
CONSOLIDATED FINANCIAL STATEMENTS
SURREY FOOD BANK SOCIETY

September 30, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of
Surrey Food Bank Society

Qualified Opinion

We have audited the consolidated financial statements of Surrey Food Bank Society (the "Society"), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Society as at September 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2023, current assets as at September 30, 2023, and net assets as at October 1 and September 30 for the 2023 year. The audit opinion was also qualified in this regard in the 2022 fiscal year end.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these consolidated financial statements have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
March 22, 2024

Tompkins Wozny LLP

Chartered Professional Accountants



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30

	2023	2022
	\$	\$
ASSETS		
Current		
Cash	4,578,862	3,672,918
Investments <i>[note 3]</i>	45,241	44,948
Accounts receivable <i>[note 4]</i>	13,962	30,140
Prepaid expenses and deposits	32,733	82,414
Gift cards	20,983	35,494
	4,691,781	3,865,914
Capital assets <i>[note 5]</i>	8,414,702	8,695,927
Other asset <i>[note 6]</i>	16,784	11,215
	13,123,267	12,573,056
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	144,524	143,420
Deferred contributions <i>[note 8]</i>	321,053	329,131
Current portion of mortgage payable <i>[note 10]</i>	87,421	85,220
	552,998	557,771
Mortgage payable <i>[note 10]</i>	1,674,084	1,761,506
Deferred contributions related to capital assets <i>[note 9]</i>	98,163	131,805
	2,325,245	2,451,082
NET ASSETS		
Invested in capital assets	6,555,034	6,717,396
Internally restricted	274,459	274,459
Unrestricted	3,968,529	3,130,119
	10,798,022	10,121,974
	13,123,267	12,573,056

See accompanying notes to the consolidated financial statements

On behalf of the Board:

 Director

 Director

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended September 30

	2023	2022
	\$	\$
REVENUE		
Donations and fundraising	2,800,002	2,017,942
Interest	210,021	59,034
Programs	85,738	94,749
BC Gaming	61,965	79,748
Amortization of deferred contributions related to capital assets <i>[note 9]</i>	33,642	45,945
Miscellaneous	3,215	6,173
	3,194,583	2,303,591
EXPENSES		
Advertising	84,320	38,793
Amortization of capital assets	198,088	225,234
Facilities, utilities and maintenance	137,891	151,210
Food purchases	484,875	203,656
Insurance	16,307	14,811
Interest - mortgage	48,808	51,075
- other	26,009	37,951
Office and miscellaneous	111,248	112,613
Professional fees	70,927	73,681
Project and grant expenses	159,533	190,792
Salaries and benefits <i>[note 13]</i>	1,087,112	871,388
Training and meetings	15,551	4,683
Vehicles	58,345	47,119
Volunteer expenses	19,521	16,579
	2,518,535	2,039,585
Excess of revenue over expenses for the year	676,048	264,006

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT IN CHANGES OF NET ASSETS

Year ended September 30

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Total \$
2023		<i>[Note 11]</i>		
Net assets, beginning of year	6,717,396	274,459	3,130,119	10,121,974
Excess of revenue (expenses) for the year	(164,446)	—	840,494	676,048
Purchase of capital assets	121,941	—	(121,941)	—
Refund of GST paid previously capitalized	(205,078)	—	205,078	—
Repayment of mortgage principal	85,221	—	(85,221)	—
Net assets, end of year	6,555,034	274,459	3,968,529	10,798,022
2022				
Net assets, beginning of year	6,546,783	408,768	2,902,417	9,857,968
Excess of revenue (expenses) for the year	(179,289)	—	443,295	264,006
Purchase of capital assets	266,949	—	(266,949)	—
Repayment of mortgage principal	82,953	—	(82,953)	—
Net transfer from internally restricted net assets	—	(134,309)	134,309	—
Net assets, end of year	6,717,396	274,459	3,130,119	10,121,974

