Financial Statements of

# COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

And Independent Practitioner's Review Engagement Report thereon

Year ended March 31, 2026

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# 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, 2026, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

*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, 2026, any adjustments might be necessary to donation revenues and surplus of revenue over expenses reported in the statement of operations, surplus of revenue over expenses reported in the statement of changes in net assets, surplus 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, 2026, 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 21, 2026

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# COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Financial Position

March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and restricted cash (note 2) | $ 596,536 | $ 240,392 |
| Accounts receivable (notes 3 and 4) | 77,462 | 61,609 |
| Prepaid expenses and deposits | 67,973 | 108,652 |
| | 741,971 | 410,653 |
| Capital assets (note 5) | 127,394 | 204,831 |
| Investments (note 6) | 2,703,404 | 1,772,355 |
| | $ 3,572,769 | $ 2,387,839 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 7) | $ 313,450 | $ 231,377 |
| Deferred contributions (note 8) | - | 15,700 |
| | 313,450 | 247,077 |
| Deferred capital contributions (note 9) | 45,589 | 89,714 |
| | 359,039 | 336,791 |
| Net assets: | | |
| Investment in capital assets (note 10(a)) | 81,806 | 115,117 |
| Internally restricted (note 11) | 1,000,000 | 1,000,000 |
| Unrestricted | 2,131,924 | 935,931 |
| | 3,213,730 | 2,051,048 |
| Commitments (note 12) | | |
| | $ 3,572,769 | $ 2,387,839 |

See accompanying notes to financial statements.

Approve on behalf of the Board:

DocuSigned by:
Kathy Bright
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Kathy Bright, CFF Board-Chair

Signed by:
Richard Butterworth
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Richard Butterworth, CFF Finance Commitee-Chair

# COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Earnings

Year ended March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Revenue: | | |
| Donations | $ 5,489,169 | $ 3,316,590 |
| Grants | 1,810,179 | 1,525,055 |
| Interest income | 5,044 | 2,049 |
| | 7,304,392 | 4,843,694 |
| Expenses: | | |
| Advertising and promotion | 527,798 | 285,200 |
| Consulting fees | 53,280 | 325,200 |
| Fundraising events | 82,978 | 55,069 |
| Insurance | 5,308 | 5,654 |
| Interest and bank charges | 2,083 | 1,710 |
| Meals and entertainment | 4,773 | 2,954 |
| Office and general | 159,661 | 116,029 |
| Professional fees | 132,822 | 103,213 |
| Program supplies | 3,113,872 | 2,628,195 |
| Rent and utilities | 287,129 | 271,421 |
| Salaries and benefits | 1,473,457 | 1,040,309 |
| Transportation and warehouse operations | 246,146 | 202,727 |
| Travel | 18,590 | 14,314 |
| Vehicle operating costs | 42,544 | 46,809 |
| | 6,150,441 | 5,098,804 |
| Surplus (deficiency) of revenues over expenses before the undernoted | 1,153,951 | (255,110) |
| Other income (expenses): | | |
| Amortization of capital assets | (86,386) | (86,456) |
| Loss on sale of capital assets | - | (1,442) |
| Amortization of deferred capital contributions (note 9) | 44,126 | 51,398 |
| Fair market value gain on investments | 50,991 | 86,215 |
| | 8,731 | 49,715 |
| Surplus (deficiency) of revenues over expenses | $ 1,162,682 | $ (205,395) |

See accompanying notes to financial statements.

# COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

| | Investment in capital assets | Internally restricted | Unrestricted | Total 2026 | Total 2025 |
|---|---|---|---|---|---|
| Net assets, beginning of year | $ 115,117 | $ 1,000,000 | $ 935,931 | $ 2,051,048 | $ 2,256,443 |
| Surplus (deficiency) of revenue over expenses (note 10(b)) | (42,260) | - | 1,204,942 | 1,162,682 | (205,395) |
| Net change in investment in capital assets (note 10(b)) | 8,949 | - | (8,949) | - | - |
| Net assets, end of year | $ 81,806 | $ 1,000,000 | $ 2,131,924 | $ 3,213,730 | $ 2,051,048 |

See accompanying notes to financial statements.

# COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Cash provided by (used in): | | |
| Operations: | | |
| Surplus (deficiency) of revenue over expenses | $ 1,162,682 | $ (205,395) |
| Items not involving cash: | | |
| Amortization of capital assets | 86,386 | 86,456 |
| Amortization of deferred capital contributions | (44,125) | (51,398) |
| Unrealized change in market value of investments | (50,991) | (86,215) |
| Loss on sale of capital assets | - | 1,441 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (35,853) | 221,510 |
| Prepaid expenses and deposits | 40,679 | 51,109 |
| Grants receivable | 20,000 | 20,000 |
| Accounts payable and accrued liabilities | 82,073 | 3,428 |
| Deferred contributions | (15,700) | (9,300) |
| | 1,245,151 | 31,636 |
| Investments: | | |
| Purchase of capital assets | (8,949) | (30,359) |
| Proceeds on sale of capital assets | - | 1,000 |
| Decrease in investments | (880,058) | (240,134) |
| | (889,007) | (269,493) |
| Increase (decrease) in cash and restricted cash | 356,144 | (237,857) |
| Cash and restricted cash, beginning of year | 240,392 | 478,249 |
| Cash and restricted cash, end of year | $ 596,536 | $ 240,392 |

See accompanying notes to financial statements.

**Nature of operations:**

Community First Foundation (operating as Backpack Buddies) (the "Organization") 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 is recognized when the services are provided or event takes place.

(b) Investments:

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

**1. Significant accounting policies (continued):**

(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.

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 |
| Hydroponic Garden | 5 years |
| Vehicles | 5 years |
| Website | 5 years |

(d) Contributed services and materials:

The Foundation receives contributions of donated food and other gifts-in-kind donations which is recorded in revenue and expenses when the fair value can be readily determined.

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.

(e) 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 accounts receivable, capital assets and accrued liabilities. Actual results could differ from those estimates.

**1. Significant accounting policies (continued):**

(f) 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:**

Included in cash is nil (2025 - $17,747) in a restricted guaranteed investment certificate held as security for the Foundation's corporate credit cards.

**3. Accounts receivable:**

Included in accounts receivable are government sales tax rebates receivable in the amount of $24,567 (2025 - $20,157).

**4. 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, 2026 is nil (2025 - $20,000).

**5. Capital assets:**

| | | | 2026 | 2025 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Equipment | $ 160,304 | $ 110,829 | $ 49,475 | $ 68,332 |
| Hydroponic Garden | 17,431 | 8,715 | 8,716 | 12,202 |
| Vehicles | 289,153 | 233,480 | 55,673 | 105,355 |
| Website | 27,060 | 13,530 | 13,530 | 18,942 |
| | $ 493,948 | $ 366,554 | $ 127,394 | $ 204,831 |

**6. Investments:**

| | 2026 | 2025 |
|---|---|---|
| Fixed income money market at amortized cost | $ 1,354,881 | $ 431,510 |
| Mutual Funds at fair market value | 1,330,147 | 1,340,845 |
| The restricted guaranteed investment certificate is held as security for the Foundation's corporate credit card. | 18,376 | - |
| | $ 2,703,404 | $ 1,772,355 |

**7. Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities are government remittances payable of $1,112 (2025 - $13,313), which includes amounts payable for payroll related taxes.

**8. Deferred contributions:**

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

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year | $ 15,700 | $ 25,000 |
| Add: externally restricted grants and donations received in the year | - | 30,000 |
| Less: amount recognized as revenue in the year | (15,700) | (39,300) |
| Balance, end of year | $ - | $ 15,700 |

**9. 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.

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year | $ 89,714 | $ 141,112 |
| Less: amounts amortized to revenue related to capital assets | (44,126) | (51,397) |
| Balance, end of year | $ 45,589 | $ 89,714 |

**10. Investment in capital assets:**

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

| | 2026 | 2025 |
|---|---|---|
| Capital assets | $ 127,394 | $ 204,831 |
| Amounts funded by deferred capital contributions | (45,589) | (89,714) |
| | $ 81,806 | $ 115,117 |

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

| | 2026 | 2025 |
|---|---|---|
| Deficiency of revenue over expenses: | | |
| Amortization of capital assets | $ (86,386) | $ (86,456) |
| Amortization of deferred capital contributions | 44,126 | 51,398 |
| | $ (42,260) | $ (35,058) |

| | 2026 | 2025 |
|---|---|---|
| Net change in investment in capital assets: | | |
| Capital assets acquired, net of dispositions | $ 8,949 | $ 27,918 |
| | $ 8,949 | $ 27,918 |

**11. 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.

**12. 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:

| | |
|---|---|
| 2027 | $ 233,584 |
| 2028 | 240,299 |
| 2029 | 244,329 |
| 2030 | 247,015 |
| 2031 | 164,677 |

**13. Employee and board of director remuneration:**

For the fiscal year ending March 31, 2026, the Foundation paid total remuneration of $790,900 (2025 - $515,034) to six employees and one contractor (2025 - four employees and one contractor) for services, each of whom received total remuneration of $75,000 or greater. No remuneration was paid to any members of the Board of Directors for their services as Directors of the Foundation.

**14. 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.

(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.