



Independent Practitioner's Review Engagement Report

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, 2023, and the statements of operations, changes in net assets 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, 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 of British Columbia, we report that these accounting principles have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

COPY - COPIE



Central Okanagan Community Foodbank Society

Statement of Financial Position

June 30

2023

2022

Assets

Current

Cash and cash equivalents (Note 3)			
- Unrestricted	\$ 1,073,200	\$	87,707
- Externally restricted	415,522		368,153
- Internally restricted	2,570,664		2,921,146
Short term investments (Note 4)			
- Term deposits	2,051,261		603,884
- Marketable securities	188,069		59,683
Inventory (Note 5)	1,137,910		1,436,581
Prepaid expenses and deposits	151,082		50,780
Goods and services tax recoverable	44,989		26,895

7,632,697 5,554,829

Tangible capital assets (Note 6)

5,629,430 5,568,697

\$ 13,262,127 \$ 11,123,526

Liabilities

Current

Payables and accruals (Note 7)	\$ 311,579	\$	113,045
Unearned revenue (Note 8)	415,522		368,153

727,101 481,198

Deferred capital contributions (Note 10)

145,889 164,472

872,990 645,670

Net Assets

Internally restricted for food purchases	716,773		354,541
Internally restricted for infrastructure and emergency	3,905,153		2,566,605
Invested in tangible capital assets	5,483,541		5,404,226
Unrestricted net assets	2,283,670		2,152,484

12,389,137 10,477,856

\$ 13,262,127 \$ 11,123,526

On behalf of the Board

_____ Director

_____ Director

Central Okanagan Community Foodbank Society

Statement of Operations

Year ended June 30	2023	2022
Revenue		
Goods donated	\$ 10,691,449	\$ 9,624,530
Third party events and contributions	2,291,876	1,695,558
Fundraising campaigns	1,603,719	1,348,489
Grants	1,182,215	1,170,212
Amortization of deferred capital contributions	<u>18,582</u>	<u>24,012</u>
	15,787,841	13,862,801
Direct costs		
Goods distributed	<u>12,015,924</u>	<u>10,105,231</u>
Gross revenues over distributions	<u>3,771,917</u>	<u>3,757,570</u>
Expenses		
Amortization of tangible capital assets	333,920	287,575
Automotive	38,849	42,305
Fundraising	60,727	46,801
Insurance	62,421	38,767
Interest and charges	886	6,395
Office and administration	80,221	91,246
Professional fees and subcontract	49,338	75,531
Repairs and maintenance	85,942	55,379
Staff and volunteer recognition	35,523	17,961
Supplies and occupancy costs	53,107	75,511
Telephone and utilities	89,905	83,000
Wages and benefits	<u>1,200,595</u>	<u>944,065</u>
	<u>2,091,434</u>	<u>1,764,536</u>
Excess of revenue over expenses before other income	<u>1,680,483</u>	<u>1,993,034</u>
Other income		
Interest income	145,554	18,574
Unrealized gain on marketable securities	65,819	14,603
Gain on sale of tangible capital assets	<u>19,425</u>	<u>-</u>
	<u>230,798</u>	<u>33,177</u>
Excess of revenue over expenses	<u>\$ 1,911,281</u>	<u>\$ 2,026,211</u>

See accompanying notes to the financial statements.

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 2023	Total 2022
Balance, beginning of year	\$ 354,541	\$ 2,566,605	\$ 5,404,226	\$ 2,152,484	\$ 10,477,856	\$ 8,451,645
Excess (deficiency) of revenue over expenses	-	-	(315,338)	2,226,619	1,911,281	2,026,211
Purchase of tangible capital assets	-	-	251,681	(251,681)	-	-
Acquisition of tangible capital assets included in payables and accruals	-	-	142,972	(142,972)	-	-
Transfers	362,232	1,338,548	-	(1,700,780)	-	-
Balance, end of year	<u>\$ 716,773</u>	<u>\$ 3,905,153</u>	<u>\$ 5,483,541</u>	<u>\$ 2,283,670</u>	<u>\$ 12,389,137</u>	<u>\$ 10,477,856</u>

See accompanying notes to the financial statements.

