

Consolidated Financial Statements of

SURREY FOOD BANK SOCIETY

And Independent Auditors' Report thereon

Year ended September 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of Surrey Food Bank Society

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Surrey Food Bank Society (the "Society"), which comprise:

- the consolidated statement of financial position as at September 30, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the financial statements present fairly, in all material respects, the consolidated financial position of the Society as at September 30, 2020, and its consolidated results of operations and its consolidated 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 charitable organizations, the Society derives revenue from donations, 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 and excess of revenue over expenses reported in the statement of operations and changes in net assets and statement of cash flows for the years ended September 30, 2020 and September 30, 2019, current assets in the statement of financial position as at September 30, 2020 and September 30, 2019 and net assets reported in the statement of changes in net assets, both at the beginning and end of the year, for the years ending September 30, 2020 and September 30, 2019. Our opinion on the financial statements for the year ended September 30, 2019 was qualified accordingly because of the possible effects of this limitation in scope.



We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

Auditors’ 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 auditors’ 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 the 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 auditors' 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 auditors' 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada
February 10, 2021

SURREY FOOD BANK SOCIETY

Consolidated Statement of Financial Position

September 30, 2020, with comparative information for 2019

| | 2020 | 2019 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash (notes 2 and note 8) | \$ 1,227,370 | \$ 2,022,396 |
| Short-term investments (note 3) | 1,600,000 | - |
| Accounts receivable | 58,882 | 32,027 |
| Prepaid expenses and deposits | 54,641 | 295,638 |
| Gift cards | 33,777 | 17,918 |
| Assets held-for-sale (note 12) | - | 332,271 |
| | <u>2,974,670</u> | <u>2,700,250</u> |
| Long-term investment (note 4) | 42,474 | 41,826 |
| Internally restricted investments (note 2) | - | 1,200,000 |
| Tangible capital assets (note 5) | 8,516,092 | 430,036 |
| Other asset (note 6) | 6,869 | 5,173 |
| | <u>\$ 11,540,105</u> | <u>\$ 4,377,285</u> |

Liabilities and Net Assets

| | | |
|---|----------------------|---------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 7) | \$ 128,904 | \$ 72,159 |
| Deferred contributions (note 8) | 292,082 | 253,773 |
| Current portion of long-term debt (note 10) | 85,204 | - |
| | <u>506,190</u> | <u>325,932</u> |
| Deferred capital contributions (note 9) | 209,741 | 255,585 |
| Long-term debt (note 10) | 2,226,086 | - |
| | <u>2,942,017</u> | <u>581,517</u> |
| Net assets: | | |
| Invested in tangible capital assets (note 11) | 5,995,061 | 506,722 |
| Internally restricted funds (note 2) | 499,839 | 1,505,659 |
| Unrestricted funds | 2,103,188 | 1,783,387 |
| | <u>8,598,088</u> | <u>3,795,768</u> |
| Impact of COVID-19 (note 16) | | |
| | <u>\$ 11,540,105</u> | <u>\$ 4,377,285</u> |

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:



Director



Director

SURREY FOOD BANK SOCIETY

Consolidated Statement of Operations

Year ended September 30, 2020, with comparative information for 2019

| | 2020 | 2019 |
|---|---------------------|-------------------|
| Revenue: | | |
| Donations and fundraising | \$ 3,231,948 | \$ 1,428,125 |
| Gaming | 139,932 | 85,386 |
| Programs | 86,011 | 145,283 |
| Amortization of deferred capital contributions (note 9) | 74,152 | 63,603 |
| Interest | 30,326 | 80,776 |
| Litter contract | 11,760 | 26,616 |
| Sundry | 3,065 | 7,191 |
| | <u>3,577,194</u> | <u>1,836,980</u> |
| Expenses: | | |
| Advertising | 22,528 | 32,161 |
| Amortization of tangible capital assets | 227,176 | 123,535 |
| Building development expenses | - | 25,360 |
| Directors' liability insurance | 1,674 | 1,540 |
| Food purchases | 132,105 | 84,334 |
| Insurance | 6,687 | 4,887 |
| Interest and bank charges | 19,780 | 9,605 |
| Interest on long-term debt | 102,150 | - |
| Office and miscellaneous | 184,547 | 106,032 |
| Professional fees | 24,824 | 14,588 |
| Project and grant expenses | 86,951 | 140,419 |
| Rent | 131,583 | 120,663 |
| Salaries and benefits | 740,264 | 699,348 |
| Training and meetings | 5,112 | 5,273 |
| Utilities | 48,226 | 37,584 |
| Vehicles | 49,771 | 53,188 |
| Volunteer expenses | 10,409 | 11,669 |
| | <u>1,793,787</u> | <u>1,470,186</u> |
| Excess of revenue over expenses before other items | 1,783,407 | 366,794 |
| Other items: | | |
| Gain on disposal of tangible capital assets and assets held-for-sale (note 12) | 2,926,521 | 18,285 |
| Rental income | 92,392 | - |
| | <u>3,018,913</u> | <u>18,285</u> |
| Excess of revenue over expenses for the year | <u>\$ 4,802,320</u> | <u>\$ 385,079</u> |

See accompanying notes to consolidated financial statements.

