

Financial Statements of

**SASKATOON FOOD BANK
INCORPORATED**

Year ended March 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of Saskatoon Food Bank Incorporated

We have audited the accompanying financial statements of Saskatoon Food Bank Incorporated, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, net assets and cash flows for the year then ended and notes, comprising 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 our 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, we consider internal control relevant to the entity'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 entity'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 charitable organizations, Saskatoon Food Bank Incorporated derives revenue from donations and miscellaneous fundraising, 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 entity and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.



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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatoon Food Bank Incorporated 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.

KPMG LLP

Chartered Professional Accountants

Saskatoon, Canada

June 28, 2016

SASKATOON FOOD BANK INCORPORATED

Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 361,907	\$ 568,811
Accounts receivable	13,331	-
Term deposits (note 2)	472,475	312,820
GST recoverable	8,319	19,502
Gift cards	82,486	80,536
	<u>938,518</u>	<u>981,669</u>
Property, plant and equipment (note 3)	664,400	731,366
Term deposits (note 2)	901,742	645,658
	<u>\$ 2,504,660</u>	<u>\$ 2,358,693</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 70,863	\$ 73,046
Deferred revenue (note)	82,486	78,636
	<u>153,349</u>	<u>151,682</u>
Net Assets		
Operating reserve	640,000	-
Unrestricted net assets	1,711,311	2,207,011
	<u>2,351,311</u>	<u>2,207,011</u>
	<u>\$ 2,504,660</u>	<u>\$ 2,358,693</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

SASKATOON FOOD BANK INCORPORATED

Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Donations	\$ 864,079	\$ 923,594
Shared Community Investment (net) (note 5)	494,673	394,268
Community works program	234,829	348,782
Grants	219,632	218,562
Golf fundraiser	157,325	145,017
Clothing depot	96,937	110,138
Gift card donations	76,919	69,179
Miscellaneous fundraisers	23,303	13,822
Interest	16,083	15,683
Other	11,016	7,353
Rental income	1,800	3,100
Collaborative grants	-	43,900
	<u>2,196,596</u>	<u>2,293,398</u>
Expenses:		
Wages and benefits	1,258,163	1,185,736
Food	177,447	182,760
Community works program	92,820	76,499
Amortization	87,560	77,583
Gift card purchases	79,973	74,509
Professional fees	53,480	69,158
Literacy	48,152	50,311
Utilities	45,491	47,409
Vehicle and travel	29,733	48,810
Office supplies	27,917	29,169
Clothing depot	27,280	27,280
Golf fundraiser	25,385	21,480
Miscellaneous fundraisers	19,291	19,816
Telephone and internet	16,021	20,469
Insurance	14,600	15,734
Equipment lease	10,633	12,072
Collaborative grants	9,248	28,800
GST paid	8,301	12,990
Advertising	7,889	13,983
Food transportation	3,760	8,351
Directors' insurance	2,180	1,985
Bank charges	2,130	2,680
Building alarm system	2,117	1,656
Equipment maintenance and repair	1,394	2,106
Building maintenance and repair	1,331	5,150
	<u>2,052,296</u>	<u>2,036,496</u>
Excess of revenue over expenses	\$ 144,300	\$ 256,902

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Statement of Net Assets

Year ended March 31, 2016, with comparative information for 2015

March 31, 2016	Unrestricted	Operating reserve	Total
Balance, beginning of year	\$ 2,207,011	\$ -	\$ 2,207,011
Excess of revenue over expenses	144,300	-	\$ 114,300
Transfer to reserves	(640,000)	640,000	-
Surplus, end of year	\$ 1,711,311	\$ 640,000	\$ 2,321,311

March 31, 2015	Unrestricted	Operating reserve	Total
Balance, beginning of year	\$ 1,950,109	\$ -	\$ 1,950,109
Excess of revenue over expenses	256,902	\$ -	\$ 256,902
Transfer to reserves	-	-	-
Surplus, end of year	\$ 2,207,011	\$ -	\$ 2,207,011

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 144,300	\$ 256,902
Item not involving cash:		
Amortization	87,560	77,583
Change in non-cash operating working capital:		
GST recoverable	11,183	(13,119)
Gift cards	(1,950)	(9,643)
Accounts receivable	(13,331)	-
Accounts payable and accrued liabilities	(2,183)	(4,242)
Deferred revenue	3,850	(92,690)
	229,429	214,791
Investments:		
Purchase of term deposits	(415,739)	(15,427)
Proceeds on maturity of term deposits	-	75,000
Purchase of property, plant and equipment	(20,594)	(165,585)
	(436,333)	(106,012)
Increase (decrease) in cash	(206,904)	108,779
Cash, beginning of year	568,811	460,032
Cash, end of year	\$ 361,907	\$ 568,811

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements

Year ended March 31, 2016

Nature of operations:

The Saskatoon Food Bank Incorporated (the "Organization") is a non-profit organization whose principal operations are the collection of food through donations from individuals, churches, and other organizations and the distribution of food to persons who are in need of such assistance. The collection and distribution of such food has not been accounted for in these financial statements. The Saskatoon Food Bank also provides a number of other services to the community to address the root causes of poverty and hunger, including: a community kitchen and garden, infant nutrition support, a clothing depot, and a volunteer income tax program.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

(b) Use of estimates:

The preparation of financial statements 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 date of the financial statements and the reported amount of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment and their estimated useful life. Actual results could differ from these estimates.

