

KAMLOOPS FOOD BANK SOCIETY

Financial Statements

Year Ended August 31, 2021

KAMLOOPS FOOD BANK SOCIETY
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Year Ended August 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Kamloops Food Bank Society

We have reviewed the accompanying financial statements of Kamloops Food Bank Society (the Society) that comprise the statement of financial position as at August 31, 2021, and the statements of changes in net assets, operations 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Kamloops Food Bank Society derives revenues from donations, the completeness of which is not susceptible to satisfactory verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Kamloops Food Bank Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, operations and cash flows from operations for the year ended August 31, 2021 and August 31, 2020, current assets as at August 31, 2021 and August 31, 2020 and net assets as at September 1 and August 31 for the years ended August 31, 2021 and August 31, 2020.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Kamloops Food Bank Society as at August 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Kamloops, British Columbia
November 17, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

KAMLOOPS FOOD BANK SOCIETY

Statement of Financial Position

August 31, 2021

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2021	Total 2020
ASSETS						
CURRENT						
Cash (Note 4)	\$ 690,464	\$ 946,067	\$ 102,327	\$ -	\$ 1,738,858	\$ 1,297,101
Accounts receivable	32,507	-	-	-	32,507	39,209
Goods and services tax recoverable	21,791	-	-	-	21,791	9,283
Prepaid expenses	99,078	-	-	-	99,078	13,553
Gift certificates and credits (Note 5)	92,643	-	-	-	92,643	60,512
	936,483	946,067	102,327	-	1,984,877	1,419,658
TANGIBLE CAPITAL ASSETS (Note 6)						
	-	-	-	1,666,962	1,666,962	1,337,308
	\$ 936,483	\$ 946,067	\$ 102,327	\$ 1,666,962	\$ 3,651,839	\$ 2,756,966
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 55,996	\$ -	\$ -	\$ -	\$ 55,996	\$ 51,689
Deferred contributions (Note 8)	37,437	-	-	-	37,437	134,974
	93,433	-	-	-	93,433	186,663
NET ASSETS						
Unrestricted	843,050	-	-	-	843,050	935,805
Internally restricted (Note 9)	-	946,067	-	-	946,067	214,763
Externally restricted (Note 9)	-	-	102,327	-	102,327	62,427
Invested in tangible capital assets	-	-	-	1,666,962	1,666,962	1,337,308
	843,050	946,067	102,327	1,666,962	3,558,406	2,570,303
	\$ 936,483	\$ 946,067	\$ 102,327	\$ 1,666,962	\$ 3,651,839	\$ 2,756,966

Approved by the Board

Wyn Burke Director

Tina Peters Director

Lisa Lake
President
See notes to financial statements

Tina Peters
VP + Treasurer

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KAMLOOPS FOOD BANK SOCIETY
Statement of Changes in Net Assets
Year Ended August 31, 2021

	General Operating Fund	Internally Restricted Fund <i>(Note 9)</i>	Externally Restricted Fund <i>(Note 9)</i>	Capital Fund	Total 2021	Total 2020
NET ASSETS - BEGINNING OF YEAR	\$ 955,805	\$ 214,763	\$ 62,427	\$ 1,337,308	\$ 2,570,303	\$ 2,161,078
Excess (deficiency) of revenues over expenses	623,613	286,099	189,420	(111,029)	988,103	409,225
Tangible capital asset purchases	(24,845)	(296,223)	(149,520)	470,588	-	-
Tangible capital asset disposals	29,905	-	-	(29,905)	-	-
Transfers, net	(741,428)	741,428	-	-	-	-
NET ASSETS - END OF YEAR	\$ 843,050	\$ 946,067	\$ 102,327	\$ 1,666,962	\$ 3,558,406	\$ 2,570,303