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	676,048	264,006
Items not affecting cash		
Amortization of deferred contributions related to capital assets	(33,642)	(45,945)
Amortization of capital assets	198,088	225,234
(Increase) decrease in other asset	(5,569)	(4,352)
Changes in other non-cash working capital items		
Accounts receivable	16,178	27,849
Prepaid expenses and deposits	49,681	(36,183)
Gift cards	14,511	11,930
Accounts payable and accrued liabilities	1,104	(146,315)
Deferred contributions	(8,078)	63,782
Cash provided by operating activities	908,321	360,006
INVESTING ACTIVITIES		
Purchase of capital assets	(121,941)	(266,949)
Refund of GST paid previously capitalized	205,078	—
Purchase of investments, net	(293)	(1,728)
Cash provided by (used in) investing activities	82,844	(268,677)
FINANCING ACTIVITIES		
Repayment of mortgage payable	(85,221)	(82,953)
Cash used in financing activities	(85,221)	(82,953)
Increase in cash during the year	905,944	8,376
Cash, beginning of year	3,672,918	3,664,542
Cash, end of year	4,578,862	3,672,918

See accompanying notes to the consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

1. PURPOSE

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

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

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the useful lives of capital assets, accrued payables, and provisions for contingencies. Actual results could differ from these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition

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

Interest revenue is recognized when revenue is earned.

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

Measurement of Financial Instruments

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

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

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

Capital Assets

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

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

Donated Goods and Services

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Donated Goods and Services (Cont'd)

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

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

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

3. INVESTMENTS

Investments consist of a term deposit bearing interest at 0.90% [2022 - 0.65%] per annum and maturing in December 2024

4. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Operations	1,658	2,863
GST receivable	12,304	27,277
	13,962	30,140

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
	\$	\$	\$	\$
Land	5,983,482	—	5,983,482	5,983,482
Building	1,188,588	244,717	943,871	1,198,864
Building improvements	1,183,715	176,061	1,007,654	1,040,568
Leasehold improvements	16,879	1,688	15,191	—
Vehicles	620,399	493,369	127,030	106,126
Computer equipment	85,860	60,287	25,573	28,139
Computer software	50,400	50,275	125	227
Warehouse equipment	396,764	242,983	153,781	175,792
Elevator	171,294	13,299	157,995	162,729
	9,697,381	1,282,679	8,414,702	8,695,927

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

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

	2023	2022
	\$	\$
Operations	75,675	77,854
Vacation and wages payable	54,496	51,213
Government remittances - payroll remittances	14,353	14,353
	144,524	143,420

8. DEFERRED CONTRIBUTIONS

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

	2023	2022
	\$	\$
Balance, beginning of year	329,131	265,349
Add: Contributions for the year	192,693	373,845
Amounts spent and recognized as revenue	(200,771)	(310,063)
	321,053	329,131

9. DEFERRED CONTRIBUTIONS RELATED CAPITAL ASSETS

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

	2023	2022
	\$	\$
Balance, beginning of year	131,805	177,750
Amortized into revenue for the year	(33,642)	(45,945)
Balance, end of year	98,163	131,805

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

10. MORTGAGE PAYABLE

	2023	2022
	\$	\$
Repayable in monthly instalments of \$11,169, including interest at 2.70% and matures on April 12, 2025. The land and building have been pledged as collateral for the mortgage	1,761,505	1,846,726
Less: current portion	(87,421)	(85,220)
	1,674,084	1,761,506

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

	\$
2024	87,421
2025	89,940
2026	1,584,145
	1,761,506

The mortgage is subject to certain covenant requirements which the Society is in compliance with as at September 30, 2023.

11. INTERNALLY RESTRICTED NET ASSETS

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

	Balance, Beginning of Year	Designated in the Year	Used During the Year	Balance, End of Year
	\$	\$	\$	\$
Building improvements	274,459	—	—	274,459

12. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at September 30, 2023.

Credit Risk

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

12. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity Risk

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

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

Interest Rate Risk

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

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

13. DISCLOSURE OF REMUNERATION

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

Salaries and benefits expense includes \$171,396 [2022 - \$89,057] remunerated to one [2022 - One] employee for the management of the Society.