

Financial Statements of

**FOOD BANKS OF  
SASKATCHEWAN CORPORATION**

And Independent Auditors' Report thereon

Year ended June 30, 2022



## INDEPENDENT AUDITORS' REPORT

To the Members of Food Banks of Saskatchewan Corporation

### **Qualified Opinion**

We have audited the financial statements of Food Banks of Saskatchewan Corporation (the Entity), which 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 notes to the 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 accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at June 30, 2022, and its results of 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 Entity 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at June 30, 2022 and June 30, 2021
- the donation revenues and excess of revenues over expenses reported in the statements of operations for the year ended June 30, 2022 and period ended June 30, 2021
- the unrestricted net assets, at the beginning and end of the period, reported in the statements of changes in net assets for the year ended June 30, 2022 and period ended June 30, 2021
- the excess of revenues over expenses reported in the statements of cash flows for the year ended June 30, 2022 and period ended June 30, 2021

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 Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



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- 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.

*KPMG LLP*

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Chartered Professional Accountants

Saskatoon, Canada

August 11, 2022

# FOOD BANKS OF SASKATCHEWAN CORPORATION

Statement of Financial Position

June 30, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 237,712	\$ 600,353
Accounts receivable	650	10,350
GST receivable	2,561	8,076
Prepaid expenses	739	739
	241,662	619,518
Equipment (note 3)	5,187	7,293
	\$ 246,849	\$ 626,811

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,566	\$ 10,157
Net Assets		
Unrestricted net assets	234,283	616,654
Related party transactions (note 4)		
	\$ 246,849	\$ 626,811

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# FOOD BANKS OF SASKATCHEWAN CORPORATION

## Statement of Operations

Year ended June 30, 2022, with comparative information for 2021

	2022	2021
<b>Revenue:</b>		
Donations	\$ 635,646	\$ 1,409,894
Grants	82,744	771,872
Membership fees	9,450	10,550
Other income	4	5,030
	<u>727,844</u>	<u>2,197,346</u>
<b>Expenses:</b>		
Shared Fundraising	520,018	386,786
Shared donations	371,273	2,237,118
Food delivery and travel	94,322	59,282
Fundraising	49,268	-
Food purchase	22,947	48,255
Advertising	20,895	14,742
Memberships	18,513	5,118
Professional fees	7,996	160,248
Amortization of equipment	2,106	2,831
Office and general	1,547	1,464
Insurance	827	689
Interest and bank charges	503	750
Meetings and conference	-	25
	<u>1,110,215</u>	<u>2,917,308</u>
<b>Deficiency of revenues over expenses</b>	<b>\$ (382,371)</b>	<b>\$ (719,962)</b>

See accompanying notes to financial statements.

# FOOD BANKS OF SASKATCHEWAN CORPORATION

## Statement of Changes In Net Assets

Year ended June 30, 2022, with comparative information for 2021

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Net assets, June 30, 2020	\$ 1,336,616
Deficiency of revenues over expenses, year ended June 30, 2021	(719,962)
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Net Assets, June 30, 2021	616,654
Deficiency of revenues over expenses, year ended June 30, 2022	(382,371)
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Net assets, June 30, 2022	\$ 234,283

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See accompanying notes to financial statements.

# FOOD BANKS OF SASKATCHEWAN CORPORATION

## Statement of Cash Flows

Year ended June 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (382,371)	\$ (719,962)
Item not involving cash:		
Amortization	2,106	2,831
Changes in non-cash operating working capital:		
Accounts receivable	9,700	2,765
GST receivable	5,515	(2,145)
Accounts payable and accrued liabilities	2,409	(37,376)
	(362,641)	(753,887)
Investing:		
Purchase of equipment	-	(2,065)
Decrease in cash	(362,641)	(755,952)
Cash, beginning of year	600,353	1,356,305
Cash, end of year	\$ 237,712	\$ 600,353

See accompanying notes to financial statements.



# FOOD BANKS OF SASKATCHEWAN CORPORATION

Notes to Financial Statements

Year ended June 30, 2021

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## **Nature of operations:**

Food Banks of Saskatchewan Corporation (the "Organization") was incorporated under the Non-Profit Corporations Act of Saskatchewan in 2006. The organization is exempt from income tax under section 149 (1) of the Income Tax Act (Canada).

The organization represents and works on behalf of member food banks in the province. The organization collects and distributes donations of food, funds, and program support to member food banks based on provincial client usage by community.

## **1. Significant accounting policies:**

### (a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

### (b) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Items subject to such estimates and assumptions include the carrying amount of equipment and estimated useful life. Actual results could differ from these estimates.

### (c) Cash:

Cash consists of balances with financial institutions which have an initial term to maturity of three months or less.

# FOOD BANKS OF SASKATCHEWAN CORPORATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Subsequent measurement:

Financial assets measured at amortized cost include cash, accounts receivable and GST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

### (e) Equipment:

Vehicle equipment is recorded at cost. Amortization on vehicle equipment is recorded over the estimated useful life of the equipment using the declining balance method at 30% per year. Hardware is recorded at cost. Amortization on hardware is recorded on a straight line basis over their estimated useful life of 5 years.

When equipment no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

# FOOD BANKS OF SASKATCHEWAN CORPORATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

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## 1. Significant accounting policies (continued):

### (f) Revenue recognition:

The organization follows the deferral method of accounting for donations and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Membership fees are recognized proportionately over the period to which they relate.

### (g) Donated material and service:

Donated materials and services are not recorded because their fair market value is not readily determinable.

## 2. Food donations:

The approximate values attributed to food donations have not been recorded in the statement of operations and have not been audited. The values are based on weight measurements priced at \$7.07 (2021 - \$5.77) per kilogram. Recorded donation weight for the year ending June 30, 2022 was 68,782 kg or \$486,289 (2021 - 671,861 kg or \$3.9 million).

## 3. Equipment:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 132,555	\$ 127,368	\$ 5,187	\$ 7,293

For the year ended June 30, 2022, the Organization has assessed for full and partial impairment on equipment and determined that there are none.

# FOOD BANKS OF SASKATCHEWAN CORPORATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

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## 4. Related party transactions:

The Organization is related to the Saskatoon Food Bank ("SFB") by virtue of shared key management personnel.

Personnel expenses for administrative costs are billed by the SFB directly to the Organization. Such costs totaled \$44,600 for year ended June 30, 2022 (2021 - \$16,376).

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 5. Financial instruments and risk management

The carrying value of the Organization's financial assets and liabilities, including cash, accounts receivable, GST receivable and accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these items.

The Organization is exposed to liquidity risk and interest rate risk in relation to its financial instruments.

### a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by actively monitoring its operating requirements. The Organization prepares a budget to ensure that it has sufficient funds to fulfil its obligations and allocates funds to reserves for planned future expenditures.

### b) Interest rate risk:

The Organization is exposed to interest rate risk arising from fluctuation in interest rates on amounts invested in interest bearing accounts.