

**Greater Vancouver Food
Bank Society**

Financial Statements
June 30, 2016



September 22, 2016

Independent Auditor's Report

To the Members of Greater Vancouver Food Bank Society

We have audited the accompanying financial statements of the Greater Vancouver Food Bank Society (the Society), which comprise the statement of financial position as at June 30, 2016 and the statements of operations, cash flows and changes in net assets for the year then ended, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

In common with many not-for-profit organizations, Greater Vancouver Food Bank Society derives revenues from donations and donated food and other product, 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 Greater Vancouver Food Bank Society.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Therefore, we were not able to determine whether any adjustments might be necessary to donations and donated food and other product revenue, excess of revenues over expenses and cash flows from operations for the year ended June 30, 2016 and June 30, 2015, current assets as June 30, 2016 and June 30, 2015 and net assets as at the beginning and the end of the years ended June 30, 2016 and June 30, 2015. Our audit opinion on the financial statements for the year ended June 30, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Greater Vancouver Food Bank Society as at June 30, 2016 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 Society Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied to the financial statements, on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

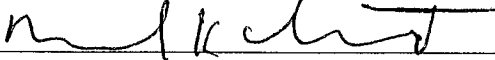
Greater Vancouver Food Bank Society

Statement of Financial Position

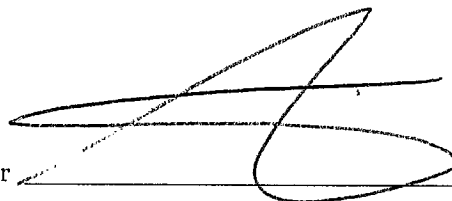
As at June 30, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents	604,640	370,007
Short-term investments (note 5)	5,028,783	4,533,008
Gift certificates and credits (note 6)	105,621	184,513
Accounts receivable (note 7)	42,194	42,427
Prepaid expenses	141,718	111,295
	<u>5,922,956</u>	<u>5,241,250</u>
Prepaid deposit	22,726	22,726
Property, plant, equipment and intangibles (note 8)	<u>356,028</u>	<u>216,064</u>
	<u>6,301,710</u>	<u>5,480,040</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	326,449	206,238
Deferred contributions (note 9)	617,960	565,356
Capital lease obligations (note 11)	90,957	24,664
	<u>1,035,366</u>	<u>796,258</u>
Net Assets		
Invested in property, plant, equipment and intangibles	356,028	216,064
Contingency and capital project reserve	4,350,000	4,350,000
Reserved for food and education programs	498,000	-
Unrestricted	<u>62,316</u>	<u>117,718</u>
	<u>5,266,344</u>	<u>4,683,782</u>
	<u>6,301,710</u>	<u>5,480,040</u>
Commitments (note 12)		

Approved by the Board of Directors



Director



Director

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, 2016

	2016 \$	2015 \$
Revenue		
Donated food and other products (note 4)	8,023,805	8,601,060
Donations	5,704,789	4,403,575
Investment income	108,738	125,354
	<u>13,837,332</u>	<u>13,129,989</u>
Expenses		
Operations and community programs		
Donated food and other products distributed	8,023,805	8,590,060
Community programs	1,710,503	1,313,844
Food purchases	720,532	575,170
Occupancy costs	482,506	484,338
Fleet and equipment maintenance	204,366	205,192
	<u>11,141,712</u>	<u>11,168,604</u>
Development and fundraising		
Advertising and promotion	90,603	60,720
Fundraising	1,119,207	903,379
	<u>1,209,810</u>	<u>964,099</u>
Office general and administration		
Administration	628,947	575,908
Occupancy costs	216,852	244,799
	<u>845,799</u>	<u>820,707</u>
Excess of revenue over expenses before change in fair value of investments	640,011	176,579
Change in fair value of investments	<u>(57,449)</u>	<u>(45,302)</u>
Excess of revenue over expenses for the year	582,562	131,277
Reserved for food and education programs	<u>(498,000)</u>	<u>-</u>
Excess of revenue over expenses for the year after transfer to reserves	<u>84,562</u>	<u>131,277</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, 2016

