

KAMLOOPS FOOD BANK SOCIETY

Financial Statements

Year Ended August 31, 2020

KAMLOOPS FOOD BANK SOCIETY

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Year Ended August 31, 2020

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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, 2020, 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, 2020 and August 31, 2019, current assets as at August 31, 2020 and August 31, 2019 and net assets as at September 1 and August 31 for the years ended August 31, 2020 and August 31, 2019.

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, 2020, 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 13, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

KAMLOOPS FOOD BANK SOCIETY

Statement of Financial Position

August 31, 2020

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2020	Total 2019
ASSETS						
CURRENT						
Cash (Note 4)	\$ 1,019,911	\$ 214,763	\$ 62,427	\$ -	\$ 1,297,101	\$ 744,220
Accounts receivable	39,209	-	-	-	39,209	49,918
Goods and services tax recoverable	9,283	-	-	-	9,283	12,561
Prepaid expenses	13,553	-	-	-	13,553	16,106
Gift certificates and credits (Note 5)	60,512	-	-	-	60,512	46,419
Asset held for sale	-	-	-	-	-	6,500
	1,142,468	214,763	62,427	-	1,419,658	875,724
TANGIBLE CAPITAL ASSETS (Note 6)	-	-	-	1,337,308	1,337,308	1,313,359
	\$ 1,142,468	\$ 214,763	\$ 62,427	\$ 1,337,308	\$ 2,756,966	\$ 2,189,083
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 51,689	\$ -	\$ -	\$ -	\$ 51,689	\$ 28,005
Deferred contributions (Note 8)	134,974	-	-	-	134,974	-
	186,663	-	-	-	186,663	28,005
NET ASSETS						
Unrestricted	955,805	-	-	-	955,805	404,617
Internally restricted (Note 9)	-	214,763	-	-	214,763	232,589
Externally restricted (Note 9)	-	-	62,427	-	62,427	204,013
Invested in tangible capital assets	-	-	-	1,337,308	1,337,308	1,319,859
	955,805	214,763	62,427	1,337,308	2,570,303	2,161,078
	\$ 1,142,468	\$ 214,763	\$ 62,427	\$ 1,337,308	\$ 2,756,966	\$ 2,189,083

SUBSEQUENT EVENT (Note 10)

Approved by the Board

Lisa Lake

Director

Tina Peters

Director

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY

Statement of Changes in Net Assets

Year Ended August 31, 2020

	General Operating Fund	Internally Restricted Fund <i>(Note 9)</i>	Externally Restricted Fund <i>(Note 9)</i>	Capital Fund	Total 2020	Total 2019
NET ASSETS - BEGINNING OF YEAR	\$ 404,617	\$ 232,589	\$ 204,013	\$ 1,319,859	\$ 2,161,078	\$ 1,960,988
Excess (deficiency) of revenues over expenses	543,738	1,259	8,414	(144,186)	409,225	200,090
Tangible capital asset purchases	(2,584)	(19,085)	(150,000)	171,669	-	-
Tangible capital asset disposals	10,034	-	-	(10,034)	-	-
NET ASSETS - END OF YEAR	\$ 955,805	\$ 214,763	\$ 62,427	\$ 1,337,308	\$ 2,570,303	\$ 2,161,078

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY

Statement of Operations

Year Ended August 31, 2020

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2020	Total 2019
REVENUES						
COVID-19 donations and funding (<i>Note 11</i>)	\$ 693,358	\$ -	\$ 4,000	\$ -	\$ 697,358	\$ -
Donations	297,191	-	5,837	-	303,028	249,143
Fundraising	257,816	-	12,485	-	270,301	330,521
Community gaming grant	-	-	130,000	-	130,000	130,000
Starfish backpack program	63,470	-	-	-	63,470	74,560
Employment grants	33,100	-	-	-	33,100	41,861
Municipal government grant	30,000	-	-	-	30,000	15,949
foodSHARE	26,955	-	-	-	26,955	58,795
Interest	1,156	1,259	-	-	2,415	4,539
Locking in Hope	1,568	-	-	-	1,568	136,036
Federal government grants	-	-	-	-	-	3,167
Gifts in kind	-	-	-	-	-	12,364
	1,404,614	1,259	152,322	-	1,558,195	1,056,935
EXPENSES (<i>Schedule 1</i>)	860,876	-	143,908	130,434	1,135,218	1,143,478
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	543,738	1,259	8,414	(130,434)	422,977	(86,543)
OTHER INCOME (EXPENSES)						
Building contributions	-	-	-	-	-	14,000
Loss on disposal of investments	-	-	-	-	-	(599)
Loss on disposal of tangible capital assets	-	-	-	(13,752)	(13,752)	(15,047)
Grants for tangible capital assets	-	-	-	-	-	288,279
	-	-	-	(13,752)	(13,752)	286,633
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 543,738	\$ 1,259	\$ 8,414	\$ (144,186)	\$ 409,225	\$ 200,090

