

Regina & District Food Bank Inc.

Financial Statements

March 31, 2019

Regina and District Food Bank Inc.

Financial Statements

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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, 2019, 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, 2019, 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, 2019, 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, 2019.

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 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.

Independent Auditors' Report (continued)

Those charged with governance are responsible for overseeing the organization'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 these 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 organization'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 organization'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 organization 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.

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.

The engagement partner on the audit resulting in this independent auditors' report is Glen Berger, FCPA FCA.

Regina, Canada
May 23, 2019



Chartered Professional Accountants

Regina and District Food Bank Inc.

Statement of Financial Position

March 31,	CSV Fund	Food Bank Fund	2019	2018
Assets				
Current				
Cash and cash equivalents (note 3)	\$ 45,978	\$ 530,449	\$ 576,427	\$ 240,661
Short-term investment (note 4)	-	201,528	201,528	451,528
Accounts receivable	1,080	76,820	77,900	44,525
GST receivable	8,443	11,955	20,398	20,107
Prepaid expenses	-	4,194	4,194	5,420
	55,501	824,946	880,447	762,241
Property and equipment (note 5)	2,949,751	-	2,949,751	3,075,124
	\$ 3,005,252	\$ 824,946	\$ 3,830,198	\$ 3,837,365
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 52,702	\$ 88,074	\$ 140,776	\$ 129,703
Inter-fund account	214,295	(214,295)	-	-
Deferred revenue	-	157,418	157,418	73,414
Current portion of long-term debt (note 6)	40,631	-	40,631	38,982
Current portion of capital lease obligations (note 7)	11,749	-	11,749	11,057
	319,377	31,197	350,574	253,156
Long-term debt (note 6)	31,607	-	31,607	72,268
Capital lease obligations (note 7)	34,257	-	34,257	46,001
Deferred contributions (note 8)	1,541,799	-	1,541,799	1,601,913
	1,927,040	31,197	1,958,237	1,973,338
Net Assets				
Investment in property and equipment	1,289,708	-	1,289,708	1,304,903
Unrestricted net assets (deficit)	(211,496)	793,749	582,253	559,124
	1,078,212	793,749	1,871,961	1,864,027
	\$ 3,005,252	\$ 824,946	\$ 3,830,198	\$ 3,837,365

Approved on behalf of the board:

_____ Director

_____ Director

Contingency (note 10)

Lease commitments (Note 11)

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

For the year ended March 31, 2019

	Balance, beginning of year	Appropriation	Excess (deficiency) of revenues over expenditures	2019 Balance, end of year
CSV Fund				
Investment in property and equipment	\$ 1,304,903	\$ 75,687	\$ (90,882)	\$ 1,289,708
Unrestricted net assets	(202,346)	(75,687)	66,537	(211,496)
	\$ 1,102,557	\$ -	\$ (24,345)	\$ 1,078,212

Food Bank Fund

Investment in property and equipment	\$ -	\$ -	\$ -	\$ -
Unrestricted net assets	761,470	-	32,279	793,749
	\$ 761,470	\$ -	\$ 32,279	\$ 793,749

Total

Investment in property and equipment	\$ 1,304,903	\$ 75,687	\$ (90,882)	\$ 1,289,708
Unrestricted net assets	559,124	(75,687)	98,816	582,253
	\$ 1,864,027	\$ -	\$ 7,934	\$ 1,871,961

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

For the year ended March 31, 2018

	Balance, beginning of year	Appropriation	Excess (deficiency) of revenues over expenditures	2018 Balance, end of year
CSV Fund				
Investment in property and equipment	\$ 1,290,698	\$ 97,881	\$ (83,676)	\$ 1,304,903
Unrestricted net assets	(115,821)	(97,881)	11,356	(202,346)
	\$ 1,174,877	\$ -	\$ (72,320)	\$ 1,102,557

Food Bank Fund

Investment in property and equipment	\$ -	\$ -	\$ -	\$ -
Unrestricted net assets	618,179	-	143,291	761,470
	\$ 618,179	\$ -	\$ 143,291	\$ 761,470

Total

Investment in property and equipment	\$ 1,290,698	\$ 97,881	\$ (83,676)	\$ 1,304,903
Unrestricted net assets	502,358	(97,881)	154,647	559,124
	\$ 1,793,056	\$ -	\$ 70,971	\$ 1,864,027

Regina and District Food Bank Inc.

