

Food Banks BC
Financial Statements
For the year ended March 31, 2022

Food Banks BC Contents

For the year ended March 31, 2022

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To the Members of Food Banks BC:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Food Banks BC (the "Organization"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements which describes that the Organization adopted Canadian accounting standards for not-for-profit organizations on March 31, 2021 with a transition date of April 1, 2020. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 30, 2021 and April 1, 2020, and the statements of operations, changes in net assets and cash flows for the year ended March 30, 2021 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended March 31, 2021 were compiled, and not audited by MNP LLP who expressed no assurance on those statements on July 8, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these principles, as described in Note 3, have been applied on a basis consistent with that of the previous year.

Surrey, British Columbia

October 27, 2022

MNP LLP

Chartered Professional Accountants

MNP

Food Banks BC
Statement of Financial Position
As at March 31, 2022

	2022 March 31	2021 March 31 <i>(unaudited)</i>	2020 April 1 <i>(unaudited)</i>
Assets			
Current			
Cash	2,003,439	766,974	1,860,285
Contributions receivable	1,460,613	13,684	59,034
Term deposits (Note 4)	1,916,127	1,905,646	1,386,837
Restricted term deposits	-	-	2,070,000
Restricted cash	3,217,031	138,074	-
Prepaid expenses	11,100	1,113	2,586
	8,608,310	2,825,491	5,378,742
Capital assets (Note 5)	9,939	7,792	10,769
Restricted Investments - at fair value (Note 6)	4,342,580	-	-
	12,960,829	2,833,283	5,389,511
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 7)	324,450	73,283	605,405
Deferred contributions (Note 8)	7,559,611	138,074	3,456,837
	7,884,061	211,357	4,062,242
Commitments (Note 9)			
Net Assets			
Invested in capital assets	9,939	7,792	10,769
Unrestricted	1,030,081	439,822	966,500
Internally restricted for programs funding (Note 10)	2,936,748	1,274,312	350,000
Internally restricted operating reserve (Note 10)	1,100,000	900,000	-
	5,076,768	2,621,926	1,327,269
	12,960,829	2,833,283	5,389,511
Approved on behalf of the Board of Directors			
e-Signed by Cathy Chaplow	e-Signed by Scott Nicoll		
<u>2022-10-25 13:54:05:05 PDT</u>	<u>2022-10-27 10:14:27:27 PDT</u>		
Director	Director		

The accompanying notes are an integral part of these financial statements

Food Banks BC
Statement of Operations
For the year ended March 31, 2022

	2022	2021
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Revenue		
Donations and Gifts	8,358,764	15,941,263
Government Grants and Funding	2,269,767	525,903
Member Dues and Other	33,467	32,290
Investment Income	24,690	35,717
	<hr/>	<hr/>
	10,686,688	16,535,173
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Expenses		
Funds distributed to members and qualifying donees	7,359,218	14,614,674
Office and Administration	517,311	397,575
Food Acquisition & Transportation cost	313,999	173,269
Emergency preparedness & response	7,181	51,634
Amortization	3,253	3,364
	<hr/>	<hr/>
Total expenses	8,200,962	15,240,516
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Excess of revenue over expenses before other items	2,485,726	1,294,657
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Other items		
Unrealized loss on investments	(30,884)	-
	<hr/>	<hr/>
Excess of revenue over expenses	2,454,842	1,294,657
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The accompanying notes are an integral part of these financial statements

Food Banks BC
Statement of Changes in Net Assets
For the year ended March 31, 2022

	<i>Invested in Capital Assets</i>	<i>Unrestricted</i>	<i>Internally Restricted Funds</i>	2022	<i>2021</i>
Net assets, beginning of year	7,792	439,822	2,174,312	2,621,926	1,327,269
Excess (deficiency) of revenue over expenses	(3,253)	2,458,095	-	2,454,842	1,294,657
Purchase of capital assets	5,400	(5,400)	-	-	-
Interfund transfers (note 11)	-	(1,862,436)	1,862,436	-	-
Net assets, end of year	9,939	1,030,081	4,036,748	5,076,768	2,621,926

The accompanying notes are an integral part of these financial statements

Food Banks BC
Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	2,454,842	1,294,657
Amortization	3,253	3,364
Deferred contributions recognized	(1,759,976)	(3,384,173)
Unrealized loss on investments	30,884	-
	729,003	(2,086,152)
Changes in working capital accounts		
Accounts receivable	(1,446,929)	45,350
Prepaid expenses	(9,987)	1,473
Accounts payable and accrued liabilities	251,167	(532,122)
	(476,746)	(2,571,451)
Financing		
Deferred contributions received	9,181,513	65,410
Investing		
Purchase of term deposits	(10,481)	-
Proceeds on disposal of term deposits	-	164,354
Purchase of capital assets	(5,400)	(387)
Purchase of investments	(4,759,153)	-
Proceeds on disposal of investments	385,689	-
	(4,389,345)	163,967
Increase (decrease) in cash resources	4,315,422	(2,342,074)
Cash resources, beginning of year	905,048	3,247,122
Cash resources, end of year	5,220,470	905,048

