

**Regina & District Food Bank Inc.**

**Financial Statements**

**March 31, 2018**

---

# Regina and District Food Bank Inc.

## Financial Statements

---

March 31, 2018

---

	<b>Page</b>
Independent Auditors' Report	3 - 4
Statement of Financial Position	5
Statement of Changes in Net Assets	6 - 7
Statement of Operations	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 18

## **Independent Auditors' Report**

### **To the Members of Regina & District Food Bank Inc.**

We have audited the accompanying financial statements of Regina & District Food Bank Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *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. These amounts are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Regina & District Food Bank Inc. Consequently, we were unable to determine whether any adjustments might be necessary to these revenues, deficiency of revenues over expenditures, and available net assets.

## Independent Auditors' Report (continued)

### *Qualified Opinion*

Except as noted in the above paragraph, in our qualified opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Canada  
May 23, 2018

*Crowe Mackay LLP*

Chartered Professional Accountants

**Regina and District Food Bank Inc.**

**Statement of Financial Position**

March 31,	CSV Fund	Food Bank Fund	2018	2017
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents (note 3)	\$ 26,257	\$ 214,404	\$ 240,661	\$ 402,386
Short-term investment (note 4)	-	451,528	451,528	292,528
Accounts receivable	835	43,690	44,525	21,952
GST receivable	11,420	8,687	20,107	8,841
Prepaid expenses	-	5,420	5,420	2,882
	38,512	723,729	762,241	728,589
<b>Property and equipment (note 5)</b>	3,075,124	-	3,075,124	3,093,211
	\$ 3,113,636	\$ 723,729	\$ 3,837,365	\$ 3,821,800
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 56,976	\$ 72,727	\$ 129,703	\$ 131,453
Inter-fund account	183,882	(183,882)	-	-
Deferred revenue	-	73,414	73,414	94,779
Current portion of long-term debt (note 6)	38,982	-	38,982	37,400
Current portion of capital lease obligations (note 7)	11,057	-	11,057	-
	290,897	(37,741)	253,156	263,632
<b>Long-term debt (note 6)</b>	72,268	-	72,268	111,290
<b>Capital lease obligations (note 7)</b>	46,001	-	46,001	-
<b>Deferred contributions (note 8)</b>	1,601,913	-	1,601,913	1,653,822
	2,011,079	(37,741)	1,973,338	2,028,744
<b>Net Assets</b>				
<b>Investment in property and equipment</b>	1,304,903	-	1,304,903	1,290,698
<b>Unrestricted net assets (deficit)</b>	(202,346)	761,470	559,124	502,358
	1,102,557	761,470	1,864,027	1,793,056
	\$ 3,113,636	\$ 723,729	\$ 3,837,365	\$ 3,821,800

Approved on behalf of the board:

 Director

 Director

Contingency (note 12)

---

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

---

**For the year ended March 31, 2018**

---

	<b>Balance, beginning of year</b>	<b>Appropriation</b>	<b>Excess (deficiency) of revenues over expenditures</b>	<b>2018 Balance, end of year</b>
<b>CSV Fund</b>				
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)
	<b>\$ 1,174,877</b>	<b>\$ -</b>	<b>\$ (72,320)</b>	<b>\$ 1,102,557</b>

**Food Bank Fund**

---

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

**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
	<b>\$ 1,793,056</b>	<b>\$ -</b>	<b>\$ 70,971</b>	<b>\$ 1,864,027</b>

---

---

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

---

**For the year ended March 31, 2018**

---

	<b>Balance, beginning of year</b>	<b>Appropriation</b>	<b>Excess (deficiency) of revenues over expenditures</b>	<b>2017 Balance, end of year</b>
<b>CSV Fund</b>				
Investment in property and equipment	\$ 1,234,311	\$ 139,593	\$ (83,206)	\$ 1,290,698
Unrestricted net assets	(89,312)	(139,593)	113,084	(115,821)
	<b>\$ 1,144,999</b>	<b>\$ -</b>	<b>\$ 29,878</b>	<b>\$ 1,174,877</b>

**Food Bank Fund**

---

Investment in property and equipment	\$ -	\$ -	\$ -	\$ -
Unrestricted net assets	695,394	-	(77,215)	618,179
	<b>\$ 695,394</b>	<b>\$ -</b>	<b>\$ (77,215)</b>	<b>\$ 618,179</b>

**Total**

---

Investment in property and equipment	\$ 1,234,311	\$ 139,593	\$ (83,206)	\$ 1,290,698
Unrestricted net assets	606,082	(139,593)	35,869	502,358
	<b>\$ 1,840,393</b>	<b>\$ -</b>	<b>\$ (47,337)</b>	<b>\$ 1,793,056</b>

