

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

North Vancouver, British Columbia

FINANCIAL STATEMENTS

April 30, 2018

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

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INDEPENDENT AUDITORS' 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) ("the Society"), which comprise the statement of financial position as at April 30, 2018 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 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.

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 revenues from cash donations 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.

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, 2018 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 "Fernandez Young LLP". The signature is written in a cursive, flowing style.

Vancouver, British Columbia
August 31, 2018

Fernandez Young LLP
Chartered Professional Accountants

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

STATEMENT OF REVENUES AND EXPENDITURES

For the year ended April 30, 2018

	2018		2017	
	\$	%	\$	%
Revenue				
Contributions (Note 9)	588,781	43.8	541,887	43.5
In-kind contributions	10,116	0.8	68,336	5.5
Groceries contributions	727,265	54.2	587,690	47.2
Capital contributions	5,977	0.4	6,298	0.5
Interest and other income	8,694	0.6	11,082	0.9
Investment gains (losses)	1,927	0.2	29,714	2.4
	<u>1,342,760</u>	<u>100.0</u>	<u>1,245,007</u>	<u>100.0</u>
Expenses				
Donated groceries distribution	727,265	54.2	587,690	47.2
Wages, benefits and training	361,879	27.0	349,024	28.0
Rent and utilities	158,543	11.8	157,636	12.7
Professional fees	34,392	2.6	27,288	2.2
Office and miscellaneous	30,438	2.3	23,287	1.9
Advertising and promotion	23,884	1.8	15,153	1.2
Automobile	17,972	1.3	14,853	1.2
Distribution of goods and services	13,985	1.0	22,002	1.8
Amortization	12,584	0.9	12,722	1.0
Repairs and maintenance	11,049	0.8	10,759	0.9
Insurance	9,367	0.7	9,127	0.7
Telephone	8,197	0.6	8,122	0.7
Interest and bank charges	6,302	0.5	5,656	0.5
Investment fees	5,150	0.4	4,817	0.4
Fundraising costs	3,292	0.2	6,906	0.6
Staff and volunteer training	1,051	0.1	3,167	0.3
Kitchen supplies	966	0.1	1,042	0.1
	<u>1,426,316</u>	<u>106.3</u>	<u>1,259,251</u>	<u>101.4</u>
Deficiency of revenue over expenses	(83,556)	(6.3)	(14,244)	(1.4)

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, 2018

	2018 \$	2017 \$
Assets		
Current		
Cash	41,996	15,760
Term deposit (Note 3)	10,000	100,000
Accounts receivable	3,306	4,260
Prepaid expenses	5,444	6,918
	<u>60,746</u>	<u>126,938</u>
West Vancouver Community Foundation	286,938	282,146
Lease deposit	13,175	13,175
Equipment and leasehold improvements (Note 4)	28,739	40,323
Trademark	767	767
	<u>329,619</u>	<u>336,411</u>
	<u>390,365</u>	<u>463,349</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	12,862	963
Payroll liabilities	22,058	18,983
	<u>34,920</u>	<u>19,946</u>
Deferred contributions (Note 6)	13,565	18,603
	<u>48,485</u>	<u>38,549</u>
Net Assets		
Fund balances (Note 7)	341,880	424,800
	<u>390,365</u>	<u>463,349</u>

Approved on behalf of the Board:

_____ Director

_____ Director

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, 2018

	2018	2017
	\$	\$
Cash flows related to operating activities		
Cash receipts from donors	600,790	629,376
Interest and dividends received	10,621	40,796
Cash paid to suppliers and employees	(673,088)	(676,788)
Source deductions recovered	3,075	2,874
	<u>(58,602)</u>	<u>(3,742)</u>
Cash flows related to investing activities		
Proceeds from term deposit	90,000	70,000
(Additions to) equipment and leasehold improvements	(1,003)	(46,932)
(Additions to) West Vancouver Community Foundation	(4,792)	(32,866)
	<u>84,205</u>	<u>(9,798)</u>
Cash flows related to financing activities		
Increase (decrease) in internally restricted funds	633	(675)
	<u>26,236</u>	<u>(14,215)</u>
Net increase (decrease) in cash	26,236	(14,215)
Cash, beginning	15,760	29,975
Cash, ending	41,996	15,760
Cash represented by:		
Cash on hand and balances with banks	41,996	15,760
	<u>41,996</u>	<u>15,760</u>

