Financial Statements of

SASKATOON FOOD BANK INCORPORATED

And Independent Auditors' Report thereon

Year ended March 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Saskatoon Food Bank Incorporated

Qualified Opinion

We have audited the financial statements of Saskatoon Food Bank Incorporated (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” section of our auditors’ report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2021 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations, clothing depot, gift cards and miscellaneous fundraisers, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at end of March 31, 2021 and March 31, 2020
- the donations, clothing depot, gift cards and miscellaneous fundraisers revenues and excess of revenues over expenses reported in the statements of operations for the years ended March 31, 2021 and March 31, 2020
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended March 31, 2021 and March 31, 2020
- the Excess of revenues over expense reported in the statements of cash flows for the year ended March 31, 2021 and March 31, 2020

Our opinion on the financial statements for the year ended March 31, 2020 was qualified accordingly because of the possible effect of this limitation in scope

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada 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 qualified opinion.

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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Saskatoon, Canada

June 15, 2021

SASKATOON FOOD BANK INCORPORATED

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	$ 2,792,746	$ 1,449,550
Accounts receivable	3,738	23,568
Term deposits (note 2)	2,039,612	1,226,805
GST recoverable	24,722	60,706
Gift cards	85,355	45,958
Prepaid expenses	698	-
	4,946,871	2,806,587
Term deposits (note 2)	1,153,737	407,190
Property and equipment (note 3)	510,728	468,626
	$ 6,611,336	$ 3,682,403
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 250,104	$ 215,713
Deferred revenue	85,355	45,958
	335,459	261,671
Net Assets		
Operating reserve	900,000	800,000
Unrestricted net assets	5,375,877	2,620,732
	6,275,877	3,420,732
	$ 6,611,336	$ 3,682,403

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

SASKATOON FOOD BANK INCORPORATED

Statement of Operations and Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Donations	$ 5,136,205	$ 2,490,919
Grants	417,942	326,494
Collaborative grants	357,445	-
Community works program	311,963	312,185
Interest	62,721	31,497
Golf fundraiser	48,425	130,562
Miscellaneous fundraisers	29,349	108,106
Other	28,204	24,208
Clothing depot	25,521	133,121
Gift card donations	5,602	22,421
Rental income	100	200
	6,423,477	3,579,713
Expenses:		
Wages and benefits	1,986,183	1,600,033
Food	445,382	204,287
Collaborative grants	290,638	61,005
Equipment maintenance and repair	175,358	14,142
Literacy	105,866	90,119
Amortization	93,627	80,720
Professional fees	58,546	238,286
Supplies	51,477	41,583
Utilities	49,827	51,859
Community works program	36,480	39,607
Vehicle and travel	33,351	35,475
Telephone and internet	31,078	39,538
Miscellaneous fundraisers	30,685	57,781
Clothing depot	29,130	35,281
Advertising	28,889	17,932
Food transportation	26,330	-
GST paid	22,823	14,797
Building maintenance and repair	22,676	16,665
Insurance	19,401	19,108
Bank charges	15,112	9,995
Equipment lease	6,388	8,446
Gift card purchases	5,602	22,421
Directors' insurance	2,311	2,311
Building alarm system	1,172	1,172
Golf fundraiser	-	2,335
	3,568,332	2,704,898
Excess of revenue over expenses	$ 2,855,145	$ 874,815

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Statement of Net Assets

Year ended March 31, 2021, with comparative information for 2020

	Unrestricted	Operating reserve	2021 Total	2020 Total
Balance, beginning of year	$ 2,620,732	$ 800,000	$ 3,420,732	$ 2,545,917
Excess of revenue over expenses	2,855,145		$ 2,855,145	$ 874,815
Interfund transfers	(100,000)	100,000	-	-
Surplus, end of year	$ 5,375,877	$ 900,000	$ 6,275,877	$ 3,420,732

See accompanying notes to financial statements.

