

Financial Statements of

COMMUNITY FIRST FOUNDATION
(OPERATING AS BACKPACK BUDDIES)

And Independent Practitioners' Review Engagement
Report thereon

Year ended March 31, 2020
(Unaudited)



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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Directors of Community First Foundation

We have reviewed the accompanying financial statements of Community First Foundation (operating as Backpack Buddies), which comprise the statement of financial position as at March 31, 2020, the statement of operations, statement of changes in net assets and statement of 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



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Basis for Qualified Conclusion

In common with many not-for-profit organizations, Community First Foundation derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Community First Foundation. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2020, any adjustments might be necessary to donation revenues and excess of revenue over expenses reported in the statement of operations, excess of revenue over expenses reported in the statement of cash flows and current assets and unrestricted net assets reported in the statement of financial position.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Community First Foundation (operating as Backpack Buddies) as at March 31, 2020, 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.

Comparative Information

The comparative information presented as at March 31, 2019 and April 1, 2018 and for the year ended March 31, 2019 were not subject to a review engagement or an audit engagement.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

September 2, 2020

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Financial Position

(Unaudited)

	March 31, 2020	March 31, 2019	April 1, 2018
Assets			
Current assets:			
Cash and restricted cash (note 2)	\$ 371,588	\$ 311,222	\$ 96,385
Goods and services tax recoverable	10,818	4,499	3,003
Prepaid expenses and deposits	32,097	13,253	3,854
	<u>414,503</u>	<u>328,974</u>	<u>103,242</u>
Capital assets (note 3)	135,280	96,244	35,951
Long-term investments (note 4)	113,390	15,209	15,206
	<u>\$ 663,173</u>	<u>\$ 440,427</u>	<u>\$ 154,399</u>

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities (note 5)	\$ 30,479	\$ 23,619	\$ 16,287
Deferred contributions (note 6)	115,000	60,000	-
	<u>145,479</u>	<u>83,619</u>	<u>16,287</u>
Deferred capital contributions (note 7)	73,408	43,200	-
Net assets:			
Investment in capital assets	61,872	53,044	35,951
Unrestricted	382,414	260,564	102,161
	<u>444,286</u>	<u>313,608</u>	<u>138,112</u>
Commitments (note 9)			
Subsequent event - impact of COVID-19 (note 11)			
	<u>\$ 663,173</u>	<u>\$ 440,427</u>	<u>\$ 154,399</u>

See accompanying notes to financial statements.

On behalf of the Board:

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

(Unaudited)

	2020	2019
Revenue:		
Donations	\$ 796,933	\$ 586,344
Government grants	96,731	33,917
Sponsorships	25,000	17,000
Fundraising events	10,350	10,500
Interest and investment income	3,108	1,190
	<u>932,122</u>	<u>648,951</u>
Expenses:		
Advertising and promotion	32,715	32,816
Consulting fees	21,401	-
Equipment rental	1,548	1,095
Fundraising events	43,470	44,913
Insurance	3,890	3,877
Interest and bank charges	5,964	2,899
Meals and entertainment	2,938	1,076
Office and general	25,658	14,013
Professional fees	68,049	22,614
Program supplies	235,892	166,058
Rent and utilities	48,562	11,277
Salaries and benefits	266,243	127,891
Travel	9,921	4,431
Vehicle operating costs	23,124	28,592
	<u>789,375</u>	<u>461,552</u>
Excess of revenues over expenses before the undernoted	142,747	187,399
Amortization of capital assets	25,618	16,703
Amortization of deferred capital contributions (note 7)	(14,023)	(4,800)
Gain on sale of capital assets	(1,345)	-
Loss on fair market value of investments	1,819	-
	<u>12,069</u>	<u>11,903</u>
Excess of revenues over expenses	<u>\$ 130,678</u>	<u>\$ 175,496</u>

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Changes In Net Assets

Year ended March 31, 2020, with comparative information for 2019
(Unaudited)

	Investment in capital assets	Unrestricted	Total 2020	Total 2019
Net assets, beginning of year	\$ 53,044	\$ 260,564	\$ 313,608	\$ 138,112
Excess (deficiency) of revenue over expenses (note 8(b))	(10,250)	140,928	130,678	175,496
Net change in investment in capital assets (note 8(b))	19,078	(19,078)	-	-
Net assets, end of year	\$ 61,872	\$ 382,414	\$ 444,286	\$ 313,608

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

(Unaudited)

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 130,678	\$ 175,496
Items not involving cash:		
Gain on sale of capital assets	(1,345)	-
Amortization of capital assets	25,618	16,703
Amortization of deferred capital contributions	(14,023)	(4,800)
Unrealized change in market value of investments	1,819	-
Changes in non-cash operating working capital:		
Goods and services tax recoverable	(6,319)	(1,496)
Prepaid expenses and deposits	(18,844)	(9,399)
Accounts payable and accrued liabilities	6,860	7,331
Deferred contributions	55,000	60,000
	<u>179,444</u>	<u>243,835</u>
Financing:		
Increase in deferred capital contributions	44,231	48,000
Investing:		
Purchase of capital assets	(89,309)	(76,995)
Proceeds on sale of capital assets	26,000	-
Increase in long-term investments	(100,000)	(3)
	<u>(163,309)</u>	<u>(76,998)</u>
Increase in cash and restricted cash	60,366	214,837
Cash and restricted cash, beginning of year	311,222	96,385
Cash and restricted cash, end of year	<u>\$ 371,588</u>	<u>\$ 311,222</u>

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements

Year ended March 31, 2020
(Unaudited)

Nature of operations:

Community First Foundation (operating as Backpack Buddies) (the "Foundation") is a non-profit society incorporated on September 30, 2013 and registered under the Societies Act (British Columbia). Its purpose is to advance education by providing backpacks of nutritious food to children in need in schools. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

On April 1, 2018, the Foundation adopted Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook ("ASNPO"). These are the first financial statements prepared in accordance with ASNPO.

