

Financial Statements

**Bangladesh Centre and Community Services
(BCCS)**

March 31, 2017

Bangladesh Centre and Community Services (BCCS)

March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bangladesh Centre and Community Services (BCCS)

We have audited the accompanying financial statements of Bangladesh Centre and Community Services (BCCS), which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets 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 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, 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 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.



Independent Auditor's Report to the Members of Bangladesh Centre and Community Services (BCCS) (*continued*)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fund-raising activities, the completeness of which, is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fund-raising activities revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016 and net assets as at April 1 and March 31 for both 2017 and 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Bangladesh Centre and Community Services as at March 31, 2017, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of Bangladesh Centre and Community Services (BCCS) for the year ended March 31, 2016 were neither audited nor reviewed.

SRCO Professional Corporation

Richmond Hill, Canada
November 20, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF FINANCIAL POSITION

As at March 31,

	2017	2016
		<i>[Note 2]</i>
	\$	\$
ASSETS		
CURRENT		
Cash	9,384	9,739
Accounts receivable - <i>grants, no allowance</i>	1,600	1,586
Prepaid expenses	1,400	—
	12,384	11,325
CAPTIAL ASSETS <i>[Note 3]</i>	387,534	398,372
	399,918	409,697
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	6,009	33
Harmonized sales tax payable	7,498	5,139
Current portion mortgage payable <i>[Note 5]</i>	22,318	21,451
	35,825	26,623
ADVANCE <i>[Note 4]</i>	3,042	9,042
MORTGAGE PAYABLE <i>[Note 5]</i>	340,584	362,902
	379,451	398,567
Net assets		
Unrestricted fund	21,012	11,130
Grant programs fund	(545)	—
	20,467	11,130
	399,918	409,697

See accompanying notes

On behalf of the Board of Directors

_____ Director

_____ Director

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF OPERATIONS

Year ended March 31,

	Unrestricted Fund	Grant Programs Fund	2017	2016 <i>[Note 2]</i>
	\$	\$	\$	\$
REVENUE				
Operating grants				
Ontario Ministry of CIIT	—	8,000	8,000	7,928
New horizons for seniors	—	24,056	24,056	25,000
Canada Summer Job	—	6,300	6,300	—
Rental income	44,126	—	44,126	43,571
Membership fees and donations	20,109	—	20,109	7,420
Fundraising and other	10,453	—	10,453	22,099
	74,688	38,356	113,044	106,018
EXPENDITURES				
Direct program <i>[Note 8]</i>	—	38,901	38,901	32,928
Mortgage interest	14,861	—	14,861	17,448
Property taxes	14,714	—	14,714	17,437
Utilities	5,929	—	5,929	5,012
Office and general	4,391	—	4,391	5,190
Insurance	4,063	—	4,063	3,506
Professional fees	3,100	—	3,100	885
Fundraising and other expenses	2,729	—	2,729	2,420
Repairs and maintenance	2,797	—	2,797	1,522
Telecommunications	1,048	—	1,048	811
Salaries and wages	—	—	—	629
Bank charges and interest	336	—	336	305
	53,968	38,901	92,869	88,093
Excess (deficiency) of revenue over expenditures before undernoted item	20,720	(545)	20,175	17,925
Amortization	10,838	—	10,838	11,290
Excess (deficiency) of revenue over expenditures	9,882	(545)	9,337	6,635

See accompanying notes

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31,

	Unrestricted Fund	Grant Programs Fund	2017	2016 [Note 2]
	\$	\$	\$	\$
NET ASSETS - BEGINNING OF YEAR	11,130	—	11,130	4,495
Excess (deficiency) of revenue over expenditures	9,882	(545)	9,337	6,635
NET ASSETS - END OF YEAR	21,012	(545)	20,467	11,130

See accompanying notes

Bangladesh Centre and Community Services (BCCS)

STATEMENT OF CASH FLOWS

Year ended March 31,

	2017	2016
		[Note 2]
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures	9,337	6,635
Items not affecting cash:		
Amortization	10,838	11,290
	20,175	17,925
Change in non-cash working capital items:		
Accounts receivable	(14)	(1,586)
Prepaid expenses	(1,400)	—
Accounts payable and accrued liabilities	5,976	2,730
Harmonized sales tax payable	2,359	—
Cash provided by operating activities	27,096	19,069
FINANCING ACTIVITIES		
Advance	(6,000)	(4,800)
Mortgage payable	(21,451)	(24,218)
Cash used in financing activities	(27,451)	(29,018)
CHANGE IN CASH	(355)	(9,949)
CASH - BEGINNING OF YEAR	9,739	19,688
CASH - END OF YEAR	9,384	9,739

See accompanying notes

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. INCORPORATION AND PURPOSE

Bangladesh Centre and Community Services (BCCS) (the “Organization”) was incorporated without share capital, under the laws of the Province of Ontario on March 10, 2010. The Organization is a registered charity under the Income Tax Act and is not subjected to income tax. The objective of the Organization is to help newcomers and long-time residents integrate into Canadian society through knowledge, skills, and other support by:

