

Regina & District Food Bank Inc.

Financial Statements

March 31, 2023

Management's Responsibility for Financial Statements

The accompanying non-consolidated financial statements of **Regina & District Food Bank Inc.** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

Chief Executive Officer

Chair, Board of Directors

INDEPENDENT AUDITORS' REPORT



**VIRTUS
GROUP**
Chartered Professional Accountants
& Business Advisors LLP

To the Board of Directors,
Regina & District Food Bank Inc.

Qualified Opinion

We have audited the accompanying financial statements of **Regina & District Food Bank Inc.** which comprise the statement of financial position as at **March 31, 2023**, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 2023, and its financial performance and 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 Organization derives a significant portion of its revenue in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we are not able to determine whether any adjustments might be necessary to assets, liabilities, revenues or net assets.

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 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 Saskatchewan, 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 opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

INDEPENDENT AUDITORS' REPORT continued

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.

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

Auditor's 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 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 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 auditor's 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 auditor's 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 22, 2023
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants



Regina & District Food Bank Inc.
Statement of Financial Position
As at March 31, 2023
(with comparative figures as at March 31, 2022)

	<u>Assets</u>			
	<u>CSV Fund</u>	<u>Food Bank Fund</u>	<u>Total 2023</u>	<u>Total 2022</u>
Current Assets				
Cash and cash equivalents (Note 3)	\$ -	\$ 3,103,367	\$ 3,103,367	\$ 3,701,642
Investments (Note 4)	-	1,084,668	1,084,668	794,941
Accounts receivable	91,600	85,980	177,580	121,995
Deposits and prepaid expenses	-	33,489	33,489	210,871
Due (to) from funds	(2,627,364)	2,627,364	-	-
	<u>(2,535,764)</u>	<u>6,934,868</u>	<u>4,399,104</u>	<u>4,829,449</u>
Tangible capital assets (Note 5)	<u>3,470,441</u>	<u>-</u>	<u>3,470,441</u>	<u>2,496,291</u>
	<u>\$ 934,677</u>	<u>\$ 6,934,868</u>	<u>\$ 7,869,545</u>	<u>\$ 7,325,740</u>
	<u>Liabilities and Fund Balances</u>			
Current Liabilities				
Accounts payable and accrued liabilities	\$ 209,157	\$ 342,789	\$ 551,946	\$ 717,144
Deferred revenue	101,340	30,000	131,340	103,873
Current portion of long term debt obligations (Note 7)	10,000	-	10,000	-
Current portion of capital lease obligations obligations (Note 8)	-	-	-	8,520
Current portion of deferred capital contributions (Note 9)	358,262	-	358,262	322,754
	<u>678,759</u>	<u>372,789</u>	<u>1,051,548</u>	<u>1,152,291</u>
Long term debt (Note 7)	180,000	-	180,000	-
Deferred capital contributions (Note 9)	651,582	-	651,582	971,028
	<u>1,510,341</u>	<u>372,789</u>	<u>1,883,130</u>	<u>2,123,319</u>
Fund Balances				
Contingency fund (Note 10)	-	-	-	1,000,000
Capital reserve fund (Note 10)	380,000	-	380,000	388,000
Sustaining reserve fund (Note 10)	-	1,500,000	1,500,000	-
Investment in tangible capital assets	2,270,597	-	2,270,597	1,193,989
Unrestricted surplus (deficit)	(3,226,261)	5,062,079	1,835,818	2,620,432
	<u>(575,664)</u>	<u>6,562,079</u>	<u>5,986,415</u>	<u>5,202,421</u>
	<u>\$ 934,677</u>	<u>\$ 6,934,868</u>	<u>\$ 7,869,545</u>	<u>\$ 7,325,740</u>

See accompanying notes to the financial statements.

