

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY

Financial Statements

Year Ended December 31, 2015

(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Members of Brown Bagging For Calgary's Kids Society

We have reviewed the statement of financial position of Brown Bagging For Calgary's Kids Society as at December 31, 2015, the statement of revenue and expenditures and the statements of changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

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

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

Adams MacFarlane


Calgary, Alberta
March 23, 2016

Chartered Accountants

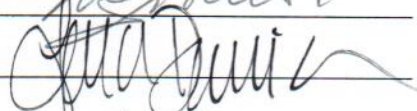
BROWN BAGGING FOR CALGARY'S KIDS SOCIETY**Statement of Financial Position****December 31, 2015***(Unaudited)*

	2015	2014
Assets		
Current		
Cash	\$ 399,936	\$ 361,951
Term deposits	20,891	20,695
Marketable securities - The Calgary Foundation	279,543	266,192
Accounts receivable	-	1,173
Goods and services tax recoverable	4,963	4,195
Prepaid expenses	4,310	4,238
Gift cards	20,180	28,600
	<u>729,823</u>	<u>687,044</u>
Property and equipment (Note 3)	33,754	24,930
Restricted casino cash (Note 4)	<u>1</u>	<u>58,884</u>
	<u>\$ 763,578</u>	<u>\$ 770,858</u>
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 33,166	\$ 22,215
Deferred casino revenue (Note 4)	<u>1</u>	<u>58,884</u>
	<u>33,167</u>	<u>81,099</u>
Net assets		
Internally restricted (Note 7)	50,000	50,000
Invested in capital assets	33,754	24,930
Unrestricted	<u>646,657</u>	<u>614,829</u>
	<u>730,411</u>	<u>689,759</u>
	<u>\$ 763,578</u>	<u>\$ 770,858</u>

ON BEHALF OF THE BOARD



Director



Director

See notes to financial statements

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY

Statement of Revenues and Expenditures

Year Ended December 31, 2015

(Unaudited)

	2015	2014
Revenue		
Donations	\$ 920,208	\$ 741,619
Casino (Note 4)	58,883	59,402
Deferred capital contribution amortization (Note 5)	-	6,470
Ronald MacDonald House Income	-	5,823
	<u>979,091</u>	<u>813,314</u>
Expenditures		
Community costs	316,551	255,785
Kitchen costs	276,763	209,217
Administrative costs	259,926	217,451
Marketing and promotion	55,167	72,650
Office	42,229	34,505
Amortization	4,248	4,304
	<u>954,884</u>	<u>793,912</u>
Excess of revenue over expenditures from operations	<u>24,207</u>	<u>19,402</u>
Other income and expenses		
Dividend income	11,104	8,473
Interest income	6,530	7,156
Unrealized gain (loss) on marketable securities	(29,320)	4,596
Realized gain (loss) on marketable securities	31,961	3,703
Investment management fees	(3,830)	(3,566)
	<u>16,445</u>	<u>20,362</u>
Excess of revenue over expenditures	<u>\$ 40,652</u>	<u>\$ 39,764</u>

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY**Statement of Changes in Net Assets****Year Ended December 31, 2015***(Unaudited)*

	Unrestricted	Internally restricted	Invested in capital assets	2015	2014
Net assets - beginning of year	\$ 614,829	\$ 50,000	\$ 24,930	\$ 689,759	\$ 649,995
Excess of revenue over expenditures	40,652	-	-	40,652	39,764
Interfund transfer	(8,824)	-	8,824	-	-
Net assets - end of year	\$ 646,657	\$ 50,000	\$ 33,754	\$ 730,411	\$ 689,759

See notes to financial statements

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY

Statement of Cash Flows

Year Ended December 31, 2015

(Unaudited)

	2015	2014
Operating activities		
Excess of revenue over expenditures	\$ 40,652	\$ 39,764
Items not affecting cash:		
Amortization of property, plant and equipment	4,248	4,304
Write-down of marketable securities	29,320	(4,596)
Amortization of deferred capital contributions	-	(6,470)
	<u>74,220</u>	<u>33,002</u>
Changes in non-cash working capital:		
Accounts receivable	1,173	(273)
Accounts payable and accrued liabilities	10,951	(6,704)
Prepaid expenses	(72)	502
GST payable (receivable)	(768)	1,412
Gift cards	8,420	(28,600)
Deferred casino revenue	(58,883)	14,788
	<u>(39,179)</u>	<u>(18,875)</u>
Cash flow from operating activities	<u>35,041</u>	<u>14,127</u>
Investing activities		
Purchase of property, plant and equipment	(13,071)	(4,763)
Purchase of marketable securities	-	(250,000)
Reinvestment into marketable securities	(42,672)	(11,596)
Cash flow used by investing activities	<u>(55,743)</u>	<u>(266,359)</u>
Decrease in cash flow	<u>(20,702)</u>	<u>(252,232)</u>
Cash - beginning of year	<u>441,530</u>	<u>693,762</u>
Cash - end of year	<u>\$ 420,828</u>	<u>\$ 441,530</u>
Cash consists of:		
Cash	\$ 399,936	\$ 361,951
Term deposits	20,891	20,695
Restricted casino cash	1	58,884
	<u>\$ 420,828</u>	<u>\$ 441,530</u>

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY

Notes to Financial Statements

Year Ended December 31, 2015

(Unaudited)

1. NATURE OF OPERATIONS

Brown Bagging For Calgary's Kids Society (the "Society") is a not-for-profit registered charitable organization incorporated on September 22, 2000 under the Societies Act of Alberta.