---

**Regina and District Food Bank Inc.**

**Statement of Operations**

<b>For the year ended March 31,</b>	<b>CSV Fund</b>	<b>Food Bank Fund</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>				
Donations (Note 10)	\$ -	\$ 1,285,284	\$ 1,285,284	\$ 1,149,450
Rental	592,110	-	592,110	652,776
Fundraising	-	260,799	260,799	288,253
Grants and programs	-	196,640	196,640	165,291
Administration (Note 10)	-	70,928	70,928	57,011
Ancillary revenue	-	7,118	7,118	11,580
Gain on disposal of property and equipment	6,292	-	6,292	-
	<b>598,402</b>	<b>1,820,769</b>	<b>2,419,171</b>	<b>2,324,361</b>
<b>Expenditures</b>				
Donation procurement	-	108,652	108,652	149,973
Food distribution	-	69,810	69,810	54,250
Food purchases	-	85,251	85,251	80,751
Fundraising	-	70,780	70,780	128,203
General and administration	48,665	186,861	235,526	241,375
Grants and programs	-	241,902	241,902	205,196
Interest on long-term debt	6,533	-	6,533	8,949
Occupancy costs	404,058	103,603	507,661	478,693
Salaries and benefits	127,790	810,619	938,409	941,102
	<b>587,046</b>	<b>1,677,478</b>	<b>2,264,524</b>	<b>2,288,492</b>
<b>Excess of revenues over expenditures before amortization</b>	<b>11,356</b>	<b>143,291</b>	<b>154,647</b>	<b>35,869</b>
Amortization of deferred contributions	105,409	-	105,409	101,830
Amortization of equipment under capital lease	(7,124)	-	(7,124)	-
Amortization of property and equipment	(181,961)	-	(181,961)	(185,036)
	<b>(83,676)</b>	<b>-</b>	<b>(83,676)</b>	<b>(83,206)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (72,320)</b>	<b>\$ 143,291</b>	<b>\$ 70,971</b>	<b>\$ (47,337)</b>
			<b>(Unaudited)</b>	
<b>FOOD DONATIONS (Note 11)</b>			<b>\$ 8,727,081</b>	<b>\$ 8,102,452</b>



**Regina and District Food Bank Inc.**

**Statement of Cash Flows**

For the year ended March 31,	CSV Fund	Food Bank Fund	2018	2017
<b>Operating activities</b>				
Cash receipts from donations	\$ -	\$ 1,252,015	\$ 1,252,015	\$ 1,147,834
Cash receipts from rentals	602,806	-	602,806	\$ 664,547
Cash receipts from fundraising and other sources	-	260,799	260,799	\$ 288,253
Cash receipts from program and grants	-	175,275	175,275	\$ 103,036
Cash receipts from administration and other sources	-	78,046	78,046	\$ 68,591
Cash paid to suppliers	(467,854)	(867,197)	(1,335,051)	\$ (1,319,201)
Cash paid to employees and equivalents	(127,790)	(810,619)	(938,409)	\$ (941,102)
Interest paid	(6,533)	-	(6,533)	(8,950)
	629	88,319	88,948	3,008
<b>Financing activities</b>				
Increase (decrease) in inter-fund loans	59,186	(59,186)	-	-
Repayment of capital lease obligations	(4,185)	-	(4,185)	-
Repayment of long-term debt	(37,442)	-	(37,442)	(47,047)
Deferred contribution receipts	53,500	-	53,500	161,500
	71,059	(59,186)	11,873	114,453
<b>Investing activities</b>				
Purchase of property and equipment	(153,477)	-	(153,477)	(254,045)
Purchase of short-term investments	-	(159,000)	(159,000)	(203,158)
Proceeds on disposal of property and equipment	49,931	-	49,931	-
	(103,546)	(159,000)	(262,546)	(457,203)
<b>Decrease in cash and cash equivalents</b>	(31,858)	(129,867)	(161,725)	(339,742)
<b>Cash and cash equivalents, beginning of year</b>	58,115	344,271	402,386	742,128
<b>Cash and cash equivalents, end of year</b>	\$ 26,257	\$ 214,404	\$ 240,661	\$ 402,386

---

# Regina & District Food Bank Inc.

## Notes to the Financial Statements

---

March 31, 2018

---

### 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 policies are detailed as follows:

#### (a) 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.

- (i) 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.
- (ii) 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, 2018

---

### 2. Significant accounting policies (continued)

#### (b) 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.

#### (c) 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.

#### (d) 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.

#### (e) Cash equivalents

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

---

# Regina & District Food Bank Inc.

## Notes to the Financial Statements

---

March 31, 2018

---

### 2. Significant accounting policies (continued)

#### (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.

Subsequent measurement:

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 financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. 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.