SURREY FOOD BANK SOCIETY

Consolidated Statement of Changes in Net Assets

Year ended September 30, 2020, with comparative information for 2019

| | Invested in tangible capital assets (note 11) | Unrestricted funds | Internally restricted funds | 2020 | 2019 |
|---|--|-----------------------|-----------------------------------|---------------------|---------------------|
| Net assets, beginning of year | \$ 506,722 | \$ 1,783,387 | \$ 1,505,659 | \$ 3,795,768 | \$ 2,968,692 |
| Net assets of Surrey Food Bank Foundation (note 1(a)) | - | - | - | - | 441,997 |
| Excess (deficiency) of revenue over expenses (note 11(b)) | (153,024) | 4,951,541 | 3,803 | 4,802,320 | 385,079 |
| Net change in invested in tangible capital assets (note 11(c)) | 5,641,363 | (4,406,360) | (1,235,003) | - | - |
| Interfund transfer (note 13) | - | (225,380) | 225,380 | - | - |
| Net assets, end of year | \$ 5,995,061 | \$ 2,103,188 | \$ 499,839 | \$ 8,598,088 | \$ 3,795,768 |

See accompanying notes to consolidated financial statements.

SURREY FOOD BANK SOCIETY

Consolidated Statement of Cash Flows

Year ended September 30, 2020, with comparative information for 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess of revenue over expenses for the year | \$ 4,802,320 | \$ 385,079 |
| Items not involving cash: | | |
| Amortization of deferred capital contributions | (74,152) | (63,603) |
| Amortization of tangible capital assets | 227,176 | 123,535 |
| Gain on disposal of tangible capital assets and assets held-for-sale | (2,926,521) | (18,285) |
| | 2,028,823 | 426,726 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (26,855) | (3,188) |
| Prepaid expenses and deposits | 240,997 | (162,676) |
| Gift cards | (15,859) | (6,188) |
| Accounts payable and accrued liabilities | 56,745 | (4,968) |
| Deferred contributions | 38,309 | 50,573 |
| | 2,322,160 | 300,279 |
| Investing: | | |
| Cash of Surrey Food Bank Foundation (note 1(a)) | - | 62,015 |
| Redemption (purchase) of short-term investments | (1,600,000) | 540,866 |
| Purchase of long-term investments | (648) | (41,826) |
| Redemption of internally restricted investments | 1,200,000 | 416,000 |
| Purchase of tangible capital assets | (8,319,126) | (302,041) |
| Proceeds on disposal of tangible capital assets and assets held-for-resale | 3,264,686 | 22,531 |
| Increase in other asset | (1,696) | (1,442) |
| | (5,456,784) | 696,103 |
| Financing: | | |
| Deferred capital contributions spent | 28,308 | 252,512 |
| Proceeds received on long-term debt | 5,385,000 | - |
| Repayment of long-term debt | (3,073,710) | - |
| | 2,339,598 | 252,512 |
| Increase (decrease) in cash | (795,026) | 1,248,894 |
| Cash, beginning of year | 2,022,396 | 773,502 |
| Cash, end of year | \$ 1,227,370 | \$ 2,022,396 |
| Non-cash transactions on acquisition of control of Surrey Food Bank Foundation (note 1(a)): | | |
| Non-cash working capital | \$ - | \$ 194 |
| Short-term investment | - | 40,866 |
| Tangible capital assets | - | 338,922 |
| Other non-cash transactions: | | |
| Reclassification of tangible capital assets to held-for-sale | - | 332,271 |

See accompanying notes to consolidated financial statements.

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

Nature of operations:

Surrey Food Bank Society (the "Society") is incorporated under the Societies Act (British Columbia). The Society is a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes provided certain requirements of the Act are met and is able to issue donation receipts for income tax purposes.

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.

1. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) 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. The acquisition of control was accounted for using the pooling of interest method of accounting and the results of operations of the Foundation have been included in the consolidated financial statements since October 1, 2018. All inter-entity balances and transactions have been eliminated on consolidation.

The Foundation is incorporated under the Societies Act (British Columbia) and is a charitable organization under the Act and, as such, is exempt from income taxes provided certain requirements of the Act are met. The purpose of the Foundation is to provide support to programs and operations of the Society.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions which includes donations and grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recorded as revenue in the year in which the related expenses are recognized. Tangible capital asset contributions or contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital assets.

