

Financial Statements of

**SASKATOON FOOD BANK
INCORPORATED**

Year ended March 31, 2018



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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, 2018 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.



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Basis for Qualified Opinion

In common with many not-for-profit organizations, Saskatoon Food Bank Incorporated derives revenue from donations, clothing depot and miscellaneous fundraisers, 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 Saskatoon Food Bank Incorporated. Therefore, we are not able to determine whether, as at and for the years ended March 31, 2018 and March 31, 2017 any adjustments might be necessary to donations, clothing depot, miscellaneous fundraisers, excess of revenues over expenses reported in the statement of operations, excess of revenues over expenses reported in the statement of cash flows and current assets and unrestricted net assets reported in the statements of financial position. This caused use to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2017.

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, 2018 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.

KPMG LLP

Chartered Professional Accountants

Saskatoon, Canada

June 26, 2018

SASKATOON FOOD BANK INCORPORATED

Statement of Financial Position

March 31, 2018, with comparative information for 2017

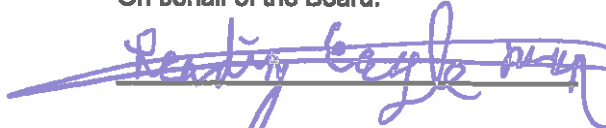
	2018	2017
Assets		
Current assets:		
Cash	\$ 329,056	\$ 294,668
Accounts receivable	5,814	16,446
Term deposits (note 2)	894,345	1,228,540
GST recoverable	12,307	8,615
Gift cards	10,904	36,149
	<u>1,252,426</u>	<u>1,584,418</u>
Term deposits (note 2)	913,802	159,162
Property and equipment (note 3)	593,457	593,901
	<u>\$ 2,759,685</u>	<u>\$ 2,337,481</u>

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 162,333	\$ 89,105
Deferred revenue	30,455	36,149
	<u>192,788</u>	<u>125,254</u>
Net Assets		
Operating reserve	690,000	640,000
Unrestricted net assets	1,876,897	1,572,227
	<u>2,566,897</u>	<u>2,212,227</u>
	<u>\$ 2,759,685</u>	<u>\$ 2,337,481</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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Donations	\$ 1,651,709	\$ 1,174,928
Community works program	317,976	268,036
Grants	249,406	190,467
Clothing depot	123,357	107,184
Golf fundraiser	114,077	163,240
Miscellaneous fundraisers	105,194	26,728
Gift card donations	27,157	93,123
Interest	26,431	22,317
Other	11,883	11,270
Gain on sale of property and equipment	3,452	1,050
Rental income	3,150	5,250
	2,633,792	2,063,593
Expenses:		
Wages and benefits	1,429,189	1,377,818
Food	218,249	216,196
Amortization	78,280	74,385
Miscellaneous fundraisers	74,316	28,301
Professional fees	62,947	47,510
Literacy	62,172	48,803
Collaborative grants	47,067	29,750
Utilities	45,472	44,381
Office supplies	42,283	37,641
Vehicle and travel	37,100	30,833
Community works program	35,203	57,781
Clothing depot	31,680	27,280
Gift card purchases	27,157	93,123
Telephone and internet	18,690	18,844
Insurance	15,903	13,156
Building maintenance and repair	10,893	14,305
GST paid	10,225	7,809
Equipment maintenance and repair	9,738	11,810
Advertising	8,881	6,861
Equipment lease	6,851	8,871
Directors' insurance	2,180	3,225
Golf fundraiser	1,876	898
Bank charges	1,217	1,545
Building alarm system	1,172	1,161
Food transportation	381	390
	2,279,122	2,202,677
Excess (deficiency) of revenue over expenses	\$ 354,670	\$ (139,084)

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Statement of Net Assets

Year ended March 31, 2018, with comparative information for 2017

	Unrestricted	Operating reserve	2018 Total	2017 Total
Balance, beginning of year	\$ 1,572,227	\$ 640,000	\$ 2,212,227	\$ 2,351,311
Excess (deficiency) of revenue over expenses	354,670	-	\$ 354,670	\$ (139,084)
Transfer to reserves	(50,000)	50,000	-	-
Surplus, end of year	\$ 1,876,897	\$ 690,000	\$ 2,566,897	\$ 2,212,227

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 354,670	\$ (139,084)
Items not involving cash:		
Amortization	78,280	74,385
Gain on sale of property and equipment	(3,452)	(1,050)
Reinvested investment income on term deposits	(20,445)	(22,288)
Change in non-cash operating working capital:		
GST recoverable	(3,692)	(296)
Gift cards	25,245	46,337
Accounts receivable	10,632	688
Accounts payable and accrued liabilities	73,228	18,242
Deferred revenue	(5,694)	(46,337)
	<u>508,772</u>	<u>(69,403)</u>
Investments:		
Redemption of term deposits	-	5,000
Purchase of term deposits	(400,000)	-
Purchase of property and equipment	(77,836)	(3,886)
Proceeds on disposal of property and equipment	3,452	1,050
	<u>(474,384)</u>	<u>2,164</u>
Increase (decrease) in cash	34,388	(67,239)
Cash, beginning of year	294,668	361,907
Cash, end of year	<u>\$ 329,056</u>	<u>\$ 294,668</u>

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements

Year ended March 31, 2018

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.

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial assets and liabilities (cash, accounts receivable, term deposits, gift cards, accounts payable and accrued liabilities) are initially recognized at fair value and subsequently measured at amortized cost.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial assets. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Property and equipment:

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

Asset	Method	Rate
Building	Straight-line	20 years
Vehicles and forklift	Straight-line	7 years
Equipment	Straight line	10 years
Furniture and fixtures	Straight-line	10 years
Computers	Straight-line	5 years

When property and equipment 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.

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(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 (including Shared Community Investment), 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.

(g) Deferred revenue:

Deferred revenue represents donations received from Loblaws, 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 \$894,345, classified as current assets in the statement of financial position, have effective interest rates ranging from 0.60% - 1.50% and maturity dates ranging from December 2018 to March 2019.

Term deposits of \$913,802, classified as long term assets in the statement of financial position, have effective interest rates ranging from 2.00% - 3.05% and maturity dates ranging from August 2019 to March 2023.

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2018

3. Property and equipment:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 165,000	\$ -	\$ 165,000	\$ 165,000
Building	836,414	546,888	289,526	295,492
Vehicles and forklift	332,137	232,440	99,697	92,577
Equipment	207,753	188,249	19,504	14,276
Furniture and fixtures	53,059	39,910	13,149	14,247
Computers	59,288	52,707	6,581	12,309
	\$ 1,653,651	\$ 1,060,194	\$ 593,457	\$ 593,901

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$14,789 (2017 - \$nil), which includes amounts payable for payroll related withholdings.

5. Gifts in kind:

Tax receipts were issued in the amount of \$706,810 (2017 - \$720,784) 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. Management approximates values attributed to food donations based on weight measurements priced at an average of \$5.70 per kilogram (2017 - \$5.50 per kilogram), based on Food Banks Canada food valuation report. The estimated value for 2018 was \$7,099,209 (2017 - \$6,557,960).

SASKATOON FOOD BANK INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. 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 bank accounts and term deposits. 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 primarily on its term deposits and accounts receivable. Credit risk related to term deposits is minimized by dealing with financial institutions that have strong credit ratings. Credit risk associated with accounts receivable is minimized as the amounts are primarily due from a municipal government entity.