
CONSOLIDATED FINANCIAL STATEMENTS
SURREY FOOD BANK SOCIETY

September 30, 2022



INDEPENDENT AUDITOR'S REPORT

To the Members of
Surrey Food Bank Society

Qualified Opinion

We have audited the consolidated financial statements of Surrey Food Bank Society (the "Society"), which comprise the consolidated statement of financial position as at September 30, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Society as at September 30, 2022, 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 Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2022, current assets as at September 30, 2022, and net assets as at October 1 and September 30 for the 2022 year. The audit opinion was also qualified in this regard in the 2021 fiscal year end.

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 Consolidated Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 British Columbia Societies Act, we report that the accounting principles used in these consolidated financial statements have been applied on a basis consistent with that of the preceding year.

The comparative figures for the year ended September 30, 2021 were reported on by another firm of chartered professional accountants who expressed an qualified opinion thereon in their reported dated February 9, 2022.

Vancouver, Canada
March 8, 2023

Tompkins Wozny LLP

Chartered Professional Accountants



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30

	2022	2021
	\$	\$
ASSETS		
Current		
Cash	3,672,918	3,664,542
Investments <i>[note 3]</i>	44,948	43,220
Accounts receivable <i>[note 4]</i>	30,140	57,989
Prepaid expenses and deposits	82,414	46,231
Gift cards	35,494	47,424
	3,865,914	3,859,406
Capital assets <i>[note 5]</i>	8,695,927	8,654,212
Other asset <i>[note 6]</i>	11,215	6,863
	12,573,056	12,520,481
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	143,420	289,735
Deferred contributions <i>[note 8]</i>	329,131	265,349
Current portion of mortgage payable <i>[note 10]</i>	85,220	83,229
	557,771	638,313
Mortgage payable <i>[note 10]</i>	1,761,506	1,846,450
Deferred contributions related to capital assets <i>[note 9]</i>	131,805	177,750
	2,451,082	2,662,513
NET ASSETS		
Invested in capital assets	6,717,396	6,546,783
Internally restricted	274,459	408,768
Unrestricted	3,130,119	2,902,417
	10,121,974	9,857,968
	12,573,056	12,520,481

See accompanying notes to the consolidated financial statements

On behalf of the Board:

 Director

 Director


CONSOLIDATED STATEMENT OF OPERATIONS

Year ended September 30

	2022	2021
	\$	\$
REVENUE		
Donations and fundraising	2,017,942	2,946,260
Programs	94,749	104,392
BC Gaming	79,748	54,023
Interest	59,034	32,951
Amortization of deferred contributions related to capital assets <i>[note 9]</i>	45,945	59,476
Miscellaneous	6,173	2,992
	2,303,591	3,200,094
EXPENSES		
Advertising	38,793	37,076
Amortization of capital assets	225,234	230,310
Facilities, utilities and maintenance	151,210	217,325
Food purchases	203,656	112,654
Insurance	14,811	12,305
Interest - mortgage	51,075	61,051
- other	37,951	22,869
Office and miscellaneous	112,613	114,057
Professional fees	73,681	170,367
Project and grant expenses	190,792	135,673
Salaries and benefits <i>[note 13]</i>	871,388	759,599
Training and meetings	4,683	4,993
Vehicles	47,119	46,963
Volunteer expenses	16,579	9,820
	2,039,585	1,935,062
Excess of revenue over expenses for the year	264,006	1,265,032

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT IN CHANGES OF NET ASSETS

Year ended September 30

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Total \$
2022				
		<i>[Note 11]</i>		
Net assets, beginning of year	6,546,783	408,768	2,902,417	9,857,968
Excess of revenue (expenses) for the year	(179,289)	—	443,295	264,006
Purchase of capital assets	266,949	—	(266,949)	—
Repayment of mortgage principal	82,953	—	(82,953)	—
Transfer from internally restricted net assets	—	(134,309)	134,309	—
Net assets, end of year	6,717,396	274,459	3,130,119	10,121,974
2021				
Net assets, beginning of year	6,195,978	499,839	1,897,119	8,592,936
Excess of revenue (expenses) for the year	(170,834)	—	1,435,866	1,265,032
Purchase of capital assets	167,513	—	(167,513)	—
Capital assets acquired with deferred contributions	(27,485)	—	27,485	—
Repayment of mortgage principal	381,611	—	(381,611)	—
Net transfer from internally restricted net assets	—	(91,071)	91,071	—
Net assets, end of year	6,546,783	408,768	2,902,417	9,857,968