Approved on behalf of the board:

Regina & District Food Bank Inc.
Statement of Changes in Fund Balances
For the Year Ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

	CSV Fund	Food Bank Fund	Total 2023	Total 2022
Balance, beginning of year	\$ 698,403	\$ 4,504,018	\$ 5,202,421	\$ 4,431,991
Excess of revenue over expenses	214,998	568,996	783,994	770,430
Purchase of tangible capital assets	(1,489,065)	1,489,065	-	-
Balance, end of year	\$ (575,664)	\$ 6,562,079	\$ 5,986,415	\$ 5,202,421

See accompanying notes to the financial statements.

Regina & District Food Bank Inc.
Statement of Operations
For the Year Ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

	CSV Fund	Food Bank Fund	2023	2022
Revenue				
Donations and fundraising	\$ 100,000	\$ 3,058,541	\$ 3,158,541	\$ 3,259,148
Rent and facilities fees	827,680	-	827,680	740,758
Grants and programs	-	338,853	338,853	164,120
Ancillary revenue	-	119,457	119,457	46,140
	<u>927,680</u>	<u>3,516,851</u>	<u>4,444,531</u>	<u>4,210,166</u>
Expenses				
Food distribution	-	184,257	184,257	299,911
Food purchases	-	534,924	534,924	378,046
Fundraising	9,000	127,572	136,572	90,984
General and administration	7,633	542,944	550,577	446,248
Grants and programs	-	143,737	143,737	72,623
Interest on capital leases	1,146	-	1,146	714
Occupancy costs	522,986	141,847	664,833	625,344
Wages and benefits	-	1,272,574	1,272,574	1,427,123
	<u>540,765</u>	<u>2,947,855</u>	<u>3,488,620</u>	<u>3,340,993</u>
Excess of revenue over expenses before the following:	<u>386,915</u>	<u>568,996</u>	<u>955,911</u>	<u>869,173</u>
Other revenue (expense)				
Amortization of deferred contributions (Note 9)	353,997	-	353,997	301,059
Amortization of tangible capital assets	(514,914)	-	(514,914)	(426,802)
(Loss) gain on disposal of tangible capital assets	(11,000)	-	(11,000)	27,000
	<u>(171,917)</u>	<u>-</u>	<u>(171,917)</u>	<u>(98,743)</u>
Excess of revenue over expenses	<u>\$ 214,998</u>	<u>\$ 568,996</u>	<u>\$ 783,994</u>	<u>\$ 770,430</u>

See accompanying notes to the financial statements.

Regina & District Food Bank Inc.
Statement of Cash Flows
For the Year Ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	\$ 783,994	\$ 770,430
Non cash items:		
Amortization of tangible capital assets	514,914	426,802
Loss (gain) on disposal of tangible capital assets	11,000	(27,000)
Change in non-cash operating working capital:		
Accounts receivable	(55,585)	(67,189)
Deposits and prepaid expenses	177,382	167,195
Accounts payable and accrued liabilities	(165,198)	507,261
Deferred revenue	27,467	(193,097)
	<u>1,293,974</u>	<u>1,584,402</u>
Cash provided by (used in) investing activities:		
Net change in investments	(289,727)	(4,913)
Net purchase of tangible capital assets	(1,500,064)	(298,939)
	<u>(1,789,791)</u>	<u>(303,852)</u>
Cash provided by (used in) financing activities:		
Repayment of capital lease obligations	(8,520)	(12,621)
Proceeds from long-term debt	200,000	-
Repayment of long-term debt	(10,000)	(30,000)
Change in deferred contributions	(283,938)	(61,968)
	<u>(102,458)</u>	<u>(104,589)</u>
(Decrease) increase in cash	(598,275)	1,175,961
Cash and cash equivalents - beginning of year	<u>3,701,642</u>	<u>2,525,681</u>
Cash and cash equivalents - end of year	<u>\$ 3,103,367</u>	<u>\$ 3,701,642</u>

See accompanying notes to the financial statements.

REGINA & DISTRICT FOOD BANK INC.
Notes to the Financial Statements
For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

1. General

Regina & District Food Bank Inc. (the “Organization”) was continued under *The Non-Profit Corporations Act, 2022* of Saskatchewan. The mission of the Organization is to serve the 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 Organization envisions individuals and community working together to address hunger and sustain independence.