Central Okanagan Community Foodbank Society

Statement of Cash Flows

Year ended June 30

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$ 1,911,281	\$ 2,026,211
Items not affecting cash and cash equivalents		
Amortization of tangible capital assets	333,920	287,575
Amortization of deferred capital contributions	(18,582)	(24,012)
Gain on sale of tangible capital assets	(19,425)	-
Inventory donated (distributed), net	298,671	(58,075)
Donated marketable securities	(62,566)	(2,631)
Unrealized gain on marketable securities	(65,819)	(14,603)
Acquisition of tangible capital assets included in payables and accruals	<u>(142,972)</u>	<u>-</u>
	2,234,508	2,214,465
Change in non-cash and cash equivalent working capital items		
Prepaid expenses and deposits	(100,302)	(11,112)
Goods and services tax recoverable	(18,094)	(2,527)
Payables and accruals	198,532	(28,382)
Unearned revenue	<u>47,369</u>	<u>22,575</u>
	2,362,013	2,195,019

Financing

Repayment of loan payable	<u>-</u>	<u>(152,934)</u>
---------------------------	----------	------------------

Investing

Purchase of term deposits	(1,447,377)	(603,804)
Purchase of tangible capital assets	(251,681)	(451,354)
Proceeds on disposal of tangible capital assets	<u>19,425</u>	<u>-</u>
	(1,679,633)	(1,055,158)

Increase in cash and cash equivalents

682,380 986,927

Cash and cash equivalents

Beginning of year 3,377,006 2,390,079

End of year \$ 4,059,386 \$ 3,377,006

Cash and cash equivalents consists of:

Unrestricted	\$ 1,073,200	\$ 87,707
Internally restricted	2,570,664	2,921,146
Externally restricted	<u>415,522</u>	<u>368,153</u>
	\$ 4,059,386	\$ 3,377,006

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2023

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 exempt from the payment of income tax under Section 149(I) of the Income Tax Act and may issue tax-deductible receipts for qualifying charitable donations.

The vision of the Society is a community where no one goes hungry. Its mission is 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").

Cash and cash equivalents

The Society's policy is to present bank balances under cash and cash equivalents, including term deposits with a maturity period of three months or less at the date of acquisition and/or which are readily convertible to cash.

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 used in the year is \$3.52 per pound (2022 - \$3.21).

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

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2023

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 \$3.52 per pound.

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

Interest revenue is recognized on a time-proportionate basis as it is earned on investments. Unrealized gains and losses on investments are recorded in revenue based on the year end fair market value of the 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, 2023

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. The Society accounts for the following as financial instruments:

- Cash and cash equivalents
- Short term investments
- Payables and accruals

A financial asset or liability is recognized when the Society becomes party to contractual provisions of the instrument.

Initial measurement

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Society does not have any financial assets or liabilities in related party transactions which are initially measured at fair value.

Subsequent measurement

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for short term investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Society initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value would be subsequently measured at amortized cost or fair value based on certain conditions. The Society measures its holdings in short term investments at fair value.

Derecognition

The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

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.

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2023

3. Cash and cash equivalents

Included in cash is \$204,630 (2022 - \$159,456) of funding received from the Province of B.C. Community Gaming Grant that is restricted for specific purposes as described in Note 8, \$210,892 (2022 - \$208,697) received from various Society's that are restricted for specific purposes as described in Note 8, and \$2,570,664 (2022 - \$2,921,146) of funding from operations that is internally restricted for specific purposes described in Note 11 and Note 12.

