

Regina & District Food Bank Inc.

Financial statements

March 31, 2021

Independent Auditors' Report

To the Members of Regina & District Food Bank Inc.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Regina & District Food Bank Inc., which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, 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, Regina & District Food Bank Inc. derives a material amount of revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Regina & District Food Bank Inc. Therefore, we were not able to determine whether, as at March 31, 2021, any adjustments might be necessary to these revenues and excess (deficiency) of revenues over expenditures reported in the statement of operations and net assets reported in the statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 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 report. We are independent of the organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Regina and District Food Bank Inc.

Financial Statements

March 31, 2021

	Page
Independent Auditors' Report	2 - 3
Statement of Operations	4
Statement of Changes in Net Assets	5 - 6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 15

Regina and District Food Bank Inc.

Statement of Operations

For the year ended March 31,	CSV Fund	Food Bank Fund	2021	2020 (Restated) Note 10
Revenues				
Donations	\$ -	\$ 4,033,554	\$ 4,033,554	\$ 1,946,942
Rental	635,932	-	635,932	657,808
Grants and programs	-	330,150	330,150	266,944
Ancillary revenue	-	16,836	16,836	8,983
Gain (loss) on disposal of property and equipment	-	-	-	4,755
Revaluation of impaired leased asset	-	-	-	(43,138)
	635,932	4,380,540	5,016,472	2,842,294
Expenditures				
Bad debts	-	(6,660)	(6,660)	6,660
Donation procurement	-	124,645	124,645	100,020
Food distribution	-	200,380	200,380	71,291
Food purchases	-	524,412	524,412	73,845
Fundraising	-	83,046	83,046	89,243
General and administration	22,069	201,272	223,341	154,353
Grants and programs	-	118,391	118,391	232,621
Interest on long-term debt	2,503	-	2,503	4,696
Occupancy costs	455,504	105,108	560,612	540,924
Salaries and benefits	105,469	1,053,512	1,158,981	883,075
	585,545	2,404,106	2,989,651	2,156,728
Excess of revenues over expenditures before amortization				
	50,387	1,976,434	2,026,821	685,566
Amortization of deferred contributions	88,628	-	88,628	97,422
Amortization of equipment under capital lease	(3,081)	-	(3,081)	(3,851)
Amortization of property and equipment	(158,456)	-	(158,456)	(173,019)
	(72,909)	-	(72,909)	(79,448)
Excess (deficiency) of revenues over expenditures				
	\$ (22,522)	\$ 1,976,434	\$ 1,953,912	\$ 606,118
			(Unaudited)	
FOOD DONATIONS (Note 11)			\$ 6,688,973	\$ 7,562,589

Regina and District Food Bank Inc.**Statement of Changes in Net Assets**

For the year ended March 31, 2021

	Balance, (Restated) Note 10 beginning of year	Appropriation	Excess (deficiency) of revenues over expenditures	2021 Balance, end of year
CSV Fund				
Investment in property and equipment	\$ 1,228,623	\$ 64,550	\$ (72,910)	\$ 1,220,263
Unrestricted net assets	(181,900)	(64,550)	50,388	(196,062)
	\$ 1,046,723	\$ -	\$ (22,522)	\$ 1,024,201
Food Bank Fund				
Investment in property and equipment	\$ -	\$ -	\$ -	\$ -
Contingency fund	-	1,000,000	-	1,000,000
Unrestricted net assets	1,431,356	(1,000,000)	1,976,434	2,407,790
	\$ 1,431,356	\$ -	\$ 1,976,434	\$ 3,407,790
Total				
Investment in property and equipment	\$ 1,228,623	\$ 64,550	\$ (72,910)	\$ 1,220,263
Contingency fund	-	1,000,000	-	1,000,000
Unrestricted net assets	1,249,456	(1,064,550)	2,026,822	2,211,728
	\$ 2,478,079	\$ -	\$ 1,953,912	\$ 4,431,991

Regina and District Food Bank Inc.