Statement of Operations

For the year ended March 31,	CSV Fund	Food Bank Fund	2019	2018
Revenues				
Donations	\$ -	\$ 1,354,848	\$ 1,354,848	\$ 1,285,284
Rental	610,484		610,484	592,110
Fundraising	-	226,639	226,639	260,799
Grants and programs	-	154,369	154,369	196,640
Administration	-	5,694	5,694	70,928
Ancillary revenue	-	5,421	5,421	7,118
Gain (loss) on disposal of property and equipment	(688)	-	(688)	6,292
	609,796	1,746,971	2,356,767	2,419,171
Expenditures				
Donation procurement	-	68,614	68,614	108,652
Food distribution	-	90,433	90,433	69,810
Food purchases	-	111,914	111,914	85,251
Fundraising	-	103,336	103,336	70,780
General and administration (schedule 1)	21,075	229,518	250,593	235,526
Grants and programs	-	225,433	225,433	241,902
Interest on long-term debt	7,018	-	7,018	6,533
Occupancy costs	398,346	103,123	501,469	507,661
Salaries and benefits	116,820	782,321	899,141	938,409
	543,259	1,714,692	2,257,951	2,264,524
Excess of revenues over expenditures before amortization				
	66,537	32,279	98,816	154,647
Amortization of deferred contributions	103,414	-	103,414	105,409
Amortization of equipment under capital lease	(4,813)	-	(4,813)	(7,124)
Amortization of property and equipment	(189,483)	-	(189,483)	(181,961)
	(90,882)	-	(90,882)	(83,676)
Excess (deficiency) of revenues over expenditures				
	\$ (24,345)	\$ 32,279	\$ 7,934	\$ 70,971
			(Unaudited)	
FOOD DONATIONS (Note 9)			\$ 8,338,673	\$ 8,727,081

Regina and District Food Bank Inc.

Statement of Cash Flows

For the year ended March 31,	CSV Fund	Food Bank Fund	2019	2018
Operating activities				
Cash receipts from donations	\$ -	\$ 1,320,443	\$ 1,320,443	\$ 1,252,015
Cash receipts from rentals	610,239	-	610,239	602,806
Cash receipts from fundraising and other sources	-	226,639	226,639	260,799
Cash receipts from program and grants	-	238,373	238,373	175,275
Cash receipts from administration and other sources	-	12,390	12,390	78,046
Cash paid to suppliers	(420,718)	(919,066)	(1,339,784)	(1,335,051)
Cash paid to employees and equivalents	(116,820)	(782,321)	(899,141)	(938,409)
Interest paid	(7,018)	-	(7,018)	(6,533)
	65,683	96,458	162,141	88,948
Financing activities				
Increase (decrease) in inter-fund loans	30,413	(30,413)	-	-
Repayment of capital lease obligations	(11,052)	-	(11,052)	(4,185)
Repayment of long-term debt	(39,012)	-	(39,012)	(37,442)
Deferred contribution receipts	43,300	-	43,300	53,500
	23,649	(30,413)	(6,764)	11,873
Investing activities				
Purchase of property and equipment	(116,650)	-	(116,650)	(153,477)
Proceeds on redemption of short-term investments	-	450,000	450,000	-
Purchase of short-term investments	-	(200,000)	(200,000)	(159,000)
Proceeds on disposal of property and equipment	47,039	-	47,039	49,931
	(69,611)	250,000	180,389	(262,546)
Increase (decrease) in cash and cash equivalents	19,721	316,045	335,766	(161,725)
Cash and cash equivalents, beginning of year	26,257	214,404	240,661	402,386
Cash and cash equivalents, end of year	\$ 45,978	\$ 530,449	\$ 576,427	\$ 240,661

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2019

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.

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2019

2. Significant accounting policies (continued)

(c) 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.

(d) 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 5.

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

(e) 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.