4. Short term investments

	2023	2022
<p>Short-term investments consist of marketable securities and term deposits. Marketable securities include donated shares and grants issued through the ██████████ Charitable Giving Program.</p>		
Marketable securities	\$ 188,069	\$ 56,683
Term deposits	2,051,261	603,884
	\$ 2,239,330	\$ 663,567

5. Inventory

	2023	2022
Food and other goods inventory - 267,760 pounds (2022 - 394,924 pounds)	\$ 942,515	\$ 1,266,496
Gift cards held for food and other goods purchases	195,395	170,085
	\$ 1,137,910	\$ 1,436,581

The amount of inventory recognized in the statement of operations as an expense is \$12,015,924 (2022 - \$10,105,231).

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2023

6. Tangible capital assets

	2023		2022		
Cost	Accumulated Amortization	Net Book Value	Net Book Value		
Land	\$ 1,873,249	\$ -	\$ 1,873,249	\$ 1,873,249	
Automotive	883,045	522,797	360,248	332,009	
Buildings	4,116,987	935,175	3,181,812	3,102,615	
Computer equipment	63,067	56,148	6,919	2,845	
Computer software	14,244	14,107	137	172	
Equipment	81,513	29,345	52,168	65,210	
Fences	2,219	911	1,308	1,454	
Furniture and fixtures	30,462	16,346	14,116	17,646	
Office and other equipment	460,939	326,635	134,304	167,879	
Paving	14,080	8,911	5,169	5,618	
	\$ 7,539,805	\$ 1,910,375	\$ 5,629,430	\$ 5,568,697	

Included in buildings is construction-in-progress of \$278,961 (2022 - \$76,091) of which \$nil (2022 - \$nil) has been amortized.

7. Payables and accruals

	2023		2022	
Accrued wages, vacation and banked time payable	\$ 78,373	\$ 53,323		
Other trade payables and accruals	232,811	59,359		
Government remittances payable	395	363		
	\$ 311,579	\$ 113,045		

8. Unearned revenue

Unearned revenue represents unspent externally restricted grants.

	2023		2022	
Breakfast Club of Canada	\$ 3,562	\$ -		
Central Okanagan Foundation	33,717	105,362		
Food Banks Canada	53,613	33,880		
Government of Canada	-	19,729		
██████████	-	29,726		
██████████	10,000	-		
Province of B.C. - Community Gaming Grant	204,630	159,456		
Province of B.C. - Work Experience Opportunities Program	5,000	20,000		
██████████	5,000	-		
United Way - Community Services Recovery Fund	100,000	-		
	\$ 415,522	\$ 368,153		

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2023

9. 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, there was no balance outstanding (2022 - \$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.

10. Deferred capital contributions

	Balance, beginning of year	Recognized	Balance, end of year
Enterprise Way Additions	\$ 87,060	\$ (3,482)	\$ 83,578
Refrigerated Van	28,175	(8,454)	19,721
Freezers	33,237	(6,647)	26,590
Kitchen Renovation	16,000	-	16,000
	<u>\$ 164,472</u>	<u>\$ (18,583)</u>	<u>\$ 145,889</u>

11. Internally restricted for food purchases

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. A second purpose is to protect the organization from potential increase costs of food due to recent inflation and to serve a significant increase in the numbers of clients. 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, the board approved this motion. At June 30, 2023, the food purchases reserve was fully funded through \$716,773 of internally restricted cash and cash equivalents as described in Note 3.

12. Internally restricted for infrastructure and emergency

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. Included in this balance are funds for specific projects: \$400,000 towards updating the kitchen in the Enterprise location, \$2,000,000 towards the future purchase or construction of a new West Kelowna location and \$250,000 towards infrastructure towards specific Food Hub locations. At June 30, 2023, the infrastructure and emergency reserve was fully funded through \$2,051,261 of term deposits and \$1,853,892 of internally restricted cash and cash equivalents as described in Note 3.

Central Okanagan Community Foodbank Society

Notes to the Financial Statements

June 30, 2023

13. 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. 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. 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.

14. British Columbia Societies Act

The British Columbia Societies Act requires disclosure of the amounts of remuneration, if any, paid to the directors and to employees or contractors who receive over \$75,000 per annum. The Society has two (2022 - one) individuals that fall within this requirement.

15. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.
