

Greater Vancouver Food Bank Society

Financial Statements
June 30, 2022



Independent auditor's report

To the Members of Greater Vancouver Food Bank

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Greater Vancouver Food Bank (the Society) as at June 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.

What we have audited

The Society's financial statements comprise:

- the statement of financial position as at June 30, 2022;
- 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 opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

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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

Surrey, British Columbia
September 19, 2022

Greater Vancouver Food Bank Society


Statement of Financial Position

As at June 30, 2022

	2022 \$	2021 \$
Assets		
Current assets		
Cash and cash equivalents	14,504,113	20,902,861
Investments (note 4)	9,218,692	1,284,621
Gift certificates and credits (note 5)	151,723	198,749
Accounts receivable (note 6)	230,788	249,537
Inventory	388,972	55,760
Prepaid expenses	408,278	286,875
	<u>24,902,566</u>	<u>22,978,403</u>
Property, plant, equipment and intangibles (note 7)	<u>3,449,719</u>	<u>3,773,732</u>
	<u>28,352,285</u>	<u>26,752,135</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	685,105	838,335
Deferred contributions (note 9)	1,426,611	2,676,807
Lease liability	160,784	-
Capital lease obligations (note 10)	204,020	284,640
	<u>2,476,520</u>	<u>3,799,782</u>
Net Assets		
Invested in property, plant, equipment and intangibles	3,449,719	3,773,732
Contingency and capital project reserve	5,362,551	5,362,551
Unrestricted	<u>17,063,495</u>	<u>13,816,070</u>
	<u>25,875,765</u>	<u>22,952,353</u>
	<u>28,352,285</u>	<u>26,752,135</u>
Commitments (note 11)		

Approved by the Board of Directors


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Director

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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, 2022**

	2022	2021
	\$	\$
Revenue		
Donations	16,402,364	19,847,094
Donated food and other products	12,534,879	12,892,409
Investment and other income	370,064	155,357
	<u>29,307,307</u>	<u>32,894,860</u>
Expenses		
Operations and community programs		
Donated food and other products distributed	12,534,879	12,892,409
Community programs	3,991,111	3,676,666
Food purchases	3,946,641	2,107,420
Occupancy costs	1,357,118	1,283,912
Fleet and equipment maintenance	727,214	663,481
	<u>22,556,963</u>	<u>20,623,888</u>
Development and fundraising		
Fundraising	2,163,894	1,967,674
Advertising and promotion	216,453	97,086
	<u>2,380,347</u>	<u>2,064,760</u>
Office general and administration		
Administration	849,898	619,969
Professional services	248,833	197,169
Occupancy costs	58,580	81,164
	<u>1,157,311</u>	<u>898,302</u>
Excess of revenue over expenses before change in fair value of investments	3,212,686	9,307,910
Change in fair value of investments	<u>(289,274)</u>	<u>15,823</u>
Excess of revenue over expenses	<u>2,923,412</u>	<u>9,323,733</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, 2022

	2022			
	Invested in property, plant, equipment and intangibles \$	Contingency and capital project reserve \$	Unrestricted \$	Total \$
Net assets – Beginning of year	3,773,732	5,362,551	13,816,070	22,952,353
(Deficiency) excess of revenue over expenses	(929,147)	-	3,852,559	2,923,412
Investment in property, plant and equipment	605,134	-	(605,134)	-
Interfund transfers	-	-	-	-
Net assets – End of year	3,449,719	5,362,551	17,063,495	25,875,765
	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

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, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	2,923,412	9,323,733
Items not affecting cash		
Amortization of property, plant, equipment and intangibles	929,147	729,913
Gain on disposal of property, plant, equipment and intangibles	(49,900)	(9,287)
Change in fair value of investments	289,274	(15,823)
	<u>4,091,933</u>	<u>10,028,536</u>
Changes in non-cash working capital balances related to operations		
Decrease (increase) in gift certificates and credits	47,026	(77,237)
Decrease (increase) in accounts receivable	18,749	(3,496)
Increase in prepaid expenses	(121,403)	(39,029)
Increase in inventory	(333,212)	(55,760)
Decrease (increase) in accounts payable and accrued liabilities	(153,230)	189,194
Decrease in deferred contributions	(1,250,196)	(61,765)
Decrease in lease liability	(39,216)	-
	<u>2,260,451</u>	<u>9,980,443</u>
Investing activities		
Purchase of property, plant, equipment and intangibles	(605,134)	(897,488)
Proceeds on disposal of property, plant, equipment and intangibles	49,900	-
(Purchase) redemption of investments	(8,223,345)	159,522
	<u>(8,778,579)</u>	<u>(737,966)</u>
Financing activities		
Tenant improvement allowance received	200,000	-
Capital lease obligations paid	(80,620)	(81,250)
	<u>119,380</u>	<u>(81,250)</u>
(Decrease) increase in cash and cash equivalents during the year	<u>(6,398,748)</u>	<u>9,161,227</u>
Cash and cash equivalents – Beginning of year	<u>20,902,861</u>	<u>11,741,634</u>
Cash and cash equivalents – End of year	<u>14,504,113</u>	<u>20,902,861</u>

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

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

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 13,000 children, adults and seniors monthly through its network of distribution sites and to thousands more through partnerships with 118 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, to name but a few of the organizations the Society partners with – 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.

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 2022 was 47,626 (2021 – 53,446), which equals roughly 25 full-time staff in hours each year.

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.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

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, 2022 is 4.7 million pounds (2021 – 4.8 million pounds).

