

Greater Vancouver Food Bank Society

Financial Statements
June 30, 2021



Independent auditor's report

To the Members of Greater Vancouver Food Bank Society

Report on the audit of the financial statements

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Greater Vancouver Food Bank Society (the 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.

What we have audited

The Society's financial statements comprise:

- the statement of financial position as at June 30, 2021;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenues from donations and donated food and other products the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and donated food and other products revenue, donated food and other products distributed expenses, excess of revenue over expenses and cash provided by (used in) operating activities for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020 and net assets as at the beginning and the end of the years ended June 30, 2021 and 2020. Our audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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 of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
September 23, 2021

Greater Vancouver Food Bank Society

Statement of Financial Position

As at June 30, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash and cash equivalents	20,902,861	11,741,634
Investments (note 4)	1,284,621	1,428,321
Gift certificates and credits (note 5)	198,749	121,512
Accounts receivable (note 6)	249,537	246,040
Prepaid expenses	342,635	247,846
	<hr/>	<hr/>
	22,978,403	13,785,353
Property, plant, equipment and intangibles (note 7)	<hr/>	<hr/>
	3,773,732	3,543,410
	<hr/>	<hr/>
	26,752,135	17,328,763
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	838,335	649,141
Deferred contributions (note 9)	2,676,807	2,738,572
Capital lease obligations (note 10)	284,640	312,430
	<hr/>	<hr/>
	3,799,782	3,700,143
Net Assets		
Invested in property, plant, equipment and intangibles	3,773,732	3,543,410
Contingency and capital project reserve	5,362,551	5,367,364
Unrestricted	<hr/>	<hr/>
	13,816,070	4,717,846
	<hr/>	<hr/>
	22,952,353	13,628,620
	<hr/>	<hr/>
	26,752,135	17,328,763
Commitments (note 11)		

Approved by the Board of Directors

The accompanying notes are an integral part of these financial statements.

Greater Vancouver Food Bank Society

Statement of Operations

For the year ended June 30, 2021

	2021 \$	2020 \$
Revenue		
Donated food and other products	12,892,409	10,593,458
Donations	19,878,366	15,952,403
Investment income	124,085	117,840
	<u>32,894,860</u>	<u>26,663,701</u>
Expenses		
Operations and community programs		
Donated food and other products distributed	12,892,409	10,593,458
Community programs	3,676,666	2,960,657
Food purchases	2,107,420	1,586,799
Fleet and equipment maintenance	1,283,912	716,480
Occupancy costs	663,481	656,244
	<u>20,623,888</u>	<u>16,513,638</u>
Development and fundraising		
Advertising and promotion	97,086	50,795
Fundraising	1,967,674	1,774,309
	<u>2,064,760</u>	<u>1,825,104</u>
Office general and administration		
Administration	619,969	580,549
Professional services	197,169	162,330
Occupancy costs	81,164	147,208
	<u>898,302</u>	<u>890,087</u>
Excess of revenue over expenses before change in fair value of investments	9,307,910	7,434,872
Change in fair value of investments	<u>15,823</u>	<u>(26,503)</u>
Excess of revenue over expenses	<u>9,323,733</u>	<u>7,408,369</u>

The accompanying notes are an integral part of these financial statements.

Greater Vancouver Food Bank Society

Statement of Changes in Net Assets

For the year ended June 30, 2021

	2021			
	Invested in property, plant, equipment and intangibles \$	Contingency and capital project reserve \$	Unrestricted \$	Total \$
Net assets – Beginning of year	3,543,410	5,367,364	4,717,846	13,628,620
(Deficiency) excess of revenue over expenses	(720,626)	-	10,044,359	9,323,733
Investment in property, plant and equipment	950,948	-	(950,948)	-
Interfund transfers	-	(4,813)	4,813	-
Net assets – End of year	3,773,732	5,362,551	13,816,070	22,952,353
	2020			
	Invested in property, plant, equipment and intangibles \$	Contingency and capital project reserve \$	Unrestricted \$	Total \$
Net assets – Beginning of year	1,808,055	4,113,190	299,006	6,220,251
(Deficiency) excess of revenue over expenses	(648,634)	-	8,057,003	7,408,369
Interfund transfers (i)	2,383,989	1,254,174	(3,638,163)	-
Net assets – End of year	3,543,410	5,367,364	4,717,846	13,628,620

