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[REDACTED]

To the Members of
Central Okanagan Community Foodbank Society

We have reviewed the accompanying financial statements of Central Okanagan Community Foodbank Society that comprise the statement of financial position as at June 30, 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.

Conclusion

Based on our review, 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 Central Okanagan Community Foodbank Society as at June 30, 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 of British Columbia, we report that these accounting principles have been applied on a basis consistent with that of the preceding year.

Kelowna, Canada

[REDACTED]

Chartered Professional Accountants

Central Okanagan Community Foodbank Society

Statement of Financial Position

June 30

2021
(unaudited)

2020

Assets

Current

Cash (Note 3)

- Unrestricted

- Externally restricted

- Internally restricted

Short term investments

Inventory (Note 4)

Prepaid expenses

Goods and services tax recoverable

\$	540,564	\$	64,927
	345,578		401,944
	1,503,937		600,000
	42,449		34,313
	1,378,506		549,152
	39,668		29,955
	24,368		10,121

3,875,070 1,690,412

Tangible capital assets (Note 5)

5,404,918 5,481,657

\$ 9,279,988 \$ 7,172,069

Liabilities

Current

Payables and accruals (Note 7)

Unearned revenue (Note 8)

Current portion of loan payable (Note 9)

\$	141,348	\$	225,651
	345,578		401,944
	60,517		47,175

547,443 674,770

Loan payable (Note 9)

Deferred capital contributions (Note 10)

92,417 402,925

188,483 94,466

828,343 1,172,161

Net Assets

Internally restricted for food purchases (Note 11)

Internally restricted for infrastructure and emergency (Note 12)

Invested in tangible capital assets

Unrestricted net assets

350,866 350,000

1,153,071 250,000

5,063,501 4,937,091

1,884,207 462,817

8,451,645 5,999,908

\$ 9,279,988 \$ 7,172,069

Contingencies (Note 13)

On behalf of the board

Director

Director

Central Okanagan Community Foodbank Society

Statement of Changes in Net Assets

Year ended June 30

	Internally restricted for food purchases	Internally restricted for infrastructure and emergency	Invested in tangible capital assets	Unrestricted net assets	Total 2021 (unaudited)	Total 2020
Balance, beginning of year	\$ 350,000	\$ 250,000	\$ 4,937,091	\$ 462,817	\$ 5,999,908	\$ 4,435,847
Excess (deficiency) of revenue over expenses	-	-	(222,592)	2,674,329	2,451,737	1,564,061
Purchase of tangible capital assets	-	-	51,836	(51,836)	-	-
Repayment of loan payable, net	-	-	297,166	(297,166)	-	-
Transfer from (to) reserves	866	903,071	-	(903,937)	-	-
Balance, end of year	<u>\$ 350,866</u>	<u>\$ 1,153,071</u>	<u>\$ 5,063,501</u>	<u>\$ 1,884,207</u>	<u>\$ 8,451,645</u>	<u>\$ 5,999,908</u>

See accompanying notes to the financial statements.

Central Okanagan Community Foodbank Society

Statement of Operations

Year ended June 30

	2021 (unaudited)	2020
Revenue		
Goods donated	\$ 7,386,694	\$ 3,569,679
Fundraising campaigns	1,395,466	957,332
Grants	861,611	356,468
Third party events	664,757	515,029
Community contributions	630,153	1,180,945
Other contributions	85,872	103,469
	<u>11,024,553</u>	<u>6,682,922</u>
Direct costs		
Goods distributed	<u>7,051,270</u>	<u>3,693,263</u>
Gross revenues over distributions	<u>3,973,283</u>	<u>2,989,659</u>
Expenses		
Advertising and promotion	5,316	31,116
Amortization of tangible capital assets	254,007	245,963
Automotive	25,948	25,296
Insurance	37,486	33,803
Interest and bank charges	967	17,620
Interest on loan payable	18,866	42,432
Office and miscellaneous	69,051	55,302
Professional fees	59,893	75,659
Property taxes	50	50
Repairs and maintenance	27,554	34,271
Staff and volunteer recognition	12,373	13,743
Storage and warehouse costs	56,724	17,115
Subcontract	29,322	22,029
Telephone	14,349	12,614
Utilities	53,368	53,648
Wages and benefits	860,575	744,937
	<u>1,525,849</u>	<u>1,425,598</u>
Excess of revenue over expenses before other income	<u>2,447,434</u>	<u>1,564,061</u>
Other income		
Interest income	<u>4,303</u>	<u>-</u>
Excess of revenue over expenses	<u>\$ 2,451,737</u>	<u>\$ 1,564,061</u>