SASKATOON FOOD BANK INCORPORATED

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	$ 2,855,145	$ 874,815
Items not involving cash:		
Amortization	93,627	80,720
Reinvested investment income on term deposits	(62,721)	(31,497)
Change in non-cash operating working capital:		
GST recoverable	35,984	(49,930)
Gift cards	(39,397)	(37,327)
Prepaid expenses	(698)	331
Accounts receivable	19,830	(23,517)
Accounts payable and accrued liabilities	34,391	(16,113)
Deferred revenue	39,397	30,249
	2,975,558	827,731
Investments:		
Purchase of term deposits	(1,496,633)	-
Redemption of term deposits	-	162,116
Purchase of property and equipment	(135,729)	(8,931)
	(1,632,362)	153,185
Increase in cash	1,343,196	980,916
Cash, beginning of year	1,449,550	468,634
Cash, end of year	$ 2,792,746	$ 1,449,550

See accompanying notes to financial statements.

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. Items subject to such estimates and assumptions include the carrying amount of property 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 as cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financial costs, which are amortized using the effective interest rate method.

1. Significant accounting policies (continued):

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 of 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.

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 revenue 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. Clothing revenue is recognized in the statement of operations when the related services have been provided and the collection is reasonable assured. Investment income is recognized as revenue when benefits accrue.

(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. Deferred revenue also includes funding received with external restrictions and will be recorded as revenue on the statement of operations in the year in which the Organization completes requires of the funding.

(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 $2,039,612 (2020 - $1,266,805), classified as current assets in the statement of financial position, have effective interest rates ranging from 0.75% - 2.45% (2020 - 1.10% - 2.10%) and maturity dates ranging from June 2021 to March 2022

Term deposits of $1,153,737 (2020 - $407,190), classified as long term assets in the statement of financial position, have effective interest rates ranging from 1.05% - 3.50% (2020 - 2.00% - 3.05%) and maturity dates ranging from September 2022 to March 2024.

3. Property and equipment:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	$ 165,000	$ -	$ 165,000	$ 165,000
Building	836,414	672,350	164,064	205,884
Vehicles and forklift	332,137	306,350	25,787	50,424
Equipment	218,587	202,670	15,917	21,029
Furniture and fixtures	89,485	51,981	37,504	10,983
Computers	181,428	78,972	102,456	15,306
	$ 1,823,051	$ 1,312,323	$ 510,728	$ 468,626

In the year ended March 31, 2021, the Organization has assessed for full and partial impairment on property and equipment and determined that there are none.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $5,887 (2020 - $20,452), which includes amounts payable for payroll related withholdings.

5. Gifts in kind:

Tax receipts were issued in the amount of $678,859 (2020 - $424,038) 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 difficultly 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 $5.78 per kilogram (2020 - $5.70 per kilogram), based on Food Banks Canada food valuation report. The estimated value for 2021 was $5,562,563 (2020 - $7,985,831).

6. Financial instruments and risk management:

The carrying value of the Organization's financial assets and liabilities, including cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these items.

Investments and short-term investments are comprised of GIC's which are carried at amortized cost on the statement of financial position. The fair value of investments is approximately equal to their carrying value.

The Organization is exposed to liquidity risk, credit risk and interest rate risk in relation to its financial instruments.

a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by actively monitoring its operating requirements. The Organization prepares a budget to ensure that it has sufficient funds to fulfil its obligations and allocates funds to reserves for planned future expenditures. There has been no change to the risk exposure from 2020.

b) Credit risk:

The Organization is also exposed to credit risk primarily on its term deposits. Credit risk related to term deposits is minimized by dealing with financial institutions that have strong credit ratings. There has been no change to the risk exposure from 2020.

c) Interest rate risk:

The Organization is exposed to interest rate risk arising from fluctuation in interest rates on amounts invested in interest bearing accounts and investments. Investments consist of guaranteed investment certificates which will be used to fund the reserves. There has been no change to the risk exposure from 2020.

7. Comparative figures:

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

8. COVID-19:

On March 11, 2020 COVID-19 was declared a pandemic by the World Health Organization. This has resulted in significant economic uncertainty and financial markets have experienced significant volatility in response to the developing COVID-19 pandemic. The impact of COVID-19 on the Organization, including the stopping of certain programming and fundraising events, are reflected in the financial statements for the year ended March 31, 2021. The Organization has received approximately $2.6 million (2020 - $1.0 million) in donations and has incurred approximately $1.2 million (2020 - $205,000) in expenditures related to the COVID-19 pandemic in the year ended March 31, 2021. While operations of the Organization have not been significantly impacted by the pandemic, the situation is dynamic and the ultimate duration and magnitude of the potential impact on future results is currently undeterminable.