Statement of Changes in Net Assets

For the year ended March 31, 2020

	Balance, beginning of year	Appropriation	Excess (deficiency) of revenues over expenditures As previously reported	Adjustment (Note 10)	Excess (deficiency) of revenues over expenditures As restated	2020 (Restated) Note 10 Balance, end of year
CSV Fund						
Investment in property and equipment	\$ 1,289,708	\$ 19,016	\$ (80,101)	\$ -	\$ (80,101)	\$ 1,228,623
Unrestricted net assets	(211,496)	(19,016)	48,612	-	48,612	(181,900)
	\$ 1,078,212	\$ -	\$ (31,489)	\$ -	\$ (31,489)	\$ 1,046,723
Food Bank Fund						
Investment in property and equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted net assets	793,749	-	549,300	88,307	637,607	1,431,356
	\$ 793,749	\$ -	\$ 549,300	\$ 88,307	\$ 637,607	\$ 1,431,356
Total						
Investment in property and equipment	\$ 1,289,708	\$ 19,016	\$ (80,101)	\$ -	\$ (80,101)	\$ 1,228,623
Unrestricted net assets	582,253	(19,016)	597,912	88,307	686,219	1,249,456
	\$ 1,871,961	\$ -	\$ 517,811	\$ 88,307	\$ 606,118	\$ 2,478,079

Regina and District Food Bank Inc.

Statement of Financial Position

March 31,	CSV Fund	Food Bank Fund	2021	2020 (Restated) Note 10
Assets				
Current				
Cash and cash equivalents (note 3)	\$ 93,914	\$ 2,431,767	\$ 2,525,681	\$ 1,124,589
Short-term investment (note 4)	-	790,028	790,028	276,528
Accounts receivable (note 5)	10,101	24,807	34,908	67,467
GST receivable	6,007	13,891	19,898	9,861
Deposits and prepaid expenses	336,460	41,606	378,066	7,923
	446,482	3,302,099	3,748,581	1,486,368
Property and equipment (note 6)	2,597,154	-	2,597,154	2,737,547
	\$ 3,043,636	\$ 3,302,099	\$ 6,345,735	\$ 4,223,915
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 70,612	\$ 139,272	\$ 209,884	\$ 146,155
Inter-fund account	571,933	(571,933)	-	-
Deferred revenue	-	296,970	296,970	89,447
Current portion of long-term debt (note 7)	-	-	-	31,594
Current portion of capital lease obligations (note 8)	14,219	-	14,219	12,484
	656,764	(135,691)	521,073	279,680
Long-term debt (note 7)	-	30,000	30,000	-
Capital lease obligations (note 8)	6,922	-	6,922	21,779
Deferred contributions (note 9)	1,355,749	-	1,355,749	1,444,377
	2,019,435	(105,691)	1,913,744	1,745,836
Net Assets				
Investment in property and equipment	1,220,263	-	1,220,263	1,228,623
Contingency fund	-	1,000,000	1,000,000	-
Unrestricted net assets (deficit)	(196,062)	2,407,790	2,211,728	1,249,456
	1,024,201	3,407,790	4,431,991	2,478,079
	\$ 3,043,636	\$ 3,302,099	\$ 6,345,735	\$ 4,223,915

Approved on behalf of the board:

_____ Director _____ Director

Contingency (note 12)

Regina and District Food Bank Inc.

Statement of Cash Flows

For the year ended March 31,	CSV Fund	Food Bank Fund	2021	2020
Operating activities				
Cash receipts from donations	\$ -	\$ 4,067,204	\$ 4,067,204	\$ 1,982,011
Cash receipts from rentals	634,842	-	634,842	649,878
Cash receipts from program and grants	-	537,673	537,673	182,267
Cash receipts from administration and other	-	14,946	14,946	8,983
Cash paid to suppliers	(763,037)	(1,388,242)	(2,151,279)	(1,256,771)
Cash paid to employees and equivalents	(105,469)	(1,053,512)	(1,158,981)	(883,075)
Interest paid	(2,503)	-	(2,503)	(4,696)
	(236,167)	2,178,069	1,941,902	678,597
Financing activities				
Increase (decrease) in inter-fund loans	370,976	(370,976)	-	-
Repayment of capital lease obligations	(13,122)	-	(13,122)	(11,743)
Proceeds of long-term debt	-	30,000	30,000	-
Repayment of long-term debt	(31,594)	-	(31,594)	(40,644)
	326,259	(340,976)	(14,717)	(52,387)
Investing activities				
Purchase of property and equipment	(21,143)	-	(21,143)	(54,827)
Proceeds on redemption of short-term investments	-	275,000	275,000	200,000
Purchase of short-term investments	-	(779,950)	(779,950)	(275,000)
Proceeds on disposal of property and equipment	-	-	-	51,779
	(21,143)	(504,950)	(526,093)	(78,048)
Increase (decrease) in cash and cash	68,949	1,332,143	1,401,092	548,162
Cash and cash equivalents, beginning of	24,965	1,099,624	1,124,589	576,427
Cash and cash equivalents, end of year	\$ 93,914	\$ 2,431,767	\$ 2,525,681	\$ 1,124,589

