

Food Banks BC
Financial Statements
For the year ended March 31, 2025

Food Banks BC

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For the year ended March 31, 2025

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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, 2025, 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, 2025, 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.

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 (British Columbia), we report that, in our opinion, the accounting principles of Canadian Accounting Standards for Not-For-Profit Organizations have been applied on a basis consistent with that of the preceding year.

Surrey, British Columbia

June 5, 2025

MNP LLP

Chartered Professional Accountants

Food Banks BC
Statement of Financial Position
As at March 31, 2025

	2025	2024
Assets		
Current		
Cash	168,013	1,027,307
Contributions receivable	34,963	52,726
Restricted cash (Note 3)	1,819,235	6,307,029
Prepaid expenses	21,806	32,458
	2,044,017	7,419,520
Capital assets (Note 4)	6,840	9,138
Restricted Investments - at fair value (Note 3)	7,181,567	8,746,720
	9,232,424	16,175,378
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	224,782	1,112,491
Deferred contributions (Note 6)	4,063,197	10,259,812
	4,287,979	11,372,303
Commitments (Note 7)		
Subsequent event (Note 12)		
Net Assets		
Invested in capital assets	6,840	9,138
Internally restricted funds (Note 8)	4,937,605	4,793,937
	4,944,445	4,803,075
	9,232,424	16,175,378
Approved on behalf of the Board of Directors		
e-Signed by Hajira Hussain 2025-06-05 14:16:04:04 PDT <u>Director</u>	e-Signed by Cathy Chaplow 2025-06-05 11:53:02:02 PDT <u>Director</u>	

The accompanying notes are an integral part of these financial statements

Food Banks BC
Statement of Operations
For the year ended March 31, 2025

	2025	2024
Revenue		
Donations and Gifts	6,750,896	5,608,516
Government Grants and Funding	6,273,901	9,723,874
Member Dues and Other	114,008	82,404
Investment Income	257,515	367,479
	13,396,320	15,782,273
Funds distributed to members	6,944,432	10,253,641
Net Revenue	6,451,888	5,528,632
Expenses		
Office and Administration	773,501	648,345
Emergency response and non member support	4,607,303	3,447,401
Member support and campaigns	1,044,714	1,353,927
Total expenses	6,425,518	5,449,673
Excess of revenue over expenses before other items	26,370	78,959
Other items		
Unrealized gain on investments	115,000	135,567
Excess of revenue over expenses	141,370	214,526

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, 2025

	<i>Invested in Capital Assets</i>	<i>Unrestricted</i>	<i>Internally Restricted Funds (note 8)</i>	2025	<i>2024</i>
Net assets, beginning of year	9,138	-	4,793,937	4,803,075	4,588,549
Excess (deficiency) of revenue over expenses	(4,057)	145,427	-	141,370	214,526
Purchase of capital assets	1,759	(1,759)	-	-	-
Interfund transfers (note 9)	-	(143,668)	143,668	-	-
Net assets, end of year	6,840	-	4,937,605	4,944,445	4,803,075

The accompanying notes are an integral part of these financial statements

Food Banks BC
Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	141,370	214,526
Amortization	4,057	3,519
Unrealized gain on investments	(115,000)	(135,567)
Deferred contributions recognized	(6,708,513)	(9,901,537)
	(6,678,086)	(9,819,059)
Changes in working capital accounts		
Contributions receivable	17,763	(26,224)
Prepaid expenses	10,652	(31,345)
Accounts payable and accrued liabilities	(887,709)	796,444
Deferred contributions received	511,898	844,976
	(7,025,482)	(8,235,208)
Investing		
Proceeds on disposal of term deposits	-	960,478
Purchase of capital assets	(1,759)	(5,914)
Purchase of restricted investments	(2,349,630)	-
Proceeds on disposal of restricted investments	4,029,783	13,563,334
	1,678,394	14,517,898
Increase (decrease) in cash resources	(5,347,088)	6,282,690
Cash resources, beginning of year	7,334,336	1,051,646
Cash resources, end of year	1,987,248	7,334,336
Cash resources are composed of:		
Cash	168,013	1,027,307
Restricted cash	1,819,235	6,307,029
	1,987,248	7,334,336

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.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations 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.

