

Regina & District Food Bank Inc.

Financial Statements

March 31, 2016

Regina & District Food Bank Inc.**Financial Statements**

March 31, 2016

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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, 2016, 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 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, excess of revenues over expenditures, and available net assets.

Independent Auditors' Report (continued)

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2016 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.

Crowe Mackay LLP

**Regina, Canada
May 24, 2016**


Chartered Accountants

Regina & District Food Bank Inc.

Statement of Financial Position

| March 31, | CSV Fund | Food Bank Fund | 2016 | 2015 |
|---|---------------------|-------------------|---------------------|---------------------|
| Assets | | | | |
| Current | | | | |
| Cash | \$ 71,201 | \$ 670,927 | \$ 742,128 | \$ 409,787 |
| Short-term investment (note 3) | - | 89,370 | 89,370 | 89,370 |
| Accounts receivable | 23,302 | 8,806 | 32,108 | 9,721 |
| Prepaid expenses | - | 4,407 | 4,407 | - |
| Due from CSV Fund | - | 134,245 | 134,245 | 105,428 |
| | 94,503 | 907,755 | 1,002,258 | 614,306 |
| Property and equipment (note 4) | 3,024,202 | - | 3,024,202 | 3,061,745 |
| | \$ 3,118,705 | \$ 907,755 | \$ 4,026,460 | \$ 3,676,051 |
| Liabilities | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | \$ 49,570 | \$ 55,328 | \$ 104,898 | \$ 121,045 |
| Deferred revenue | - | 157,033 | 157,033 | 44,000 |
| Due to Food Bank Fund | 134,245 | - | 134,245 | 105,428 |
| Current portion of long-term debt (note 5) | 38,507 | - | 38,507 | 36,263 |
| | 222,322 | 212,361 | 434,683 | 306,736 |
| Long-term debt (note 5) | 157,232 | - | 157,232 | 194,361 |
| Deferred contributions (note 6) | 1,594,152 | - | 1,594,152 | 1,664,750 |
| | 1,973,706 | 212,361 | 2,186,067 | 2,165,847 |
| Net Assets | | | | |
| Investment in property and equipment | 1,234,311 | - | 1,234,311 | 1,166,371 |
| Unrestricted net assets (deficit) | (89,312) | 695,394 | 606,082 | 343,833 |
| | 1,144,999 | 695,394 | 1,840,393 | 1,510,204 |
| | \$ 3,118,705 | \$ 907,755 | \$ 4,026,460 | \$ 3,676,051 |

Approved on behalf of the board:



Director



Director

Regina & District Food Bank Inc.

Statement of Changes in Net Assets

| | Balance, beginning of year | Appropriation | Excess (deficiency) of revenues over expenditures | 2016 Balance, end of year |
|--------------------------------------|---|----------------------|--|--|
| Unrestricted net assets | \$ 343,833 | \$ (145,151) | \$ 407,400 | \$ 606,082 |
| Investment in property and equipment | 1,166,371 | 145,151 | (77,211) | 1,234,311 |
| | \$ 1,510,204 | \$ - | \$ 330,189 | \$ 1,840,393 |

Regina & District Food Bank Inc.

Statement of Operations

| For the year ended March 31, | CSV Fund | Food Bank Fund | 2016 | 2015 |
|---|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | |
| Donations | \$ - | \$ 1,261,870 | \$ 1,261,870 | \$ 1,330,847 |
| Rental | 764,563 | - | 764,563 | 713,756 |
| Fundraising | - | 356,778 | 356,778 | 341,576 |
| Village Market sales | - | - | - | 93,469 |
| Government grants - ACERT | - | 102,717 | 102,717 | 60,854 |
| Administration | - | 64,294 | 64,294 | 41,847 |
| Reclamation grants | - | 56,000 | 56,000 | 41,933 |
| Ancillary revenue | - | 5,146 | 5,146 | 2,197 |
| Recycling | - | 2,607 | 2,607 | 5,468 |
| Gain on sale of property | 660 | - | 660 | - |
| Amortization of deferred contributions | 92,998 | - | 92,998 | 296,011 |
| | 858,221 | 1,849,412 | 2,707,633 | 2,927,958 |
| Expenditures | | | | |
| Amortization of property and equipment | 170,209 | - | 170,209 | 384,621 |
| Cost of Village Market sales | - | - | - | 100,369 |
| Food distribution | - | 97,948 | 97,948 | 95,209 |
| Food purchases | - | 74,519 | 74,519 | 79,542 |
| Fundraising | - | 242,332 | 242,332 | 226,540 |
| General and administration | 9,574 | 141,277 | 150,851 | 150,216 |
| Interest on long-term debt | 9,994 | - | 9,994 | 11,590 |
| Occupancy costs | 445,944 | 104,320 | 550,264 | 502,254 |
| Program expenses - ACERT | - | 67,785 | 67,785 | 59,929 |
| Salaries and benefits | 115,995 | 897,547 | 1,013,542 | 1,098,385 |
| | 751,716 | 1,625,728 | 2,377,444 | 2,708,655 |
| Excess of revenues over expenditures | \$ 106,505 | \$ 223,684 | \$ 330,189 | \$ 219,303 |

(Unaudited)

FOOD DONATIONS (Note 7)

\$ 8,553,177 \$ 8,747,000

Regina & District Food Bank Inc.