---

## Regina & District Food Bank Inc.

### Notes to the Financial Statements

---

March 31, 2018

---

#### 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, 2018 (2017 - \$ nil).

#### 4. Short-term investments

	2018	2017
Conexus 1.00%, 1 year redeemable term investment, matured April 2017	\$ -	\$ 200,000
Conexus 1.00%, 1 year redeemable term investment, matured January 2018	-	89,000
Conexus 1.70%, 1 year redeemable term investment, matures January 2019	450,000	-
Co-operative member equity deposit accounts	1,528	3,528
	<b>\$ 451,528</b>	<b>\$ 292,528</b>

#### 5. Property and equipment

		2018	2017		
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Land	-	\$ 453,122	\$ -	\$ 453,122	\$ 453,122
Buildings	5-10%	3,619,818	1,357,263	2,262,555	2,387,202
Automotive	30%	270,247	215,954	54,293	21,816
Computer equipment	30%	149,076	114,846	34,230	37,685
Machinery & equipment	20%	795,834	589,029	206,805	193,386
		5,288,097	2,277,092	3,011,005	3,093,211
Equipment under capital lease	20%	71,243	7,124	64,119	-
		<b>\$ 5,359,340</b>	<b>\$ 2,284,216</b>	<b>\$ 3,075,124</b>	<b>\$ 3,093,211</b>

---

**Regina & District Food Bank Inc.****Notes to the Financial Statements**

---

**March 31, 2018**

---

**6. Long-term debt**

	2018	2017
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 \$2,620,497 (2017- \$2,734,569)	\$ 111,250	\$ 148,690
Less current portion	38,982	37,400
	<b>\$ 72,268</b>	<b>\$ 111,290</b>
Estimated principal repayments are as follows:		
2019	\$ 38,982	
2020	40,631	
2021	31,637	
	<b>\$ 111,250</b>	

---

---

# Regina & District Food Bank Inc.

## Notes to the Financial Statements

---

March 31, 2018

---

### 7. Capital lease obligation

	2018	2017
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.	\$ 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.	42,576	-
Less current portion	11,057	-
	\$ 46,001	\$ -
Remaining capital lease payments are due as follows:		
2019	\$ 14,219	
2020	14,219	
2021	14,219	
2022	14,219	
2023	8,711	
Total future minimum capital lease payments	65,587	
Less amount representing interest	8,529	
Present value of minimum net capital lease payments	57,058	
Less current portion	11,057	
	\$ 46,001	

---

---

## Regina & District Food Bank Inc.

### Notes to the Financial Statements

---

March 31, 2018

---

#### 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:

	2018	2017
Balance, beginning of year	<b>\$ 1,653,822</b>	\$ 1,594,152
Contributions from Federated Co-op - Greenhouse Grant	-	100,000
Contributions from FBC - Walk-in Cooler Project	-	35,000
Contributions from Farm Credit Canada - Farmbot Project	-	11,500
Contributions from AFCS - Urban Agriculture Project	-	5,000
Contributions from YMCA - Mobile Pantry	-	10,000
Contributions from SAYCW - Garden Towers	<b>7,500</b>	-
Contributions from City of Regina - Minor - Forklift	<b>9,000</b>	-
Contributions from City of Regina - Major - 3 Ton Truck	<b>27,000</b>	-
Contributions from Mosaic - 3 Ton Truck	<b>10,000</b>	-
	<b>1,707,322</b>	1,755,652
Less current year amortization of deferred contributions	<b>(105,409)</b>	(101,830)
Balance, end of year	<b>\$ 1,601,913</b>	\$ 1,653,822

#### 9. 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:

2019	\$ 4,838
2020	4,838
2021	4,838
2022	4,838
2023	1,613
	<b>\$ 20,965</b>

---



---

## Regina & District Food Bank Inc.

### Notes to the Financial Statements

---

March 31, 2018

---

#### 10. Related party transactions

The organization is related to the Food Banks of Saskatchewan (FBS) by virtue of shared key management personnel. FBS operates out of the organization's facility and has a signed agreement for shared use of services. The agreement stipulates that the FBS is to pay the organization a 20% administration fee on donations received through specified fundraisers. The fee charged in the current year was \$14,258 (2017 - \$11,945) which is included in administration revenue.

In addition, a fee totaling \$40,000 (2017 - \$40,000), included in administration revenue, was charged to FBS during the year for shared office space, including support provided by directors, managers and front line staff. The charge also covers warehouse and distribution costs and a portion of variable costs such as telephone, internet and office supplies, which are not otherwise billed to FBS.

Personnel costs charged to FBS for operating a vehicle owned by FBS totaled \$16,433 (2017 - \$4,874) during the year which is included in administration revenue.

An annual membership fee was charged by FBS during the year in the amount of \$1,200 (2017 - \$1,200) which is included in general and administration expense.

Donation revenue was provided by FBS during the year in the amount of \$120,346 (2017 - \$122,980) which is included in Donations revenue.

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.

#### 11. Food donations

The approximate values attributed to food donations have not been recorded in the statement of operations and available net assets and have not been audited. The values are based on weight measurements priced at \$5.50 per kilogram (2017 - \$5.50) as determined by Food Banks Canada. Recorded donation weights for the 12 month period ending March 31, 2018 were 1,586,742 kg or \$8,727,081 (2017 - 1,473,173 kg or \$8,102,452)

---

## Regina & District Food Bank Inc.

### Notes to the Financial Statements

---

March 31, 2018

---

#### 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. 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 company'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 company'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.

#### 14. 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.