

**JUST FRIENDS FOOD BANK INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**(UNAUDITED)**

**JUST FRIENDS FOOD BANK INC.**

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**DECEMBER 31, 2021**

**(UNAUDITED)**

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# Shannon & Buffett, LLP

## Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA    CLAUDE LEGER, CPA, CA  
RON W. SAUNTRY, CPA, CA

### INDEPENDENT PRACTITIONERS REVIEW ENGAGEMENT REPORT

To the Board of Directors of Just Friends Food Bank Inc.:

We have reviewed the accompanying financial statements of Just Friends Food Bank Inc. which comprise the statement of financial position as at December 31, 2021 and the statements of changes in net assets, operations, and cash flows for the year then ended, and 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 Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenditures, or cash flows from operations for the years ended 2021, current assets as at 2021, and net assets as at December 31, 2021. Our conclusion on the financial statements as at and for the year ended 2021 was modified accordingly because of the possible effects of this limitation in scope.

#### *Conclusion*

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Just Friends Food Bank Inc. as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

  
Chartered Professional Accountants  
September 30, 2022  
Fredericton, New Brunswick

**JUST FRIENDS FOOD BANK INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020**

**(UNAUDITED)**

|   | <b><u>2021</u></b> | <b><u>2020</u></b> |
|---|--------------------|--------------------|
| <b><u>ASSETS</u></b>                                      |                    |                    |
| Current:  |                    |                    |
| Cash  | \$ 62,908          | \$ 95,751          |
| Accounts receivable (note 3)                              | 93,129             | 24,091             |
| Prepaid expenses  | <u>5,800</u>       | <u>5,800</u>       |
|   | 161,837            | 125,642            |
| Capital assets (note 4)                                   | <u>400,633</u>     | <u>396,140</u>     |
|   | <u>\$ 562,470</u>  | <u>\$ 521,782</u>  |
| <b><u>LIABILITIES</u></b>                                 |                    |                    |
| Current:  |                    |                    |
| Accounts payable and accrued liabilities (note 6)         | \$ 5,000           | \$ 7,741           |
| Deferred revenue  | <u>3,900</u>       | <u>17,500</u>      |
|   | 8,900              | 25,241             |
| Deferred contributions related to capital assets (note 7) | <u>363,619</u>     | <u>352,540</u>     |
|   | <u>372,519</u>     | <u>377,781</u>     |
| <b><u>NET ASSETS</u></b>                                  |                    |                    |
| Net assets invested in capital assets (note 8)            | 37,014             | 43,600             |
| Unrestricted net assets                                   | <u>152,937</u>     | <u>100,401</u>     |
|   | <u>189,951</u>     | <u>144,001</u>     |
|   | <u>\$ 562,470</u>  | <u>\$ 521,782</u>  |

See accompanying notes to financial statements

Approved by the Board:

Director \_\_\_\_\_

Director \_\_\_\_\_

**JUST FRIENDS FOOD BANK INC.**

**STATEMENT OF OPERATIONS**

**DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020**

**(UNAUDITED)**

|  | <b><u>2021</u></b>      | <b><u>2020</u></b>      |
|--|-------------------------|-------------------------|
| <b>Revenues:</b>   |                         |                         |
| Grants, other organizations                                      | \$ 113,721              | \$ 75,782               |
| Donations  | 26,358                  | 61,171                  |
| Donations-in-kind  | 2,039                   | 5,070                   |
| Government of Canada   | 7,342                   | -                       |
| Province of New Brunswick  | -                       | 1,000                   |
| Miscellaneous (note 9)   | 9,179                   | 11,488                  |
| Amortization of deferred contributions related to capital assets | <u>17,901</u>           | <u>16,575</u>           |
|  | <u>176,540</u>          | <u>171,086</u>          |
| <b>Expenses:</b>   |                         |                         |
| Wages and employee benefits                                      | 53,773                  | 26,343                  |
| Purchases, food and supplies                                     | 27,633                  | 34,936                  |
| Amortization   | 24,487                  | 23,844                  |
| Building maintenance   | 3,564                   | 4,059                   |
| Insurance  | 3,004                   | 2,675                   |
| Utilities  | 4,467                   | 4,409                   |
| Professional services  | 6,585                   | 3,500                   |
| Miscellaneous  | 3,573                   | 3,945                   |
| Telephone  | 1,203                   | 1,181                   |
| Office   | 976                     | 293                     |
| Delivery   | 225                     | 498                     |
| Bank charges   | 12                      | 10                      |
| Travel   | 1,088                   | 1,702                   |
| Subcontracted services   | <u>-</u>                | <u>6,402</u>            |
|  | <u>130,590</u>          | <u>113,797</u>          |
| <b>Excess of revenues over expenses</b>                          | <b><u>\$ 45,950</u></b> | <b><u>\$ 57,289</u></b> |

