

KAMLOOPS FOOD BANK SOCIETY

Financial Statements

Year Ended August 31, 2023

KAMLOOPS FOOD BANK SOCIETY
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Year Ended August 31, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Kamloops Food Bank Society

Report on the Financial Statements

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, 2023, 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, 2023 and August 31, 2022, current assets as at August 31, 2023 and August 31, 2022 and net assets as at September 1 and August 31 for the years ended August 31, 2023 and August 31, 2022.

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, 2023, 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 15, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

KAMLOOPS FOOD BANK SOCIETY

Statement of Financial Position

August 31, 2023

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2023	Total 2022
ASSETS						
CURRENT						
Cash (Note 3)	\$ 992,888	\$ 964,290	\$ 24,096	\$ -	\$ 1,981,274	\$ 1,682,941
Accounts receivable	28,356	-	-	-	28,356	29,288
Goods and services tax recoverable	12,537	-	-	-	12,537	39,659
Prepaid expenses	18,084	-	-	-	18,084	16,121
Gift certificates and credits (Note 4)	50,625	-	-	-	50,625	113,249
	1,102,490	964,290	24,096	-	2,090,876	1,881,258
TANGIBLE CAPITAL ASSETS (Note 5)	-	-	-	2,880,746	2,880,746	2,855,830
	\$ 1,102,490	\$ 964,290	\$ 24,096	\$ 2,880,746	\$ 4,971,622	\$ 4,737,088
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 73,673	\$ -	\$ -	\$ -	\$ 73,673	\$ 64,241
Deferred contributions (Note 7)	156,902	-	-	-	156,902	117,581
	230,575	-	-	-	230,575	181,822
NET ASSETS						
Unrestricted	871,915	-	-	-	871,915	647,185
Internally restricted (Note 8)	-	964,290	-	-	964,290	1,025,800
Externally restricted (Note 8)	-	-	24,096	-	24,096	26,451
Invested in tangible capital assets	-	-	-	2,880,746	2,880,746	2,855,830
	871,915	964,290	24,096	2,880,746	4,741,047	4,555,266
	\$ 1,102,490	\$ 964,290	\$ 24,096	\$ 2,880,746	\$ 4,971,622	\$ 4,737,088

Approved by the Board



Director



Director

KAMLOOPS FOOD BANK SOCIETY

Statement of Changes in Net Assets

Year Ended August 31, 2023

	General Operating Fund	Internally Restricted Fund <i>(Note 8)</i>	Externally Restricted Fund <i>(Note 8)</i>	Capital Fund	Total 2023	Total 2022
NET ASSETS - BEGINNING OF YEAR	\$ 647,185	\$ 1,025,800	\$ 26,451	\$ 2,855,830	\$ 4,555,266	\$ 3,558,406
Excess (deficiency) of revenues over expenses	278,065	17,060	91,145	(200,489)	185,781	996,860
Tangible capital asset purchases	(59,329)	(72,576)	(93,500)	225,405	-	-
Transfers, net	5,994	(5,994)	-	-	-	-
NET ASSETS - END OF YEAR	\$ 871,915	\$ 964,290	\$ 24,096	\$ 2,880,746	\$ 4,741,047	\$ 4,555,266

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY

Statement of Operations

Year Ended August 31, 2023

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2023	Total 2022
REVENUES						
Donated food products	\$ 7,969,417	\$ -	\$ -	\$ -	\$ 7,969,417	\$ 6,499,962
Donations	916,696	-	7,600	-	924,296	963,049
Fundraising	218,924	-	55,925	-	274,849	382,384
Basics for babies	194,723	-	2,500	-	197,223	92,043
Starfish backpack program	157,079	-	10,000	-	167,079	116,139
foodSHARE	116,106	-	-	-	116,106	90,315
Expense recovery - fundraising	90,006	-	-	-	90,006	99,837
Employment grants	62,263	-	-	-	62,263	39,850
Municipal government grant	30,603	-	-	-	30,603	30,300
Interest	7,903	13,999	12	-	21,914	3,086
Expense recovery - donations	3,450	-	-	-	3,450	7,500
COVID-19 and extreme weather event funding (Note 9)	-	-	-	-	-	82,348
	9,767,170	13,999	76,037	-	9,857,206	8,406,813
EXPENSES (Schedule 1)	9,489,105	-	78,392	196,340	9,763,837	8,104,587
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	278,065	13,999	(2,355)	(196,340)	93,369	302,226
OTHER INCOME (EXPENSES)						
Building contributions	-	3,061	93,500	-	96,561	125,108
Grants and contributions for tangible capital assets	-	-	-	-	-	576,391
Loss on disposal of tangible capital assets	-	-	-	(4,149)	(4,149)	(6,865)
	-	3,061	93,500	(4,149)	92,412	694,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 278,065	\$ 17,060	\$ 91,145	\$ (200,489)	\$ 185,781	\$ 996,860

