

**Renew Crew Foundation**  
**Financial Statements**  
For the year ended July 31, 2017

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For the year ended July 31, 2017**

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# ABERCROMBY MELNYCHUK

CHARTERED PROFESSIONAL ACCOUNTANTS

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## Independent Auditors' Report

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**To the Members of  
Renew Crew Foundation**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Renew Crew Foundation, which comprise the statement of financial position as at July 31, 2017, and the statements of operations and 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.

### **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 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 judgement, 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 are 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 audit opinion.

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## Independent Auditors' Report

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### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Renew Crew Foundation as at July 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.

*Abercromby Melnychuk*

Chartered Professional Accountants

November 16, 2017  
Surrey, British Columbia

## Renew Crew Foundation Statement of Financial Position

July 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 229,564	\$ 315,393
Accounts receivable	303,440	300,300
Inventory	6,111	9,053
Prepaid expenses	44,394	7,125
	<b>583,509</b>	631,871
<b>Capital assets</b> (Note 1)	<b>163,013</b>	108,158
	<b>\$ 746,522</b>	\$ 740,029
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 312,866	\$ 137,432
Wages payable	95,978	91,671
Current portion of long-term debt	6,454	-
	<b>415,298</b>	229,103
<b>Long-term debt</b> (Note 2)	<b>31,193</b>	-
	<b>446,491</b>	229,103
<b>Commitments</b> (Note 3)		
<b>Net assets</b>		
Unrestricted	<b>300,031</b>	510,926
	<b>\$ 746,522</b>	\$ 740,029

On behalf of the Board:

  
\_\_\_\_\_ Director

  
\_\_\_\_\_ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Renew Crew Foundation Statement of Operations and Changes in Net Assets

<b>For the year ended July 31</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Sales (Note 4)	\$ 5,365,940	\$ 5,185,869
Other income	12,242	18,872
	<u>5,378,182</u>	<u>5,204,741</u>
<b>Expenditures (Schedule)</b>		
Direct costs	2,116,580	1,917,801
Marketing costs	1,060,736	1,054,122
General and administrative costs	576,761	535,219
	<u>3,754,077</u>	<u>3,507,142</u>
<b>Excess of revenue over expenditures before grants</b>	<b>1,624,105</b>	<b>1,697,599</b>
<b>Grants disbursed</b>		
Big Brothers of Greater Vancouver Foundation	<u>1,835,000</u>	<u>1,690,000</u>
<b>(Deficiency) excess of revenue over expenditures for the year</b>	<b>(210,895)</b>	<b>7,599</b>
<b>Net assets, beginning of year</b>	<u>510,926</u>	<u>503,327</u>
<b>Net assets, end of year</b>	<u>\$ 300,031</u>	<u>\$ 510,926</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Renew Crew Foundation Statement of Cash Flows

<b>For the year ended July 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditures for the year	\$ (210,895)	\$ 7,599
Item not involving cash		
Amortization	35,695	30,278
	<b>(175,200)</b>	<b>37,877</b>
Changes in non-cash working capital balances		
Accounts receivable	(3,140)	26,555
Inventory	2,942	(4,592)
Prepaid expenses	(37,269)	(1,462)
Accounts payable and accrued liabilities	175,434	25,012
Wages payable	4,307	11,580
	<b>142,274</b>	<b>57,093</b>
	<b>(32,926)</b>	<b>94,970</b>
<b>Investing activities</b>		
Purchase of capital assets	(90,550)	(50,962)
<b>Financing activities</b>		
Increase in long-term debt	38,723	-
Repayment of long-term debt	(1,076)	-
	<b>37,647</b>	<b>-</b>
<b>(Decrease) increase in cash during the year</b>	<b>(85,829)</b>	<b>44,008</b>
<b>Cash, beginning of year</b>	<b>315,393</b>	<b>271,385</b>
<b>Cash, end of year</b>	<b>\$ 229,564</b>	<b>\$ 315,393</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## Renew Crew Foundation Summary of Significant Accounting Policies

**July 31, 2017**

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### **Nature and Purpose of Foundation**

The Foundation was incorporated under the Canada Corporations Act and was issued Letters Patent on March 15, 1995. On July 11, 2000 the Foundation was registered as an extraprovincial society under the British Columbia Society Act and on September 30, 2014 was issued a Certificate of Continuance under the Canada Not-for-profit Corporations Act. As a registered charity under the Income Tax Act, the Foundation is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Foundation was founded to receive and disburse resources to support activities and programs which are beneficial to the community. The Foundation currently collects used clothing and other items from the general public which it sells under contract to Value Village Stores, Inc.

### **Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

### **Financial Instruments**

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

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

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable and long-term debt.

Financial assets measured at amortized 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.

The Foundation recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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## Renew Crew Foundation Summary of Significant Accounting Policies

**July 31, 2017**

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### Inventory

Inventory of used clothing is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

### Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the assets using the declining balance basis and the following annual rates:

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Asset	Rate
Computer hardware and software	30%, 55% and 100%
Vehicle	30%
Donation Bins	20%
Warehouse equipment	20%
Furniture and office equipment	20%
Leasehold improvements	20%

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### Revenue Recognition

The Foundation recognizes revenue from sales when it is realized or realizable and earned. The Foundation considers revenue realized or realizable and earned when unit measures of used clothing and other items are delivered to its customers.

### Donations-In-Kind

The value of donated products and materials is not recorded due to the difficulty of determining their fair value.

