

**Greater Vancouver Food
Bank Society**

Financial Statements
June 30, 2014



September 18, 2014

Independent Auditor's Report

**To the Members of
Greater Vancouver Food Bank Society**

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Vancouver Food Bank Society (the Society), which comprise the statement of financial position as at June 30, 2014 and the statements of operations, changes in net assets and cash flows 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.

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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. 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, 2014 and June 30, 2013, current assets as at June 30, 2014 and June 30, 2013 and net assets as at July 1 and June 30 for the years ended June 30, 2014 and June 30, 2013. Our audit opinion on the financial statements for the year ended June 30, 2013 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, 2014 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, except for the application of the new accounting policy with respect to the recognition of donated food and other products detailed in note 3 of the financial statements, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Accountants

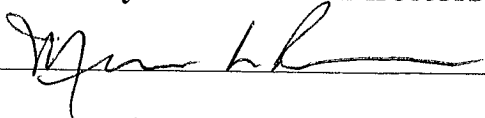
Greater Vancouver Food Bank Society

Statement of Financial Position

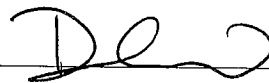
As at June 30, 2014

	2014 \$	2013 \$
Assets		
Current assets		
Cash and cash equivalents	345,959	149,276
Short-term investments (note 5)	4,148,365	3,847,799
Gift certificates and credits (note 6)	168,632	107,943
Accounts receivable (note 7)	44,859	107,795
Prepaid expenses	155,243	143,770
	<u>4,863,058</u>	<u>4,356,583</u>
Prepaid deposit	22,726	22,726
Property, plant, equipment and intangibles (note 8)	<u>228,639</u>	<u>254,654</u>
	<u>5,114,423</u>	<u>4,633,963</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	238,561	153,546
Deferred contributions (note 9)	323,357	143,246
	<u>561,918</u>	<u>296,792</u>
Net Assets		
Invested in property, plant, equipment and intangibles	228,639	254,654
Unrestricted	<u>4,323,866</u>	<u>4,082,517</u>
	<u>4,552,505</u>	<u>4,337,171</u>
	<u>5,114,423</u>	<u>4,633,963</u>
Commitments (note 11)		

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, 2014

	2014 \$	2013 \$ (Restated)
Revenue		
Donated food and other products	8,156,043	8,364,283
Donations	4,052,605	3,882,597
Investment income	160,984	170,065
	<u>12,369,632</u>	<u>12,416,945</u>
Expenses		
Operations and community programs		
Donated food and other products distributed	8,156,043	8,364,283
Community programs	1,225,976	1,142,572
Food purchases	476,373	692,292
Occupancy costs	477,315	478,072
Fleet and equipment maintenance	186,171	202,932
	<u>10,521,878</u>	<u>10,880,151</u>
Development and fundraising	768,905	658,412
Office general and administration		
Administration	560,390	645,770
Occupancy costs	246,157	229,306
	<u>12,097,330</u>	<u>12,413,639</u>
Excess of revenue over expenses before change in fair value of investments	272,302	3,306
Change in fair value of investments	<u>(56,968)</u>	<u>(112,102)</u>
Excess (deficiency) of revenue over expenses for the year	<u>215,334</u>	<u>(108,796)</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, 2014

	2014		
	Invested in property, plant, equipment and intangibles \$	Unrestricted \$	Total \$
Net assets - Beginning of year	254,654	4,082,517	4,337,171
(Deficiency) excess of revenue over expenses	(115,995)	331,329	215,334
Investment in property, plant, equipment and intangibles	89,980	(89,980)	-
Net assets - End of year	<u>228,639</u>	<u>4,323,866</u>	<u>4,552,505</u>
	2013		
	Invested in property, plant, equipment and intangibles \$	Unrestricted \$	Total \$
Net assets - Beginning of year	321,748	4,124,219	4,445,967
(Deficiency) excess of revenue over expenses	(133,304)	24,508	(108,796)
Investment in property, plant, equipment and intangibles	66,210	(66,210)	-
Net assets - End of year	<u>254,654</u>	<u>4,082,517</u>	<u>4,337,171</u>

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, 2014

	2014 \$	2013 \$
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	215,334	(108,796)
Items not affecting cash		
Amortization of property, plant, equipment and intangibles	115,995	133,304
Change in fair value of investments	56,968	112,102
	<hr/>	<hr/>
	388,297	136,610
Net change in non-cash working capital balances related to operations		
Increase in gift certificates and credits	(60,689)	(7,695)
Decrease in accounts receivable	62,936	80,610
(Increase) decrease in prepaid expenses	(11,472)	3,407
Increase in accounts payable and accrued liabilities	85,015	16,753
Increase in deferred contributions	180,111	4,397
	<hr/>	<hr/>
	644,198	234,082
Cash flows from investing activities		
Purchase of property, plant, equipment and intangibles	(89,980)	(66,210)
Net increase in short-term investments	(357,535)	(543,379)
	<hr/>	<hr/>
	(447,515)	(609,589)
Increase (decrease) in cash and cash equivalents	196,683	(375,507)
Cash and cash equivalents - Beginning of year	149,276	524,783
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Cash and cash equivalents - End of year	345,959	149,276
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The accompanying notes are an integral part of these financial statements.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2014

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 28,000 people weekly through 15 food hubs and over 100 community agencies located in Vancouver, Burnaby, New Westminster and North Vancouver. 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.