The Organization is a registered charity, and as such, no income taxes are payable pursuant to Paragraph 149(1)(f) of the *Income Tax Act*.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements required 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 period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions.

The Food Bank Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and any restricted operating grants.

The Community Services Village Fund reports the property rental activities related to the excess space at the Organization's facility and the Broad Street location.

REGINA & DISTRICT FOOD BANK INC.
Notes to the Financial Statements
For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

2. Significant accounting policies (continued)

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial instruments are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair value of financial instruments measured at fair value are recognized in the excess of revenues over expenses. When impairment has occurred the carrying amount is reduced and such write downs may subsequently be reversed if conditions change.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the following basis over the estimated useful life of the assets at the following annual rates:

Buildings	25 years straight line
Computer equipment	30% declining balance
Equipment	20% declining balance
Vehicles	30% declining balance

In the year of acquisition, amortization is provided at half of the annual rate.

Previous to 2022, the Organization amortized the buildings at 5% on a declining balance basis. In 2022, the Organization re-assessed the remaining useful life of the building and changed to amortization method to be straight line over a five year period to better reflect the condition of the building.

Building improvements are amortized over a period of five years from the date of purchase.

REGINA & DISTRICT FOOD BANK INC.
Notes to the Financial Statements
For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

2. Significant accounting policies (continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized in the appropriate fund as revenue when the funds are received. Restricted contributions for which a designated fund does not exist are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recognized as they are received.

Rental income is recognized on a straight line basis over the term of the lease or as space is provided to tenants. Contributions for tangible capital assets are deferred and recognized into revenue on the same basis as the asset is amortized. Interest income is recognized as it is earned. Ancillary revenues are recognized in the period that the goods or services are provided.

Donated goods and services

The Organization relies on volunteer time and donated goods and services to achieve its mission. Because of the difficulty in determining the fair values, volunteer time and donated goods and services are not reported in the financial statements.

3. Cash and cash equivalents

	2023	2022
Cash	\$ 2,755,458	\$ 3,430,440
Gift cards	83,687	122,832
Merchandise credits	264,222	148,370
Total	<u>\$ 3,103,367</u>	<u>\$ 3,701,642</u>

REGINA & DISTRICT FOOD BANK INC.
Notes to the Financial Statements
For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

4. Investments

	2023	2022
Redeemable term deposits	\$1,076,810	\$ 793,413
Equities – common shares	6,330	-
Co-operative member equity	1,528	1,528
Total	<u>\$1,084,668</u>	<u>\$ 794,941</u>

The term deposit carries an interest rate of 4.3% (2022 – 0.40% to 0.60%) and matures in December 2023 (2022 – April 2022 and March 2023).

5. Tangible capital assets

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 453,122	\$ -	\$ 453,122	\$ 453,122
Buildings	4,797,976	2,420,482	2,377,494	1,683,972
Computer equipment	159,070	146,937	12,133	17,018
Machinery and equipment	1,117,999	796,948	321,051	187,368
Vehicles	617,308	310,667	306,641	154,811
	<u>\$7,145,475</u>	<u>\$3,675,034</u>	<u>\$3,470,441</u>	<u>\$ 2,496,291</u>

Included in machinery and equipment are assets under capital lease with a cost of \$nil (2022 - \$26,741) and accumulated amortization of \$nil (2022 - \$16,883).

6. Credit facilities

The Organization has an approved operating line of credit of \$150,000. The line of credit bears interest at prime plus 2.5% and is secured by a general security agreement. At March 31, 2023, \$nil was drawn (2022 - \$nil).