Investment income is recorded on the accrual basis and member dues and other income are 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.

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 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Writedowns are not reversed.

Leases

Leases are classified as either capital or operating leases. Those leases that transfer substantially all the benefits and risks of ownership of the property to the Organization are accounted for as capital lease. Capital lease obligations reflect the present value of future lease payments discounted at appropriate interest rates. All other leases are accounted for as operating leases, wherein rental payments are charged to operations on a straight-line basis over the term of the lease.

2. Significant accounting policies *(Continued from previous page)*

Allocation of expenses

The Organization engages in member support. The costs of each program include the costs of salaries and wages and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The Organization allocates certain of its salaries and wages expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

A substantial number of volunteers contribute a significant amount of time to the Organization each year. Because of the difficulty in determining their fair value, these contributed services are not recognized in these financial statements.

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 revenues 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 revenues 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 revenues over expenses in the year the reversal occurs.

2. 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.

Contributions 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 over expenses in the years in which they become known.

3. Restricted cash and investment

	2025	2024
Restricted cash	1,819,235	6,307,029
Restricted investments	7,181,567	8,746,720
	9,000,802	15,053,749
Externally restricted funds (note 6)	4,063,197	10,259,812
Internally restricted funds (note 8)	4,937,605	4,793,937
	9,000,802	15,053,749

During the year, the Organization distributed \$6,708,513 in unrestricted cash, restricted cash and restricted investments (2024 – \$9,901,537) to both members and non-members through programs. These distributions were made to fulfill funding received from the Provincial government in 2023. The agreement with the Province of British Columbia is expected to conclude in 2026. The remaining funding is expected to be distributed in 2026, reducing restricted cash and investments by approximately \$3,977,497.

Equities and mutual funds are quoted at fair market value of \$7,181,567 (2024 - \$8,746,720) with historical cost of \$7,127,359 (2024 - \$8,803,779).

4. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Computer equipment	28,278	24,759	3,519	4,987
Furniture and fixtures	9,005	6,769	2,236	2,795
Office equipment	7,862	6,777	1,085	1,356
Website	6,117	6,117	-	-
	51,262	44,422	6,840	9,138

5. Accounts payable and accrued liabilities

Included in accounts payable and accruals at March 31, 2025 are \$1,307 (2024 - \$17,166) of remittances payable to various government agencies.

6. 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:

	2025	2024
Balance, beginning of year	10,259,812	19,316,373
Amount received during the year	511,898	844,976
Less: Amount recognized as revenue during the year	(6,708,513)	(9,901,537)
Balance, end of year	4,063,197	10,259,812

7. Commitments

The Organization is committed to the following minimum annual payments under the operating lease for premises:

2026	16,896
2027	16,896
2028	16,896
2029	1,408
	<hr/>
	52,096

8. Internally restricted net assets

The Organization's Board of Directors has internally restricted \$1,700,000 (2024 - \$1,400,000) as an operating reserve, \$2,000,000 for emergency support (2024 - \$2,000,000), and \$1,237,606 (2024 - \$1,393,937) as investment in growth and enhancement of regional and provincial food system. The internally restricted net assets are not available for other purposes without approval of the Board.

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.

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 for programs funding net assets reserves new assets for contingent future programs to enhance regional and provincial food systems by investing resources to streamline the access and distribution of food throughout British Columbia.

9. Interfund transfers

During the year, the Organization transferred \$143,668 (2024 - \$212,131) from the unrestricted fund to internally restricted net assets.

10. 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 Organization.

Remuneration paid to highest paid employees and contractors

During the year ended March 31, 2025, the Organization paid a total remuneration of \$698,496 to nine employees (2024 - \$464,330 - eight employees).

11. 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.

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.

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 contributions receivable. The Organization assesses the credit worthiness of the entities comprising amounts receivable, and provide allowances for amounts potentially uncollectible.

12. Subsequent event

Subsequent to year end, the United States government announced new tariffs on imported goods. The Canadian government then announced retaliatory tariffs and other measures. This has caused significant economic uncertainty and the effects on the Organization are currently uncertain.

13. Comparative figures

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