Statement of Cash Flows

| For the year ended March 31, | CSV Fund | Food Bank Fund | 2016 | 2015 |
|--|-----------|----------------|-------------|-------------|
| Operating activities | | | | |
| Cash receipts from government and other grants | \$ - | \$ 153,717 | \$ 153,717 | \$ 98,987 |
| Cash receipts from donations | - | 1,262,268 | 1,262,268 | 1,330,847 |
| Cash receipts from rentals | 746,778 | - | 746,778 | 708,237 |
| Cash receipts from fundraising and other sources | - | 541,858 | 541,858 | 481,474 |
| Cash paid to suppliers | (429,879) | (774,373) | (1,204,252) | (1,442,255) |
| Cash paid to employees and equivalents | (115,995) | (897,547) | (1,013,542) | (1,098,385) |
| Interest paid | (9,994) | - | (9,994) | (11,590) |
| | 190,910 | 285,923 | 476,833 | 67,315 |
| Financing activities | | | | |
| Repayment of long-term debt | (34,886) | - | (34,886) | (59,068) |
| Deferred contributions receipts | 22,400 | - | 22,400 | 45,000 |
| | (12,486) | - | (12,486) | (14,068) |
| Investing activities | | | | |
| Purchase of property and equipment | (178,066) | - | (178,066) | (116,610) |
| Proceeds on disposal of property and equipment | 46,060 | - | 46,060 | - |
| | (132,006) | - | (132,006) | (116,610) |
| Increase (decrease) in cash | 46,418 | 285,923 | 332,341 | (63,363) |
| Cash, beginning of year | 24,783 | 385,004 | 409,787 | 473,150 |
| Cash, end of year | \$ 71,201 | \$ 670,927 | \$ 742,128 | \$ 409,787 |

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2016

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 service 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) Revenue recognition

The organization follows the restricted fund method of accounting. Under this method operations are separated between unrestricted and restricted activities with a set of self-balancing accounts for each fund. The organization uses the following funds:

- (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 the educational and life skills programs exercised through the Adult Centre for Employment Readiness and Training ("ACERT").

Contributions and other revenues are recognized in the fund corresponding to the purpose for which they were contributed or raised. Restricted contributions and other revenues contributed to or raised for the general fund are deferred and recognized in the year in which the related expenses are incurred.

Investment income includes interest income recorded on the accrual basis. Investment income is included in the statement of operations in the fund in which the related financial instrument is recorded.

Revenue from the sale of goods is recognized upon delivery of items sold to the purchaser.

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2016

2. Significant accounting policies (continued)

(b) 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 4.

When property and equipment are sold or retired, the related cost and accumulated amortization are removed from the accounts and any gain or loss is charged against earnings in the period.

Property and equipment acquired or constructed during the year are not amortized until they are put into use.

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

(c) 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.

(d) Financial instruments

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

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

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

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

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.

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2016

2. Significant accounting policies (continued)

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

(e) 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.

3. Short-term investment

| | 2016 | 2015 |
|---|-----------|-----------|
| Conexus 2.2%, 2 year non-redeemable term investment, matures January 2017 | \$ 89,370 | \$ 89,370 |

4. Property and equipment

| | | 2016 | 2015 | | |
|-----------------------|------|--------------|--------------------------|----------------|----------------|
| | Rate | Cost | Accumulated amortization | Net book value | Net book value |
| Land | | \$ 453,122 | \$ - | \$ 453,122 | \$ 453,122 |
| Buildings | 5% | 3,442,024 | 1,108,723 | 2,333,301 | 2,408,699 |
| Automotive | 30% | 207,864 | 196,703 | 11,161 | 15,945 |
| Computer equipment | 30% | 120,787 | 90,086 | 30,701 | 19,149 |
| Machinery & equipment | 20% | 720,370 | 524,453 | 195,917 | 164,830 |
| | | \$ 4,944,167 | \$ 1,919,965 | \$ 3,024,202 | \$ 3,061,745 |

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2016

5. Long-term debt

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Conexus Credit Union, mortgage payable in blended payments of \$3,635 monthly including interest at 5.008%, matures December 1, 2016, secured by Community Services Village property | \$ 183,957 | \$ 217,520 |
| GE Capital, loan bearing interest at 8.99% per annum, repayable in monthly payments of \$321 including interest, matures May 22, 2019 | 11,782 | 13,104 |
| | 195,739 | 230,624 |
| Less current portion | 38,507 | 36,263 |
| | \$ 157,232 | \$ 194,361 |
| Estimated principal repayments are as follows: | | |
| 2017 | \$ 38,507 | |
| 2018 | 40,614 | |
| 2019 | 42,848 | |
| 2020 | 41,809 | |
| 2021 | 31,961 | |
| | \$ 195,739 | |

6. Deferred contributions

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

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 1,664,750 | \$ 1,915,761 |
| Contribution from Food Banks of Saskatchewan | - | 35,000 |
| Contribution from Sprott Foundation | - | 10,000 |
| Contributions from the City of Regina | 4,400 | - |
| Contributions from the YMCA | 18,000 | - |
| | 1,687,150 | 1,960,761 |
| Less current year amortization | (92,998) | (296,011) |
| Balance, end of year | \$ 1,594,152 | \$ 1,664,750 |

Regina & District Food Bank Inc.

Notes to the Financial Statements

March 31, 2016

7. 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 (2015 - \$5.50). Recorded donation weights for the 12 month period ending March 31, 2016 were 1,555,123kg or \$8,553,177

8. 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.

9. 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 fulfill 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 and long term debt 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.

10. 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.