REGINA & DISTRICT FOOD BANK INC.
Notes to the Financial Statements
For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

7. Long-term debt

	2023	2022
Mortgage loan bearing interest at 0% per annum, repayable in annual principal payments of varying amounts. The loan matures on March 1, 2029 and is secured by land and building located at 1881 Broad Street, Regina, Saskatchewan, with a carrying value of \$836,174.	\$ 190,000	\$ -
Less: current portion	10,000	-
Total	\$ 180,000	\$ -

8. Capital lease obligation

	2023	2022
Capital lease payable to Capital Industrial Sales & Services Ltd., repayable in monthly instalments of \$300 plus taxes including interest. The lease was paid in full during the year.	\$ -	\$ 975
Capital lease payable to RCAP Leasing, repayable in monthly instalments of \$792 plus taxes including interest. The lease was paid in full during the year.	-	7,545
	-	8,520
Less: current portion	-	(8,520)
Total	\$ -	\$ -

9. Deferred capital contributions

Deferred capital contributions related to tangible capital assets represent the unamortized portion of externally restricted contributions used to purchase tangible capital assets. The change in the balance for the year is as follows:

	2023	2022
Balance – beginning of year	\$ 1,293,782	\$ 1,355,750
Contributions during the year	70,059	239,091
Amounts amortized to revenue	(353,997)	(301,059)
Balance – end of year	1,009,844	1,293,782
Less current portion	(358,262)	(322,754)
Long term portion	\$ 651,582	\$ 971,028

REGINA & DISTRICT FOOD BANK INC.
Notes to the Financial Statements
For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

10. Internally restricted reserves

In 2021, the Board of Directors transferred \$1,000,000 from operating reserves to a contingency fund within the Food Bank Fund. The purpose of the contingency fund is to protect the Organization from potential increases in food, cleaning, capital and other operating costs required to serve increased number of clients, while maintaining increased infection prevention and control standards. The fund may be used for capital expenditures, to the extent that they address health and safety risks or build capacity for ongoing elevated client needs. In 2023, the Board of Directors transferred the money back to the operating reserves.

In 2022, the Board of Directors transferred \$388,000 from the operating reserves to a capital reserve fund with the Community Services Village Fund. This amount was fully spent in 2023. The purpose of the capital reserve fund is to fund future capital projects.

In 2023, the Board of Directors transferred \$380,000 from operating reserves to a capital reserve fund within the Community Services Village Fund. The purpose of the capital reserve fund is to fund future capital projects at the Winnipeg Street building.

In 2023, the Board of Directors transferred \$1,500,000 from the operating reserves to a restricted sustaining reserve fund within the Food Bank Fund. The purpose of the restricted reserve fund is to earn investment income that can be used to fund the Organization's activities.

11. Food donations

The approximate value attributed to food donations has not been recorded in the financial statements and has not been audited. Management has estimated the value attributed to food donations based on weight measurements and priced at \$7.07 per kilogram (2022 - \$5.70) as determined by Food Banks Canada. Donation weights for the year ended March 31, 2023, were 1,358,012 kg or \$9,601,145 (2022 – 1,255,763 kg or \$7,157,846).

12. Financial instruments

The Organization's recognized financial instruments consist of cash and cash equivalents, investments, accounts receivable, due to (from funds), accounts payable, accrued liabilities and long term debt. The fair value of these items approximate their carrying value given the short-term nature of the amounts.

REGINA & DISTRICT FOOD BANK INC.
Notes to the Financial Statements
For the year ended March 31, 2023
(with comparative figures for the year ended March 31, 2022)

13. Financial risk management

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant risks to which the Organization is exposed are:

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 is exposed to credit risk on the accounts receivable from its customers and supporters, however, does not have a significant exposure to any individual party. The Organization performs regular reviews of its receivables for collectability. The allowance at year end was \$nil (2022 - \$nil) and bad debt expense has been insignificant over the last three years.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements and are considered adequate to meet the Organization's financial obligations.

14. Contingency

Petroleum contamination of soil around 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 for the Organization. In the event that the contaminated areas are put to other uses, further environmental assessments and determinations of possible costs will be required.

15. Comparative figures

Certain comparative figures were reclassified to conform to the presentation in the current year.