



Financial Statements

(Unaudited)

Central Okanagan Community Foodbank Society

June 30, 2017

Contents

	Page
Review Engagement Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11
Schedule of Revenue	12



Review Engagement Report



To the Members of
Central Okanagan Community Foodbank Society

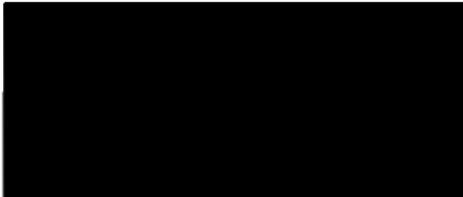
We have reviewed the statement of financial position of Central Okanagan Community Foodbank Society ("the Society") as at June 30, 2017 and the statements of changes in net assets, operations, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

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
October 24, 2017



Central Okanagan Community Foodbank Society

Statement of Financial Position

(Unaudited)
June 30

	2017	2016
Assets		
Current		
Cash - externally restricted	\$ 82,670	\$ 84,221
Short term investments - unrestricted	30,174	28,272
- internally restricted	-	855,692
Goods and services tax recoverable	94,347	8,596
Inventory (Note 3)	171,032	201,203
Prepaid expenses	39,292	13,097
	417,515	1,191,081
Tangible capital assets (Note 4)	4,635,938	1,072,126
	\$ 5,053,453	\$ 2,263,207
Liabilities		
Current		
Bank indebtedness (Note 5)	\$ 14,712	\$ 115,484
Payables and accruals (Note 6)	100,425	81,646
Unearned revenue (Note 7)	82,670	84,221
Promissory note payable (Note 8)	453,008	-
Loan payable (Note 9)	2,508,333	-
	3,159,148	281,351
Fund balances		
Invested in tangible capital assets	1,674,597	1,072,126
Internally restricted net assets	-	855,692
Unrestricted net assets	219,708	54,038
	1,894,305	1,981,856
	\$ 5,053,453	\$ 2,263,207

On behalf of the board

_____ Director

_____ Director

Central Okanagan Community Foodbank Society

Statement of Changes in Net Assets

(Unaudited)
 Period ended June 30

	Invested in tangible capital assets	Internally restricted	Unrestricted	Total 2017	Total 2016
Balance beginning of period	\$ 1,072,126	\$ 855,692	\$ 54,038	\$ 1,981,856	\$ 2,357,109
Deficiency of revenue over expenses	(83,601)	-	(3,950)	(87,551)	(375,253)
Purchase of tangible capital assets	686,072	-	(686,072)	-	-
Use of internally restricted funds	-	(855,692)	855,692	-	-
Balance end of period	<u>\$ 1,674,597</u>	<u>\$ -</u>	<u>\$ 219,708</u>	<u>\$ 1,894,305</u>	<u>\$ 1,981,856</u>

Central Okanagan Community Foodbank Society

Statement of Operations

(Unaudited)

Period ended June 30

	2017	2016
Revenue (Schedule 1)	<u>\$ 5,037,505</u>	<u>\$ 4,237,648</u>
Expenses		
Advertising and promotion	88,402	77,949
Amortization of tangible capital assets	83,601	51,367
Automotive	35,420	31,911
Conferences and professional development	10,613	10,466
Event costs	4,713	8,736
Food distributed to clients	3,966,185	3,532,393
Insurance	25,664	23,790
Interest and bank charges	10,178	7,070
Interest on promissory note and loan payable	19,675	6,326
Management fees	-	20,000
Office and miscellaneous	33,045	43,270
Professional fees	29,694	34,424
Property taxes	9,474	822
Rent	59,902	33,348
Repairs and maintenance	45,600	12,238
Staff and volunteer incentive	3,856	6,112
Telephone	19,046	17,352
Unrecoverable GST	-	7,588
Utilities	28,161	27,930
Wages and benefits	664,444	672,606
	<u>5,137,673</u>	<u>4,625,698</u>
Deficiency of revenue over expenses before other income	(100,168)	(388,050)
Other income		
Interest	<u>12,617</u>	<u>12,797</u>
Deficiency of revenue over expenses	<u>\$ (87,551)</u>	<u>\$ (375,253)</u>

Central Okanagan Community Foodbank Society

Statement of Cash Flows

(Unaudited)

Period ended June 30

2017

2016

Increase (decrease) in (bank indebtedness) cash

Operating

Deficiency of revenue over expenses	\$ (87,551)	\$ (375,253)
Item not affecting cash		
Amortization of tangible capital assets	<u>83,601</u>	<u>51,367</u>
	(3,950)	(323,886)
Change in non-cash working capital items		
Short term investments - unrestricted	(1,902)	(1,618)
- internally restricted	855,692	(12,414)
Goods and services tax	(85,751)	6,884
Inventory	30,171	248,848
Prepaid expenses	(26,195)	(2,143)
Payables and accruals	18,780	19,153
Unearned revenue	<u>(1,551)</u>	<u>(222)</u>
	<u>785,294</u>	<u>(65,398)</u>

Financing

Proceeds of promissory note payable	450,000	-
Proceeds of loan payable	2,500,000	-
Repayment of loan payable	-	(175,313)
Increase in promissory note payable	3,008	-
Increase in loan payable	<u>8,333</u>	<u>-</u>
	<u>2,961,341</u>	<u>(175,313)</u>

Investing

Purchase of tangible capital assets	<u>(3,647,414)</u>	<u>(6,710)</u>
Increase (decrease) in (bank indebtedness) cash	99,221	(247,421)
(Bank indebtedness) cash		
Beginning of period	<u>(31,263)</u>	<u>216,158</u>
End of period	<u>\$ 67,958</u>	<u>\$ (31,263)</u>

Cash (bank indebtedness) consists of:

Cash - externally restricted	\$ 82,670	\$ 84,221
Bank indebtedness	<u>(14,712)</u>	<u>(115,484)</u>
	<u>\$ 67,958</u>	<u>\$ (31,263)</u>

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

(Unaudited)
June 30, 2017

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).