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY**Statement of Cash Flows
Year Ended August 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 409,225	\$ 200,090
Items not affecting cash:		
Amortization of intangible asset	-	1,190
Amortization of tangible capital assets	130,434	136,029
Loss on disposal of tangible capital assets	13,752	15,047
	<u>553,411</u>	<u>352,356</u>
Changes in non-cash working capital:		
Accounts receivable	10,709	(22,669)
Gift certificates and credits	(14,093)	(13,619)
Accounts payable and accrued liabilities	23,684	3,552
Prepaid expenses	2,553	3,868
Goods and services tax receivable	3,278	(2,666)
Deferred contributions	134,974	-
	<u>161,105</u>	<u>(31,534)</u>
Cash flows from operating activities	<u>714,516</u>	<u>320,822</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(171,669)	(223,933)
Proceeds on disposal of tangible capital assets	10,034	6,500
Cash flows used by investing activities	<u>(161,635)</u>	<u>(217,433)</u>
INCREASE IN CASH FLOW	552,881	103,389
CASH - BEGINNING OF YEAR	<u>744,220</u>	<u>640,831</u>
CASH - END OF YEAR	<u>\$ 1,297,101</u>	<u>\$ 744,220</u>

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2020

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. COVID-19 AND CONTINUITY OF OPERATIONS

These financial statements were prepared using accounting standards that apply to an operating Society. This assumes that the Society will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. Following this event, the Society has remained open and continued to operate. Additional COVID-19 funding and donations were received to help with the extra costs associated with COVID-19. Due to the nature of operations, there is no reason to believe that the Society will not be able to continue to operate through the pandemic.

The Society's operating results and fiscal position for the year ended August 31, 2020 do not cast any significant doubts on the Society's ability to continue as a going concern.

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%

Tangible capital assets are not amortized once classified as held for sale.

(continues)

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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, 2020

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, 2020, the total perishable and non-perishable food and other products donated and collected by the Society is 2,752,021 pounds (2019 - 2,462,204 pounds). Because of the difficulty of valuing these donations, they are not recognized in the financial statements.

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 for salaries and wages. The subsidy amounted to \$12,248 and has been netted with wages expense.

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2020

4. CASH

	<u>2020</u>	<u>2019</u>
General Operating Cash		
Petty Cash	\$ 100	\$ 100
Valley First - Commercial high interest savings account	300,198	152,606
Valley First - Community first chequing account	219,562	154,880
Valley First - Membership shares	33	32
Valley First - COVID response	500,018	-
	<u>1,019,911</u>	<u>307,618</u>
Internally Restricted Cash		
Valley First - Building chequing account	4	4
Valley First - High interest savings account - property	214,759	232,585
	<u>214,763</u>	<u>232,589</u>
<p>On November 22, 2019, the Society purchased property for \$169,085. The purchase was made by using \$150,000 of externally restricted cash (see below) and \$19,085 of internally restricted cash. The remaining internally restricted cash is for the future development and/or purchase of property. The estimated date that these funds will be used is unknown (<i>Note 9</i>).</p>		
Externally Restricted Cash		
Bank of Montreal gaming account	-	54,013
Valley First gaming account	62,427	-
Valley First - High interest savings account - grant	-	150,000
Valley First - Commercial high interest savings account - grant	-	-
	<u>62,427</u>	<u>204,013</u>
	<u>\$ 1,297,101</u>	<u>\$ 744,220</u>

