

BURNABY MEALS ON WHEELS

**FINANCIAL STATEMENTS
(UNAUDITED)**

DECEMBER 31, 2016

BURNABY MEALS ON WHEELS

DECEMBER 31, 2016

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REVIEW ENGAGEMENT REPORT

To the Directors of
BURNABY MEALS ON WHEELS

I have reviewed the statement of financial position of Burnaby Meals On Wheels as at December 31, 2016 and the statements and the statement of operations and changes in net assets and statement of cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion of information supplied to me by the company.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Delta, BC
June 28, 2017

CHARTERED PROFESSIONAL ACCOUNTANT

BURNABY MEALS ON WHEELS

STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 57,897	\$ 176	\$ 58,073	\$ 30,931
Prepaid expenses	1,361	-	1,361	4,173
Accounts receivable	22,317	-	22,317	33,963
Taxes refundable	495	-	495	216
TOTAL ASSETS	\$ 82,070	\$ 176	\$ 82,246	\$ 69,283
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable & accrued liabilities	\$ 3,303	\$ -	\$ 3,303	\$ 6,829
Due to BCS (note 3)	4,055	-	4,055	7,908
Deferred revenue (note 5)	10,394	176	10,570	2,030
TOTAL CURRENT LIABILITIES	17,752	176	17,928	16,767
NET ASSETS				
Unrestricted	64,318	-	64,318	52,516
TOTAL LIABILITIES AND NET ASSETS	\$ 82,070	\$ 176	\$ 82,246	\$ 69,283

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

BURNABY MEALS ON WHEELS

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Gaming Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
REVENUE				
Program fees	\$ 89,209	\$ -	\$ 89,209	\$ 105,528
Gaming	-	62,139	62,139	66,713
United Way	14,625	-	14,625	19,625
Fraser Health Authority	20,673	-	20,673	20,559
New Horizons for Seniors	16,556	-	16,556	-
Hospital foundation	8,400	-	8,400	7,640
Vancity Community Grant	-	-	-	7,500
City of Burnaby	9,000	-	9,000	9,000
Chevron grant	4,000	-	4,000	4,000
Donations	5,318	-	5,318	14,497
Interest and miscellaneous	229	32	261	154
TOTAL REVENUE	168,010	62,171	230,181	255,216
EXPENSES				
Administration (note 3)	6,282	-	6,282	7,600
Advertising	3,047	-	3,047	1,949
Fees	185	-	185	124
Food First	16,468	-	16,468	34,669
Insurance	2,910	-	2,910	2,899
Meal expense	22,676	58,115	80,791	106,498
Professional fees, support	3,224	-	3,224	3,347
Rent	5,373	-	5,373	5,269
Software	1,671	-	1,671	-
Subcontractors	-	-	-	3,213
Vehicle	9,103	-	9,103	7,600
Volunteer expenses	2,303	4,056	6,359	5,961
Wages and benefits (note 3)	82,966	-	82,966	83,750
TOTAL EXPENSES	156,208	62,171	218,379	262,879
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	11,802	-	11,802	(7,663)
Net assets, beginning of year	52,516	-	52,516	60,179
Net assets, end of year	\$ 64,318	\$ -	\$ 64,318	\$ 52,516

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BURNABY MEALS ON WHEELS

STATEMENT OF CASH FLOWS (UNAUDITED) DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts	\$ 241,827	\$ 228,065
Cash paid for expenses	(219,372)	(261,727)
	22,455	(33,662)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in deferred revenue	8,540	(9,705)
Increase (decrease) in due to related party	(3,853)	5,554
	4,687	(4,151)
INCREASE (DECREASE) IN CASH	27,142	(37,813)
CASH, beginning of year	30,931	68,744
CASH, end of year	\$ 58,073	\$ 30,931

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BURNABY MEALS ON WHEELS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. PURPOSE OF THE ORGANIZATION

Burnaby Meals on Wheels (BMW) Society is a not-for-profit organization incorporated under the British Columbia Societies Act and is exempt from income tax as a registered charity under the Income Tax Act, whose purpose is to promote health and independence by providing nutritious, local and affordable food to people who - for physical, mental health, social or economic reasons - are unable to meet their dietary needs.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) **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.

(b) **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.

(c) **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.

(d) **Donated services**

The organization benefits greatly from donated services in the form of volunteer time. Because of the difficulty in determining fair value, the value of donated services is not recognized in these financial statements. During the year, volunteers contributed over 2,800 hours of service.

BURNABY MEALS ON WHEELS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

(e) Fund descriptions

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

The Gaming Fund reports assets, liabilities, revenues and expenses related to gaming. Expenses are restricted to those allowed by the B.C. Gaming Commission.

(f) 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

1/2 of the above is taken in the year of acquisition.

3. RELATED PARTY

BMW shares premises, capital assets and various expenses with Burnaby Community Services. Shared assets and expenses have been allocated between the societies at the discretion of management. 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 related parties.

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2016</u>	<u>Net 2015</u>
Computer hardware	\$ 10,075	\$ 10,075	\$ -	\$ -
Computer software	1,421	1,421	-	-
Office equipment	<u>10,867</u>	<u>10,867</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,363</u>	<u>\$ 22,363</u>	<u>\$ -</u>	<u>\$ -</u>

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5. DEFERRED REVENUE

In the gaming fund, a total of \$67,000 in grants were received for the fiscal year, and \$315 of the prior year's deferral was realized in 2016. There was \$176 of unspent funding at December 31, 2016 to be deferred and used in 2017.

In the operating fund, total deferred is \$10,394, which are funds received from New Horizons for Seniors and the United Way for 2017 programs.

6. 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.

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, program fees and other sources of revenue to enable the organization to pay its liabilities as they become due.

BURNABY MEALS ON WHEELS

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7. COMMITMENTS

BMW has entered into long term leases as follows:

1. On August 16, 2010 BMW entered into a continuous contract with Mava Foods Ltd. to provide meals for the Burnaby Meals on Wheels program. Schedule of meals and fees and reviewed by each party annually. Either party may terminate the agreement at any time upon 60 days written notice.
2. On January 1, 2014 BMW entered into a premise lease located at 2055 Rosser Ave, Burnaby BC, with the City of Burnaby, for five years. Monthly rent is \$439.

8. ECONOMIC DEPENDENCE

The Society is economically dependent on government funding and independent grants, which represent 58.82 % (2015 - 59.70) of the total revenue.

9. 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.