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY**Statement of Cash Flows****Year Ended August 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 185,781	\$ 996,860
Items not affecting cash:		
Amortization of tangible capital assets	196,340	166,054
Loss on disposal of tangible capital assets	4,149	6,865
	<u>386,270</u>	<u>1,169,779</u>
Changes in non-cash working capital:		
Accounts receivable	932	3,219
Gift certificates and credits	62,624	(20,606)
Accounts payable and accrued liabilities	9,432	8,244
Prepaid expenses	(1,963)	82,957
Goods and services tax receivable	27,122	(17,868)
Deferred contributions	39,321	80,144
	<u>137,468</u>	<u>136,090</u>
Cash flows from operating activities	<u>523,738</u>	<u>1,305,869</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(225,405)</u>	<u>(1,361,786)</u>
Cash flows used by investing activity	<u>(225,405)</u>	<u>(1,361,786)</u>
INCREASE (DECREASE) IN CASH FLOW	298,333	(55,917)
CASH - BEGINNING OF YEAR	<u>1,682,941</u>	<u>1,738,858</u>
CASH - END OF YEAR	<u>\$ 1,981,274</u>	<u>\$ 1,682,941</u>

See notes to financial statements

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2023

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. 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.

(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.

(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.

(continues)

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2023

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

(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.

Externally restricted contributions related to general operations or program delivery are recognized as revenue of the general operating fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate funds, restricted or capital.

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, 2023

2. 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, 2023, the total perishable and non-perishable food and other products donated and collected by the Society is 2,264,039 pounds (2022 - 2,356,186).

According to national standards recommended by Food Banks Canada, the dollar value of food donations increased from \$3.21 per pound to \$3.52 per pound commencing April 1, 2022. 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

Financial instruments are recorded at fair value upon initial recognition. In subsequent periods, financial instruments are recorded as follows:

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.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of future cash flows of the financial assets is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment had not been recognized previously, and the amount of the reversal is recognized in excess of revenues over expenses.

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2023

3. CASH

	<u>2023</u>	<u>2022</u>
General Operating Cash		
Petty Cash	\$ 144	\$ 147
Valley First - Commercial high interest savings account	720,857	113,618
Valley First - Community first chequing account	204,577	492,547
Valley First - Membership shares	36	35
Valley First - COVID response	5	5
Valley First - BC share	67,269	-
	<u>992,888</u>	<u>606,352</u>
Internally Restricted Cash		
Valley First - Building chequing account	4	4
Valley First - High interest savings account - warehouse build	908	100,087
Valley First - High interest savings account - property	456,337	450,022
Valley First - High interest savings account - vehicle	507,041	500,025
	<u>964,290</u>	<u>1,050,138</u>
Externally Restricted Cash		
Valley First gaming account	24,096	26,451
	<u>\$ 1,981,274</u>	<u>\$ 1,682,941</u>

4. GIFT CERTIFICATES AND CREDITS

As at August 31, 2023, the Society had on hand \$50,625 (2022 - \$113,249) of donated gift certificates and store credits, principally from the BC Sharing Coupon Program available in certain supermarkets.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 327,492	\$ -	\$ 327,492	\$ 327,492
Buildings	2,645,999	458,223	2,187,775	2,138,131
Furniture, fixtures and equipment	401,759	202,171	199,588	223,312
Automotive equipment	473,425	323,952	149,473	147,106
Computer equipment	32,560	24,242	8,318	10,789
Fence	10,300	2,200	8,100	9,000
	<u>\$ 3,891,535</u>	<u>\$ 1,010,788</u>	<u>\$ 2,880,746</u>	<u>\$ 2,855,830</u>

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2023

6. 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 secured by a charge against property with a carrying value of \$738,261.