	2016				
	Invested in property, plant, equipment and intangibles \$	Unrestricted \$	Contingency and capital project reserve \$	Food and education programs reserve \$	Total \$
Net assets - Beginning of year	216,064	117,718	4,350,000	-	4,683,782
(Deficiency) excess of revenue over expenses	(120,088)	702,650	-	-	582,562
Investment in property, plant, equipment and intangibles	260,052	(260,052)	-	-	-
Transfer from unrestricted to food and education program reserve	-	(498,000)	-	498,000	-
Net assets - End of year	356,028	62,316	4,350,000	498,000	5,266,344
	2015				
	Invested in property, plant, equipment and intangibles \$	Unrestricted \$	Contingency and capital project reserve \$		Total \$
Net assets - Beginning of year	228,639	4,323,866	-		4,552,505
(Deficiency) excess of revenue over expenses	(135,378)	266,655	-		131,277
Investment in property, plant, equipment and intangibles	122,803	(122,803)	-		-
Transfer from unrestricted to contingency and capital project reserve	-	(4,350,000)	4,350,000		-
Net assets - End of year	216,064	117,718	4,350,000		4,683,782

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, 2016

	2016 \$	2015 \$
Cash flows from operating activities		
Reserved for Food and Education	498,000	-
Unrestricted	84,562	131,277
	<hr/>	<hr/>
Excess of revenue over expenses for the year	582,562	131,277
Items not affecting cash		
Amortization of property, plant, equipment and intangibles	120,088	135,378
Change in fair value of investments	57,449	45,302
	<hr/>	<hr/>
	760,099	311,957
Net change in non-cash working capital balances related to operations		
Decrease (increase) in gift certificates and credits	78,891	(15,881)
Decrease in accounts receivable	234	2,432
(Increase) decrease in prepaid expenses	(30,423)	43,948
Increase (decrease) in accounts payable and accrued liabilities	120,211	(32,323)
Increase in deferred contributions	52,604	241,999
	<hr/>	<hr/>
	981,616	552,132
Cash flows from investing activities		
Purchase of property, plant, equipment and intangibles	(176,697)	(98,139)
Net purchase of short-term investments	(553,224)	(429,945)
	<hr/>	<hr/>
	(729,921)	(528,084)
Cash flows from financing activities		
Capital lease obligations paid	(17,062)	-
	<hr/>	<hr/>
Increase in cash and cash equivalents	234,633	24,048
Cash and cash equivalents - Beginning of year	370,007	345,959
	<hr/>	<hr/>
Cash and cash equivalents - End of year	604,640	370,007
	<hr/>	<hr/>

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

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

1 Nature of operations

The Greater Vancouver Food Bank Society (the Society) is a non-profit organization with a mission to empower people to nourish themselves by providing access to healthy food, education and training. The Society provides assistance to over 26,500 people weekly through 13 food hubs and close to 100 community agencies located in Vancouver, Burnaby, New Westminister, North and West Vancouver. 20% of people the Society serves are children and 24% are seniors. The Society is committed to its vision of accessible, healthy and sustainable food for all and, through community collaboration, is proactively working to help end hunger.

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 is not a long-term solution. As such, in addition to emergency food, the Society also runs skill and capacity building programs that are focused on investing in and giving back to the community. 118 Community Kitchen Leaders were trained in 2015-2016; 1,396 pieces of kitchen equipment were shared. Each year the Society warehouse moves over 4.0 million pounds of food in and out of their 36,000 square foot facility.

