

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

North Vancouver, British Columbia

FINANCIAL STATEMENTS

April 30, 2020

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

INDEX TO FINANCIAL STATEMENTS

| | |
|--|--------------|
| Statement of Revenues and Expenditures | Page 1 |
| Statement of Changes in Fund Balances | Page 2 |
| Statement of Financial Position | Page 3 |
| Statement of Cash Flows | Page 4 |
| Notes to the Financial Statements | Pages 5 - 11 |



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, 2020 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, 2020 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.

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.

A handwritten signature in black ink that reads "Fernandez Young LLP". The signature is written in a cursive, flowing style.

Vancouver, British Columbia
October 19, 2020

Fernandez Young LLP
Chartered Professional Accountants

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

STATEMENT OF REVENUES AND EXPENDITURES

For the year ended April 30, 2020

| | 2020 | | 2019 | |
|--|------------------|--------------|------------------|--------------|
| | \$ | % | \$ | % |
| Revenue | | | | |
| Contributions (Note 12) | 1,073,028 | 55.8 | 705,805 | 46.7 |
| In-kind contributions | 61,894 | 3.2 | 37,541 | 2.5 |
| Groceries contributions (Note 13) | 754,853 | 39.3 | 764,011 | 50.5 |
| Capital contributions | 5,352 | 0.3 | 4,995 | 0.3 |
| Interest and other income | 2,350 | 0.1 | 45 | - |
| Canada Emergency Wage Subsidy | 24,158 | 1.3 | - | - |
| | <u>1,921,635</u> | <u>100.0</u> | <u>1,512,397</u> | <u>100.0</u> |
| Expenses | | | | |
| Advertising and promotion | 33,218 | 1.7 | 18,888 | 1.2 |
| Amortization | 22,716 | 1.2 | 22,151 | 1.5 |
| Automobile | 24,922 | 1.3 | 24,800 | 1.6 |
| Distribution of goods and services | 51,823 | 2.7 | 24,642 | 1.6 |
| Donated groceries distribution (Note 13) | 754,853 | 39.3 | 764,011 | 50.5 |
| Fundraising costs | 7,558 | 0.4 | 7,976 | 0.5 |
| Fundraising payment processing fees | 9,553 | 0.5 | 5,212 | 0.3 |
| Insurance | 8,891 | 0.5 | 9,260 | 0.6 |
| Interest and bank charges | 3,890 | 0.2 | 2,593 | 0.2 |
| Kitchen supplies | 2,574 | 0.1 | 1,013 | 0.1 |
| Office and miscellaneous | 27,367 | 1.4 | 27,938 | 1.8 |
| Professional fees | 30,159 | 1.6 | 26,195 | 1.7 |
| Rent and utilities | 186,449 | 9.7 | 156,615 | 10.4 |
| Repairs and maintenance | 14,940 | 0.8 | 11,772 | 0.8 |
| Staff and volunteer training | 2,652 | 0.1 | 2,370 | 0.2 |
| Telephone | 9,051 | 0.5 | 7,973 | 0.5 |
| Wages and benefits | 462,815 | 24.1 | 390,405 | 25.8 |
| | <u>1,653,431</u> | <u>86.1</u> | <u>1,503,814</u> | <u>99.3</u> |
| Excess of revenue over expenditures | 268,204 | 13.9 | 8,583 | 0.7 |

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, 2020

| | | | | 2020 | 2019 |
|--|---|-------------------------|----------------|----------------|--------------|
| | | | | \$ | \$ |
| | Invested in Capital Assets (Note 6) | Restricted (Note 11) | Unrestricted | <u>Total</u> | <u>Total</u> |
| Net Assets , beginning of year | 65,344 | 51,541 | 277,284 | 394,169 | 341,880 |
| Operations for the year: | | | | | |
| Excess (deficiency) of revenue over expenses for the year | - | - | 268,204 | 268,204 | 8,583 |
| Acquisition of capital assets | 9,691 | - | (9,691) | - | - |
| Amortization | (22,716) | - | 22,716 | - | - |
| Increase in restricted funds | - | 138,673 | - | 138,673 | 43,706 |
| Net operations for the year | (13,025) | 138,673 | 281,229 | 406,877 | 52,289 |
| Net Assets , end of year | 52,319 | 190,214 | 558,513 | 801,046 | 394,169 |