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Food Banks BC (the "Organization") was incorporated under the authority of the Societies Act of British Columbia as a not-for-profit organization and is a registered charity, and thus is exempt from income taxes under the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit under the Act, the Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Organization's purpose is to provide resources to tackle hunger in communities they represent. This is achieved through the distribution of food and financial donations, providing access to training and capacity building programs, other infrastructure needs, networking opportunities, grants for food purchasing and refrigeration and as a representative voice to speak to the needs of food banks as well as the hundreds of thousands of British Columbians who face ongoing food insecurity.

Impact on operations of COVID-19 (coronavirus)

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world. Governments worldwide have enacted emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Up to the report date, the Organization has been able to receive their regular contributions with additional COVID-19 relief funds. Given the nature of the Organization and its operations, COVID-19 has not had a financial impact on the Organization's operations in fiscal 2022 nor is it anticipated to have a financial impact on its operations in the subsequent fiscal year or its ability to continue as a going concern.

2. Impact of adopting accounting standards for not-for-profit organizations

These are the Organization's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2022, the comparative information for the year ended March 31, 2021, and the opening ASNPO statement of financial position as at April 1, 2020 (the Organization's date of transition to ASNPO).

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, using the following significant accounting policies:

Revenue recognition

The Organization 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.

Interest income is recorded on the accrual basis and other income is recognized as revenue when the services are performed, the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately in the excess of revenues over expenses.

3. Significant accounting policies (Continued from previous page)

Capital assets

Purchased capital assets are recorded at cost.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	55 %
Furniture and fixtures	20 %
Office equipment	20 %
Website	100 %

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Food Banks BC
Notes to the Financial Statements
For the year ended March 31, 2022

3. Significant accounting policies (Continued from previous page)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

4. Term deposits

Term deposits bear interest at 0.40% (2021 - 0.55%) per annum maturing September 2022.

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
Computer equipment	20,606	17,153	3,453	1,329
Furniture and fixtures	9,005	4,638	4,367	3,814
Office equipment	7,862	5,743	2,119	2,649
Website	6,117	6,117	-	-
	43,590	33,651	9,939	7,792

6. Investments

Equities and mutual funds are quoted at fair market value of \$4,342,580 with historical cost of \$4,373,465.

7. Accounts payable and accrued liabilities

Included in accounts payable and accruals at March 31, 2022 are \$9,401 (2021 - \$5,663) of remittances payable to various government agencies.

8. Deferred contributions

Deferred contributions consist of amounts received from contributors who have restricted their use for various specific programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	<i>2022</i>	<i>2021</i>	<i>2020</i>
Balance, beginning of year	138,074	3,456,837	581,228
Amount received during the year	9,181,513	65,410	3,446,173
Less: Amount recognized as revenue during the year	(1,759,976)	(3,384,173)	(570,564)
Balance, end of year	7,559,611	138,074	3,456,837

9. Commitments

The Organization is committed to the following minimum annual payments under the operating lease for premises. The 2023 minimum lease payment for all operating leases for premises is \$21,838.

10. Internally restricted net assets

The Organization's Board of Directors has internally restricted \$1,100,000 as an operating reserve, and \$2,936,748 for programs. The internally restricted net assets are not available for other purposes without approval of the Organization.

Internally restricted for programs funding net assets reserves new assets for contingent future programs to assist with activities related to ongoing and emergency food access, including food purchasing, transportation costs, and funding distribution.

Internally restricted operating reserve net assets represents a fiscally prudent operating reserve, restricted to provide funds for the continuity of operations and operational contingencies covering twenty-four months of budgeted operating expenses, based on the operating budget.

11. Interfund transfers

During the year, the Organization transferred \$1,862,436 (2021 - \$1,824,312) from the unrestricted fund to the programs and operating reserves to fund programs, building and emergency operating needs and expenditures.

12. Employee remuneration

Under the Societies Act of British Columbia, the following additional financial statement disclosures are required.

Remuneration paid to directors

Board directors receive no remuneration for being a director of the Society.

Remuneration paid to highest paid employees and contractors

During the year ended March 31, 2022, the Organization paid total remuneration of \$104,615 to one of its employees (2021 - \$NIL - no employees) earning in excess of \$75,000.

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk with regards to its interest-bearing investments.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates.

13. Financial instruments *(Continued from previous page)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investments in equities and mutual funds exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization enters into transactions to invest in foreign-denominated investments for which the related underlying share prices are subject to exchange rate fluctuations. The fund is exposed to foreign currency risk with regards to its investments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable. The Organization assesses the credit worthiness of the entities comprising amounts receivable, and provide allowances for amounts potentially uncollectible.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.