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

- Food Hubs - The Society provides a two-day supplement of food to over 26,500 people each week by way of 13 facilities throughout Vancouver, Burnaby, New Westminister, North and West Vancouver. These locations have donated spaces managed by hundreds of dedicated volunteers. The Society is in the midst of transforming from the old style 'hand out' distribution model to a model that promotes dignity, respect and wellbeing, a 'hand up' marketplace style distribution model, enabling members to choose products that are available. Community partners, networks and other social service agencies are invited into locations to provide members with opportunities to help them towards a more self-sufficient way of life. Local urban farmers sell fresh produce at lower costs to the members, introducing and educating members on how to use this produce, providing them with the basic food skills to do this.
- Community Partner Agencies - The Society provides in-kind supports to over 91 meal-providing agencies located in Vancouver, Burnaby, New Westminister and North Vancouver. By partnering with these organizations, the Society helps care for the community while also helping to build healthy communities.
- Baby Steps - this program is geared for babies from six - 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, founded and operated by, the JRFM Radio Station, assists families coping with the challenges of raising a young infant by providing them with food, formula and diapers.
- Kids Picks - Kids Picks provides preschoolers aged two to six years with a supplemental bag of healthy, ready-to-eat foods that help provide the essential vitamins and minerals needed for proper growth and development. Each bag also includes important information for parents on childhood nutrition and good eating habits. 1,500 Kid's Picks bags are prepared by volunteers each month. The product that is used for these special bags is purchased by the Society to ensure proper nutrition.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

- Community Angel Food Runners - This program is aimed to collect quality food from restaurants, hotels, cafeterias and schools which is then delivered to meal-providing agencies. The program runs seven days a week, saving over 536,000 pounds (or \$1.3 million) of food that would otherwise be wasted and contributing to around 74,000 meals annually.

The Society together with the Vancouver Coastal Health have worked to develop food selection storage and transportation guidelines for all donors and agencies. Donor and partnering agencies also have an appointed staff contact who has their Food Safe certification.

- Fresh Choice Kitchens - This program creates and provides cooking and nutritional skill building training programs, networking sessions and cooking resources that empower and support individuals and community agencies in their efforts to start and maintain community kitchens.
- Downtown Eastside Community Kitchen Project (DECK) - This program provides residents living in single room occupancy (SRO) hotels in the Downtown Eastside an alternate method of obtaining food in a self-directed and dignified manner. Many SRO residents do not have access to cooking facilities or the skills to cook and cannot provide a meal for themselves. DECK provides an alternative by finding an appropriate cooking space and then getting residents together to cook meals. 35,280 meals annually are facilitated through 26 Community Kitchens across the Downtown Eastside.
- Curbside Fresh Market - This social enterprise program sells local produce purchased directly from farms through bulk sales and various other tactics to offer customers the lowest possible prices.

Volunteer workers

Volunteer workers perform significant services for the Society. The Society relies on volunteers to perform all of the sorting and distribution of all goods to the community. 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 2016 reached 61,787 (2015 - estimated at 94,746); that equals to 32 full-time staff in hours each year. During the current year, the Society has established a more precise system to count the number of volunteers and total number of volunteer hours worked, compared to estimations made in prior years.

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 short-term investments with a maturity of three months or less from the date of acquisition. Cash and cash equivalents also include \$10,000 restricted for credit card use.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

Short-term 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.

Net assets

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

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

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

“Reserved for food and education programs” relates to internally restricted funds by the Board of Directors for educational programs on food literacy, quality and sustainability and consistent with operational budgets of fiscal years 2017 and 2018.

Donations

Donations 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 product donated and collected by the Society for the year ended June 30, 2016, is 3.0 million pounds (2015 - 3.4 million pounds). This includes 536,708 pounds of food donated through the Community Angel Food Runners program (599,343 pounds in 2015) which is distributed directly to community agencies (see note 4).

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

According to national standards recommended by Food Banks of Canada, the monetary equivalent of one pound of food donations is \$2.50. 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 gifts-in-kind donations totalled \$356,499 for the year (2015 - \$392,280) and are included in the total value of food and other product donations revenues of the \$8.0 million (2015 - \$8.60 million) at \$2.50 per pound.

Investment income

Investment income includes dividends, interest, and realized gains and losses on short-term 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 income on the same basis as the asset is amortized.

Amortization begins when the asset is in use and 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	4 to 5.5 years
Computer leased assets	4 years
Computer software	4 years
Website	4 years
Distribution vehicles	4 years
Warehouse equipment	4 years
Truck leased assets	5 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.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

Capital lease

Leases entered into that transfer substantially all benefits and risks associated with the ownership of the asset to the Society are 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.

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 revenues 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 short-term investments, are measured at amortized cost.