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

1. Significant accounting policies (continued):

(c) Contributed goods and services:

A number of volunteers contribute a significant amount of their time to the Society each year. Due to the difficulty in determining their fair values, these contributed services are not recognized in the 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.

(d) Tangible capital assets:

Tangible capital assets are stated at cost, less accumulated amortization. Amortization is provided over the useful life of the asset using the declining balance method at the following annual rates:

| Asset | Rate |
|------------------------------------|------|
| Building and building improvements | 5% |
| Automotive | 30% |
| Computer equipment | 45% |
| Computer software | 45% |
| Warehouse equipment | 20% |

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has or has reduced long term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Assets held-for-sale:

Tangible capital assets are classified by the Society as an asset held-for-sale at the point in time when the asset is in a condition to be sold and is publicly seen to be for sale, management has committed to selling the asset and has a plan in place, there is an active market, and it is reasonably anticipated that the sale will be completed within a one-year period.

Assets held-for-sale are separately presented in the Statement of Financial Position and are reported at the lower of the carrying amount or fair value less costs to sell and are no longer amortized.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the useful lives of tangible capital assets for determining amortization, accrued payables, and provisions for contingencies. Actual results could differ from those estimates.

2. Internally restricted funds:

Internally restricted funds are held in the following accounts:

| | 2020 | 2019 |
|-----------------------------------|------------|--------------|
| Cash | \$ 499,839 | \$ 305,659 |
| Internally restricted investments | - | 1,200,000 |
| | \$ 499,839 | \$ 1,505,659 |

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

2. Internally restricted funds (continued):

Internally restricted funds are held, as approved by the Board of Directors, as follows:

| | 2020 | 2019 |
|---------------------------------------|-------------------|---------------------|
| Building improvements on new facility | \$ 274,459 | \$ 1,505,659 |
| Strategic plan initiatives (note 13) | 225,380 | - |
| | \$ 499,839 | \$ 1,505,659 |

3. Short-term investments, at amortized cost:

| | 2020 | 2019 |
|---|---------------------|-------------|
| Term deposit, bearing interest at 0.95% per annum, maturing December 2020 | \$ 800,000 | \$ - |
| Term deposit, bearing interest at 1.35% per annum, maturing August 2021 | 800,000 | - |
| | \$ 1,600,000 | \$ - |

4. Long-term investment:

Long-term investment is recorded at amortized cost and consists of a term deposit bearing interest at 2.43% per annum and maturing in December 2021.

5. Tangible capital assets:

| | 2020 | | 2019 | |
|------------------------|---------------------|--------------------------|---------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Land | \$ 5,983,482 | \$ - | \$ 5,983,482 | \$ - |
| Building | 1,213,344 | 60,776 | 1,152,568 | - |
| Building improvements | 967,646 | 13,436 | 954,210 | - |
| Automotive | 548,717 | 344,872 | 203,845 | 291,816 |
| Computer equipment | 74,736 | 32,925 | 41,811 | 9,036 |
| Computer software | 50,400 | 49,652 | 748 | 1,360 |
| Warehouse equipment | 301,657 | 122,229 | 179,428 | 89,416 |
| Leasehold improvements | - | - | - | 38,408 |
| | \$ 9,139,982 | \$ 623,890 | \$ 8,516,092 | \$ 430,036 |

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

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:

Included in accounts payable and accrued liabilities are government remittances payable of \$15,536 (2019 - \$13,193) which includes amounts payable for payroll and sales taxes.

8. Deferred contributions:

Deferred contributions consist of funds received and unspent that are restricted for specific programs, operating grants and capital purposes. These amounts include \$8,578 (2019 - \$51,413) related to unspent gaming grants that are held in a separate bank account and included in cash.

| | 2020 | 2019 |
|--|------------|------------|
| Balance, beginning of year | \$ 253,773 | \$ 203,200 |
| Contributions received during the year | 292,889 | 315,072 |
| Amounts spent and recognized as programs and gaming revenue | (226,272) | (264,499) |
| Restricted amount spent on capital purchases (note 9) | (28,308) | - |
| Balance, end of year | \$ 292,082 | \$ 253,773 |

9. Deferred capital contributions:

The Society received contributions toward certain tangible capital assets. These amounts have been deferred and are being amortized over the estimated useful lives of the related tangible capital assets.

| | 2020 | 2019 |
|---|------------|------------|
| Balance, beginning of year | \$ 255,585 | \$ 66,676 |
| Purchases funded from restricted deferred contributions | 28,308 | 252,512 |
| | 283,893 | 319,188 |
| Amortization of deferred capital contributions | (74,152) | (63,603) |
| Balance, end of year | \$ 209,741 | \$ 255,585 |