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY

Statement of Operations

Year Ended August 31, 2021

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2021	Total 2020 (restated)
REVENUES						
Donated food products (Note 10)	\$ 7,596,142	\$ -	\$ -	\$ -	\$ 7,596,142	\$ 7,155,255
Donations	838,997	-	1,000	-	839,997	303,028
Fundraising	404,120	-	127,220	-	531,340	270,301
COVID-19 donations and funding (Note 11)	242,582	166,603	-	-	409,185	697,358
Community gaming grant	-	-	130,000	-	130,000	130,000
Starfish backpack program	111,385	-	6,789	-	118,174	63,470
Employment grants	54,807	-	-	-	54,807	33,100
Municipal government grant	30,300	-	-	-	30,300	30,000
foodSHARE	29,140	-	-	-	29,140	26,955
Interest	664	214	53	-	931	2,415
Locking in Hope	-	-	-	-	-	1,568
EXPENSES (Schedule 1)	9,308,137	166,817	265,062	-	9,740,016	8,713,450
	8,684,524	-	225,162	119,263	9,028,949	8,290,473
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS						
	623,613	166,817	39,900	(119,263)	711,067	422,977
OTHER INCOME (EXPENSES)						
Building contributions	-	119,282	-	-	119,282	-
Grants and contributions for tangible capital assets	-	-	149,520	-	149,520	-
Gain (loss) on disposal of tangible capital assets	-	-	-	8,234	8,234	(13,752)
	-	119,282	149,520	8,234	277,036	(13,752)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 623,613	\$ 286,099	\$ 189,420	\$ (111,029)	\$ 988,103	\$ 409,225

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY
Statement of Cash Flows
Year Ended August 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 988,103	\$ 409,225
Items not affecting cash:		
Amortization of tangible capital assets	119,263	130,434
Loss (gain) on disposal of tangible capital assets	<u>(8,234)</u>	13,752
	<u>1,099,132</u>	<u>553,411</u>
Changes in non-cash working capital:		
Accounts receivable	6,702	10,709
Gift certificates and credits	<u>(32,131)</u>	<u>(14,093)</u>
Accounts payable and accrued liabilities	4,307	23,684
Prepaid expenses	<u>(85,525)</u>	2,553
Goods and services tax receivable	<u>(12,508)</u>	3,278
Deferred contributions	<u>(97,537)</u>	134,974
	<u>(216,692)</u>	<u>161,105</u>
Cash flows from operating activities	<u>882,440</u>	<u>714,516</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(470,588)</u>	<u>(171,669)</u>
Proceeds on disposal of tangible capital assets	<u>29,905</u>	<u>10,034</u>
Cash flows used by investing activities	<u>(440,683)</u>	<u>(161,635)</u>
INCREASE IN CASH FLOW	<u>441,757</u>	<u>552,881</u>
CASH - BEGINNING OF YEAR	<u>1,297,101</u>	<u>744,220</u>
CASH - END OF YEAR	<u>\$ 1,738,858</u>	<u>\$ 1,297,101</u>

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2021

1. PURPOSE OF THE SOCIETY

Kamloops Food Bank Society (the "Society") was incorporated under the Society Act on September 13, 1988 with a mission of sharing food, feeding hope and strengthening the community. As a registered charity, the Society is exempt from the payment of income tax and may issue receipts for charitable donations.

The purposes of the Society are to create opportunities for the Society to deal with food insecurity issues; to plan and implement public education and awareness initiatives concerning poverty and hunger issues; and to receive, acquire and hold food, gifts, donations, devises and bequests of every nature and description towards the purposes of the Society.

2. IMPACT OF COVID-19

The Society has continued to operate throughout the COVID-19 pandemic and there has not been a significant impact on the Society's operations. Additional time and costs were incurred related to required health and safety measures, however, these costs have been offset by receipt of various donations and grants received through Food Banks Canada and Food Banks BC.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

(b) Cash

The Society's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

(c) Tangible capital assets

Tangible capital assets are stated at cost and are amortized over their estimated useful lives. Amortization is calculated on a declining balance basis at the following annual rates:

Buildings	4%
Furniture, fixtures and equipment	20%
Automotive equipment	30%
Computer equipment	45%
Fence	10%

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Building under construction is not amortized until construction is complete and the building is in use.

(d) Food purchases and inventory

Food purchases are recorded as an expense at the date of purchase. Food items on hand at year-end are not recorded as inventory.

(continues)

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Deferred contributions

Deferred contributions consist of amounts received in advance and restricted by the contributor for programs to be undertaken during subsequent fiscal years for which there is not an appropriate restricted fund.

(f) Fund accounting

These financial statements are presented on a fund accounting basis using the restricted fund method of accounting for contributions. The following funds have been presented:

General Operating Fund:

The General Operating Fund accounts for the Society's program delivery, administrative activities and various fundraising events. This fund reports unrestricted resources and restricted operating grants.

Internally Restricted Fund:

The Internally Restricted Fund accounts for funds set aside by the Board and pledged to be used to purchase specific tangible capital assets.