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, 2020

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| Assets | | |
| Current | | |
| Cash | 505,770 | 49,342 |
| Term deposit (Note 3) | 45,000 | 70,000 |
| Accounts receivable (Note 4) | 50,793 | 4,535 |
| Prepaid expenses | 5,452 | 5,481 |
| | <u>607,015</u> | <u>129,358</u> |
| West Vancouver Community Foundation fund (Note 5) | 229,550 | 286,937 |
| Lease deposit | 13,175 | 13,175 |
| Equipment and leasehold improvements (Note 6) | 52,319 | 65,347 |
| Trademark | 767 | 767 |
| | <u>295,811</u> | <u>366,226</u> |
| | 902,826 | 495,584 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | 17,552 | 11,012 |
| Payroll liabilities | 31,553 | 24,130 |
| Current portion - vehicle loan payable (Note 8) | 9,134 | 8,247 |
| | <u>58,239</u> | <u>43,389</u> |
| Vehicle loan payable (Note 8) | 36,039 | 45,173 |
| Deferred contributions (Note 9) | 7,502 | 12,853 |
| | <u>101,780</u> | <u>101,415</u> |
| Net Assets | | |
| Fund balances (Note 10) | 801,046 | 394,169 |
| | <u>902,826</u> | <u>495,584</u> |

Approved on behalf of the Board:

_____ Greg Howard - 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, 2020

| | 2020 | 2019 |
|---|----------------|------------------|
| | \$ | \$ |
| Cash flows related to operating activities | | |
| Cash receipts from donors | 1,088,666 | 746,400 |
| Cash paid to suppliers and employees | (869,293) | (719,541) |
| Canada Emergency Wage Subsidy | 24,158 | - |
| Source deductions recovered | 7,422 | 2,071 |
| Interest received | 823 | 45 |
| Other income received | 1,527 | - |
| | <u>253,303</u> | <u>28,975</u> |
| Cash flows related to investing activities | | |
| Proceeds from (investment in) term deposit | 25,000 | (60,000) |
| Additions to equipment and leasehold improvements | (9,688) | (58,756) |
| Proceeds from West Vancouver Community Foundation | 57,387 | - |
| | <u>72,699</u> | <u>(118,756)</u> |
| Cash flows related to financing activities | | |
| Advances from (to) vehicle loan payable | (8,247) | 53,420 |
| Increase in internally restricted funds | 138,673 | 43,707 |
| | <u>130,426</u> | <u>97,127</u> |
| Net increase in cash | 456,428 | 7,346 |
| Cash, beginning | 49,342 | 41,996 |
| Cash, ending | 505,770 | 49,342 |
| Cash represented by: | | |
| Cash on hand and balances with banks | 505,770 | 49,342 |
| | <u>505,770</u> | <u>49,342</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, 2020

Note 1 Nature of operations

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).

Note 2 Significant accounting policies

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 202 volunteers contribute over 18,950 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, 2020

Note 2 Significant accounting policies (continued)

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.

Note 3 Term deposit

The Society has \$45,000 (2019 - \$70,000) invested in a cashable term deposit for a term of 12 months at an interest rate of 1.1%.

Note 4 Accounts receivable

| | 2020 | 2019 |
|--|--------|-------|
| | \$ | \$ |
| Grants receivable | 10,000 | - |
| Rent bank receivable | 14,291 | - |
| Goods and services tax receivable | 3,942 | 4,535 |
| Canada Emergency Wage Subsidy receivable | 22,560 | - |
| | <hr/> | <hr/> |
| | 50,793 | 4,535 |
| | <hr/> | <hr/> |

Note 5 West Vancouver Community Foundation fund

The Society is the sole beneficiary of the funds held in the West Vancouver Community Foundation fund on its behalf. These funds are not restricted.

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2020

Note 6 Equipment and leasehold improvements

2020

| | Cost | Accumulated Amortization | Net Book Value |
|-----------------------|----------------|-----------------------------|-------------------|
| | \$ | \$ | \$ |
| Computer equipment | 15,875 | 14,374 | 1,501 |
| Computer software | 5,145 | 5,145 | - |
| Food access equipment | 65,029 | 54,444 | 10,585 |
| Furniture and fixture | 20,927 | 20,927 | - |
| Kitchen equipment | 26,354 | 19,704 | 6,650 |
| Leasehold equipment | 297,788 | 297,788 | - |
| Vehicles | 118,997 | 85,414 | 33,583 |
| Website | 14,540 | 14,540 | - |
| | <u>564,655</u> | <u>512,336</u> | <u>52,319</u> |

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> |

Note 7 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 position security interest against all present and after-acquired personal property of the Society. The balance as at April 30, 2020 is Nil (2019 - Nil).

