

CRANBROOK FOOD BANK SOCIETY
Financial Statements
Year Ended February 28, 2023

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Redding & Associates

CHARTERED PROFESSIONAL ACCOUNTANT

23 A Kootenay Street North | Cranbrook BC V1C 3T6
Office: 250-489-2294 Fax: 250-489-2293
Email: office@alancredging.ca Website: alancredging.ca

Alan C. Redding, CPA, CGA, B Comm., CFP*

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Cranbrook Food Bank Society

I have reviewed the accompanying financial statements of Cranbrook Food Bank Society (the society) that comprise the statement of financial position as at February 28, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and 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 (ASNPO), 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.


A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Cranbrook Food Bank Society as at February 28, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Cranbrook, BC
August 15, 2023


Redding & Associates
Chartered Professional Accountant

CRANBROOK FOOD BANK SOCIETY

Statement of Financial Position

February 28, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 287,568	\$ 267,066
Term deposits	400,000	300,000
Accounts receivable	3,543	32,422
Interest receivable	2,126	367
Inventory	115,030	120,080
Prepaid expenses	10,106	10,224
	<u>818,373</u>	<u>730,159</u>
PROPERTY AND EQUIPMENT (Note 4)	548,982	626,522
	<u>\$ 1,367,355</u>	<u>\$ 1,356,681</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 29,385	\$ 22,770
Employee deductions payable	3,189	1,425
Deferred income	23,843	37,663
	<u>56,417</u>	<u>61,858</u>
NET ASSETS	<u>1,310,938</u>	<u>1,294,823</u>
	<u>\$ 1,367,355</u>	<u>\$ 1,356,681</u>

APPROVED ON BEHALF OF THE BOARD

Director

See notes to financial statements

CRANBROOK FOOD BANK SOCIETY
Statement of Revenues and Expenditures
Year Ended February 28, 2023

	2023	2022
CONTRIBUTIONS		
Food donations	\$ 1,153,143	\$ 777,579
Cash donations	509,658	458,433
	<u>1,662,801</u>	<u>1,236,012</u>
DIRECT COSTS		
Opening Inventory	120,080	146,125
Purchases	231,586	242,288
Donated food distribution	1,153,143	777,579
	<u>1,504,809</u>	<u>1,165,992</u>
Closing Inventory	(115,030)	(120,080)
	<u>1,389,779</u>	<u>1,045,912</u>
GROSS PROFIT (16.42%; 2022 - 15.38%)	<u>273,022</u>	<u>190,100</u>
REVENUES		
Rental revenue	<u>1,000</u>	<u>1,100</u>
EXPENSES		
Advertising and promotion	4,197	315
Amortization	34,384	22,572
Business taxes, licenses and memberships	1,900	2,304
Delivery, freight and express	5,923	1,472
Donations	-	10,000
Insurance	11,843	7,531
Office	21,007	23,307
Professional fees	1,879	3,321
Property taxes	693	4,204
Rental	-	543
Repairs and maintenance	21,994	10,280
Salaries and wages	120,881	68,374
Sub-contracts	1,415	4,309
Supplies	20,763	30,961
Telephone	1,596	1,697
Training	642	-
Travel	4,454	2,827
Utilities	9,769	9,203
	<u>263,340</u>	<u>203,220</u>
EXCESS (DEFICIENCY) OF CONTRIBUTIONS OVER EXPENSES FROM OPERATIONS	<u>10,682</u>	<u>(12,020)</u>
OTHER INCOME		
Gain on disposal of property and equipment	-	85,319
Interest income	5,433	642
	<u>5,433</u>	<u>85,961</u>
EXCESS OF CONTRIBUTIONS OVER EXPENSES	<u>\$ 16,115</u>	<u>\$ 73,941</u>

See notes to financial statements

CRANBROOK FOOD BANK SOCIETY

Statement of Changes in Net Assets

Year Ended February 28, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,294,823	\$ 1,220,882
EXCESS OF CONTRIBUTIONS OVER EXPENSES	16,115	73,941
NET ASSETS - END OF YEAR	\$ 1,310,938	\$ 1,294,823