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

10. Long-term debt:

| | 2020 | 2019 |
|--|---------------------|-------------|
| Envision Credit Union mortgage, secured by real property, payable in monthly installments of \$14,047, including interest at the bank's prime rate plus 1% per annum, maturing November 4, 2039 | \$ 2,311,290 | \$ - |
| Less: current portion of long-term debt | 85,204 | - |
| | <u>\$ 2,226,086</u> | <u>\$ -</u> |

Principal payments required on the long-term debt for the next five years are due as follows:

| | |
|------------|---------------------|
| 2021 | \$ 85,204 |
| 2022 | 88,386 |
| 2023 | 91,686 |
| 2024 | 95,110 |
| 2025 | 98,662 |
| Thereafter | 1,852,242 |
| | <u>\$ 2,311,290</u> |

11. Net assets invested in tangible capital assets:

(a) Invested in tangible capital assets is calculated as follows:

| | 2020 | 2019 |
|--|---------------------|-------------------|
| Tangible capital assets | \$ 8,516,092 | \$ 430,036 |
| Assets held-for-sale | - | 332,271 |
| Amounts financed by deferred capital contributions | (209,741) | (255,585) |
| Amounts financed by long-term debt | (2,311,290) | - |
| | <u>\$ 5,995,061</u> | <u>\$ 506,722</u> |

(b) Excess (deficiency) of revenue over expenses:

| | 2020 | 2019 |
|--|---------------------|--------------------|
| Amortization of deferred capital contributions | \$ 74,152 | \$ 63,603 |
| Amortization of tangible capital assets | (227,176) | (123,535) |
| | <u>\$ (153,024)</u> | <u>\$ (59,932)</u> |

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

11. Net assets invested in tangible capital assets (continued):

(c) Change in net assets invested in tangible capital assets:

| | 2020 | 2019 |
|---|--------------|------------|
| Purchase of tangible capital assets | \$ 8,319,126 | \$ 302,041 |
| Disposal of tangible capital assets | (5,894) | (4,246) |
| Purchases funded by deferred contributions | (28,308) | (252,512) |
| Disposal of assets held-for-sale | (332,271) | - |
| Proceeds received on long-term debt | (5,385,000) | - |
| Repayments of long-term debt | 3,073,710 | - |
| | 5,641,363 | 45,283 |
| Acquisition of control of Surrey Food Bank Foundation (note 1(a)) | - | 338,922 |
| | \$ 5,641,363 | \$ 384,205 |

12. Gain on disposal of asset held for sale:

During the year, the Society sold the land and building assets of the property it previously operated out of for cash proceeds of \$3,350,000, less selling costs of \$87,938. The property had a net book value of \$332,271, resulting in a gain on sale of \$2,929,791. This is included in the gain on disposal of tangible capital assets and assets held for sale balance.

13. Interfund transfer:

During the year, the Society transferred \$225,380 from unrestricted funds to internally restricted funds for purposes of the strategic plan initiative as approved by the Board (note 2).

14. Employee and contractor remuneration:

For the fiscal year ended September 30, 2020, the Society paid remuneration of \$95,318 (2019 - \$167,443) to one (2019 - two) employee. This is the Society's only employee or contractor who received total annual remuneration of \$75,000 or greater.

No remuneration was paid to any members of the Society's Board of Directors.

15. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements to ensure it has sufficient funds to fulfill its obligations.

SURREY FOOD BANK SOCIETY

Notes to Consolidated Financial Statements

Year ended September 30, 2020

15. Financial risks (continued):

(b) Interest rate risk:

The Society's long-term debt bears interest at variable interest rates that are based on the bank's prime rate. The variable interest rates subject the Society to cash flow risk. The Society does not enter into interest rate swaps to mitigate this risk.

It is management's opinion that the Society is not subject to any foreign exchange or other market risks related to its financial instruments.

There has been no change to these risk exposures from the prior year, with the exception of the impact of COVID-19 as described in note 16.

16. Impact of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. As at the date of the auditors' report, the Society has not experienced any adverse changes in cash flows and working capital levels, however the current challenging economic climate may lead to adverse changes in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Society's operations, if any, is not known at this time.

SURREY FOOD BANK SOCIETY

Supplementary information on contributed goods and services
(Unaudited)

Year ended September 30, 2020

As indicated in Note 1(c) of the consolidated financial statements, a number of volunteers contribute a significant amount of their time to the Society each year.

Also, as indicated in Note 1(c), the Society receives a significant amount of donated food contributions which the Society in turn distributes, the value of which was not recorded in the consolidated financial statements. The approximate value attributed to food donations is currently based on weight measurements priced at an average of \$2.62 per pound (2019 - \$2.50 per pound). For 2020, the estimated value for the approximate 1,375,000 pounds (2019 - 1,652,000 pounds) of food donations received is \$3,602,500 (2019 - \$4,130,000).

The above donated food values have not been audited or reviewed.