Externally Restricted Fund:

The Externally Restricted Fund accounts for amounts that have been designated for a specific purpose by an external party. This fund includes amounts received and disbursed from the community gaming grant and externally restricted grants for tangible capital assets.

Capital Fund:

The Capital Fund accounts for all tangible capital assets of the Society.

(g) Revenue recognition

The Society follows the restricted fund method whereby restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions, including unrestricted cash donations and unrestricted donations received in-kind, are recognized as revenue of the General Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(continues)

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Contributed materials and services

The Society receives donations of food and other products from businesses and the general public. For the year ended August 31, 2021, the total perishable and non-perishable food and other products donated and collected by the Society is 2,899,291 pounds (2020 - 2,752,021).

According to national standards recommended by Food Banks Canada, the dollar value of food donations is \$2.62 per pound. 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 operations in the period received as revenue and offsetting expense.

Other non-cash contributions are recognized as revenue at fair value when the fair value can be reasonably estimated.

The Society would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, volunteer hours are not recognized in the financial statements.

(i) 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.

(j) Financial instruments policy

Financial assets include cash and accounts receivable and are measured at amortized cost as presented on the statement of financial position.

Financial liabilities include accounts payable and are measured at amortized cost as presented on the statement of financial position.

(k) Government assistance

The Society participated in the Temporary Wage Subsidy program in 2020 for salaries and wages. The subsidy amounted to \$12,248 and has been netted with wages expense in 2020. The full amount is included in accounts receivable.

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2021

4. CASH

	2021	2020
General Operating Cash		
Petty Cash	\$ 150	\$ 100
Valley First - Commercial high interest savings account	2,667	300,198
Valley First - Community first chequing account	187,608	219,562
Valley First - Membership shares	34	33
Valley First - COVID response	<u>500,005</u>	<u>500,018</u>
	690,464	1,019,911
Internally Restricted Cash		
Valley First - Building chequing account	4	4
Valley First - High interest savings account - warehouse build	<u>946,039</u>	-
Valley First - High interest savings account - property	<u>24</u>	214,759
	946,067	214,763
During the August 31, 2021 fiscal year, the Board approved the transfer of \$623,007 into the Society's internally restricted bank account for the construction of a warehouse. Total construction costs of \$296,223 were made using internally restricted cash. The initial stages of construction commenced in September 2021. The estimated date that these funds will be used is unknown (<i>Note 9</i>).		
Externally Restricted Cash		
Valley First gaming account	<u>102,327</u>	62,427
	\$ 1,738,858	\$ 1,297,101

5. GIFT CERTIFICATES AND CREDITS

As at August 31, 2021, the Society had on hand \$92,643 (2020 - \$60,512) of donated gift certificates and store credits, principally from the BC Sharing Coupon Program available in certain supermarkets.

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2021

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 327,492	\$ -	\$ 327,492	\$ 327,492
Buildings	1,001,486	310,202	691,284	720,087
Building under construction	296,241	-	296,241	-
Furniture, fixtures and equipment	290,514	110,085	180,429	130,179
Automotive equipment	376,280	216,298	159,982	156,756
Computer equipment	16,859	15,322	1,534	2,794
Fence	10,300	300	10,000	-
	\$ 2,319,172	\$ 652,207	\$ 1,666,962	\$ 1,337,308

7. BANK INDEBTEDNESS

Valley First Credit Union approved an operating line of credit to a maximum of \$75,000. Interest is charged on the outstanding balance at the bank's prime lending rate. The line of credit was not utilized during the year. The line of credit is unsecured.

8. DEFERRED CONTRIBUTIONS

	Balance beginning of year	Funding received	Funding spent	Balance end of year
Anonymous - COVID-19 operations and food costs	\$ 100,000	\$ -	\$ 100,000	\$ -
Food Banks BC - dairy purchases	6,074	-	5,843	231
Miscellaneous organizations:	-	-	-	-
Basics for Babies	-	6,000	-	6,000
foodSHARE	3,900	-	3,900	-
Rent contributions	-	23,733	-	23,733
Starfish backpack program	25,000	7,473	25,000	7,473
	\$ 134,974	\$ 37,206	\$ 134,743	\$ 37,437

Grants and contributions received that are externally restricted for specific programs are deferred until the expenses of the related programs are incurred.