- i) The Board of Directors approved a transfer of \$1.2 million to the contingency and capital project reserve and \$2.4 million to invested in property, plant, equipment, and intangibles for the year ended June 30, 2020. The funds will serve to recognize future capital replacement costs of the Society's property, plant, equipment and intangibles, and to mitigate the risk of unexpected contingencies, such as the unpredictable consequences of the COVID-19 pandemic.

The accompanying notes are an integral part of these financial statements.

Greater Vancouver Food Bank Society

Statement of Cash Flows

For the year ended June 30, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	9,323,733	7,408,369
Items not affecting cash		
Amortization of property, plant, equipment and intangibles	729,913	648,634
Gain on disposal of property, plant, equipment and intangibles	(9,287)	(13,281)
Change in fair value of investments	15,823	26,503
	<u>10,060,182</u>	<u>8,070,225</u>
Changes in non-cash working capital balances related to operations		
Increase in gift certificates and credits	(77,237)	(84,824)
Increase in accounts receivable	(3,496)	(178,992)
(Increase) decrease in prepaid expenses	(94,789)	140,514
Decrease (increase) in accounts payable and accrued liabilities	189,194	(296,407)
(Decrease) increase in deferred contributions	(61,765)	1,166,155
	<u>10,012,089</u>	<u>8,816,671</u>
Investing activities		
Purchase of property, plant, equipment and intangibles	(897,488)	(2,203,385)
Proceeds on disposal of property, plant, equipment and intangibles	-	13,281
Withdrawal of investments	127,876	2,275,754
	<u>(769,612)</u>	<u>85,650</u>
Financing activities		
Capital lease obligations paid	(81,250)	(94,041)
	<u>9,161,227</u>	<u>8,808,280</u>
Increase in cash and cash equivalents during the year	9,161,227	8,808,280
Cash and cash equivalents – Beginning of year	11,741,634	2,933,354
Cash and cash equivalents – End of year	<u>20,902,861</u>	<u>11,741,634</u>

The accompanying notes are an integral part of these financial statements.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2021

1 Nature of operations

Greater Vancouver Food Bank Society (the Society) is a non-profit organization with a mission to provide healthy food to those in need. The Society provides food support to approximately 8,500 children, adults and seniors monthly through its network of distribution sites and to thousands more through partnerships with 113 Community Agency Partners (CAPs) located in Vancouver, Burnaby, New Westminister and on the North Shore. These include housing agencies, women and children's shelters and after school programs – providing hot meals and snacks to thousands of people each week, including those struggling with homelessness. The Society is committed to its vision of healthy communities through fair and effective food systems.

The Society is a registered charity under the Income Tax Act and is exempt from income taxes.

The Society provides assistance to help address the immediate needs of the community; however, the Society also recognizes that emergency food as a standalone measure is not a long-term solution to food insecurity. As such, in addition to providing emergency food, the Society also runs skill and capacity building programs that are focused on investing in and giving back to the community.

In 2021, the Society took another step toward its goal of providing healthy food to all those in need with the opening of a warehouse in Vancouver. The new location was designed specifically to support the Society's CAPs, 80% of which are in Vancouver; it features freezer and refrigeration capacity, allowing the Society to accept even more fresh and frozen nutritious food for distribution into the community. Last year, the Society distributed 4.97 million pounds of food out of its facility. In 2021, the Society distributed more than 7 million pounds of food, a 40% increase compared to the previous year.