- a. Responding to the community’s needs;
- b. Promoting independence and dignity;
- c. Participating in community activities;
- d. Operating efficiently, honestly, and openly; and
- e. Providing a voice to the South Asian community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The corresponding figures for the year ended March 31, 2016 were neither audited nor reviewed. The significant accounting policies are detailed as follows:

Fund accounting

All programs receive program specific government grants, the uses of which are restricted to specific programs. In order to ensure observance of the restrictions on the use of resources, the Organization has classified these activities for accounting and reporting purposes into funds as follows:

- Unrestricted revenue and expenses relating to non-program activities are reported in the unrestricted fund.
- Contributions restricted to programs, program revenues and program expenses are reported in the grant programs fund.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions for programs which are reported in the grant programs fund. Restricted contributions are recognized as revenue of the restricted grant programs fund in the year received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions, which consists of subscriptions, donations and fundraising, for which no corresponding programs fund is presented are recognized in the unrestricted fund in accordance with the deferral method. Restricted contributions for expenses of future periods are deferred and recognized as revenue in the same period as the related expenses are incurred. Contributions restricted for the purchase of equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired equipment. Unrestricted contributions, revenue from fundraising activities and other income are recognized as revenue of the unrestricted fund in the year received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Rental income is recognized on a straight-line basis over the lease term.

Donated equipment

Donations of equipment are recorded at fair value when fair value can reasonably be estimated and when such value is significant.

Donated material and services

The value of donated materials and services are not recorded in these financial statements due to the difficulty in determining their fair value.

Capital assets

Capital assets is stated at cost less accumulated amortization. Capital assets, other than the land, is amortized over its estimated useful life using the following rate and method:

Building	4%	declining balance method
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Land is not amortized.

All additions made during the year are amortized at 50% of the above rate.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at carrying amount or exchange amount as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at cost or amortized cost consist of cash and accounts receivable.

Financial liabilities measured at cost or amortized cost consist of accounts payable and accrued liabilities, advance and mortgage payable.

Impairment of financial instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Impairment of capital assets

The Organization reviews capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured at the amount by which the carrying amount of the capital assets exceeds its fair value. There were no significant indications of impairment of the carrying value of the Organization's capital assets as at March 31, 2017.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include useful lives of capital assets and accruals, and as adjustments become necessary they are reported in earnings in the period in which they become known. Actual results may vary from the current estimates.

Cash

The Organization's policy is to present bank balances under cash.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
	\$	\$	\$	[Note 2] \$
Land	127,422	—	127,422	127,422
Building	300,000	39,888	260,112	270,950
	427,422	39,888	387,534	398,372

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

4. ADVANCE

The advance is payable to a related party who is a member of the Organization's board of directors. The advance is unsecured, non-interest bearing, and the director has confirmed in writing not to require payment within the next fiscal year. Accordingly, the advance has been classified as a non-current liability.

5. MORTGAGE PAYABLE

	2017	2016
	\$	\$
Mortgage repayable in monthly instalments of \$3,026 at an interest at 4%, due 2030, secured by the Capital assets with a net value of \$387,534	362,902	384,353
Less: current portion	(22,318)	(21,451)
	340,584	362,902

Mortgage principal repayments to be made over the next five years are as follows:

	\$
2018	22,318
2019	23,219
2020	24,158
2021	25,134
2022	26,149
Thereafter	241,924
	362,902

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

6. RELATED PARTY TRANSACTIONS

Transactions between the Organization and its board members and/or entities with common control are considered to be related party transactions. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following are the related party transactions during the year or balances at year end:

	2017	2016
	\$	\$
Transactions:		
Included in direct program are expenditures from a company owned by a director of the Organization	1,000	—
Included in donations are donations from directors of the Organization	7,000	—

7. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date, March 31, 2017:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligation. The Organization is exposed to credit risk through its cash and accounts receivable balances. The Organization reduces credit risk from its cash balance by maintaining its funds with credit worthy financial institutions. In order to reduce its credit risk from accounts receivable balances, the Organization performs credit assessments on a regular basis and creates an allowance for doubtful accounts when applicable.

Bangladesh Centre and Community Services (BCCS)

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

7. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk the Organization may not be able to meet its obligations. The Organization has a plan in place to meet its obligations as they come due, primarily from cash flow from operations, and advances from members of the Organization's board of directors.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Organization is exposed to interest rate risk primarily through its mortgage payable. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities.

8. DIRECT PROGRAM EXPENSES

Direct expenses includes salaries and wages amounting to \$6,825 (2016: Nil) relating to Canada Summer Jobs Program.

9. ECONOMIC DEPENDENCE

The Organization is dependent on government funding to sustain its operations.