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2021

1. Nature of operations

Regina & District Food Bank Inc. ("the Food Bank") was incorporated under the Non-Profit Corporations Act of Saskatchewan. The mission of the Food Bank is to serve those most vulnerable in our community by providing programs and services directly and through partnerships in the areas of food provision, essential skills development and connections to community supports and opportunities. The Food Bank envisions individuals and community working together to address hunger and sustain independence.

The Food Bank acquired, by way of an in-kind donation in fiscal 2005, a six building, ten hectare property on Winnipeg Street in north Regina. Since the property exceeds the space needs of the Food Bank, the organization has developed the property for rental purposes including for other not-for-profit organizations. The whole facility has been named the Community Services Village and the additional income derived from the facility, if any, is used to supplement the resource needs of the Food Bank.

The Food Bank is exempt from paying income taxes as it is a registered charity under the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

Cash and cash equivalents consist of bank deposits, cash on hand and gift cards.

(b) Fund accounting

Each fund reports its assets, liabilities, revenue and expenses related to the activities and programs separately. Expenses incurred directly to support the activities of each fund are allocated to the fund they relate to. Shared expenses such as management salaries and fixed overhead costs are allocated based on estimated usage by each fund.

The Community Services Village fund is used to report property and equipment transactions of the Food Bank. Annually, the excess of revenue, if any, of the fund is transferred to support the Food Bank Fund programs.

The Food Bank Fund is used for the Food Bank's food distribution, its administrative activities, and for educational and life skills programs.

(c) Contingency fund

The purpose of internally restricting funds for contingency is to protect the organization from potential increases in food, cleaning, capital, and other operating costs required to serve increased numbers of clients, while maintaining increased infection prevention and control standards. Capital expenditures will be eligible to the extent that they address health and safety risks or build capacity for ongoing elevated client needs. The Board of Directors approved a transfer of \$1,000,000 from the operating reserve to the Contingency fund.

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2021

2. Significant accounting policies (continued)

(d) Revenue recognition

The organization follows the deferral method of accounting for contributions. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Investment income includes dividends and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income.

Rental revenue is recognized on a straight-line basis over the term of the related lease agreement.

(e) Property and equipment

Property and equipment are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the assets over their estimated useful lives, as set out in note 6.

One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

(f) Donated goods and services

The organization relies on volunteer time and donated goods and services to achieve its purposes. Because of the difficulty of determining their fair values, volunteer time and donated goods and services are not recognized in these financial statements.

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2021

2. Significant accounting policies (continued)

(g) 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.

The organization subsequently measures the following financial assets and financial liabilities at amortized costs:

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long-term debt and capital lease obligations.

The organization subsequently measures short-term investments at fair value, without adjustment for transaction costs and with changes in fair value recognized in operations in the period in which they occur:

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.

(h) Use of estimates

The preparation of 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 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. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are amortization of property and equipment and allowance for doubtful accounts. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2021

3. Cash and cash equivalents

	2021	2020
Bank deposits	\$ 2,331,451	\$ 1,032,705
Gift cards	115,125	20,534
Merchandise credits	79,105	71,350
	\$ 2,525,681	\$ 1,124,589

The organization maintains a revolving operating line of credit to a maximum of \$150,000. The line of credit bears interest at prime plus 2.5% and is secured by a general security agreement. No amount is outstanding on the bank line of credit as at March 31, 2021 (2020 - \$ nil).

4. Short term investment

	2021	2020
Conexus 1.70%, 1 year redeemable term investment, matures April 2021	\$ 500,000	\$ -
Conexus 0.70%, 1 year redeemable term investment, matures March 2022	279,950	-
Co-operative member equity deposit accounts	1,528	1,528
Accrued interests	8,550	-
Conexus 1.80%, 1 year redeemable term investment, matures March 2021	-	275,000
	\$ 790,028	\$ 276,528

5. Accounts receivable

Accounts receivable are stated net of an allowance for doubtful accounts of \$nil (2020 - \$6,660).

