

Financial Statements of

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

And Independent Practitioner's Review Engagement
Report thereon

Year ended March 31, 2023



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT PRACTITIONER'S 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, 2023, 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.

Practitioner's 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.



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, 2023, 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, 2023, 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
August 30, 2023

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Statement of Financial Position

March 31, 2023, with comparative information for 2022

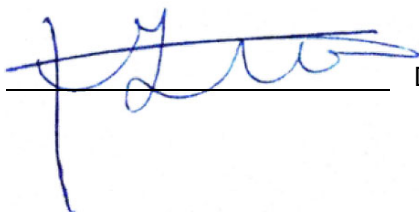
	2023	2022
Assets		
Current assets:		
Cash and restricted cash (note 2)	\$ 655,242	\$ 1,070,177
Accounts receivable	69,677	80,455
Prepaid expenses and deposits	141,761	90,341
	<u>866,680</u>	<u>1,240,973</u>
Grant receivable (note 3)	40,000	60,000
Capital assets (note 4)	269,492	278,115
Investments (note 5)	1,643,903	967,084
	<u>\$ 2,820,075</u>	<u>\$ 2,546,172</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 140,840	\$ 174,924
Deferred contributions (note 7)	71,677	25,280
	<u>212,517</u>	<u>200,204</u>
Deferred capital contributions (note 8)	185,251	180,037
	<u>397,768</u>	<u>380,241</u>
Net assets:		
Investment in capital assets (note 9(a))	84,241	98,078
Internally restricted (note 10)	1,000,000	1,000,000
Unrestricted	1,338,066	1,067,853
	<u>2,422,307</u>	<u>2,165,931</u>
Commitments (note 11)		
	<u>\$ 2,820,075</u>	<u>\$ 2,546,172</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Statement of Earnings

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Donations	\$ 2,317,526	\$ 1,626,213
Grants	1,425,185	1,202,457
Other income	-	8,587
Interest and investment income	1,931	649
	<u>3,744,642</u>	<u>2,837,906</u>
Expenses:		
Advertising and promotion	219,074	116,320
Consulting fees	92,679	39,086
Fundraising events	7,400	1,302
Insurance	2,582	2,452
Interest and bank charges	1,413	854
Meals and entertainment	2,663	2,711
Office and general	77,237	53,073
Professional fees	60,524	84,723
Program supplies	1,967,706	1,348,684
Rent and utilities	239,147	236,185
Salaries and benefits	728,704	574,765
Travel	4,317	8,436
Vehicle operating costs	53,351	42,724
	<u>3,456,797</u>	<u>2,511,315</u>
Excess of revenue over expenses before the undernoted	287,845	326,591
Amortization of capital assets	(88,087)	(60,593)
Gain on sale of fixed assets	28,564	-
Fair market value gain (loss) on investments	(26,730)	(29,306)
Amortization of deferred capital contributions (note 8)	54,784	35,615
	<u>(31,469)</u>	<u>(54,284)</u>
Excess of revenue over expenses	<u>\$ 256,376</u>	<u>\$ 272,307</u>

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Investment in capital assets	Internally restricted	Unrestricted	Total 2023	Total 2022
Net assets, beginning of year	\$ 98,078	\$ 1,000,000	\$ 1,067,853	\$ 2,165,931	\$ 1,893,624
Excess (deficiency) of revenue over expenses (note 9(b))	(33,303)	-	289,679	256,376	272,307
Net change in investment in capital assets (note 9(b))	19,466	-	(19,466)	-	-
Balance, end of year	\$ 84,241	\$ 1,000,000	\$ 1,338,066	\$ 2,422,307	\$ 2,165,931

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 256,376	\$ 272,307
Items not involving cash:		
Amortization of capital assets	88,087	60,593
Amortization of deferred capital contributions	(54,784)	(35,615)
Unrealized change in market value of investments	26,730	29,306
Gain on sale of capital assets	(28,564)	-
Changes in non-cash operating working capital:		
Accounts receivable	10,778	(73,622)
Prepaid expenses and deposits	(51,420)	(14,630)
Accounts payable and accrued liabilities	(34,084)	99,734
Deferred contributions	46,397	(44,720)
	259,516	293,353
Financing:		
Deferred capital contributions received	59,998	6,890
Investments:		
Grant receivable	20,000	(60,000)
Purchase of capital assets	(83,900)	(212,931)
Proceeds on sale of capital assets	33,000	-
Redemption (purchase) of investments, net	(703,549)	16,101
	(734,449)	(256,830)
Increase (decrease) in cash and restricted cash	(414,935)	43,413
Cash and restricted cash, beginning of year	1,070,177	1,026,764
Cash and restricted cash, end of year	\$ 655,242	\$ 1,070,177

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Notes to Financial Statements

Year ended March 31, 2023

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.