See accompanying notes to financial statements

**JUST FRIENDS FOOD BANK INC.**

**STATEMENT OF CHANGES IN NET ASSETS**

**DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020**

**(UNAUDITED)**

|  | <b><u>Net Assets<br/>Invested in<br/>Capital Assets</u></b> | <b><u>Unrestricted</u></b> | <b><u>Total<br/>2021</u></b> | <b><u>Total<br/>2020</u></b> |
|--|---|----------------------------|------------------------------|------------------------------|
| Balance, beginning of the year                         | \$ 43,600   | \$ 100,401                 | \$ 144,001                   | \$ 86,712                    |
| Excess of revenues over expenses                       | (6,586)   | 52,536                     | 45,950                       | 57,289                       |
| Net change in investment in<br>capital assets (note 8) | <u>-</u>  | <u>-</u>                   | <u>-</u>                     | <u>-</u>                     |
| Balance, end of the year                               | <u>\$ 37,014</u>  | <u>\$ 152,937</u>          | <u>\$ 189,951</u>            | <u>\$ 144,001</u>            |

See accompanying notes to financial statements

**JUST FRIENDS FOOD BANK INC.**

**STATEMENT OF CASH FLOWS**

**DECEMBER 31, 2021 WITH COMPARATIVE FIGURES FOR 2020**

**(UNAUDITED)**

|  | <b><u>2021</u></b> | <b><u>2020</u></b> |
|--|--------------------|--------------------|
| <b>OPERATING ACTIVITIES:</b>                                       |                    |                    |
| Excess revenues over expenses                                      | \$ 45,950          | \$ 57,289          |
| Items not requiring a cash outlay:                                 |                    |                    |
| - Amortization   | 24,487             | 23,844             |
| - Amortization of deferred contributions related to capital assets | <u>(17,901)</u>    | <u>(16,575)</u>    |
|  | 52,536             | 64,558             |
| Net change in current assets and liabilities other than cash:      |                    |                    |
| (Increase) decrease in accounts receivable                         | (69,038)           | 10,804             |
| (Increase) decrease in prepaid expenses                            | -                  | (820)              |
| Increase (decrease) in accounts payable and accrued liabilities    | (2,741)            | 4,741              |
| Increase (decrease) in deferred revenue                            | <u>(13,600)</u>    | <u>17,500</u>      |
|  | <u>(32,843)</u>    | <u>96,783</u>      |
| <b>FINANCING ACTIVITIES:</b>                                       |                    |                    |
| Reduction of long-term debt  | -                  | (25,000)           |
| Increase in deferred contributions related to capital assets       | <u>28,980</u>      | <u>9,315</u>       |
|  | <u>28,980</u>      | <u>(15,685)</u>    |
| <b>INVESTING ACTIVITIES:</b>                                       |                    |                    |
| Additions to capital assets  | <u>(28,980)</u>    | <u>(30,402)</u>    |
| <b>INCREASE (DECREASE) IN CASH, in the year</b>                    | (32,843)           | 50,696             |
| <b>CASH, beginning of year</b>                                     | <u>95,751</u>      | <u>45,055</u>      |
| <b>CASH, end of year</b>   | <u>\$ 62,908</u>   | <u>\$ 95,751</u>   |

See accompanying notes to financial statements

**JUST FRIENDS FOOD BANK INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**(UNAUDITED)**

**1. Purpose of the organization:**

Just Friends Food Bank Inc. addresses the needs of the residents of Stanley, New Brunswick that are unable to buy the necessary amount of food required for them or their families.

The Just Friends Food Bank Inc. ("the Food Bank") is a registered charity for the purposes of Canadian taxation and as such is not subject to income tax under the Canadian Income Tax Act.

**2. Significant accounting policies:**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**(a) Cash and cash equivalents -**

Cash and cash equivalents consist of cash on hand and bank balances.

