

Financial Statements of

**COMMUNITY FIRST
FOUNDATION**

(operating as Backpack Buddies)

And Independent Practitioners' Review Engagement
Report thereon

Year ended March 31, 2022



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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Directors of Community First Foundation

We have reviewed the accompanying financial statements of Community First Foundation (operating as Backpack Buddies), which comprise the statement of financial position as at March 31, 2022, the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes, comprising 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.

Practitioners' 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.



Page 2

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Community First Foundation derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Community First Foundation. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2022, any adjustments might be necessary to donation revenues and excess of revenue over expenses reported in the statement of operations, excess of revenue over expenses reported in the statement of changes in net assets, excess of revenue over expenses reported in the statement of cash flows and current assets and unrestricted net assets reported in the statement of financial position.

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 Community First Foundation (operating as Backpack Buddies) as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada
August 16, 2022

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Statement of Financial Position

March 31, 2022, with comparative information for 2021

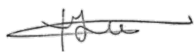
	2022	2021
Assets		
Current assets:		
Cash and restricted cash (note 2)	\$ 1,070,177	\$ 1,026,764
Accounts receivable	80,455	6,833
Prepaid expenses and deposits	90,341	75,711
	<u>1,240,973</u>	<u>1,109,308</u>
Grant receivable (note 3)	60,000	-
Capital assets (note 4)	278,115	125,777
Investments (note 5)	967,084	1,012,491
	<u>\$ 2,546,172</u>	<u>\$ 2,247,576</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 174,924	\$ 75,190
Deferred contributions (note 7)	25,280	70,000
	<u>200,204</u>	<u>145,190</u>
Deferred capital contributions (note 8)	180,037	208,762
	<u>380,241</u>	<u>353,952</u>
Net assets:		
Investment in capital assets (note 9(a))	98,078	(82,985)
Internally restricted (note 11)	1,000,000	1,000,000
Unrestricted	1,067,853	976,609
	<u>2,165,931</u>	<u>1,893,624</u>
Commitments (note 12)		
	<u>\$ 2,546,172</u>	<u>\$ 2,247,576</u>

See accompanying notes to financial statements.

Approve on behalf of the Board:



COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Statement of Earnings

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Donations	\$ 1,626,213	\$ 1,561,949
Grants	1,202,457	1,802,412
Other income	8,587	44,501
Sponsorships	-	17,500
Interest and investment income	649	116
	<u>2,837,906</u>	<u>3,426,478</u>
Expenses:		
Advertising and promotion	116,320	68,750
Consulting fees	39,086	24,001
Fundraising events	1,302	25,884
Insurance	2,452	1,774
Interest and bank charges	854	367
Meals and entertainment	2,711	2,104
Office and general	53,073	36,696
Professional fees	84,723	87,654
Program supplies	1,348,684	1,067,157
Rent and utilities	236,185	115,289
Salaries and benefits	574,765	498,961
Travel	8,436	8,988
Vehicle operating costs	42,724	22,752
	<u>2,511,315</u>	<u>1,960,377</u>
Excess of revenues over expenses before the undernoted	326,591	1,466,101
Amortization of capital assets	(60,593)	(37,332)
Fair market value gain (loss) on investments	(29,306)	1,123
Amortization of deferred capital contributions (note 8)	35,615	19,446
	<u>(54,284)</u>	<u>(16,763)</u>
Excess of revenues over expenses	<u>\$ 272,307</u>	<u>\$ 1,449,338</u>

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Investment in capital assets	Internally restricted (note 11)	Unrestricted	Total 2022	Total 2021
Net assets, beginning of year	\$ (82,985)	\$ 1,000,000	\$ 976,609	\$ 1,893,624	\$ 444,286
Excess (deficiency) of revenue over expenses (note 9(b))	(24,978)	-	297,285	272,307	1,449,338
Net change in investment in capital assets (note 9(b))	206,041	-	(206,041)	-	-
Net assets, end of year	\$ 98,078	\$ 1,000,000	\$ 1,067,853	\$ 2,165,931	\$ 1,893,624

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 272,307	\$ 1,449,338
Items not involving cash:		
Amortization of capital assets	60,593	37,332
Amortization of deferred capital contributions	(35,615)	(19,446)
Unrealized change in market value of investments	29,306	(1,123)
Changes in non-cash operating working capital:		
Accounts receivable	(73,622)	3,985
Prepaid expenses and deposits	(14,630)	(43,614)
Accounts payable and accrued liabilities	99,734	44,711
Deferred contributions	(44,720)	(45,000)
	<u>293,353</u>	<u>1,426,183</u>
Financing:		
Increase in deferred capital contributions	6,890	154,800
Investments:		
Grant receivable	(60,000)	-
Purchase of capital assets	(212,931)	(27,829)
Decrease (increase) in long-term investments	16,101	(897,978)
	<u>(256,830)</u>	<u>(925,807)</u>
Increase in cash and restricted cash	43,413	655,176
Cash and restricted cash, beginning of year	1,026,764	371,588
Cash and restricted cash, end of year	<u>\$ 1,070,177</u>	<u>\$ 1,026,764</u>

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Notes to Financial Statements

Year ended March 31, 2022

Nature of operations:

Community First Foundation (operating as Backpack Buddies) (the "Foundation") is a non-profit society incorporated on September 30, 2013 and registered under the Societies Act (British Columbia). Its purpose is to advance education by providing backpacks of nutritious food to children in need in schools. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since that time, the Foundation has not experienced any reduction in any of its major funding sources or other significant negative financial impact. Management will continue to monitor the on-going financial impact on its cash and budget forecasts, and adjust its operations as required to ensure its ability to fulfill its obligations and continue operations.