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, 2018

				2018	2017
				\$	\$
	Invested in Capital Assets (Note 4)	Restricted (Note 8)	Unrestricted	Total	Total
Net Assets , beginning of year	40,323	7,200	377,277	424,800	439,719
Operations for the year:					
Excess (deficiency) of revenue over expenses for the year	-	-	(83,556)	(83,556)	(14,244)
Acquisition of capital assets	1,000	-	(1,000)	-	-
Amortization	(12,584)	-	12,584	-	(675)
Increase (decrease) in restricted funds	-	636	-	636	-
Net operations for the year	(11,584)	636	(71,972)	(82,920)	(14,919)
Net Assets , end of year	28,739	7,836	305,305	341,880	424,800

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, 2018

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 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, contributed services are not recognized on the financial statements.

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.

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 date of the financial statements and the reported amounts of revenues and expenses during the

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2018

Note 2 Significant accounting policies (continued)

Use of estimates (continued)

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 \$10,000 (2017 - \$100,000) invested in a cashable term deposit for a term of 12 months at an interest rate of 1.1%.

Note 4 Equipment and leasehold improvements

	Cost	Accumulated Amortization	2018 Net	2017 Net
	\$	\$	\$	\$
Computer equipment	18,314	16,361	1,680	2,119
Computer software	5,145	3,430	1,715	3,430
Food Access equipment	62,246	37,175	25,071	34,453
Furniture and fixture	23,355	23,355	-	321
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>503,636</u>	<u>28,739</u>	<u>40,323</u>

Note 5 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, 2018 is nil (2017 - Nil).

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2018

Note 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:

	2018	2017
	\$	\$
Balance, beginning of year	18,603	4,901
Less: amount recognized as revenue in the year	(5,038)	(6,298)
Add: amounts received for the subsequent year	<u>-</u>	<u>20,000</u>
Balance, end of year	<u>13,565</u>	<u>18,603</u>

Note 7 Fund balances

	2018	2017
	\$	\$
Invested in capital assets	28,739	40,323
Restricted - internal	7,836	7,200
Unrestricted	<u>305,305</u>	<u>377,277</u>
Balance, end of year	<u>341,880</u>	<u>424,800</u>

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2018

Note 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	5,104	5,399	4,655	744	5,848
Client Counselling Funding	-	1,500	1,200	300	300
Client Transportation Funding	1,238	-	-	-	1,238
Grants - Resource Library	692	-	528	(528)	164
Upgrades to Centre	166	-	-	-	166
School Supplies	-	470	350	120	120
Total restricted net assets	7,200	7,369	6,733	636	7,836

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 9 Contributions

Donations were received from the following sources:

	2018 \$	2017 \$
Businesses	159,051	142,014
Non-profits and groups	28,020	26,770
Individuals	146,691	137,804
Restricted charities	175,444	163,133
Clothes for Change	37,127	27,771
Other	42,448	44,395
	588,781	541,887

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2018

Note 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 revenues and expenditures in the period received as a revenue and an expense. The donations had a value of \$727,265 (2017 - \$587,690).

Note 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:

2019	139,853
2020	152,531
2021	155,742
2022	65,456
	<hr/>
	513,582
	<hr/>

Note 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.

Note 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, 2018.

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

CHANGE THE WORLD FOUNDATION (HARVEST PROJECT)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended April 30, 2018

Note 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, 2018.