Community programs that have been established by the Society are as follows:

- a) Distribution Sites – provide food access through a safe and welcoming client experience at its locations in Vancouver, Burnaby, New Westminister and on the North Shore. Food banks were once considered a temporary measure but are now firmly embedded in our community. These locations have been run with the help of hundreds of dedicated volunteers. COVID-19 safety protocols were strictly followed throughout the year, providing a reassuring environment where clients, staff and volunteers felt safe.
- b) Community Agency Partners – provide in-kind support to 113 agencies located in Vancouver, Burnaby, New Westminister and on the North Shore. By collaborating with these organizations, the Society is able to further address food insecurity within these communities. Approximately 42% of the food distributed from the Society is completed through agencies, which in turn provide hot meals, snacks and food programming to their clients, including the homeless.
- c) Baby Steps – specifically targets babies from birth to 24 months old. All required food items for this program that the Society purchases are high nutrient products aimed at stimulating healthy growth and brain development. This program assists families coping with the challenges of raising a young infant by providing them with baby food, formula, first foods, diapers and cereals.

Greater Vancouver Food Bank Society

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June 30, 2021

- d) Preschooler Pack Program – provides families with preschoolers aged two to five years old with a monthly collection of foods designed by a dietician to build healthy eating habits. The focus is on foods with high iron and protein, to support brain and muscle development; these high nutrient items come at a higher cost, and are most often out of reach for food insecure families.
- e) Grade Schooler Pack Program – provides children from six to 12 years old with healthy, easy to prepare food that support nutritious school lunches and after school snacks. From high protein/low sodium chicken and turkey to eggs, hemp hearts, milk, cheese, oatmeal and cereals, and with fresh fruit and vegetables included each month, this pack is highly valued by families.
- f) Seniors' Program –provides a healthy mix of age-appropriate food for 65+ year-olds that is rich in vitamins and minerals. The program includes food with a high nutritional component that is easy to eat and prepare. A staple of the program is a high protein nutrition shake, accompanied by foods such as low sodium/high protein deli meats and whole wheat buns, yogurt, oatmeal, cheeses and quick meals like low sodium hearty soups and chilis. The Society also provides fresh foods such as bananas, bok choy, apricots and spinach.
- g) Healthy Food Purchasing Program – enables the Society to purchase products from local farmers, fishers, processors and food businesses that are then shared with food bank clients. Annually, the Society distributes over 4.4 million pounds of perishable, fresh, low sodium and low sugar food to its distribution sites and partners. Purchasing nutritious food allows the Society to increase the quality of food being distributed and facilitates continuous messaging and communications about the need for healthy food to support those who are food insecure. The Society strives to be a sustainable partner in the local food economy, purchasing as much fresh seasonable produce and farm fresh food as locally as possible.
- h) Project CHEF – teaches children the knowledge and skills to make healthy food choices and to make wholesome, nutritious meals for themselves so that they may lead healthy lives. Project CHEF transforms classrooms into cooking spaces, including hot elements. Through an experiential approach to food education and healthy eating, chef-instructors work with parents and teachers to teach safe kitchen skills, including food knife skills, to prepare recipes with fresh ingredients, and encourage students to try new foods. Project CHEF, an award-winning program, has reached more than 15,000 children in the community since 2007. Due to the pandemic, Project CHEF did not operate in schools this past year but focused their support for teachers and students online by documenting and sharing hundreds of recipes.

Volunteers

Volunteers provide significant services for the Society. The Society relies on volunteers to perform all of the sorting and distribution of all goods to the community, and they provide a significant labour force each day to distribute food to clients at each site. Volunteers in the office help to answer phones and open mail, and volunteers also support CAPs with food pick ups at its warehouses. As there is no available objective basis to measure the value of such services and these services would not otherwise be purchased by the Society, they are not recorded in these financial statements. The number of hours volunteered in 2021 was 53,446 (2020 – 80,000), which equals roughly 27 full-time staff in hours each year. The reduction in volunteer hours in 2021 was due to operational changes and measures the Society took to ensure it followed appropriate health and safety protocols related to the COVID-19 pandemic.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2021

2 Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3 Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash and any investments with a maturity of three months or less from the date of acquisition.

Investments

Management has elected to record all investments at fair value, and changes in fair value are recognized in the statement of operations.