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	264,006	1,265,032
Items not affecting cash		
Amortization of deferred contributions related to capital assets	(45,945)	(59,476)
Amortization of capital assets	225,234	230,310
(Increase) decrease in other asset	(4,352)	6
Changes in other non-cash working capital items		
Accounts receivable	27,849	(40,224)
Prepaid expenses and deposits	(36,183)	8,410
Gift cards	11,930	(13,647)
Accounts payable and accrued liabilities	(146,315)	(4,121)
Deferred contributions	63,782	(26,733)
Cash provided by operating activities	360,006	1,359,557
INVESTING ACTIVITIES		
Purchase of capital assets	(266,949)	(167,513)
Purchase of investments, net	(1,728)	1,599,254
Cash provided by (used in) investing activities	(268,677)	1,431,741
FINANCING ACTIVITIES		
Repayment of mortgage payable	(82,953)	(381,611)
Deferred capital contributions received (spent)	—	27,485
Cash used in financing activities	(82,953)	(354,126)
Increase in cash during the year	8,376	2,437,172
Cash, beginning of year	3,664,542	1,227,370
Cash, end of year	3,672,918	3,664,542

See accompanying notes to the consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

1. PURPOSE

Surrey Food Bank Society (the "Society") is incorporated under the British Columbia Societies Act and is also a registered charitable organization under the Income Tax Act and as such is exempt from income taxes.

The purpose of the Society is to provide its local community, through equitable and effective distribution, access to food products and other resources. The Society also develops programs that are alternatives to the food line and helps people help themselves. The Society depends on the commitments and contributions of community volunteers in all aspects of its operations including the Board of Directors and its committees.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of presentation

These consolidated financial statements include the accounts of the Society and the Surrey Food Bank Foundation (the "Foundation") as of October 1, 2018 when the Society obtained control over the Foundation by virtue of changes to the by-laws requiring all the directors of the Society's board to be members of, and hence comprise the majority of the Foundation's Board. All inter-entity balances and transactions have been eliminated on consolidation.

The Foundation is incorporated under the British Columbia Societies Act and is also a registered charitable organization under the Income Tax Act and as such is exempt from income taxes. The purpose of the Foundation is to provide support to programs and operations of the Society.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the useful lives of capital assets, accrued payables, and provisions for contingencies. Actual results could differ from these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets are deferred and amortized over the remaining useful life of the capital asset acquired. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized when revenue is earned.

Other and miscellaneous revenues are recognized when the service is provided and collection is reasonably assured.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments, and accounts receivable. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities and mortgage payable.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Capital Assets

Capital assets are recorded at cost. Amortization is provided as follows:

- Building and building improvements 5% - declining balance
- Computer equipment and software 45% - declining balance
- Computer software 45% - declining balance
- Warehouse equipment 20% - declining balance
- Vehicles 30% - declining balance

Donated Goods and Services

The Society recognizes contributions of goods and services when a fair market value can be reasonably estimated and when the donated goods or services would otherwise have been purchased for use in the normal course of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Donated Goods and Services (Cont'd)

Volunteer contribute their time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services their value is not recognized in these consolidated financial statements.

The Society also receives a significant amount of donated food contributions which the Society in turn distributes, the value of which was not recorded in these consolidated financial statements.

All other in-kind donations are recorded to the extent the fair values can be determined and a tax receipt has been issued.

