

Financial Statements of

COMMUNITY FIRST FOUNDATION
(OPERATING AS BACKPACK BUDDIES)

And Independent Practitioners' Review Engagement
Report thereon

Year ended March 31, 2021
(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, 2021, 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, 2021, 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 changes in net assets, 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, 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
September 27, 2021

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Financial Position

March 31, 2021, with comparative information for 2020
(Unaudited)

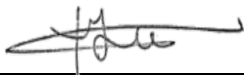
	2021	2020
Assets		
Current assets:		
Cash and restricted cash (note 2)	\$ 1,026,764	\$ 371,588
Goods and services tax recoverable	6,833	10,818
Prepaid expenses and deposits	75,711	32,097
	<u>1,109,308</u>	<u>414,503</u>
Capital assets (note 3)	125,777	135,280
Long-term investments (note 4)	1,012,491	113,390
	<u>\$ 2,247,576</u>	<u>\$ 663,173</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 75,190	\$ 30,479
Deferred contributions (note 6)	70,000	115,000
	<u>145,190</u>	<u>145,479</u>
Deferred capital contributions (note 7)	208,762	73,408
	<u>353,952</u>	<u>218,887</u>
Net assets:		
Investment in capital assets (note 8(a))	(82,985)	61,872
Internally restricted (note 10)	1,000,000	-
Unrestricted	976,609	382,414
	<u>1,893,624</u>	<u>444,286</u>
Commitments (note 11)		
	<u>\$ 2,247,576</u>	<u>\$ 663,173</u>

See accompanying notes to financial statements.

Approve on behalf of the Board:



COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020
(Unaudited)

	2021	2020
Revenue:		
Grants	\$ 1,802,412	\$ 96,731
Donations	1,561,949	796,933
Other income (note 9)	44,501	-
Sponsorships	17,500	25,000
Interest and investment income	116	3,108
Fundraising events	-	10,350
	<u>3,426,478</u>	<u>932,122</u>
Expenses:		
Advertising and promotion	68,750	32,715
Consulting fees	24,001	21,401
Equipment rental	-	1,548
Fundraising events	25,884	43,470
Insurance	1,774	3,890
Interest and bank charges	367	5,964
Meals and entertainment	2,104	2,938
Office and general	36,696	25,658
Professional fees	87,654	68,049
Program supplies	1,067,157	235,892
Rent and utilities	115,289	48,562
Salaries and benefits	498,961	266,243
Travel	8,988	9,921
Vehicle operating costs	22,752	23,124
	<u>1,960,377</u>	<u>789,375</u>
Excess of revenues over expenses before the undernoted	1,466,101	142,747
Amortization of capital assets	(37,332)	(25,618)
Gain on sale of capital assets	-	1,345
(Loss) gain on fair market value of investments	1,123	(1,819)
Amortization of deferred capital contributions (note 7)	19,446	14,023
	<u>(16,763)</u>	<u>(12,069)</u>
Excess of revenues over expenses	<u>\$ 1,449,338</u>	<u>\$ 130,678</u>

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020
(Unaudited)

	Investment in capital assets	Internally restricted (note 10)	Unrestricted	Total 2021	Total 2020
Net assets, beginning of year	\$ 61,872	\$ -	\$ 382,414	\$ 444,286	\$ 313,608
Excess (deficiency) of revenue over expenses (note 8(b))	(17,886)	-	1,467,224	1,449,338	130,678
Net change in investment in capital assets (note 8(b))	(126,971)	-	126,971	-	-
Transfer of funds (note 10)	-	1,000,000	(1,000,000)	-	-
Net assets, end of year	\$ (82,985)	\$ 1,000,000	\$ 976,609	\$ 1,893,624	\$ 444,286

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Cash Flows

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

(Unaudited)

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,449,338	\$ 130,678
Items not involving cash:		
Gain on sale of capital assets	-	(1,345)
Amortization of capital assets	37,332	25,618
Amortization of deferred capital contributions	(19,446)	(14,023)
Unrealized change in market value of investments	(1,123)	1,819
Changes in non-cash operating working capital:		
Goods and services tax recoverable	3,985	(6,319)
Prepaid expenses and deposits	(43,614)	(18,844)
Accounts payable and accrued liabilities	44,711	6,860
Deferred contributions	(45,000)	55,000
	1,426,183	179,444
Financing:		
Increase in deferred capital contributions	154,800	44,231
Investments:		
Purchase of capital assets	(27,829)	(89,309)
Proceeds on sale of capital assets	-	26,000
Increase in long-term investments	(897,978)	(100,000)
	(925,807)	(163,309)
Increase in cash and restricted cash	655,176	60,366
Cash and restricted cash, beginning of year	371,588	311,222
Cash and restricted cash, end of year	\$ 1,026,764	\$ 371,588

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements

Year ended March 31, 2021

(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.