Revenue recognition

The Society follows the deferral method of accounting for donations. Unrestricted donations are recognized as revenue when received by the Society. Any externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions for the purchase of property, plant, equipment and intangibles are deferred and amortized to revenue on the same basis as the related assets are amortized.

Donations

Donation revenue recorded in the financial statements consists of cash donations, donated gift certificates and store credits, and gifts-in-kind.

The Society receives donations of food and other products and services from industries/businesses and the general public. The total food and other products donated and collected by the Society for the year ended June 30, 2021 is 4.8 million pounds (2020 – 4.07 million pounds).

According to national standards recommended by Food Banks of Canada, the monetary equivalent of one pound of food donations is \$2.62. Management has decided to use this rate as the basis for determining the value of donated food and other products revenue. These donated food and other products are reflected in the statement of operations in the period received as revenue and an expense. For food and material items donated by individuals and industries/businesses that are supported with receipts and/or invoices, the Society issues tax receipts for such gift-in-kind donations. These gift-in-kind donations totalled \$1.1 million for the year (2020 – \$400,988). Gift-in-kind donations are included in the total value of donated food and other products revenue of \$12.9 million (2020 – \$10.6 million) at their receipted value.

The Society has been in receipt of legal services donated in-kind during the year ended June 30, 2021.

Greater Vancouver Food Bank Society

Notes to Financial Statements

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Investment income

Investment income includes interest and realized gains and losses on investments.

Property, plant, equipment and intangibles

Property, plant, equipment and intangibles purchased by the Society are recorded at cost. Property, plant, equipment and intangibles received as donations are recorded at their estimated fair market value. The amount of the donation is deferred and recognized as revenue on the same basis as the asset is amortized.

Amortization is provided on a straight-line basis over the estimated useful lives of the property, plant, equipment and intangibles as follows:

Office equipment and furniture – leased and owned	4 to 5.5 years
Computer leased assets	4 years
Truck leased assets	5 years
Computer software	4 years
Website	4 years
Distribution vehicles	4 years
Warehouse equipment	4 years

Amortization of leasehold improvements is recorded on a straight-line basis over the term of the lease.

Food purchases and inventory

Food purchases are recorded as an expense at the date of purchase. Food items on hand at year-end are not recorded as inventory.

Deferred contributions

Deferred contributions consist of amounts received in advance and restricted by the contributor for programs to be undertaken during subsequent fiscal years.

Capital lease

Leases entered into that transfer substantially all benefits and risks associated with the ownership of the asset to the Society are treated as capital leases and recorded as the acquisition of an asset and the occurrence of an obligation. The asset is amortized in a manner consistent with assets owned by the Society, and the obligation, including interest, is amortized over the term of the lease.

Net assets

“Invested in property, plant, equipment and intangibles” represents the investment in property, plant, equipment and intangible assets.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2021

“Contingency and capital project reserve” relates to funds internally restricted by the Board of Directors for emergency purposes and consistent with future capital plans.

“Unrestricted” represents funds used in general operating and business activities, including for any extraordinary circumstance that may arise.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Significant estimates include assessment of the value of donated food and other products. Actual results could differ from those estimates.

Financial instruments

Financial assets and liabilities are initially measured at fair value. All financial assets and liabilities, other than investments, are measured at amortized cost.

Allocation of expenses

The Society engages in food collection, processing and distribution, and educational and training community programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the programs. The Society also incurs fundraising/development expenses and general/administration expenses.

The Society allocates salaries and employee benefits based on staff functions and occupations. A number of general support expenses common to the administration of the Society and each of its programs, such as rent and utilities, are allocated proportionately on the basis of total area used by the office and programs. Donated food and other products and food purchases are disclosed separately.

4 Investments

	2021 \$	2020 \$
Cash	3,255	9,180
Endowment investments	50,000	-
Canadian bonds	1,223,000	1,407,232
Accrued interest	8,366	11,909
	<hr/> 1,284,621	<hr/> 1,428,321

Greater Vancouver Food Bank Society

Notes to Financial Statements

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The bonds earn interest at between 2.1% to 3.9% per annum, with maturities ranging up to two years. As the bonds are available to support the Society's operations, they have been classified as short term.