See notes to financial statements

CRANBROOK FOOD BANK SOCIETY

Statement of Cash Flows

Year Ended February 28, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of contributions over expenses	\$ 16,115	\$ 73,941
Items not affecting cash:		
Amortization	34,384	22,572
Gain on disposal of property and equipment	-	(85,319)
	<u>50,499</u>	<u>11,194</u>
Changes in non-cash working capital:		
Accounts receivable	28,879	(11,685)
Interest receivable	(1,759)	(367)
Inventory	5,050	26,045
Prepaid expenses	118	(4,927)
Accounts payable and accrued liabilities	6,615	(189,707)
Deferred income	(13,820)	7,663
Employee deductions payable	1,764	1,425
	<u>26,847</u>	<u>(171,553)</u>
Cash flow from (used by) operating activities	<u>77,346</u>	<u>(160,359)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(74,844)	(359,179)
Proceeds on disposal of property and equipment	118,000	426,473
Cash flow from investing activities	<u>43,156</u>	<u>67,294</u>
INCREASE (DECREASE) IN CASH FLOW	<u>120,502</u>	<u>(93,065)</u>
Cash - beginning of year	<u>567,066</u>	<u>660,131</u>
CASH - END OF YEAR	<u>\$ 687,568</u>	<u>\$ 567,066</u>

See notes to financial statements

CRANBROOK FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended February 28, 2023

1. DESCRIPTION OF BUSINESS

The Cranbrook Food Bank Society is registered as a Canadian charitable organization (BN 118878735RR0001) with the purpose to collect and distribute food and other necessities to needy persons in the Cranbrook area who rely on donations from organizations and the public. These financial statements are prepared in accordance with the Canadian Accounting Standards for Not-for-Profit Organizations.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

Some users may require further information as these statements have not been prepared for general purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The society recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Inventory

Inventory, consisting of food is stated at the replacement value.

Building project

Building project consists of donations made specifically for maintenance and expansion of the warehouse. Some funds have been internally restricted by management and contributed to the building project.

Property and equipment

Property and equipment are stated at cost. Contributed property and equipment are recorded at fair value at the date of contributions. Amortization is recorded over their estimated useful lives at the following rates and methods:

Buildings	6%	declining balance method
Furniture and equipment	20%	declining balance method
Motor vehicles	30%	declining balance method
Leasehold improvements	20%	straight-line method

The society regularly reviews its property and equipment to eliminate obsolete items.

(continues)

CRANBROOK FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended February 28, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) required 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. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Fund accounting

The society uses fund accounting to report transactions in the capital and operating fund. The capital fund is used primarily to report capital assets and their amortization. The operating fund is used to report the operations of the society and operating balances at the end of the fiscal period.

Contributed services

Volunteers contribute many hours each year to assist the Cranbrook Food Bank Society in carrying out its service activities. Because of the difficulty in determining their fair value, contributed services are not recognized on the financial statements.

Income taxes

The Cranbrook Food Bank Society is a charitable organization and is exempt from income tax.

Financial instruments

The society's financial instruments include cash and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized costs. Transaction costs on acquisition, sale or issue of financial instruments are expensed when incurred.

Financial instruments are assessed for impairment on an annual basis at the end of the fiscal year if there are indications of impairment. The carrying amounts for the financial assets are those presented on the Balance Sheet.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 181,978	\$ -	\$ 181,978	\$ 150,831
Buildings	346,662	34,117	312,545	332,494
Equipment	66,620	41,029	25,591	9,151
Motor vehicles	52,566	31,287	21,279	125,002
Computer equipment	3,858	3,158	700	1,556
Computer software	952	952	-	-
Leasehold improvements	22,225	22,225	-	-
Paving	7,800	911	6,889	7,488
	<u>\$ 682,661</u>	<u>\$ 133,679</u>	<u>\$ 548,982</u>	<u>\$ 626,522</u>

CRANBROOK FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended February 28, 2023

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of February 28, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from customers. The society has minimal credit risk due to the nature of the operations. Credit is not extended to customers.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society has minimal liquidity risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The society is exposed to interest rate risk primarily through its accounts payables and accrued liabilities.

There has been no change to the financial risk exposures outlined above from the prior year other than the pervasive impact of COVID-19 as described in note 6.

6. COVID-19 AND IMPACT ON OPERATIONS

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Company has not experienced any significant impact to operations or a reduction in any of its major funding sources. However, the impact of the pandemic creates uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have an impact on future operations. An estimate of the financial effect is not practicable at this time. Management will continue to monitor the ongoing financial impact on its cash and budget forecasts, and adjust its operations as required to ensure its ability to fulfill its obligations and continue operations.
