (2018 - Nil).

#### Note 7 Vehicle loan payable

	2019 \$	2018 \$
Cam Clark Ford Lincoln vehicle loan repayable in bi-weekly payments of \$434, bearing interest at 6.29% per annum, and maturing on November 8, 2024.	53,420	-
Less current portion	<u>(8,247)</u>	<u>-</u>
Non-current portion	<u>45,173</u>	<u>-</u>

## CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2019

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#### Note 7 Vehicle loan payable (continued)

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Minimum aggregate payment under the loans payable over the next five fiscal years are:

2020	8,247
2021	9,134
2022	9,381
2023	9,994
2024	16,664
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	53,420

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#### Note 8 Deferred contributions

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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:

	2019 \$	2018 \$
Balance, beginning of year	13,565	18,603
Less: amount recognized as revenue in the year	(712)	(5,038)
	<hr/>	<hr/>
Balance, end of year	12,853	13,565

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#### Note 9 Fund balances

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	2019 \$	2018 \$
Invested in capital assets	65,347	28,739
Restricted - internal	51,540	7,836
Unrestricted	277,283	305,305
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Balance, end of year	394,170	341,880

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## CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2019

#### Note 10 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	5,848	3,897	8,548	(4,651)	1,195
Client Counselling Funding	300	-	300	(300)	-
Client Transportation Funding	1,238	-	485	(485)	753
Grants - Resource Library	164	-	-	-	164
Upgrades to Centre	166	10,000	2,192	7,808	7,974
School Supplies	120	3,121	1,400	1,721	1,841
Rent bank	-	15,000	-	15,000	15,000
Food re-purposing	-	27,500	2,887	24,613	24,613
<b>Total restricted net assets</b>	<b>7,836</b>	<b>59,518</b>	<b>15,812</b>	<b>43,706</b>	<b>51,540</b>

The Society is in the process of establishing a contingency reserve fund, which may also be used for the replacement of operating capital assets.

#### Note 11 Contributions

Cash donations were received from the following sources:

	2019 \$	2018 \$
Businesses	151,147	159,051
Non-profits and groups	89,516	28,020
Individuals	128,560	146,691
Registered charities	155,423	175,444
Clothes for Change	41,810	37,127
Other	139,349	42,448
	<b>705,805</b>	<b>588,781</b>

## CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2019

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#### Note 12 Groceries donation and distribution

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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 revenues and expenditures in the period received as a revenue and an expense. The donations had a value of \$764,011 (2018 - \$727,265).

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#### Note 13 Lease commitments

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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:

2020	152,530
2021	155,741
2022	65,445
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	373,716

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#### Note 14 Financial instruments

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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.

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#### Note 15 Remuneration to directors and employees

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As required by the B.C. Societies Act, the Society reports the following remuneration during the year ended April 30, 2019.

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	

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#### Note 16 Financial assistance

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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, 2019.