1. Significant accounting policies:

(a) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions which include donations and grants. Restricted contributions are initially deferred and then recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the basis corresponding with the amortization rate for the related capital assets. Grants approved but not received at the end of an accounting period are accrued.

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.

Revenue from ticket sales are recognized when the services are provided or event takes place.

The Foundation receives a significant amount of contributions of donated food contributions and other gifts-in-kind which the Foundation in turn distributes, the value of which are not recorded in these financial statements.

A number of volunteers contribute a significant amount of their time to the Foundation each year. Due to the difficulty in determining their values, these contributed services are not recognized in the financial statements.

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(b) Investments:

Investments with maturity dates or not subject to redemption until after the next fiscal year are classified as long term.

(c) Capital assets:

Capital assets are originally recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Society's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. If such conditions exist, the excess of its carrying amount over its fair value or replacement cost will be recognized as an impairment loss in the statement of operations.

Amortization is provided on a straight-line basis at the following annual rates. Half year amortization is taken in the year of acquisition.

Asset	Rate
Equipment	5 years
Vehicles	5 years

(d) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying value of accounts receivable, capital assets and accrued liabilities. Actual results could differ from those estimates

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its mutual fund investment at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Cash and restricted cash:

Cash includes unspent B.C. Gaming funds of nil as at March 31, 2022 (2021 - \$144,800), which are restricted to be spent on B.C. Gaming approved funded expenses.

Included in cash is \$15,773 (2021 - nil) restricted and held as security for the Foundation's corporate credit cards.

3. Grant receivable:

During fiscal 2022, the Foundation received a grant of \$100,000 payable in five equal instalments of \$20,000 commencing November 1, 2021 and ending November 1, 2025. The three instalments payable beyond next fiscal year totaling \$60,000 have been classified as long term.

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Capital assets:

			2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value	Net book value	Net book value
Equipment	\$ 102,239	\$ 22,155	\$ 80,084	\$ 17,308		
Vehicles	311,268	113,237	198,031	108,469		
	\$ 413,507	\$ 135,392	\$ 278,115	\$ 125,777		

5. Investments:

	2022		2021	
Fixed income pooled funds at fair value	\$ 967,084	\$ 997,281		
Restricted guaranteed investment certificate	-	15,210		
	\$ 967,084	\$ 1,012,491		

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,627 (2021 - \$4,689), which includes amounts payable for payroll related taxes.

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Deferred contributions:

Deferred contributions represent unspent externally restricted grants and donations for specific programs.

	2022	2021
Balance, beginning of year	\$ 70,000	\$ 115,000
Add: externally restricted grants and donations received in the year	56,880	70,000
Less: amount recognized as revenue in the year	(101,600)	(115,000)
Balance, end of year	\$ 25,280	\$ 70,000

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of funding received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2022	2021
Balance, beginning of the year	\$ 208,762	\$ 73,408
Add: contributions received for capital assets	6,890	154,800
Less: amounts amortized to revenue related to capital assets	(35,615)	(19,446)
Balance, end of year	\$ 180,037	\$ 208,762

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ 278,115	\$ 125,777
Amounts funded by deferred capital contributions	(180,037)	(208,762)
	\$ 98,078	\$ (82,985)

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2021
Excess (deficiency) of revenue over expenses:		
Amortization of capital assets	\$ (60,593)	\$ (37,332)
Amortization of deferred capital contributions	35,615	19,446
	\$ (24,978)	\$ (17,886)
	2022	2021
Net change in investment in capital assets:		
Capital assets acquired	\$ 212,931	\$ 27,829
Deferred capital contributions received	(6,890)	(154,800)
	\$ 206,041	\$ (126,971)

10. Government assistance:

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist eligible organizations who had lost a certain percentage of their qualifying revenue. During the fiscal year ended March 31, 2022, the Foundation filed eligible claims totaling nil (2021 - \$37,064), which had been recognized as other income revenue in the statement of operations.

COMMUNITY FIRST FOUNDATION

(operating as Backpack Buddies)

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Internally restricted

In the current year, nil (2021 - \$1,000,000) was transferred to an internally restricted fund to reserve funds for future specific programs. These internally restricted funds are not available for other purposes without the approval of the Board of the Directors.

12. Commitments:

The Foundation rents office and warehouse premises under long-term operating leases. The future minimum annual lease payments to the end of the lease terms are as follows:

2023	\$	159,474
2024		145,565
2025		150,937
2026		100,625

13. Employee and board of director remuneration:

For the fiscal year ending March 31, 2022, the Foundation paid total remuneration of \$190,865 (2021 - \$170,000) to two employees, each of whom received total remuneration of \$75,000 or greater. No remuneration was paid to any members of the Board of Directors for their services as Directors of the Foundation, but the individuals who serve as President and Vice-President received remunerations for services provided in other capacities, namely for their services as employees of the Foundation, in each case as Co-Executive Director. Their remuneration is included in the above employee remuneration disclosure (specifically, the individual who is the President received a payment of \$96,000 and the individual who is Vice-President received \$94,865) and no other amounts were paid to them.