The Society received registered charity tax exempt status pursuant to the Canadian Income Tax Act, effective June 10, 2002.

The mission of the Society is to offer children in need hope and opportunity through the provision of essential nutrients necessary for healthy growth and development, and to act as a catalyst in the development of community based solutions to break down barriers caused by malnutrition.

The Society is exempt from income taxes, and thus no provision for income taxes has been made within these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principals for not-for-profit organizations.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Term deposits

Term deposits are recorded at fair market value and are held for the purpose of financing current and future operations. These investments are held at a recognized Canadian financial institution and as such are exposed to all of the risks associated with that institution. The investment terms are under one year and therefore the balance has been shown as a current asset. The rates are currently averaging 0.95% per annum.

Property and equipment

Property and equipment are recorded at cost and contributed capital assets are recorded at fair market value at the date of the contribution. These assets are amortized on the declining balance basis at rates calculated to amortize the cost of the capital assets over their estimated useful lives. Additions to capital assets are amortized at one-half their original rate in the year of acquisition.

Kitchen equipment	10%	declining balance method
Motor vehicles	30%	declining balance method
Computer equipment	30% to 55%	declining balance method
Office equipment	20%	declining balance method

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(continues)

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY

Notes to Financial Statements

Year Ended December 31, 2015

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed and Volunteer Services

Volunteers contribute their time to assist the Society in carrying out its operating activities (food preparation volunteers, Board of Directors and other volunteers). As it is difficult to determine the fair value of the services provided, these services have not been recorded within these financial statements.

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 are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, term deposits and restricted casino cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The marketable securities and term deposits are carried at fair market value.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Kitchen equipment	\$ 54,083	\$ 25,725	\$ 28,358	\$ 20,820
Motor vehicles	60,206	58,224	1,982	2,831
Computer equipment	18,199	17,865	334	742
Office equipment	8,828	5,748	3,080	537
	<u>\$ 141,316</u>	<u>\$ 107,562</u>	<u>\$ 33,754</u>	<u>\$ 24,930</u>

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY

Notes to Financial Statements Year Ended December 31, 2015

(Unaudited)

4. DEFERRED CASINO REVENUE

The deferred revenue represents funds received by the Society that are restricted in its use, and have been deferred for the benefit of future periods. The restrictions have been imposed by the donors and contracts entered into by the Society. The following represents the various sources of restricted revenue that have been deferred:

	2015	2014
Casino cash balance at beginning of year	\$ 58,884	\$ 44,096
Plus amount received during the year	-	74,190
Less amount recognized as revenue in the year	(58,883)	(59,402)
Casino cash balance at the end of the year	\$ 1	\$ 58,884

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions represent the restricted contributions related to expenses of future periods. These contributions are recognized as revenue in the periods in which the related expenses are incurred. Changes in the deferred contributions balances are as follows:

	2015	2014
Deferred contributions, beginning of year	\$ -	\$ 6,470
Contributions related to capital assets during the year	-	(6,470)
Deferred contributions, end of year	\$ -	\$ -

6. LEASE COMMITMENTS

The Society manages its operations from leased premises as follows:

1. The office lease is a month-to-month lease commencing March 1, 2008 with an annual rental payment of \$6,461 including all applicable taxes.
2. The kitchen lease is contracted between the Society and Calgary Housing Company (the "Landlord"), and is for two years, from January 1, 2010 to December 31, 2011. The Landlord has assured the Society of long-term availability of this leased space. Payment of all utilities, except telephone and maintenance of the kitchen, is the responsibility of the Landlord. The lease agreement has a monetary consideration of \$1.00 per month as rent, on the basis that the Society's food preparation operation is completed on a not-for-profit basis. The Society renewed the lease contract for an additional two year period, from January 1, 2014 to December 31, 2016.

7. INTERFUND TRANSFERS AND INTERNAL RESTRICTIONS

An amount of \$8,824 (2014 - \$459) was transferred to the Capital Asset Fund from the Unrestricted Fund to offset net capital asset amortization and additions. The Internally Restricted Fund is to ensure the short-term sustainability of the Society during times of liquidity difficulties. These internally restricted funds are not available for any other purpose without the prior approval of the Board of Directors.

BROWN BAGGING FOR CALGARY'S KIDS SOCIETY

Notes to Financial Statements

Year Ended December 31, 2015

(Unaudited)

8. FINANCIAL INSTRUMENTS

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

Credit risk

Credit risk is the risk of financial loss to the Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Society is not exposed to significant credit risk as it only records revenues from its activities when received, as the completeness of revenue is uncertain until collected.

Currency Risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is not exposed to foreign currency exchange risk.

Liquidity risk

Liquidity risk is the risk that the Society will incur difficulties meeting its financial obligations as they are due. The Society's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Society's reputation.

The Society has accumulated net assets and consistently generates funds in excess of its expenditures and it anticipates it will have adequate liquidity to fund its financial liabilities through its existing working capital.

Market risk

Market risk consists of commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. The Society is exposed to changes in commodity prices impacted by world economic events as it impacts its donors willingness to give and will affect the future fair market value of its marketable securities. Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Society is exposed to interest rate fluctuations on the term deposits and cash balances as the rate of interest is at a floating rate or at short-term fixed rates.