According to national standards recommended by Food Banks of Canada, the monetary equivalent of one pound of food donations increased from \$2.62 per pound to \$3.21 per pound commencing June 1, 2022. Management has decided to use this rate as the basis for determining the value of donated food and other products revenue. The 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. The receipted gift-in-kind donations totalled \$0.5 million for the year (2021 – \$1.1 million). Gift-in-kind donations are included in the total value of donated food and other products revenue of \$12.5 million (2021 – \$12.9 million) at their receipted value.

The Society has been in receipt of legal services donated in-kind during the year ended June 30, 2022.

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.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

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.

Inventory

Non-perishable food which has been purchased from suppliers but not yet distributed to individuals or Community Agency Partners, is recorded on the Statement of Financial Position at the lower of cost and current replacement cost. The cost of inventory is determined on a first-in, first-out basis. As donated food has no net realizable value, it is not included in the inventory balance.

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.

Lease liability

The society received a tenant improvement allowance in 2022 related to its warehouse location. The obligation is amortized into occupancy costs 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, 2022

“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 the total area used by the office and programs. Donated food and other products and food purchases are disclosed separately.

4 Investments

	2022 \$	2021 \$
Canadian bonds	7,557,268	1,226,255
Securities	1,570,885	-
Endowment investments	50,000	50,000
Accrued interest	40,539	8,366
	<u>9,218,692</u>	<u>1,284,621</u>

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

The bonds earn interest at between 3.3% to 4.8% per annum, with maturities ranging up to five 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 funds from cash and cash equivalents to investments in accordance with its investment policy statement.

5 Gift certificates and credits

As at June 30, 2022, the Society had on hand \$151,723 (2021 – \$198,749) 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

	2022 \$	2021 \$
Accounts receivable	68,507	68,935
Donations receivable	119,022	201,326
Taxes receivable	106,822	42,839
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	294,351	313,100
Less: Allowance for doubtful accounts	63,563	63,563
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	230,788	249,537
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7 Property, plant, equipment and intangibles

	<u>2022</u>		
	Cost \$	Accumulated amortization \$	Net \$
Office equipment and furniture	118,527	87,193	31,334
Office equipment leased assets	51,214	14,567	36,647
Computer leased assets	156,422	101,137	55,285
Truck leased assets	292,738	198,126	94,612
Forklift leased assets	39,960	37,906	2,054
Computer software	105,091	66,547	38,544
Website	141,036	92,443	48,593
Distribution vehicles	994,633	754,904	239,729
Warehouse equipment	1,394,070	988,685	405,385
Leasehold improvements	3,064,413	566,877	2,497,536
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	6,358,104	2,908,385	3,449,719
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Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

	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
	5,841,343	2,067,611	3,773,732

Amortization for the year ended June 30, 2022 is \$929,147 (2021 – \$729,913).

8 Government remittances

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

	2022 \$	2021 \$
Worker's compensation insurance premiums	205	119
Payroll source deductions	14,100	13,352

9 Deferred contributions

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

	2022 \$	2021 \$
BC Sharing Coupon Program (note 5)	125,305	76,193
Distribution sites and Community Agency Partners	132,862	977,730
Food and education programs	-	360,271
Babies' and children's programs	96,710	247,749
Operations and food purchases	1,005,716	994,864
Seniors programs	66,018	20,000
	1,426,611	2,676,807

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

Changes in deferred contributions during the year are as follows:

	2022 \$	2021 \$
Balance – Beginning of year	2,676,807	2,738,572
Receipts for		
BC Sharing Coupon Program	95,161	189,025
Distribution sites	100,245	1,031,174
Food and education programs	-	-
Babies' and children's programs	254,506	367,468
Operations and food purchases	608,535	1,245,314
Seniors programs	354,320	270,000
	<u>1,412,767</u>	<u>3,102,981</u>
Amounts spent on		
BC Sharing Coupon Program	(46,048)	(234,344)
Distribution sites	(945,114)	(101,357)
Food and education programs	(360,271)	(8,735)
Babies' and children's programs	(405,545)	(330,943)
Operations and food purchases	(597,683)	(2,239,367)
Seniors programs	(308,302)	(250,000)
	<u>(2,662,963)</u>	<u>(3,164,746)</u>
Balance – End of year	<u>1,426,611</u>	<u>2,676,807</u>

10 Capital lease obligations

	Expiry date	Interest rate %	2022 \$	2021 \$
Computer lease 2018	April 2022	5.85	-	3,825
Forklift lease 2018	October 2022	3.55	2,774	10,639
Vehicle lease 2019	May 2023	5.23	47,003	68,656
Computer lease 2019	June 2023	5.75	7,884	16,872
Vehicle lease 2019	July 2024	6.62	104,164	131,392
Office equipment lease 2021	December 2026	9.87	14,972	17,550
Office equipment lease 2021	January 2027	3.87	27,223	35,706
			<u>204,020</u>	<u>284,640</u>

During the year ended June 30, 2022, \$12,180 was paid in interest relating to capital lease obligations.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

11 Commitments

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

	\$
2023	1,050,477
2024	1,092,795
2025	708,672
2026	637,268
2027	637,268
Remaining	<u>5,735,415</u>
	<u>9,861,895</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.

Greater Vancouver Food Bank Society

Notes to Financial Statements

June 30, 2022

Remuneration paid to highest paid employees and contractors

There were twelve people whose remuneration was at least \$75,000 during the year ended June 30, 2022. They received an aggregate of \$1,369,262 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 Comparative figures

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