During the year, the Society transferred matured funds from investments to cash and cash equivalents to help fund operations and capital projects.

5 Gift certificates and credits

As at June 30, 2021, the Society had on hand \$198,749 (2020 – \$121,512) of donated gift certificates and store credits, principally from the BC Sharing Coupon Program available in certain supermarkets. These gift certificates and store credits can be exchanged for BC food products of the same monetary value.

6 Accounts receivable

	2021 \$	2020 \$
Accounts receivable	68,935	72,688
Donations receivable	201,326	208,734
Taxes receivable	42,839	28,181
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	313,100	309,603
Less: Allowance for doubtful accounts	63,563	63,563
	<hr/>	<hr/>
	249,537	246,040
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7 Property, plant, equipment and intangibles

	2021		
	Cost \$	Accumulated amortization \$	Net \$
Office equipment and furniture	108,369	68,751	39,618
Office equipment leased assets	54,807	1,913	52,894
Computer leased assets	119,190	75,588	43,602
Truck leased assets	363,035	247,680	115,355
Forklift leased assets	39,960	29,692	10,268
Computer software	123,455	39,260	84,195
Website	95,423	78,080	17,343
Distribution vehicles	751,888	577,204	174,684
Warehouse equipment	1,312,605	692,402	620,203
Leasehold improvements	2,872,611	257,041	2,615,570
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	5,841,343	2,067,611	3,773,732
	<hr/>	<hr/>	<hr/>

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2021

	2020		
	Cost	Accumulated	Net
	\$	amortization	\$
	\$	\$	\$
Office equipment and furniture	91,095	54,171	36,924
Computer leased assets	96,257	52,898	43,359
Truck leased assets	363,035	139,966	223,069
Forklift leased assets	39,960	21,478	18,482
Computer software	76,049	15,421	60,628
Website	95,423	67,959	27,464
Distribution vehicles	706,237	444,618	261,619
Warehouse equipment	1,076,158	431,613	644,545
Leasehold improvements	2,346,181	118,861	2,227,320
	<u>4,890,395</u>	<u>1,346,985</u>	<u>3,543,410</u>

Amortization for the year ended June 30, 2021 is \$729,913 (2020 – \$648,634).

8 Government remittances

Included in accounts payable and accrued liabilities are the following government remittances payable:

	2021	2020
	\$	\$
Worker's compensation insurance premiums	119	1,131
Payroll source deductions	13,352	18,417

9 Deferred contributions

Deferred contributions consist of unspent donations that are externally restricted for the following programs:

	2021	2020
	\$	\$
BC Sharing Coupon Program (note 5)	76,193	121,512
Distribution sites and Community Agency Partners	977,730	47,913
Food and education programs	360,271	369,006
Babies' and children's programs	247,749	211,224
Operations and food purchases	994,864	1,988,917
Seniors programs	20,000	-
	<u>2,676,807</u>	<u>2,738,572</u>

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2021

Changes in deferred contributions during the year are as follows:

	2021 \$	2020 \$
Balance – Beginning of year	2,738,572	1,572,417
Receipts for		
BC Sharing Coupon Program	189,025	240,529
Distribution sites	1,031,174	151,729
Food and education programs	-	168,045
Babies' and children's programs	367,468	266,728
Operations and food purchases	1,245,314	2,607,374
Seniors programs	270,000	-
	<u>3,102,981</u>	<u>3,434,405</u>
Amounts spent on		
BC Sharing Coupon Program	(234,344)	(155,706)
Distribution sites	(101,357)	(180,606)
Food and education programs	(8,735)	(205,850)
Babies' and children's programs	(330,943)	(165,305)
Operations and food purchases	(2,239,367)	(1,560,783)
Seniors programs	(250,000)	-
	<u>(3,164,746)</u>	<u>(2,268,250)</u>
Balance – End of year	<u>2,676,807</u>	<u>2,738,572</u>