**(b) Capital assets -**

Capital assets are recorded at cost. Provision for amortization is made utilizing the following methods and annual rates:

|                         |   |                   |   |     |
|-------------------------|---|-------------------|---|-----|
| Building                | - | Declining balance | - | 4%  |
| Furniture and equipment | - | Declining balance | - | 20% |
| Signs                   | - | Declining balance | - | 30% |
| Paving                  |   | Declining balance |   | 8%  |

Minor equipment expected to have a useful life of less than one year is expensed.

**(c) Contributed services -**

A substantial number of volunteers contribute a significant amount of their time each year to the Food Bank. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.



**JUST FRIENDS FOOD BANK INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

**(d) Revenue recognition -**

The Food Bank follows the deferral method of accounting for contributions revenue which includes donations and government assistance for operating purposes. All other grants are recognized when the related expenses are incurred or in the period in which they pertain. Boutique sales, interest and miscellaneous revenue are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to capital assets are deferred when received and amortized to revenue on a basis consistent with the amortization expense of the corresponding capital asset.

**(e) Use of estimates -**

The preparation of financial statements in conformity with Canadian accounting standards for not-profit-organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**(f) Financial instruments -**

**(i) Measurement of financial instruments**

The Food Bank initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs.

The Food Bank subsequently measures all of its financial assets and financial liabilities at amortized cost.

**(ii) Impairment**

At the end of each reporting period the organization assesses whether there are any indications that the financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the Food Bank determines whether a significant adverse change has occurred during the period in the expected timing or amount of future in cash flows from the financial asset. Where there is a significant adverse change, the carrying amount of the asset is reduced and the impairment loss is recognized in the statement of operations.

**JUST FRIENDS FOOD BANK INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**3. Accounts receivable:**

|                   | <u>2021</u>      | <u>2020</u>      |
|-------------------|------------------|------------------|
| HST rebates       | \$ 3,324         | \$ 6,643         |
| Donations         | -                | 17,448           |
| Other receivables | <u>89,805</u>    | <u>-</u>         |
|                   | <u>\$ 93,129</u> | <u>\$ 24,091</u> |

**4. Capital assets:**

|                         | <u>Cost</u>       | <u>2021<br/>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> | <u>2020<br/>Net Book<br/>Value</u> |
|-------------------------|-------------------|--|---------------------------|------------------------------------|
| Building                | \$ 376,102        | \$ 36,765                                    | \$ 339,337                | \$ 346,511                         |
| Furniture and equipment | 72,624            | 21,566                                       | 51,058                    | 47,682                             |
| Signs                   | 3,272             | 1,909  | 1,363                     | 1,947                              |
| Paving                  | <u>9,245</u>      | <u>370</u>                                   | <u>8,875</u>              | <u>-</u>                           |
|                         | <u>\$ 461,243</u> | <u>\$ 60,610</u>                             | <u>\$ 400,633</u>         | <u>\$ 396,140</u>                  |

The building is located on land owned by a not-for-profit organization and the Food Bank has a long-term lease as per note 10.

**5. Donations-in-kind:**

The Food Bank received the following donations-in-kind: groceries and household items \$1,002 (\$5,070 - 2020), and in-kind mileage of \$1,037 (\$2,611 - 2020).

**6. Accounts payable and accrued expenses:**

|                             | <u>2021</u>     | <u>2020</u>     |
|-----------------------------|-----------------|-----------------|
| Trade payables and accruals | <u>\$ 5,000</u> | <u>\$ 7,741</u> |

**JUST FRIENDS FOOD BANK INC.**

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**7. Deferred contributions related to capital assets:**

Contributions related to capital assets are deferred and amortized to income on the same basis as the related capital asset is amortized. The amounts are comprised of grants received from Regional Development Corporation for the building and other donations and grants received for capital purposes. Transactions for the year are as follows:

|   | <b><u>2021</u></b> | <b><u>2020</u></b> |
|---|--------------------|--------------------|
| Balance, beginning of year                | \$ 352,540         | \$ 359,800         |
| Add contributions received in year        | 28,980             | 9,315              |
| Less amounts amortized to revenue in year | <u>(17,901)</u>    | <u>(16,575)</u>    |
| Balance, end of year                      | <u>\$ 363,619</u>  | <u>\$ 352,540</u>  |

**8. Net assets invested in capital assets:**

**(a) Net assets invested in capital assets is calculated as follows:**

|  | <b><u>2021</u></b> | <b><u>2020</u></b> |
|--|--------------------|--------------------|
| Net book value of capital assets (note 4)  | \$ 400,633         | \$ 396,140         |
| Amounts financed by deferred contributions | <u>(363,619)</u>   | <u>(352,540)</u>   |
|  | <u>\$ 37,014</u>   | <u>\$ 43,600</u>   |