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2020

Note 8 Vehicle loan payable

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| Vehicle loan, repayable in bi-weekly payments of \$434, bearing interest at 6.29% per annum, and maturing on November 8, 2024. | 45,173 | 53,420 |
| Less current portion | <u>(9,134)</u> | <u>(8,247)</u> |
| Non-current portion | <u>36,039</u> | <u>45,173</u> |

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

| | |
|------|---------------|
| 2021 | 9,134 |
| 2022 | 9,381 |
| 2023 | 9,994 |
| 2024 | 10,647 |
| 2025 | 6,017 |
| | <u>45,173</u> |

Note 9 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:

| | 2020 | 2019 |
|--|----------------|---------------|
| | \$ | \$ |
| Balance, beginning of year | 12,853 | 13,565 |
| Less: amount recognized as revenue in the year | <u>(5,351)</u> | <u>(712)</u> |
| Balance, end of year | <u>7,502</u> | <u>12,853</u> |

Note 10 Fund balances

| | 2020 | 2019 |
|----------------------------|----------------|----------------|
| | \$ | \$ |
| Invested in capital assets | 52,319 | 65,347 |
| Restricted - internal | 190,214 | 51,540 |
| Unrestricted | <u>558,513</u> | <u>277,283</u> |
| Balance, end of year | <u>801,046</u> | <u>394,170</u> |

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2020

Note 11 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 | 1,195 | 300 | - | 300 | 1,495 |
| Cash for Gift Cards | - | 28,190 | 11,960 | 16,230 | 16,230 |
| Client Transportation Funding | 753 | - | 120 | (120) | 633 |
| Grants - Resource Library | 164 | - | - | - | 164 |
| Upgrades to Centre | 7,974 | - | 2,865 | (2,865) | 5,109 |
| School Supplies | 1,841 | - | 500 | (500) | 1,341 |
| Rent Bank | 15,000 | 39,027 | 10,739 | 28,288 | 43,288 |
| Food Re-purposing | 24,613 | - | 24,613 | - | - |
| Case Management | - | 50,000 | - | 50,000 | 50,000 |
| Specialized Client Services | - | 2,500 | - | 2,500 | 2,500 |
| Childminding | - | 2,000 | - | 2,000 | 2,000 |
| Strategic Access Barrier Removal | - | 15,000 | - | 15,000 | 15,000 |
| Food Bank | - | 50,000 | 3,334 | 46,666 | 46,666 |
| Food Skills Building | - | 5,000 | - | 5,000 | 5,000 |
| Reaching Home | - | 10,000 | 9,212 | 788 | 788 |
| Total restricted net assets | 51,540 | 202,017 | 63,343 | 138,674 | 190,214 |

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2020

Note 12 Contributions

Cash donations were received from the following sources:

| | 2020 | 2019 |
|--------------------------------|-------------------------|----------------|
| | \$ | \$ |
| Businesses | 180,613 | 151,147 |
| Non-registered group donations | 26,572 | 89,516 |
| Individuals | 229,815 | 176,560 |
| Registered charities | 457,248 | 155,423 |
| Clothes for Change | 39,514 | 41,810 |
| Grants | 54,607 | 38,028 |
| Other | 84,659 | 53,321 |
| | <u>1,073,028</u> | <u>705,805</u> |

Note 13 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 revenues and expenditures in the period received as a revenue and an expense. The donations had a value of \$754,853 (2019 - \$764,011).

Note 14 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 over the next two fiscal years ended April 30, 2021 & 2022 are as follows:

| | |
|------|----------------|
| 2021 | 155,741 |
| 2022 | 65,445 |
| | <u>221,186</u> |

Note 15 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.

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2020

Note 16 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, 2020.

| | |
|--|-----|
| 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 |

Note 17 Financial assistance

The Society did not provide any financial assistance to Directors or employees as defined by the B.C. Societies Act during the year ended April 30, 2020.

Note 18 COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place at every level of government are having multiple impacts on virtually every organization, including the Society. Management is closely monitoring the situation and adapting as necessary.

For safety reasons, the Society has adjusted to a remote services delivery model and temporarily closed access to its location for clients, the general public, and the majority of volunteers. Most staff have been retained and are working their contracted hours.

Client care services to clients are being provided via telephone. The grocery support to clients is being provided via monthly grocery store vouchers. The Clothes for Change store operations and the provision of clothing assistance has been suspended. The Society is not currently accepting donations of food or clothing.

There is a significant need for the Rent Bank services at this time. The Society has received government grants which cover the increase in Rent Bank loans and grants that are being provided to clients in recent months. The Rent Bank operates under clearly defined governing policies. Direct operating costs borne by Harvest Project to administer this program are funded by the Rent Bank.

Donations have been much stronger than is typical during the May to October 2020 period. Awareness of what the Society is doing to serve people in need at this time by the general public, and other donors such as foundations and charities, have resulted in a marked increase in donations towards all aspects of operations. The Society has also received government financial support from the Canada Emergency Wage Subsidy in the amount of \$24,158 during the fiscal year.