5. GIFT CERTIFICATES AND CREDITS

As at August 31, 2020, the Society had on hand \$60,512 (2019 - \$46,419) 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, 2020

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 327,492	\$ -	\$ 327,492	\$ 162,420
Buildings	1,001,486	281,399	720,087	759,290
Furniture, fixtures and equipment	213,696	83,517	130,179	165,258
Automotive equipment	393,608	236,852	156,756	223,938
Computer equipment	16,859	14,065	2,794	2,453
	\$ 1,953,141	\$ 615,833	\$ 1,337,308	\$ 1,313,359

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

	Funding received	Funding spent	2020
Anonymous - COVID-19 operations and food costs	\$ 100,000	\$ -	\$ 100,000
United Way - starfish backpack program (2020/21 school year)	25,000	-	25,000
Food Banks BC - dairy purchases	11,600	5,526	6,074
Miscellaneous organizations - foodSHARE	9,700	5,800	3,900
	\$ 146,300	\$ 11,326	\$ 134,974

Grants 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, 2020

9. RESTRICTED FUNDS

Internally Restricted Fund

Internally restricted contribution in August 2016	\$	30,915
Internally restricted contribution on August 15, 2017		90,000
Internally restricted contribution on August 1, 2018		25,000
Internally restricted contribution on August 22, 2019		65,000
Interest income		3,848
		<hr/>
	\$	214,763

All of the funds included in the internally restricted fund are for the future development and/or purchase of property. The estimated date that these funds will be used is unknown.

Externally Restricted Fund

Valley First gaming account	\$	62,427
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10. SUBSEQUENT EVENTS

Subsequent to the year-end, the Society was approved for funding totaling \$152,000 which will be administered through a contribution of \$94,250 and loan agreement of \$57,750. The funding is to be used for the planning phase of a proposed affordable housing project.

11. COVID-19 DONATIONS AND FUNDING

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

	<u>2020</u>	<u>2019</u>
Donations	\$ 432,832	\$ -
Funding received and dispersed through Food Banks BC:		
Province of BC	80,000	-
Food Banks BC/third party	20,526	-
Food Banks Canada	69,000	-
Federal Government	95,000	-
	<hr/>	<hr/>
	\$ 697,358	\$ -

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 \$95,624 to one employee in salaries and benefits (2019 - \$88,080). No honoraria were paid to members of the Board of Directors for the 2020 and 2019 years. No contractors were paid over \$75,000 in salaries and benefits for the 2020 and 2019 years.

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2020

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, 2020.

(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, 2020

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2020	Total 2019
EXPENSES						
Advertising and promotion	\$ 9,814	\$ -	\$ -	\$ -	\$ 9,814	\$ 11,263
Amortization of tangible capital assets	-	-	-	130,434	130,434	136,029
Amortization of intangible asset	-	-	-	-	-	1,190
Automotive	30,440	-	-	-	30,440	20,838
Bad debts	2,500	-	-	-	2,500	-
Delivery and freight	3,777	-	-	-	3,777	4,860
Food purchases	80,891	-	-	-	80,891	45,205
Fundraising	42,966	-	-	-	42,966	33,815
Insurance	23,178	-	-	-	23,178	23,321
Interest and bank charges	1,204	-	2	-	1,206	1,578
Licences, dues and fees	11,195	-	-	-	11,195	9,278
Locking in Hope	1,241	-	-	-	1,241	131,596
Office	32,365	-	-	-	32,365	28,757
Professional fees	5,775	-	-	-	5,775	4,000
Repairs and maintenance	12,571	-	-	-	12,571	16,878
Subcontract	3,874	-	-	-	3,874	3,941
Supplies	64,425	-	-	-	64,425	63,714
Telephone	4,299	-	-	-	4,299	4,150
Travel and convention	1,099	-	-	-	1,099	5,663
Volunteer appreciation	10,626	-	-	-	10,626	12,376
Utilities	35,224	-	-	-	35,224	23,855
Wages and employee benefits	483,412	-	143,906	-	627,318	561,171
	\$ 860,876	\$ -	\$ 143,908	\$ 130,434	\$ 1,135,218	\$ 1,143,478

See notes to financial statements