See accompanying notes to the financial statements.

Central Okanagan Community Foodbank Society

Statement of Cash Flows

Year ended June 30

2021
(unaudited)

2020

Increase (decrease) in cash (bank indebtedness)

Operating

Excess of revenue over expenses	\$ 2,451,737	\$ 1,564,061
Items not affecting cash		
Amortization of tangible capital assets	254,007	245,963
Amortization of deferred capital contributions	(31,415)	(3,936)
	<u>2,674,329</u>	<u>1,806,088</u>
Change in non-cash working capital items		
Inventory	(829,354)	(199,200)
Prepaid expenses	(9,713)	(19,437)
Goods and services tax recoverable	(14,247)	19,871
Payables and accruals	(84,303)	(132,607)
Unearned revenue	(56,366)	306,985
Deferred capital contributions	125,432	-
	<u>1,805,778</u>	<u>1,781,700</u>

Financing

Repayment of loan payable	(297,166)	(523,601)
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Investing

Short term investments	(8,136)	-
Purchase of tangible capital assets	(177,268)	-
	<u>(185,404)</u>	<u>-</u>

Increase in cash (bank indebtedness) 1,323,208 1,258,099

Cash (bank indebtedness)

Beginning of year	1,066,871	(191,228)
End of year	<u>\$ 2,390,079</u>	<u>\$ 1,066,871</u>

Cash consists of:

Cash	\$ 540,564	\$ 64,927
Internally restricted cash	1,503,937	600,000
Externally restricted cash	345,578	401,944
	<u>\$ 2,390,079</u>	<u>\$ 1,066,871</u>

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2021

1. Nature of operations

Central Okanagan Community Foodbank Society ("the Society") was formed on June 25, 2015 as a result of the amalgamation of the Kelowna Community Foodbank Society (originally incorporated under the B.C. Society Act on October 9, 1984) and the Westside Community Foodbank Society (originally incorporated under the B.C. Society Act on October 25, 2000).

On March 11, 2020, the World Health Organization officially declared the COVID-19 outbreak pandemic. The pandemic has forced governments to implement extraordinary measures to slow the progress of infections and to stabilize disrupted economies and financial markets. The Society has deployed initiatives to mitigate the impact of the crisis while ensuring continuity of its activities. These included social distancing and masking for all staff working in the office, as well as having those staff who could accomplish their duties remotely working from home. As of this time, it is difficult to assess the impact of the Society's future results as it is dependent on the length and severity of the pandemic. Management will continue to monitor and assess the situation and respond accordingly.

The Society is a registered charity within the definition of the Income Tax Act and therefore, as long as it is in compliance with the rules and regulations of the Income Tax Act, is exempt from income taxes and may issue receipts to donors.

The vision of the Society is a community where no one goes hungry and has a mission to create a healthy and hunger free community.

2. Summary of significant accounting policies

Basis of presentation

The Society has prepared these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit organizations (ASNPO).

Inventory

Inventory consists of food, other household items and gift cards.

The food and other household items are valued by multiplying the weight of the item by the standard cost per pound as set by Food Banks Canada. The standard cost per pound used in the year is \$2.62 per lb (2020 - \$2.62).

Gift cards are measured at their cash value.