3. INVESTMENTS

Investments consist of a term deposit bearing interest at 0.65% [2021 - 4.00%] per annum and maturing in December 2024

4. ACCOUNTS RECEIVABLE

	2022 \$	2021 \$
Operations	2,863	51,153
GST receivable	27,277	6,836
	30,140	57,989

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	2022 Net Book Value \$	2021 Net Book Value \$
Land	5,983,482	—	5,983,482	5,983,482
Building	1,393,666	194,802	1,198,864	1,261,962
Building improvements	1,160,555	128,552	1,032,003	1,015,172
Vehicles	558,526	452,400	106,126	150,179
Computer equipment	80,441	52,302	28,139	32,745
Computer software	50,400	50,173	227	412
Warehouse equipment	382,154	206,362	175,792	182,211
Elevator	171,294	—	171,294	28,049
	9,780,518	1,084,591	8,695,927	8,654,212

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

6. OTHER ASSET

Other asset consists of a life insurance policy donated to the Society and is recorded at the cash surrender value.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	\$	\$
Operations	77,854	75,410
Vacation and wages payable	51,213	38,067
Government remittances - payroll remittances	14,353	6,644
- GST	—	169,614
	143,420	289,735

8. DEFERRED CONTRIBUTIONS

Deferred contributions consists of funds received and unspent that are restricted for specific programs and grants.

	2022	2021
	\$	\$
Balance, beginning of year	265,349	292,082
Add: Contributions for the year	373,845	221,914
Amounts spent and recognized as revenue	(310,063)	(221,162)
Restricted amount spent on capital purchases <i>[note 9]</i>	—	(27,485)
	329,131	265,349

9. DEFERRED CONTRIBUTIONS RELATED CAPITAL ASSETS

The Society received contributions externally restricted for capital assets. These amounts have been deferred and are being amortized into revenue over the estimated useful lives of the related capital assets.

	2022	2021
	\$	\$
Balance, beginning of year	177,750	209,741
Add: Contributions for the year	—	27,485
Amortized into revenue for the year	(45,945)	(59,476)
Balance, end of year	131,805	177,750

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

10. MORTGAGE PAYABLE

	2022 \$	2021 \$
Repayable in monthly instalments of \$11,169, including interest at 2.70% and matures on April 12, 2025. The land and building have been pledged as collateral for the mortgage	1,846,726	1,929,679
Less: current portion	(85,220)	(83,229)
	1,761,506	1,846,450

Principal payments due on the mortgage over the next four years is estimated as follows:

	\$
2023	85,220
2024	87,421
2025	89,940
2026	1,584,145
	1,846,726

The mortgage is subject to certain covenant requirements which the Society is in compliance with as at September 30, 2022.

11. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has restricted a portion of the Society's net assets for the following purposes:

	Balance, beginning of year \$	Designated in the year \$	Used during the year \$	Balance, end of year \$
Building improvements	274,459	—	—	274,459
Strategic plan initiatives	134,309	—	134,309	—
	408,768	—	134,309	274,459

12. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at September 30, 2022.

Credit Risk

The Society is exposed to credit risk with respect to its cash, investments and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive based on their net realizable value. Cash and investments are held by Canadian credit unions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

12. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society has interest rate risk on its investments and mortgage payable. Changes in the bank's prime lending rate or other rates can cause fluctuations in interest payments and cash flows. The Society does not use derivative financial instruments to alter the effects of this risk.

It is management's opinion that the Society is not subject to any credit, foreign exchange or other market risks with respect to its financial instruments. There has been no significant change to these risk exposures from the prior year.

13. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration and benefits paid to employees and contractors who are paid \$75,000 or more during the fiscal year. No remuneration was paid to any members of the Board.

Salaries and benefits expense includes \$89,057 [2021 - \$181,525] remunerated to one [2021 - two] employee for the management of the Society.

14. COMPARATIVE FIGURES

The comparative figures for the year ended September 30, 2021 were reported on by another firm of chartered professional accountants who expressed an qualified opinion thereon in their reported dated February 9, 2022.

Certain 2021 comparative figures have been reclassified where necessary to conform to the current year's presentation.