Allocation of expenses

The Society engages in food collection, processing and distribution, 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 Recognition of Community Angel Food Runners program food donations

Donated food and other products includes \$1,341,770, which relates to the Community Angel Food Runners program (2015 - \$1,498,358).

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

5 Short-term investments

	2016 \$	2015 \$
Cash	1,123,255	1,659,020
Canadian money market fund	540,921	73,595
Canadian bonds	3,331,553	2,782,460
Accrued interest	33,054	17,933
	<hr/> 5,028,783	<hr/> 4,533,008

The bonds earn interest at between 2.1% to 7.5% per annum, with maturities ranging between one and three years. Interest receivable of \$33,054 on Canadian bonds is included in the short-term investments. As the bonds are available to support the Society's operations, they have been classified as short term.

6 Gift certificates and credits

At June 30, 2016, the Society had on hand \$105,621 (2015 - \$184,513) 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.

7 Accounts receivable

	2016 \$	2015 \$
Accounts receivable	83,938	88,660
Taxes receivable	21,819	17,330
	<hr/> 105,757	<hr/> 105,990
Less: Allowance for doubtful accounts	(63,563)	(63,563)
	<hr/> 42,194	<hr/> 42,427

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

8 Property, plant, equipment and intangibles

	2016		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Office equipment and furniture	301,537	266,312	35,225
Computer leased assets	40,411	9,624	30,787
Truck leased assets	70,297	12,288	58,009
Computer software	65,486	55,810	9,676
SAP Management System	100,195	-	100,195
Website	156,559	79,179	77,380
Distribution vehicles	754,525	727,735	26,790
Warehouse equipment	275,113	269,688	5,425
Leasehold improvements	122,103	109,562	12,541
	1,886,226	1,530,198	356,028
			2015
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Office equipment and furniture	285,140	242,847	42,293
Computer leased assets	27,353	2,689	24,664
Computer software	65,486	49,357	16,129
Website	101,767	51,968	49,799
Distribution vehicles	752,497	705,915	46,582
Warehouse equipment	271,828	260,353	11,475
Leasehold improvements	122,103	96,981	25,122
	1,626,174	1,410,110	216,064

9 Deferred contributions

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

	2016	2015
	\$	\$
BC Sharing Coupon Program (note 6)	105,621	184,513
Community Food Hubs	76,600	152,900
Food and Education Programs	279,763	121,915
Babies Program	69,667	70,426
Operations and food purchases	86,309	35,602
	617,960	565,356

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

Changes in deferred contributions during the year are as follows:

	2016 \$	2015 \$
Balance - Beginning of year	565,356	323,357
Receipts for		
BC Sharing Coupon Program	171,621	170,733
Community Food Hubs	100,000	120,000
Food and Education Programs	469,280	243,717
Babies Programs	76,943	111,017
Operations and food purchases	175,238	151,511
	<u>993,082</u>	<u>796,978</u>
Amounts spent on		
BC Sharing Coupon Program	(250,513)	(154,853)
Community Food Hubs	(176,300)	(87,100)
Food and Education Programs	(311,432)	(176,769)
Babies Programs	(77,702)	(40,590)
Operations and food purchases	(124,531)	(95,667)
	<u>(940,478)</u>	<u>(554,979)</u>
Balance - End of year	<u>617,960</u>	<u>565,356</u>

Restricted food purchases include \$90,000 received from the BC Gaming Grant during the 2016 financial year. \$41,193 of these funds were spent in the same year and \$48,807 were deferred to be spent in fiscal year 2017.

10 Government remittances

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

	2016 \$	2015 \$
Worker's compensation insurance premiums	2,831	2,287
Payroll source deductions	9,665	8,167

11 Capital lease obligations

	Expiry date	Interest rate %	2016 \$	2015 \$
Computer lease 2015	February 1, 2019	5.50	18,264	24,664
Computer lease 2016	May 1, 2020	5.50	12,513	-
Trucks lease 2016	November 1, 2021	2.49	60,180	-
			<u>90,957</u>	<u>24,664</u>

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2016

12 Commitments

The Society is committed to the following minimum annual payments under operating leases for equipment and premises:

	\$
2017	570,944
2018	612,618
2019	612,618
	<u>1,796,180</u>

13 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 short-term 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.