(f) 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 cost:

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2019

2. Significant accounting policies (continued)

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.

(g) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles for non-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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Significant estimates include accrued liabilities, amortization of property and equipment and amortization of deferred contributions.

3. Credit facility

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, 2019 (2018 - \$ nil).

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2019

4. Short term investment

	2019	2018
Conexus 2.30%, 1 year redeemable term investment, matures March 2020	\$ 200,000	\$ -
Conexus 1.70%, 1 year redeemable term investment, matures January 2019	-	450,000
Co-operative member equity deposit accounts	1,528	1,528
	\$ 201,528	\$ 451,528

5. Property and equipment

		2019	2018		
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Land	-	\$ 453,122	\$ -	\$ 453,122	\$ 453,122
Buildings	5-10%	3,627,791	1,475,350	2,152,441	2,262,555
Machinery/equipment	20%	919,442	640,011	279,431	270,924
Vehicles	30%	270,247	232,242	38,005	54,293
Computer equipment	30%	152,359	125,607	26,752	34,230
		\$ 5,422,961	\$ 2,473,210	\$ 2,949,751	\$ 3,075,124

Included in machinery and equipment are assets under capital lease with a cost of \$74,329 (2018 - \$71,243) and accumulated amortization of \$11,938 (2018 - \$7,124).

6. Long-term debt

	2019	2018
Conexus Credit Union mortgage, payable in blended monthly payments of \$3,635 including interest at 4.150%, matures on December 1, 2020, secured by Community Services Village property with a net book value of \$2,519,901 (2018- \$2,620,497)	\$ 72,238	\$ 111,250
Less current portion	40,631	38,982
	\$ 31,607	\$ 72,268
Estimated principal repayments are as follows:		
2020	\$ 40,631	
2021	31,607	
	\$ 72,238	

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2019

7. Capital lease obligations

	2019	2018
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.	\$ 11,424	\$ 14,482
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.	34,582	42,576
	46,006	57,058
Less current portion	11,749	11,057
	\$ 34,257	\$ 46,001
Estimated capital lease payments are as follows:		
2020	\$ 14,219	
2021	14,219	
2022	14,219	
2023	8,711	
Total future minimum lease payments	51,368	
Less amount representing interest	5,362	
Present value of minimum net lease payments	46,006	
Less current portion	11,749	
	\$ 34,257	

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2019

8. 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:

	2019	2018
Balance, beginning of year	\$ 1,601,913	\$ 1,653,822
Contributions from City of Regina - Commercial processing kitchen facility upgrade	18,300	-
Contributions from the Lorne and Evelyn Johnson Foundation - Commercial processing kitchen facility upgrade	20,000	-
Contributions from Food Bank Canada - Aeroponic Garden Tower	5,000	-
Contributions from SAYCW - Garden Towers	-	7,500
Contributions from City of Regina - Minor - Forklift	-	9,000
Contributions from City of Regina - Major - 2 Ton Truck	-	27,000
Contributions from Mosaic - 3 Ton Truck	-	10,000
	1,645,213	1,707,322
Less current year amortization of deferred contributions	(103,414)	(105,409)
	\$ 1,541,799	\$ 1,601,913

9. 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 (2018 - \$5.50) as determined by Food Banks Canada. Recorded donation weights for the 12 month period ending March 31, 2019 were 1,462,925 kg or \$8,338,673 (2018 - 1,586,742 kg or \$8,727,081).

10. 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.

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2019

11. Lease commitments

The organization holds operating lease agreements for various equipment. The annual minimum lease payments over the remaining term of the leases are as followed:

2020	\$	4,255
2021		1,625
		<hr/>
	\$	5,880

12. 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.

13. 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.

Regina & District Food Bank Inc.

Schedule to the Financial Statements

For the year ended March 31,

Schedule of General and Administration

Schedule 1

	2019	2018
Accounting and legal fees	\$ 26,473	\$ 53,163
Office and administration	98,317	105,041
Consulting fees	79,717	22,459
Professional development/conferences	12,011	20,370
Telephone and internet	34,075	34,493
	\$ 250,593	\$ 235,526