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 consist of food, other household items and gift cards.

The food and other household items is 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 \$2.50 per lb (2016 - \$2.50 per lb).

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%
Leasehold improvements	5%
Paving	8%
Automotive	30%
Office equipment	20%
Computer equipment	30% and 45%
Computer software	20% and 55%
Furniture and fixtures	20%

One-half the normal rate of amortization is recorded in the year of acquisition.

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

(Unaudited)
June 30, 2017

2. Summary of significant accounting policies (continued)

Impairment of long-lived assets

The Society tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Revenue recognition

The Society follows the deferred 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 when distributed at the standard cost rate as set by Food Banks Canada which is currently \$2.50 per lb.

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

Interest revenue is recognized as revenue 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

(Unaudited)
June 30, 2017

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. It is management's opinion that the Society is not exposed to significant credit, liquidity or market risks arising from these financial instruments except as disclosed in Note 6.

Measurement

Financial assets or liabilities that are initially measured at fair value and subsequently measured at amortized cost (which approximates fair value from cash and cash equivalents) include cash, bank indebtedness, short term investments, payables and accruals, promissory note payable, 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 net income.

3. Inventory

	<u>2017</u>	<u>2016</u>
Food and other goods inventory - 64,998 lbs (2016 - 76,876 lbs)	\$ 162,496	\$ 192,190
Gift cards held for food and other goods purchases	<u>8,536</u>	<u>9,013</u>
	<u>\$ 171,032</u>	<u>\$ 201,203</u>

The amount of food and other goods inventory recognized in the statement of operations as an expense is \$3,966,185 (2016 - \$3,523,393).

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

(Unaudited)
June 30, 2017

4. Tangible capital assets

			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 2,202,249	\$ -	\$ 2,202,249	\$ 551,260
Buildings	2,668,626	308,773	2,359,853	428,741
Leasehold improvements	15,898	10,066	5,832	6,139
Paving	14,080	5,555	8,525	9,266
Automotive	131,340	97,730	33,610	48,014
Office equipment	110,470	88,944	21,526	21,803
Computer equipment	42,538	38,762	3,776	6,153
Computer software	29,050	28,483	567	750
Furniture and fixtures	7,466	7,466	-	-
	<u>\$ 5,221,717</u>	<u>\$ 585,779</u>	<u>\$ 4,635,938</u>	<u>\$ 1,072,126</u>

5. Bank indebtedness

The Society has access to a line of credit from [REDACTED] with a maximum limit of \$300,000 and bearing interest at the [REDACTED] prime rate plus 1.50%. At year end, the balance outstanding was \$17,937 (2016 - \$194,250).

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

6. Payables and accruals

	<u>2017</u>	<u>2016</u>
Accrued wages, vacation and banked time payable	\$ 47,265	\$ 29,182
Other Trade payables and accruals	32,735	29,317
Government remittances payable	20,425	23,147
	<u>\$ 100,425</u>	<u>\$ 81,646</u>

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

(Unaudited)
June 30, 2017

7. Unearned revenue

Deferred contributions related to expenses of future periods represent unspent externally restricted grants.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 84,221	\$ 84,443
Grant funds received during the year	169,000	194,000
Grant funds recognized as revenue in the year	<u>(170,551)</u>	<u>(194,222)</u>
Balance, end of year	<u>\$ 82,670</u>	<u>\$ 84,221</u>

Externally restricted cash is funding received from the Province of B.C. under the Community Gaming Grant program. This amount is restricted for specific purposes.

8. Promissory note payable

The Promissory note payable is due to a director of the Society, is unsecured and bears interest at a rate of 4% per annum. The note will be repaid within the coming fiscal year upon receipt of a expected donation.

At year end, the note payable balance includes interest expense accrued but not yet paid in the amount of \$3,008.

9. Loan payable

	<u>2017</u>	<u>2016</u>
Private lender, bearing interest at 4%, interest only paid monthly, due May 1, 2018	<u>\$ 2,508,333</u>	<u>\$ -</u>

Security provided is a registered first mortgage over land and building, assignment of rents, assignment of property insurance and a general security agreement covering all assets of the Society.

At year end, the loan payable balance includes interest expense accrued but not yet paid in the amount of \$8,333.

10. Related party transaction

As indicated in Note 8, the Society has a promissory note payable to a director of the Society.

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

(Unaudited)
June 30, 2017

11. Financial instruments

The main risk the Society is exposed to through its financial instruments is market risk.

(a) 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.

(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.

12. British Columbia Societies Act

On November 28, 2016, the new British Columbia Societies Act ("the Act") came into effect. The 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 (2016 - 2).

13. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Central Okanagan Community Foodbank Society
Schedule of Revenue

(Unaudited)

Period ended June 30

	2017	2016
Goods donated	\$ 3,521,201	\$ 2,926,036
Fundraising campaigns	891,403	667,498
Grants	193,863	230,739
Community contributions	181,654	134,546
Other contributions	128,844	59,928
Third party events	109,796	214,785
Miscellaneous	10,744	4,116
	<u>\$ 5,037,505</u>	<u>\$ 4,237,648</u>