Tangible capital assets

Each class of tangible capital assets is carried at cost less any accumulated amortization and impairment losses. Amortization is provided using the declining balance method at the following annual rates:

Buildings	4% and 6%
Office and other equipment	20%
Automotive	30%
Furniture and fixtures	20%
Paving	8%
Computer equipment	30% and 45%
Fences	10%
Computer software	20% and 55%

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2021

2. Summary of significant accounting policies (continued)

Impairment of long-lived assets

When a tangible capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

The Society tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital asset or group of tangible capital assets exceeds the asset's fair value or replacement cost.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions, grants, and fundraising related to the operations are deferred and recognized as the related expenses are incurred. Unrestricted contributions, grants, and fundraising are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated goods are recognized at the standard cost rate as set by Food Banks Canada which is currently \$2.62 per lb.

Bequests are recognized in accordance with the terms of the gift or endowment.

Interest revenue is recognized in the appropriate fund on a time proportion basis as it is earned on investments.

Contributions specifically provided for tangible capital assets or intangible assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired asset. Restricted contributions for long-lived assets that will not be amortized are recognized as direct increases in net assets.

Contributed services

Volunteers contributed time to assist the Society in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include the provision for inventory obsolescence and the estimated useful lives and related amortization of tangible capital assets.

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2021

2. Summary of significant accounting policies (continued)

Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the Society becomes part to contractual provisions of the instrument.

Measurement

Financial assets or liabilities that are initially measured at fair value and subsequently measured at amortized cost except for short term investments which are measured at fair value. The financial assets or liabilities subsequently measured at amortized cost include cash, payables and accruals, and loan payable.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Society is in the capacity of management in which case they are accounted for in accordance with financial instruments.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

3. Cash

Included in cash is \$212,186 (2020 - \$208,048) of funding received from BC Gaming that is restricted for specific purposes as described in Note 9, \$133,392 (2020 - \$193,897) received from various Society's that are restricted for specific purposes as described in Note 9, and \$1,503,937 (2020 - \$600,000) of funding from operations that is internally restricted for specific purposes described in Note 12 and Note 13.

4. Inventory

	2021 (unaudited)	2020
Food and other goods inventory - 483,857 lbs (2020 - 196,206 lbs)	\$ 1,267,705	\$ 510,136
Gift cards held for food and other goods purchases	110,801	39,016
	<u>\$ 1,378,506</u>	<u>\$ 549,152</u>

The amount of food and other goods inventory recognized in the statement of operations as an expense is \$7,051,270 (2020 - \$3,693,263).

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2021

5. Tangible capital assets

			2021 (unaudited)	2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,873,249	\$ -	\$ 1,873,249	\$ 1,873,249
Buildings	3,838,025	682,500	3,155,525	3,290,085
Office and other equipment	446,283	251,090	195,193	161,695
Automotive	427,033	275,476	151,557	144,795
Furniture and fixtures	24,748	8,405	16,343	-
Paving	14,080	7,973	6,107	6,638
Computer equipment	53,916	48,863	5,053	3,042
Fences	2,219	543	1,676	1,897
Computer software	14,244	14,029	215	256
	<u>\$ 6,693,797</u>	<u>\$ 1,288,879</u>	<u>\$ 5,404,918</u>	<u>\$ 5,481,657</u>

6. Credit Facility

The Society has access to a line of credit from [REDACTED] with a maximum limit of \$550,000 and bearing interest at the [REDACTED] prime rate plus 1.50%. At year end, the balance outstanding was \$nil (2020 - \$nil).

Security for the line of credit includes a registered first mortgage over land and buildings and assignments of rents on the aforementioned properties and a general security agreement covering all assets of the Society.

7. Payables and accruals

	2021 (unaudited)	2020
Accrued wages, vacation and banked time payable	\$ 47,648	\$ 36,525
Other trade payables and accruals	93,341	125,675
Government remittances payable	359	63,451
	<u>\$ 141,348</u>	<u>\$ 225,651</u>

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2021

8. Unearned revenue

Unearned revenue related to expenses of future periods represent unspent externally restricted grants.