10 Capital lease obligations

	Expiry date	Interest rate %	2021 \$	2020 \$
Trucks lease 2016	September 2020	2.49	-	3,723
Computer lease 2017	March 2021	5.50	-	4,795
Office equipment lease 2017	November 2020	9.64	-	4,378
Computer lease 2018	April 2022	5.85	3,825	8,710
Forklift lease 2018	October 2022	3.55	10,639	18,810
Vehicle lease 2019	May 2023	5.23	68,656	89,135
Computer lease 2019	June 2023	5.75	16,872	25,320
Vehicle lease 2019	July 2024	6.62	131,392	157,559
Office equipment lease 2021	December 2026	9.87	17,550	-
Office equipment lease 2021	January 2027	3.87	35,706	-
			<u>284,640</u>	<u>312,430</u>

During the year ended June 30, 2021, \$13,341 was paid in interest relating to capital lease obligations.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2021

11 Commitments

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

	\$
2022	965,432
2023	992,310
2024	1,030,819
2025	677,513
2026	608,911
Remaining	<u>6,089,110</u>
	<u>10,364,095</u>

12 Financial instruments

The Society's financial instruments are exposed to certain risks including interest rate risk, credit risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value of the Society's interest bearing financial instruments will fluctuate due to changes in the prevailing interest rates. The Society is exposed to interest rate risk on its investments and cash and cash equivalents. Management frequently reviews the interest rates to mitigate risk.

Credit risk

Credit risk is the risk of loss associated with the inability of a counterparty to fulfill its obligations under the terms of a financial instrument. The Society's exposure to credit risk is as indicated by the carrying value of its accounts receivable and gift certificates. The Society mitigates this risk by reviewing and monitoring these balances.

Liquidity risk

Liquidity risk is the risk that the Society cannot meet the demand for cash or fund its obligations as they become due. Management minimizes its exposure to liquidity risk by regularly monitoring cash flows.

13 Societies Act disclosures

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 Society.

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Remuneration paid to highest paid employees and contractors

There were seven people whose remuneration was at least \$75,000 during the year ended June 30, 2021. They received an aggregate of \$815,786 from the Society during the year.

Financial assistance

The Society did not provide any financial assistance outside the ordinary course of activities during the year.

14 Impact of COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The subsequent shutdowns globally, domestically and locally have had a significant impact on jurisdictions and market sectors in which the Society operates. The COVID-19 health crisis has affected every aspect of the Society's operation as a food bank, from the warehouse to the volunteers, and from office procedures to the way food is distributed.

In response to the COVID-19 pandemic, the Society has:

- i) deployed work from home protocols for employees who are able to do so;
- ii) created COVID-19 fundraising campaigns to be able to fundraise for the increased demand for services expected from the impact to the economy;
- iii) consolidated food distribution into four locations, with increased accessibility and hours, across the cities the Society supports;
- iv) redesigned its food sort and food distribution procedures to ensure continuous, safe distribution of food while protecting the health of its clients, staff and volunteers; and
- v) significantly improved client experience and accessibility by, among other means, expanding hours to reduce client line-ups, significantly increasing the number of CAPs the Society supports, creating a program with federal funding that offered each CAP (and additional neighbourhood houses/community centres) an industrial-sized cooler and freezer to increase their capacity to address food insecurity, opening a 3,000 square foot warehouse in Vancouver for CAP pick ups and leasing a 5,500 square foot Vancouver distribution site. The site opened in July 2021.

At this time, the Society has not experienced a reduction in any of its major funding sources. Rather, the Society has received extraordinary public donations and governmental support during the pandemic. However, the impact of the pandemic creates uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. The Society has seen an increase in reliance on its services from clients affected by the economic impact of the pandemic and expects the trend to persist for the foreseeable future. An estimate of the financial effect is not predictable at this time. The Society continues to closely monitor the impact on its financial position and continuing operations, as well as building its reserves to be able to meet the anticipated demand for services.

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15 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.