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since that time, the Foundation has not experienced any reduction in any of its major funding sources or other significant negative financial impact. Management will continue to monitor the on-going financial impact on its cash and budget forecasts, and adjust its operations as required to ensure its ability to fulfill its obligations and continue operations.

1. Significant accounting policies:

(a) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions which include donations and 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. 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.

Revenue from ticket sales are recognized when the services are provided or event takes place.

The Foundation receives a significant amount of contributions 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.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2021
(Unaudited)

1. Significant accounting policies (continued):

(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 the asset no longer contributes to the Society's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. If such conditions exist, the excess of its carrying amount over its fair value or replacement cost will be recognized as an impairment loss in the statement of operations.

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

(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. Items subject to such estimates and assumptions include the carrying value of capital assets and accrued liabilities. Actual results could differ from those estimates

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2021

(Unaudited)

1. Significant accounting policies (continued):

(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.

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 B.C. Gaming funds of \$144,800 as at March 31, 2021 (2020 - nil), which are restricted to be spent on B.C. Gaming approved funded expenses.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2021

(Unaudited)

3. Capital assets:

			2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value		
Equipment	\$ 27,323	\$ 10,015	\$ 17,308	\$ 3,161		
Vehicles	173,254	64,785	108,469	132,119		
	\$ 200,577	\$ 74,800	\$ 125,777	\$ 135,280		

4. Long-term investments:

	2021		2020	
Bond pooled mutual fund recorded at fair value	\$ 997,281	\$ 98,180		
Restricted guaranteed investment certificate, non-redeemable until September 2021, recorded at amortized cost with interest at 1.85%	15,210	15,210		
	\$ 1,012,491	\$ 113,390		

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 \$4,689 (2020 - \$1,528), which includes amounts payable for payroll related taxes.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2021

(Unaudited)

6. Deferred contributions:

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

	2021	2020
Balance, beginning of year	\$ 115,000	\$ 115,000
Add: externally restricted grants and donations received in the year	70,000	115,000
Less: amount recognized as revenue in the year	(115,000)	(60,000)
Balance, end of year	\$ 70,000	\$ 170,000

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.

	2021	2020
Balance, beginning of the year	\$ 73,408	\$ 43,200
Add: contributions received for capital assets	154,800	44,231
Less: amounts amortized to revenue related to capital assets	(19,446)	(14,023)
Balance, end of year	\$ 208,762	\$ 73,408

The 2021 balance includes \$144,800 in BC Gaming funds received but not yet spent for restricted capital purposes (note 2).

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2021

(Unaudited)

8. Investment in capital assets:

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

	2021	2020
Capital assets	\$ 125,777	\$ 135,280
Amounts funded by deferred capital contributions	(208,762)	(73,408)
	\$ (82,985)	\$ 61,872

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

	2021	2020
Excess (deficiency) of revenue over expenses:		
Amortization of capital assets	\$ (37,332)	\$ (25,618)
Gain on disposal of capital assets	-	1,345
Amortization of deferred capital contributions	19,446	14,023
	\$ (17,886)	\$ (10,250)
Net change in investment in capital assets:		
Capital assets acquired	\$ 27,829	\$ 89,309
Deferred capital contributions received	(154,800)	(44,231)
Proceeds on disposal of capital assets	-	(26,000)
	\$ (126,971)	\$ 19,078

9. Government assistance:

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist eligible organizations who had lost a certain percentage of their qualifying revenue. During the fiscal year ended March 31, 2021, the Foundation filed eligible claims totaling \$37,064 (2020 – nil), which had been recognized as other income revenue in the statement of operations.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2021

(Unaudited)

10. Internally restricted

In the current year, \$1,000,000 (2020 - \$nil) was transferred to an internally restricted fund to reserve funds for future specific programs. These internally restricted funds are not available for other purposes without the approval of the Board of the Directors.

11. Commitments:

The Foundation rents warehouse premises under long-term operating leases. The future minimum annual lease payments to the end of the lease terms are as follows:

2022	\$	196,194
2023		161,884
2024		145,565
2025		150,937
2026		100,625

12. Employee and board of director remuneration:

For the fiscal year ending March 31, 2021, the Foundation paid total remuneration of \$170,000 (2020 - \$nil) to two employees, each of whom received total remuneration of \$75,000 or greater. No remuneration was paid to any members of the Board of Directors with the exception of the Secretary and a Director, both of whom are also employees of the Foundation. Their remuneration is included in the above employee remuneration disclosure and no other remuneration amounts are paid in addition.