6. Property and equipment

		2021	2020		
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Land	-	\$ 453,122	\$ -	\$ 453,122	\$ 453,122
Buildings	5-10%	3,631,257	1,693,223	1,938,034	2,040,535
Machinery and equipment	20%	883,115	716,889	166,226	198,277
Vehicles	30%	270,247	251,624	18,623	26,604
Computer equipment	30%	156,728	135,579	21,149	19,009
		\$ 5,394,469	\$ 2,797,315	\$ 2,597,154	\$ 2,737,547

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2021

6. Property and equipment (continued)

Included in machinery and equipment are assets under capital lease with a cost of \$26,741 (2020 - \$26,741) and accumulated amortization of \$14,419 (2020 - \$11,338).

7. Long-term debt

	2021	2020
Conexus Credit Union mortgage, matured on December 1, 2020	\$ -	\$ 31,594
Canada Emergency Business Account (CEBA) loan, payable on or before December 31, 2022, interest free.	30,000	-
	30,000	31,594
Less current portion	-	31,594
Due beyond one year	\$ 30,000	\$ -
Estimated principal repayments are as follows:		
2022	\$ -	
2023	30,000	
	\$ 30,000	

8. Capital lease obligation

	2021	2020
Capital lease contract with Capital Industrial Sales & Services Ltd., repayable in monthly installments of \$300 plus taxes including interest with a maturity date of July 2022 and a buyout option of \$10 at maturity.	\$ 4,807	\$ 8,164
Capital lease contract with RCAP Leasing, repayable in monthly installments of \$792 plus taxes including interest with a maturity date of January 2023 and a buyout option of \$10 at maturity.	16,334	26,099
	21,141	34,263
Less current portion	14,219	12,484
Due beyond one year	\$ 6,922	\$ 21,779

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2021

8. Capital lease obligation (continued)

Estimated lease payments are as follows:

2022	\$	14,219
2023		8,706
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Total future minimum lease payments		22,925
Less amount representing interest		1,784
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Present value of minimum net lease payments		21,141
Less current portion		14,219
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	\$	6,922

9. Deferred Contributions

Following are sources of contributions including, the opening cumulative contributions received to date net of accumulated amortization and the current contribution revenue recognized:

	2021	2020
Balance, beginning of year	\$ 1,444,377	\$ 1,541,799
Less current year amortization of deferred contributions	(88,628)	(97,422)
	\$ 1,355,749	\$ 1,444,377

10. Prior period adjustment

The comparative figures have been retroactively restated to recognize gift cards and merchandise credits as revenue in the amount of \$88,307 in the 2020 fiscal period. As a result, the unrestricted net assets as at March 31, 2020 have been increased by \$88,307.

Excess (deficiency) of revenue over expenditures has increased by \$88,307 for the year ended March 31, 2020.

In addition, the organization has decreased previously reported deferred revenue by \$88,307 as at March 31, 2020.

11. Food Donations

The approximate values attributed to food donations have not been recorded in the statement of operations or in the organization's net assets and have not been audited. The values are based on weight measurements priced at \$5.70 per kilogram (2020 - \$5.70) as determined by Food Banks Canada. Recorded donation weights for the 12 month period ending March 31, 2021 were 1,173,504 kg or \$6,688,973 (2020 - 1,326,770 kg or \$7,562,589).

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2021

12. Contingency

Petroleum contamination of soil around the periphery of the Winnipeg Street property is known to exist. Management has determined that such contamination will not be a detriment to the use of the property as intended by the Food Bank. However, in the event that the contaminated areas are put to other uses, further environmental assessments and determinations of possible costs will be required.

13. COVID-19

On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. This announcement has resulted in significant economic uncertainty. The impact of COVID-19 on the Organization continues to cause uncertainty due to its duration and the development of variant strains of the virus. The organization experienced a significant increase in demand. The full impact of the pandemic has yet to be experienced. The situation is dynamic and the duration and magnitude of the potential impact on future results is currently underminable.

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimized by only entering into structured rental agreements with reputable businesses and organizations and ensuring that rent and related occupancy cost are always current.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The organization's exposure to liquidity risk relates to accounts payable and accrued liabilities, long term debt and capital lease obligations and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized through ensuring that it documents when authorized payments become due, maintains an adequate line of credit to repay trade creditors and repays long-term debt interest and principal amounts as they become due.

15. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.