	2021 (unaudited)	2020
Balance, beginning of year	\$ 401,944	\$ 94,959
Grant funds received during the year	365,950	403,896
Grant funds recognized as revenue in the year	(364,816)	(96,911)
Grant funds transferred to deferred capital grants	(57,500)	-
Balance, end of year	<u>\$ 345,578</u>	<u>\$ 401,944</u>

Externally restricted cash includes the following items:

- Funding received from the Province of B.C. under the Community Gaming Grant program, this amount is restricted for the Society's Nutritional Improvement Program.
- Funding received from the Government of Canada under the Employment and Social Development Canada program, this amount is restricted for the Summer Jobs Program.
- Funding received from the Province of B.C. under the Work Experience Opportunities program, this amount is restricted for the Society's Canada Job Placements Program.
- Funding received from the City of Kelowna under the Community Social Development grant, this amount is restricted for the Society's Food Recovery Program
- Funding received from Food Banks BC under the Emergency Funding grant, this amount is restricted for the Society's expenditures as a result of the COVID-19 pandemic.
- Funding received from the Food Banks Canada under the After the Bell program, this amount is restricted for the Society's After the Bell program.

9. Loan payable

	2021 (unaudited)	2020
Repayable in blended monthly payments of \$5,503, bearing interest at 4.40%, due April 30, 2023, secured by first mortgage on real property and an assignment of rents	\$ 152,934	\$ 450,100
Less current portion	<u>60,517</u>	<u>47,175</u>
	<u>\$ 92,417</u>	<u>\$ 402,925</u>

Estimated principal repayments are as follows:

2022	\$ 60,517
2023	<u>92,417</u>
	<u>\$ 152,934</u>

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2021

10. Deferred capital contributions

Enterprise Way Addition

Deferred Capital Contributions	Balance, beginning of year	Received	Recognized	Balance, end of year
Enterprise Way Additions	\$ 94,466	\$ -	\$ (3,779)	\$ 90,687
Refrigerated Van	-	57,500	(17,250)	40,250
Freezers	-	51,933	(10,387)	41,546
Kitchen Renovation	-	16,000	-	16,000
	<u>\$ 94,466</u>	<u>\$ 125,433</u>	<u>\$ (31,416)</u>	<u>\$ 188,483</u>

11. Internally restricted for food purchases

In 2020, the Society has internally restricted cash to be used for emergent costs relating to the purchase of food required when donations are not adequate to meet their mission. The objective will be achieved through annual appropriations of interest revenue earned on the investment of the restricted funds and transfers from unrestricted net assets, as recommended by the Society's executive and other amounts approved annually by the membership. At June 30, 2021, the Food purchases reserve was fully funded through unrestricted cash as described in Note 4.

12. Internally restricted for infrastructure and emergency

In 2020, the Society has internally restricted cash to be used for emergent costs relating to the improvement of building infrastructure and emergency costs associated with unanticipated repairs. The objective will be achieved through annual appropriations of interest revenue earned on the investment of the restricted funds and transfers from unrestricted net assets, as recommended by the Society's executive and other amounts approved annually by the membership. At June 30, 2021, the Infrastructure and emergency reserve was fully funded through unrestricted cash as described in Note 4.

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2021

14. Financial instruments

The main risks the Society is exposed to through its financial instruments are liquidity risk and market risk.

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its payables and accruals and loan payable. There has been no significant change in exposure from the prior year.

(b) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risks. The Society is exposed to interest rate and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk with respect to its short term investments and line of credit. There has been no significant change in exposure from the prior year.

(ii) 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 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 Society is mainly exposed to other price risk through its short term investments. There has been no significant change in exposure from the prior year.

15. British Columbia Societies Act

The British Columbia Societies Act requires remuneration paid to all directors, the ten highest paid employees and all contractors who were paid at least \$75,000 be disclosed. As of the year end, the Society had two individuals receiving remuneration in excess of \$75,000 (2020 - three).

16. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2021 financial statements.