In accordance with the transitional provisions in ASNPO, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2018 and all comparative information provided has been presented by applying ASNPO.

The adoption to ASNPO had no impact on the 2019 opening net assets at April 1, 2018 and had the following impact on the fiscal 2019 comparative information as follows:

- Decrease in capital assets of \$7,912;
- Decrease in deferred contributions of \$46,447;
- Increase in deferred capital contributions of \$43,200; and
- Decrease in excess of revenue over expenses and ending net assets of \$4,665.

1. Significant accounting policies:

(a) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions which include donations and government grants. Restricted contributions are initially deferred and then recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the basis corresponding with the amortization rate for the related capital assets. Government grants approved but not received at the end of an accounting period are accrued.

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. Government grants approved but not received at the end of an accounting period are accrued.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2020
(Unaudited)

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Revenue ticket sales are recognized when the services are provided.

The Foundation receives a significant amount of donated food contributions and other gifts in kind which the Foundation in turn distributes, the value of which are not recorded in these financial statements.

A number of volunteers contribute a significant amount of their time to the Foundation each year. Due to the difficulty in determining their values, these contributed services are not recognized in the financial statements.

(b) Investments:

Investments with maturity dates or not subject to redemption until after the next fiscal year are classified as long term.

(c) Capital assets:

Capital assets are originally recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long term service potential to the Foundation. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its fair value or replacement cost.

Amortization is provided on a straight-line basis at the following annual rates. Half year amortization is taken in the year of acquisition.

Asset	Rate
Equipment	5 years
Vehicles	5 years
Furniture and fixtures	5 years

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2020
(Unaudited)

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of the 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 amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of capital assets and accrued liabilities. Actual results could differ from those estimates

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its mutual fund investment 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 financing costs, which are amortized using the straight-line method (or effective interest rate method).

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 Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. 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 Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Cash and restricted cash:

Cash includes unspent BC Gaming funds of nil as at March 31, 2020 (2019 - \$9,083), which are restricted to be spent on BC Gaming approved funded expenses.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2020

(Unaudited)

3. Capital assets:

			March 31, 2020	March 31, 2019	April 1, 2018
	Cost	Accumulated amortization	Net book value	Net book value	Net book value
Equipment	\$ 9,493	\$ 6,332	\$ 3,161	\$ 4,945	\$ 3,583
Vehicles	163,254	31,135	132,119	80,719	17,693
Furniture and fixtures	-	-	-	10,580	14,675
	<u>\$ 172,747</u>	<u>\$ 37,467</u>	<u>\$ 135,280</u>	<u>\$ 96,244</u>	<u>\$ 35,951</u>

4. Long-term investments:

	March 31, 2020	March 31, 2019	April 1, 2018
Bond pooled mutual fund held with Oldum Brown recorded at fair value	\$ 98,180	\$ -	\$ -
Restricted guaranteed investment certificate, non-redeemable until September 2021, recorded at amortized cost with interest at 1.85%	15,210	15,209	15,206
	<u>\$ 113,390</u>	<u>\$ 15,209</u>	<u>\$ 15,206</u>

The restricted guaranteed investment certificate is held as security for the Foundation's corporate credits cards.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,528 (2019 - \$3,403), which includes amounts payable for payroll related taxes.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2020
(Unaudited)

6. Deferred contributions:

Deferred contributions represent unspent externally restricted grants and donations for specific programs.

	March 31, 2020	March 31, 2019	April 1, 2018
Balance, beginning of year	\$ 60,000	\$ -	\$ -
Add: externally restricted grants and donations received in the year	115,000	60,000	-
Less: amount recognized as revenue in the year	(60,000)	-	-
	\$ 115,000	\$ 60,000	\$ -

7. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of funding received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	March 31, 2020	March 31, 2019	April 1, 2018
Balance, beginning of the year	\$ 43,200	\$ -	\$ -
Add: contributions received for capital assets	44,231	48,000	-
Less: amounts amortized to revenue related to capital assets	(14,023)	(4,800)	-
Balance, end of year	\$ 73,408	\$ 43,200	\$ -

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2020

(Unaudited)

8. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	March 31, 2020	March 31, 2019
Capital assets	\$ 135,280	\$ 96,244
Amounts funded by deferred capital contributions	(73,408)	(43,200)
	\$ 61,872	\$ 53,044

(b) Change in net assets invested in capital assets is calculated as follows:

	March 31, 2020	March 31, 2019
Excess of revenue over expenses:		
Amortization of capital assets	\$ (25,618)	\$ (16,703)
Gain on disposal of capital assets	1,345	-
Amortization of deferred capital contributions	14,023	4,800
	\$ (10,250)	\$ (11,903)

	March 31, 2020	March 31, 2019
Net change in investment in capital assets:		
Capital assets acquired	\$ 89,309	\$ 76,995
Deferred capital contributions received	(44,231)	(48,000)
Proceeds on disposal of capital assets	(26,000)	-
	\$ 19,078	\$ 28,995

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2020

(Unaudited)

9. Commitments:

The Foundation rents a warehouse premise under a long-term operating lease that expires in August 2023. The future minimum annual lease payments to the end of the lease terms are as follows:

2021	\$	56,074
2022		57,400
2023		19,282
	\$	132,756

10. Employee and board of director remuneration:

For the year ending March 31, 2020, the Foundation did not have any employees or contractors with annual remuneration in excess of \$75,000, and no member of the board of directors received remuneration.

11. Subsequent event - impact of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, and has had a significant financial, market and social dislocating impact.

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.