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2021

9. RESTRICTED FUNDS

Internally Restricted Fund

Internally restricted contribution on August 22, 2019	\$ 33,112
Internally restricted contribution on May 12, 2021	15,577
Internally restricted contribution on June 16, 2021	607,430
Interest income	4,062
Internally restricted donations and funding	<u>285,886</u>
	<u><u>\$ 946,067</u></u>

All of the funds included in the internally restricted fund are for the future development and/or purchase of property. This includes the construction of a warehouse which commenced in September 2021. The estimated date that these funds will be used is unknown.

Externally Restricted Fund

Valley First gaming account	\$ <u>102,327</u>
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10. DONATED FOOD PRODUCTS

Effective September 1, 2019, the Society changed its accounting policy to recognize donated food contributions and distributions based on a per pound rate set by Food Banks Canada. This results in a more transparent treatment of donated food products and is consistent with treatment within the industry. Previously, donated food products were not recorded.

The statement of operations and statement of expenses have been restated to recognize \$7,155,255 donated food products revenue and \$7,155,255 donated food products distributed. The net effect on excess of revenue over expenses previously reported is \$Nil.

11. COVID-19 DONATIONS AND FUNDING

Donations and funding received as a result of the COVID-19 pandemic are from the following sources:

	2021	2020
Donations	\$ 159,459	\$ 432,832
Federal Government funding received and disbursed through the United Way	20,000	-
Funding received and disbursed through Food Banks BC:		
Province of BC	-	80,000
Food Banks BC/third party	6,843	20,526
Food Banks Canada	82,000	69,000
Federal Government	<u>140,883</u>	95,000
	<u><u>\$ 409,185</u></u>	<u><u>\$ 697,358</u></u>

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2021

12. BRITISH COLUMBIA SOCIETIES ACT

On November 28, 2016, the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors and employees or contractors who are paid at least \$75,000 annually.

During the year, the Society paid \$100,976 to one employee in salaries and benefits (2020 - \$95,624). No honoraria were paid to members of the Board of Directors for the 2021 and 2020 years. No contractors were paid over \$75,000 in salaries and benefits for the 2021 and 2020 years.

13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of August 31, 2021.

(a) Credit risk

Credit risk is the risk of loss associated with the inability of a counterparty to fulfill its obligations under the terms of a financial instrument. The Society's exposure to credit risk is as indicated by the carrying value of its accounts receivable and gift certificates and credits. The Society mitigates this risk by reviewing and monitoring these balances.

KAMLOOPS FOOD BANK SOCIETY

Statement of Expenses

(Schedule 1)

Year Ended August 31, 2021

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2021	Total 2020 (restated)
EXPENSES						
Advertising and promotion	\$ 43,157	\$ -	\$ -	\$ -	\$ 43,157	\$ 9,814
Amortization of tangible capital assets	-	-	-	119,263	119,263	130,434
Automotive	25,377	-	-	-	25,377	30,440
Bad debts	3,300	-	-	-	3,300	2,500
Delivery and freight	2,295	-	-	-	2,295	3,777
Donated food products distributed (<i>Note 10</i>)	7,596,142	-	-	-	7,596,142	7,155,255
Food purchases	29,715	-	-	-	29,715	80,891
Fundraising	17,712	-	71,220	-	88,932	42,966
Housing project expenses	9,410	-	-	-	9,410	-
Insurance	23,527	-	-	-	23,527	23,178
Interest and bank charges	1,477	-	9	-	1,486	1,206
Licences, dues and fees	11,800	-	-	-	11,800	11,195
Locking in Hope	-	-	-	-	-	1,241
Office	52,568	-	-	-	52,568	32,365
Professional fees	8,300	-	-	-	8,300	5,775
Rent	92,033	-	-	-	92,033	-
Repairs and maintenance	12,434	-	-	-	12,434	12,571
Subcontract	9,224	-	-	-	9,224	3,874
Supplies	50,408	-	-	-	50,408	64,425
Telephone	6,028	-	-	-	6,028	4,299
Travel and convention	1,581	-	-	-	1,581	1,099
Utilities	31,565	-	-	-	31,565	35,224
Volunteer appreciation	15,576	-	-	-	15,576	10,626
Wages and employee benefits	640,895	-	153,933	-	794,828	627,318
	\$ 8,684,524	\$ -	\$ 225,162	\$ 119,263	\$ 9,028,949	\$ 8,290,473

See notes to financial statements