7. DEFERRED CONTRIBUTIONS

	Balance beginning of year	Funding received	Funding spent	Balance end of year
Food Banks Canada - foodSHARE	\$ 20,331	\$ -	\$ 20,331	\$ -
Food Banks BC - Agency Relief Funding	-	74,697	-	74,697
Miscellaneous organizations:				
Basics for Babies	-	7,500	-	7,500
foodSHARE	25,000	25,000	25,000	25,000
Fall food drive	-	7,001	-	7,001
Starfish backpack program	72,250	42,704	72,250	42,704
	<u>\$ 117,581</u>	<u>\$ 156,902</u>	<u>\$ 117,581</u>	<u>\$ 156,902</u>

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

8. RESTRICTED FUNDS

Internally Restricted Fund

Internally restricted contribution on August 17, 2022	\$ 949,683
Interest income	<u>14,607</u>
	<u>\$ 964,290</u>

All of the funds included in the internally restricted fund are for the future purchase of property, vehicles and capital renovations. The estimated date that these funds will be used is August 31, 2027.

Externally Restricted Fund

Valley First gaming account	<u>\$ 24,096</u>
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9. COVID-19 AND EXTREME WEATHER EVENT FUNDING

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

	<u>2023</u>	<u>2022</u>
Donations	\$ -	\$ 82,348

KAMLOOPS FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended August 31, 2023

10. COMPARATIVE FIGURES

The prior year figures have been reclassified where applicable to conform with the presentation used in the current year.

11. 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 a total of \$276,149 in salaries and benefits to the three highest paid employees, whose salaries and benefits were greater than \$75,000. In 2022, one employee was paid \$108,267 in salaries and benefits. No honoraria were paid to members of the Board of Directors for the 2023 and 2022 years. No contractors were paid over \$75,000 in salaries and benefits for the 2023 and 2022 years.

12. 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, 2023.

(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, 2023

	General Operating Fund	Internally Restricted Fund	Externally Restricted Fund	Capital Fund	Total 2023	Total 2022
EXPENSES						
Advertising and promotion	\$ 8,356	\$ -	\$ -	\$ -	\$ 8,356	\$ 21,461
Amortization of tangible capital assets	-	-	-	196,340	196,340	166,054
Automotive	34,946	-	-	-	34,946	39,320
Bad debts	750	-	-	-	750	1,500
Delivery and freight	4,676	-	-	-	4,676	3,662
Donated food products distributed	7,969,417	-	-	-	7,969,417	6,499,962
Food purchases	126,271	-	-	-	126,271	79,032
Fundraising	59,042	-	40,526	-	99,568	88,963
Insurance	24,313	-	-	-	24,313	25,149
Interest and bank charges	1,701	-	1	-	1,702	1,860
Licences, dues and fees	10,524	-	-	-	10,524	11,222
Professional fees	8,835	-	-	-	8,835	6,500
Repairs and maintenance	23,786	-	-	-	23,786	22,564
Storage	-	-	-	-	-	82,433
Subcontract	58,766	-	-	-	58,766	16,133
Supplies - office	33,861	-	-	-	33,861	26,789
Supplies - warehouse	68,159	-	-	-	68,159	46,853
Telephone	7,536	-	-	-	7,536	6,775
Travel and convention	2,851	-	-	-	2,851	1,428
Utilities	52,046	-	-	-	52,046	38,900
Volunteer appreciation	20,761	-	-	-	20,761	10,684
Wages	802,475	-	37,865	-	840,340	776,620
Wages - employer expenses - benefits	37,227	-	-	-	37,227	32,561
Wages - employer expenses - CPP, EI	65,233	-	-	-	65,233	57,851
Wages - employment programs	67,573	-	-	-	67,573	40,311
	\$ 9,489,105	\$ -	\$ 78,392	\$ 196,340	\$ 9,763,837	\$ 8,104,587

See notes to financial statements