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.

(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 Foundation'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.

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Notes to Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Capital assets (continued):

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 estimated useful lives of capital assets for amortization purposes. 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.

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.

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Notes to Financial Statements

Year ended March 31, 2023

2. Cash and restricted cash:

Cash includes unspent B.C. Gaming funds of \$60,938 as at March 31, 2023 (2022 - nil), which are restricted to be spent on B.C. Gaming approved funded expenses.

Included in cash is \$16,205 (2022 - \$15,773) in a guaranteed investment certificate held as security for the Foundation's corporate credit cards

3. Grant receivable:

During fiscal 2022, the Foundation received a grant of \$100,000 payable in five equal instalments of \$20,000 commencing November 1, 2021 and ending November 1, 2025. Total amount remaining as receivable as at March 31, 2023 is \$60,000 (2022 - \$80,000). The \$20,000 installment receivable in the next fiscal year is included in accounts receivable with the two instalments payable beyond next fiscal year totaling \$40,000 classified as long term receivable.

4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 103,340	\$ 36,981	\$ 66,359	\$ 80,084
Vehicles	356,502	153,369	203,133	198,031
	\$ 459,842	\$ 190,350	\$ 269,492	\$ 278,115

5. Investments:

	2023	2022
Fixed income pooled funds at fair market	\$ 1,643,903	\$ 967,084

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$7,177 (2022 - \$5,627), which includes amounts payable for payroll related taxes.

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Notes to Financial Statements

Year ended March 31, 2023

7. Deferred contributions:

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

	2023	2022
Balance, beginning of year	\$ 25,280	\$ 70,000
Add: externally restricted grants and donations received in the year	185,400	56,880
Less: amount recognized as revenue in the year	(139,003)	(101,600)
Balance, end of year	\$ 71,677	\$ 25,280

8. 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.

	2023	2022
Balance, beginning of the year	\$ 180,037	\$ 208,762
Add: contributions received for capital assets	59,998	6,890
Less: amounts amortized to revenue related to capital assets	(54,784)	(35,615)
Balance, end of year	\$ 185,251	\$ 180,037

The balance at year end includes \$20,000 (2022 – nil) of unspent contributions to be used towards capital and hence was not subject to amortization during the year.

9. Investment in capital assets:

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

	2023	2022
Capital assets	\$ 269,492	\$ 278,115
Amounts funded by deferred capital contributions	(185,251)	(180,037)
	\$ 84,241	\$ 98,078

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Notes to Financial Statements

Year ended March 31, 2023

9. Investment in capital assets (continued):

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

	2023	2022
Excess (deficiency) of revenue over expenses:		
Amortization of capital assets	\$ (88,087)	\$ (60,593)
Amortization of deferred capital contributions	54,784	35,615
	<u>\$ (33,303)</u>	<u>\$ (24,978)</u>

	2023	2022
Net change in investment in capital assets:		
Capital assets acquired	\$ 79,464	\$ 212,931
Deferred capital contributions received	(59,998)	(6,890)
	<u>\$ 19,466</u>	<u>\$ 206,041</u>

10. Internally restricted:

In a prior year, \$1,000,000 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 office and warehouse premises under long-term operating leases. The future minimum annual lease payments to the end of the lease terms are as follows:

2024	\$	202,206
2025		208,660
2026		124,840

12. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk is the risk associated with holding cash and cash equivalents and investments. The Foundation limits its credit risk by holding its cash and cash equivalents and investments with federally regulated, credit worthy financial institutions.

COMMUNITY FIRST FOUNDATION

(Operating as Backpack Buddies)

Notes to Financial Statements

Year ended March 31, 2023

12. Financial risks and concentration of risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements and makes adjustments based on available funding and economic conditions.

(c) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates, and equity prices will affect the fair value or future cash flows of a financial instrument that the Foundation holds. The Foundation is subject to market risks on its investment on fixed income pool funds.

There has been no significant change to the financial risk exposures from the prior year.

13. Employee and board of director remuneration:

For the fiscal year ending March 31, 2023, the Foundation paid total remuneration of \$173,077 (2022 - \$190,865) to two employees. In the prior years both employees received total remuneration of \$75,000 or greater. However, one employee went on a temporary leave in September 2022, for which this individual's total remuneration was less than \$75,000. No remuneration was paid to any members of the Board of Directors for their services as Directors of the Foundation, but the individuals who serve as President and Vice-President received remunerations for services provided in other capacities, namely for services as employees of the Foundation, in this case each as Co-Executive Director. Their remuneration is included in the above employee remuneration disclosure (specifically, the individual who is the President received a payment of \$109,039 and the individual on temporary leave who is Vice-President received \$64,038) and no other amounts were paid to them.