The Society has established a number of community programs to support its mission as follows:

- Food Hubs - The Society provides a two-day supplement of food to over 28,000 people each week by way of 15 facilities throughout Vancouver, Burnaby, New Westminster and the North Shore. These locations have donated spaces managed by hundreds of dedicated volunteers.
- Community Partner Agencies - The Society supplies food in kind support to over 100 meal-providing agencies that in turn create 16,000 meals every week.
- Basics for Babies - This program, founded and operated by the radio station JRFM, assists families coping with the challenges of raising a young infant by providing them with needed food, formula and diapers.
- Kids Picks - This program provides preschoolers aged 18 months to six years with a supplemental bag of healthy, ready-to-eat snacks that help provide the essential vitamins and minerals needed for proper growth and development.
- Community Angel Food Runners - This program is the prepared and perishable food recovery program of the Society. Food is donated from restaurants, hotels, cafeterias and schools and then delivered the same day to meal-providing agencies, which saves over 870,000 pounds of food that would otherwise be wasted.
- Fresh Choice Kitchens - This program creates educational and skill training programs, networking sessions and cooking resources that empower and support individuals and community agencies in the 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 a meal.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2014

2 Basis of presentation

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

3 Change in accounting policy

During the current year, the Society changed its accounting policy with respect to donated food and other products. Commencing in fiscal 2014, donated food and other products are recognized in the statement of operations in the period received as a revenue and an expense. Previously, donated food and other products were not recognized by the Society as it was difficult to track and value such donations.

This change in accounting policy was applied retroactively and resulted in an increase in donated food and products revenue and donated food and products expense of \$8,156,043 and \$8,364,283 in the statement of operations for fiscal 2014 and fiscal 2013, respectively.

4 Significant accounting policies

Cash and cash equivalents

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

Short-term investments

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

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2014

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, 2014, is 4.0 million pounds (2013 - 4.15 million pound). The food donated through the Community Angel Food Runners program (730,520 pounds in 2014 and 799,940 in 2013) and distributed directly to community agencies was not included in the financial statements, and accordingly 3.26 million pounds (2013 - 3.35 million pounds) of donated food and other products are included in the statement of operations.

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 a 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 totalled \$549,313 for the year (2013 - \$472,890) and are included in the total value of food and other product donations of the \$8.16 million (2013 - \$8.36 million).

Investment income

Investment income includes dividends, interest, and realized gains and losses on short-term investments.

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 2014 reached 85,394 (2013 - 90,700).

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.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2014

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	4 to 5.5 years
Computer software	4 years
Website	3 years
Distribution vehicles	4 years
Warehouse equipment	4 to 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.

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 and bad debts. 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.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2014

5 Short-term investments

	2014 \$	2013 \$
Cash	36,702	13,964
Canadian money market fund	464,451	-
Canadian bonds	3,615,422	3,803,230
Accrued interest	31,790	30,605
	<u>4,148,365</u>	<u>3,847,799</u>

The bonds earn interest at between 2.3% to 6.7% per annum, with maturities ranging between one and three years. Interest receivable of \$31,789 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, 2014, the Society had on hand \$168,632 (2013 - \$107,943) 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

	2014 \$	2013 \$
Accounts receivable	91,325	220,467
Taxes receivable	17,097	30,328
	<u>108,422</u>	<u>250,795</u>
Less: Allowance for doubtful accounts	(63,563)	(143,000)
	<u>44,859</u>	<u>107,795</u>

8 Property, plant, equipment and intangibles

	2014		
	Cost \$	Accumulated amortization \$	Net \$
Office equipment and furniture	264,720	206,356	58,364
Computer software	67,229	49,466	17,763
Website	48,045	23,170	24,875
Distribution vehicles	729,446	670,527	58,919
Warehouse equipment	271,828	240,812	31,016
Leasehold improvements	122,103	84,401	37,702
	<u>1,503,371</u>	<u>1,274,732</u>	<u>228,639</u>

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2014

	2013		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Office equipment and furniture	258,597	158,175	100,422
Computer software	47,504	39,611	7,893
Website	46,200	11,620	34,580
Distribution vehicles	713,745	642,501	71,244
Warehouse equipment	262,271	222,706	39,565
Leasehold improvements	85,074	84,124	950
	1,413,391	1,158,737	254,654

9 Deferred contributions

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

	2014	2013
	\$	\$
BC Sharing Coupon Program	168,632	107,943
Community Kitchen Programs	34,725	35,303
Community Food Hubs	120,000	-
	323,357	143,246

Changes in deferred contributions during the year are as follows:

	2014	2013
	\$	\$
Balance - Beginning of year	143,246	138,849
Receipts for		
Basics for Babies	87,371	38,344
BC Sharing Coupon Program	189,132	198,402
Community Angel Food Runners Program	74,627	67,777
Community Kitchen Programs	77,663	54,900
Kids Picks	19,556	15,857
Community Food Hubs	120,000	-
	568,349	375,280
Amounts spent on		
Basics for Babies	(87,371)	(38,344)
BC Sharing Coupon Program	(128,443)	(190,708)
Community Angel Food Runners Program	(74,627)	(67,777)
Community Kitchen Programs	(78,241)	(58,197)
Kids Picks	(19,556)	(15,857)
	(388,238)	(370,883)
Balance - End of year	323,357	143,246

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2014

10 Government remittances

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

	2014	2013
	\$	\$
Worker's compensation insurance premiums	2,563	2,182
Payroll source deductions	6,798	3,648

11 Commitments

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

	\$
2015	556,445
2016	567,895
2017	570,813
	<hr/>
	1,695,153
	<hr/>

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 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.