### Use of Estimates

The preparation of the financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

## Renew Crew Foundation Notes to Financial Statements

**July 31, 2017**

**1. Capital Assets**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware and software	\$ 412,713	\$ 404,177	\$ 408,733	\$ 398,380
Vehicle	37,859	5,679	-	-
Donation bins	238,928	127,858	190,217	106,445
Warehouse equipment	24,948	15,505	24,948	13,144
Furniture and office equipment	7,081	6,386	7,081	6,213
Leasehold improvements	5,281	4,192	5,281	3,920
	<b>\$ 726,810</b>	<b>\$ 563,797</b>	<b>\$ 636,260</b>	<b>\$ 528,102</b>
Net book value		<b>\$ 163,013</b>		<b>\$ 108,158</b>

**2. Long-Term Debt**

	2017	2016
Key West Ford, 0% loan payable, at \$538 monthly until May 2023. The loan is secured by a charge over a specific vehicle having a net book value of \$32,180.	\$ 37,647	-
Less current portion	<b>6,454</b>	-
	<b>\$ 31,193</b>	-

Principal repayments for the next five years and thereafter are as follows:

2018	\$ 6,454
2019	6,454
2020	6,454
2021	6,454
2022	6,454
Thereafter	5,377
	<b>\$ 37,647</b>

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## Renew Crew Foundation Notes to Financial Statements

**July 31, 2017**

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### 3. Commitments

The Foundation has various operating leases covering equipment and office and warehouse space. Future minimum lease payments are as follows:

2018	\$	57,230
2019		18,951

The annual lease payments for office and warehouse space exclude maintenance, property taxes, insurance, and other operating costs, which change each year. For the year ended July 31, 2017 these costs amounted to an additional \$41,639 (2016 - \$39,725) in occupancy costs.

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### 4. Economic Dependence

The Foundation earns 100% of its sales revenue under a contract with Value Village Stores, Inc. Under the contract the Foundation receives a fixed price per unit measure and is restricted in the delivered amount based on a specified quota limit. The viability of the Foundation's operations is dependent upon the continuance of this contract.

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### 5. Financial Instruments

#### Risks and Concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at July 31, 2017. Management is of the opinion that there has been no significant change to the risk exposures from the prior year.

#### Credit Risk

The Foundation is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable arise primarily from the sale of used clothing. The maximum exposure to credit risk is the carrying value of accounts receivable on the statement of financial position. Accounts receivable are non-interest bearing and are generally due in 30 days. At July 31, 2017 - 91% (2016 - 82%) of the Foundation's accounts receivable were due from one entity.

#### Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and wages payable.

## Renew Crew Foundation Notes to Financial Statements

**July 31, 2017**

### 6. Related Party Transactions

The Organization had the following transactions with organizations considered related by common management:

	<b>2017</b>	2016
Big Brothers of Greater Vancouver Foundation		
Grants paid	<b>\$ 1,835,000</b>	\$ 1,690,000
Amounts paid for general and administration costs	<b>\$ 137,652</b>	\$ 103,409
Amounts paid for marketing costs	<b>\$ 36,812</b>	\$ 22,669
Big Brothers of Greater Vancouver		
Amounts paid for general and administration costs	<b>\$ 28,400</b>	\$ 27,970

These transactions were in the normal course of operations and were measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates their arm's length equivalent value.

Amounts included in accounts receivable from the related parties arising from these transactions are as follows:

	<b>2017</b>	2016
Big Brothers of Greater Vancouver Foundation	<b>\$ 139</b>	\$ 25,000

Included in accounts payable for amounts due to the related parties arising from these transactions are the following:

	<b>2017</b>	2016
Big Brothers of Greater Vancouver Foundation	<b>\$ 174,675</b>	\$ 13,717

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## Renew Crew Foundation Notes to Financial Statements

**July 31, 2017**

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### **7. Significantly Influenced Organization**

As a result of certain common management activities, Big Brothers of Greater Vancouver is considered to have significant influence over the operations of the Renew Crew Foundation. The nature and purpose of Big Brothers of Greater Vancouver is to provide support to children who need positive adult role models in their lives. Big Brothers of Greater Vancouver was incorporated pursuant to the Society Act of British Columbia and as a registered charity under the Income Tax Act is exempt from income tax. During the year the Renew Crew Foundation donated \$1,835,000 (2016 - \$1,690,000) to the Big Brothers of Greater Vancouver Foundation, a non-consolidated controlled entity of Big Brothers of Greater Vancouver.

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### **8. Comparative Figures**

Certain of the prior year's figures have been reclassified to conform with the current year's presentation

## Renew Crew Foundation Schedule of Expenditures

For the year ended July 31	2017	2016
<b>Direct Costs</b>		
Amortization	\$ 29,311	\$ 22,096
Community collections	322,304	277,152
Distribution centre	234,383	240,825
Driver contractors	1,150,917	1,133,105
Sourcing supplies & sundry	1,529	434
Attended donation stations	335,747	226,192
Bin rent and repairs	42,389	17,997
	\$ 2,116,580	\$ 1,917,801
<b>Marketing Costs</b>		
Advertising and promotion	\$ 44,193	\$ 23,577
Computer system support	15,720	19,845
Telephone	146,320	154,842
Wages and benefits - call centre	814,183	833,250
Wages and benefits - marketing	40,320	22,608
	\$ 1,060,736	\$ 1,054,122
<b>General and Administrative Costs</b>		
Administration fees	\$ 166,000	\$ 131,379
Amortization	6,384	8,182
Occupancy	23,564	23,579
Office and miscellaneous	36,876	35,311
Professional fees	10,233	16,243
Wages and benefits	333,704	320,525
	\$ 576,761	\$ 535,219