**(b) Excess (deficiency) of revenue over expenses:**

|  | <b><u>2021</u></b> | <b><u>2020</u></b> |
|--|--------------------|--------------------|
| Amortization of deferred contributions related to capital assets | \$ 17,901          | \$ 16,575          |
| Amortization of capital assets                                   | <u>(24,487)</u>    | <u>(23,844)</u>    |
|  | <u>\$ (6,586)</u>  | <u>\$ (7,269)</u>  |

**(c) Net change in investment in capital assets:**

|   |               |                  |
|---|---------------|------------------|
| Deferred contributions received related to capital assets | \$ (28,980)   | \$ (9,315)       |
| Reduction in amounts financed by long-term debt           | -             | 25,000           |
| Additions to capital assets                               | <u>28,980</u> | <u>30,402</u>    |
|   | <u>\$ -</u>   | <u>\$ 46,087</u> |

**JUST FRIENDS FOOD BANK INC.**

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**9. Miscellaneous revenue:**

|                  | <b><u>2021</u></b>     | <b><u>2020</u></b>      |
|------------------|------------------------|-------------------------|
| Boutique sales   | \$ 8,357               | \$ 7,276                |
| Fundraising      | 677                    | 425                     |
| Program fees     | 85                     | 330                     |
| Interest revenue | -                      | 339                     |
| Building rental  | <u>60</u>              | <u>3,118</u>            |
|                  | <b><u>\$ 9,179</u></b> | <b><u>\$ 11,488</u></b> |

**10. Commitments:**

The Food Bank owns a building on Centennial Street in Stanley New Brunswick but leases the underlying land with an operating lease expiring in 2048. Annual lease payments are a nominal amount of \$1. The fair market value of the lease is not readily determinable. In the event that the Food Bank ceases operations as a not-for-profit community food bank, then the lease would become null and void and regardless of the remaining length of the lease-term. The landlord will then assume full ownership of the building and is required to make reasonable effort to ensure that the building will be occupied by another food bank or not-for-profit organization.

**11. Reaching Home grant expenditures:**

Under the terms of the Reaching Home grant the Food Bank is required to report expenditures related to the grant. Expenditures are as follows:

|                             | <b><u>2021</u></b>       | <b><u>2020</u></b>      |
|-----------------------------|--------------------------|-------------------------|
| Wages and employee benefits | \$ 53,773                | \$ 26,343               |
| Office                      | 976                      | 293                     |
| Insurance                   | 3,004                    | 2,675                   |
| Telephone                   | 1,203                    | 1,181                   |
| Utilities and overhead      | 8,031                    | 4,409                   |
| Accounting and legal        | 8,085                    | 3,500                   |
| Foodbank stocking           | <u>27,633</u>            | <u>34,934</u>           |
|                             | <b><u>102,705</u></b>    | <b><u>73,335</u></b>    |
| Capital assets:             | 19,802                   | -                       |
|                             | <b><u>\$ 122,507</u></b> | <b><u>\$ 73,335</u></b> |

**JUST FRIENDS FOOD BANK INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**(UNAUDITED)**

**12. Financial instruments:**

The Food Bank is exposed to the following various risks through its financial instruments:

**Credit risk -**

The Food Bank is exposed to credit risk in relation to its cash and accounts receivable. Management mitigates credit risk on cash by holding cash at Canadian chartered banks. Accounts receivable consist primarily of HST receivable, and funding from a major not-for-profit organization and credit risk is considered low.

**Liquidity risk -**

Liquidity risk is the risk that the Food Bank will not be able to meet a demand for cash or fund its obligations as they come due. The Food bank receives a significant amount of its funding from other not-for-profit organizations and from public donations. These sources of funding will vary from year to year and the variations may be significant. The Food Bank attempts to mitigate this risk through monitoring and maintaining reserves of liquid assets, and continuing to fundraise and seek out other sources of funding.

**Market risk -**

The Food Bank is not exposed to significant market risks.

There have been no significant changes in exposure to risk in relation to the Food Bank's financial instruments.

**Changes in risk -**

The Covid-19 pandemic is likely to increase the Food Bank's exposure to credit and liquidity risks. There is significant uncertainty in the assessment of these risks but, based on current information, management is of the opinion that the impact of these increased risks is not material.

**13. Comparative figures:**

Certain comparative figures have been changed to agree with the presentation adopted for the current period.