(c) Cash:

Cash consists of balances with financial institutions which have an initial term to maturity of three months or less.

(d) Financial instruments:

Financial instruments (cash, accounts receivable, term deposits, gift cards, accounts payable and accrued liabilities) are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

The Organization holds term deposits for investment purposes with the intention of holding the term deposits to maturity. Any impairment in the value of securities that is other than temporary is recorded as a charge to income in the year in which it occurs.

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(e) Property, plant and equipment:

Property and equipment are stated at cost, or at the estimated value of donated assets. Amortization is recorded over the estimated useful lives of the assets using the following method and annual rates:

Asset	Basis	Rate
Building	Straight-line	20 years
Large equipment	Straight line	10 years
Furniture and fixtures	Straight-line	10 years
Vehicles and forklift	Straight-line	7 years
Computers	Straight-line	5 years

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

(f) Revenue recognition:

The organization recognizes contributions in accordance with the deferral method. Under the deferral method, contributions for which externally imposed restrictions remain unfulfilled are accumulated as deferred contributions in the statement of financial position. Unrestricted contributions are recorded as revenue in the year received. Donations, fundraising, and other revenue are recorded as revenue in the year received. Grants received are recorded as revenue based upon the term of the contract. Restricted grant contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized. Unrestricted grant contributions are recorded as revenue in the year received.

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(g) Deferred revenue:

Deferred revenue represents funds received in the current year for costs that will be incurred in the next fiscal year. The funds recorded on the statement of financial position as deferred revenue will be recorded as revenue on the statement of operations and surplus in the year in which the funding relates or related costs are incurred.

Deferred revenue includes donations received from Saskatoon Co-op and Sobeys' customers in the form of gift cards to be used towards the purchase of groceries and other essential items at these stores. The amounts recorded on the statement of financial position are recognized as revenue and expenses when the gift cards are used.

(h) Restriction on net assets:

The operating reserve represents funds that the Board of Directors has internally restricted to be used by the Organization in periods of financial uncertainty.

2. Term deposits:

Term deposits of \$472,475 maturing in fiscal 2017 have an effective interest rates ranging from 0.75% - 1.96% and are shown as current assets on the statement of financial position.

Term deposits of \$901,742 maturing in fiscal 2018 and fiscal 2020 have effective interest rates ranging from 1.71% to 2.52% and are shown as long-term assets on the statement of financial position.

3. Property and equipment:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 165,000	\$ -	\$ 165,000	\$ 165,000
Building	801,434	465,870	335,564	375,634
Large equipment	198,584	180,824	17,760	37,618
Furniture and fixtures	46,970	30,004	16,966	18,768
Vehicles and forklift	305,909	192,851	113,058	133,130
Computers	57,484	41,432	16,052	1,216
	\$ 1,575,381	\$ 910,981	\$ 664,400	\$ 731,366

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2016

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$15,129 (2014 - \$9,480), which includes amounts payable for payroll related withholdings.

5. Shared Community Investment:

During the year, Potash Corporation of Saskatchewan Inc. (PotashCorp) donated \$494,673 (2015 - \$1,000,000) to the Organization. In fiscal 2015 PotashCorp provided funding for all Saskatchewan food banks to the Organization. The Organization was responsible for distributing the funds to other Saskatchewan food banks according to PotashCorp's direction. In the current fiscal year, PotashCorp made the disbursement to Food Banks of Saskatchewan, who then disbursed the funds to each Saskatchewan food bank based on hunger count.

	2016	2015
Total donation received	\$ 494,673	\$ 1,000,000
Donation to other Saskatchewan food banks	-	605,732
Net donation to Saskatoon Food Bank	\$ 494,673	\$ 394,268

6. Gifts in kind:

Tax receipts were issued in the amount of \$545,256 (2015 - \$329,048) for gifts in kind representing mostly food products for the year. The monetary value of the gifts are not reflected in the statement of operations and surplus.

A number of volunteers provide significant amounts of time to the activities of the Organization. Due to the difficulty in assigning values for such services, the value of donated time is not reflected in the financial statements.

The Organization also handles assorted food and consumer products, the value of which is not recorded in the accounts and have not been audited. The approximate values attributed to food donations are currently based on weight measurements priced at an average of \$5.50 per kilogram (2015 - \$5.50 per kilogram). The estimated value for 2016 was \$7,388,370 (2015 - \$6,621,337).

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Notes to Financial Statements (continued)

Year ended March 31, 2016

7. Financial instruments and risk management:

The Organization is exposed to interest rate risk arising from fluctuations in interest rates on amounts invested in interest bearing accounts and investments. Amounts are invested in short and long-term investments based on estimated financial requirements of the Organization.

The Organization is also exposed to credit risk on its investments. Credit risk related to investments is minimized by dealing with institutions that have strong credit ratings. Credit risk associated with investments is minimized as these investments are held in low risk guaranteed investment certificates.

8. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.