

Financial Statements of

COMMUNITY FIRST FOUNDATION
(OPERATING AS BACKPACK BUDDIES)

And Independent Practitioner's Review Engagement Report
thereon

Year ended March 31, 2024



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, 2024, 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.



Page 2

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, 2024, any adjustments might be necessary to donation revenues and excess (deficiency) of revenue over expenses reported in the statement of operations, excess (deficiency) of revenue over expenses reported in the statement of changes in net assets, excess (deficiency) 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, 2024, 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada

September 13, 2024

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and restricted cash (note 2)	\$ 478,249	\$ 655,242
Accounts receivable (note 3)	283,119	69,677
Prepaid expenses and deposits	159,761	141,761
	<u>921,129</u>	<u>866,680</u>
Grant receivable (note 4)	20,000	40,000
Capital assets (note 5)	263,369	269,492
Investments (note 6)	1,446,006	1,643,903
	<u>\$ 2,650,504</u>	<u>\$ 2,820,075</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 227,949	\$ 140,840
Deferred contributions (note 8)	25,000	71,677
	<u>252,949</u>	<u>212,517</u>
Deferred capital contributions (note 9)	141,112	185,251
	<u>394,061</u>	<u>397,768</u>
Net assets:		
Investment in capital assets (note 10(a))	122,257	84,241
Internally restricted (note 11)	1,000,000	1,000,000
Unrestricted	1,134,186	1,338,066
	<u>2,256,443</u>	<u>2,422,307</u>
Commitments (note 12)		
	<u>\$ 2,650,504</u>	<u>\$ 2,820,075</u>

See accompanying notes to financial statements.

Approve on behalf of the Board:



Geoff Pedlow



Richard Butterworth

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Donations	\$ 2,953,327	\$ 2,317,526
Grants	1,444,567	1,425,185
Interest and investment income	8,140	1,931
	<u>4,406,034</u>	<u>3,744,642</u>
Expenses:		
Advertising and promotion	302,870	219,074
Consulting fees	67,374	92,679
Fundraising events	54,780	7,400
Insurance	5,428	2,582
Interest and bank charges	1,605	1,413
Meals and entertainment	5,611	2,663
Office and general	229,165	77,237
Professional fees	296,387	60,524
Program supplies	2,463,931	1,967,706
Rent and utilities	273,551	239,147
Salaries and benefits	880,000	728,704
Travel	9,895	4,317
Vehicle operating costs	67,517	53,351
	<u>4,658,114</u>	<u>3,456,797</u>
Excess (deficiency) of revenues over expenses before the undernoted	(252,080)	287,845
Other income (expenses):		
Amortization of capital assets	(87,948)	(88,087)
Gain on sale of capital assets	19,159	28,564
Fair market value gain (loss) on investments	95,035	(26,730)
Amortization of deferred capital contributions (note 9)	59,970	54,784
	<u>86,216</u>	<u>(31,469)</u>
Excess (deficiency) of revenues over expenses	<u>\$ (165,864)</u>	<u>\$ 256,376</u>

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Investment in capital assets	Internally restricted	Unrestricted	Total 2024	Total 2023
Net assets, beginning of year	\$ 84,241	\$ 1,000,000	\$ 1,338,066	\$ 2,422,307	\$ 2,165,931
Excess (deficiency) of revenue over expenses (note 10(b))	(27,978)	-	(137,886)	(165,864)	256,376
Net change in investment in capital assets (note 10(b))	65,994	-	(65,994)	-	-
Net assets, end of year	\$ 122,257	\$ 1,000,000	\$ 1,134,186	\$ 2,256,443	\$ 2,422,307

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (165,864)	\$ 256,376
Items not involving cash:		
Amortization of capital assets	87,948	88,087
Amortization of deferred capital contributions	(59,970)	(54,784)
Unrealized change in market value of investments	(95,036)	26,730
Gain on sale of capital assets	(19,159)	(28,564)
Changes in non-cash operating working capital:		
Accounts and grants receivable	(193,442)	10,778
Prepaid expenses and deposits	(18,000)	(51,420)
Accounts payable and accrued liabilities	87,109	(34,084)
Deferred contributions	(46,677)	46,397
	(423,091)	259,516
Financing:		
Capital contributions received	15,831	59,998
Investments:		
Grant receivable	-	20,000
Purchase of capital assets	(103,666)	(83,900)
Proceeds on sale of capital assets	41,000	33,000
Decrease (increase) in long-term investments	292,933	(703,549)
	230,267	(734,449)
Decrease in cash and restricted cash	(176,993)	(414,935)
Cash and restricted cash, beginning of year	655,242	1,070,177
Cash and restricted cash, end of year	\$ 478,249	\$ 655,242

See accompanying notes to financial statements.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements

Year ended March 31, 2024

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.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2024

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
Hydroponic Garden	5 years
Vehicles	5 years
Website	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 accounts receivable, 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, 2024

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 \$3,621 as at March 31, 2024 (2023 - \$60,938), which are restricted to be spent on B.C. Gaming approved funded expenses.

Included in cash is \$16,934 (2023 - \$16,205) 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 \$56,917 (2023 - \$49,677).

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2024

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, 2024 is \$40,000 (2023 - \$60,000). The \$20,000 installment receivable in the next fiscal year is included in accounts receivable with the last instalment payable beyond next fiscal year totaling \$20,000 classified as long term receivable.

5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 123,768	\$ 58,924	\$ 64,844	\$ 66,359
Hydroponic Garden	17,431	1,743	15,688	-
Vehicles	296,043	137,560	158,483	203,133
Website	27,060	2,706	24,354	-
	\$ 464,302	\$ 200,933	\$ 263,369	\$ 269,492

6. Investments:

	2024	2023
Fixed income money market and mutual funds	\$ 1,446,006	\$ 1,643,903
	\$ 1,446,006	\$ 1,643,903

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$9,255 (2023 - \$7,177), which includes amounts payable for payroll related taxes.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Deferred contributions:

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

	2024	2023
Balance, beginning of year	\$ 71,677	\$ 25,280
Add: externally restricted grants and donations received in the year	85,000	128,505
Less: amount recognized as revenue in the year	(131,677)	(82,108)
Balance, end of year	\$ 25,000	\$ 71,677

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.

	2024	2023
Balance, beginning of the year	\$ 185,251	\$ 180,037
Add: contributions received for capital assets	15,831	59,998
Less: amounts amortized to revenue related to capital assets	(59,970)	(54,784)
Balance, end of year	\$ 141,112	\$ 185,251

The balance at year-end includes \$5,968 (2023 - \$20,000) of unspent contributions to be used towards capital and hence was not subject to amortization during the year.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Investment in capital assets:

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

	2024	2023
Capital assets	\$ 263,369	\$ 269,492
Amounts funded by deferred capital contributions	(141,112)	(185,251)
	\$ 122,257	\$ 84,241

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

	2024	2023
Excess (deficiency) of revenue over expenses:		
Amortization of capital assets	\$ (87,948)	\$ (88,087)
Amortization of deferred capital contributions	59,970	54,784
	\$ (27,978)	\$ (33,303)

	2024	2023
Net change in investment in capital assets:		
Capital assets acquired, net of dispositions	\$ 81,825	\$ 79,464
Deferred capital contributions received	(15,831)	(59,998)
	\$ 65,994	\$ 19,466

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.

COMMUNITY FIRST FOUNDATION

(OPERATING AS BACKPACK BUDDIES)

Notes to Financial Statements (continued)

Year ended March 31, 2024

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:

2025	\$	231,422
2026		122,969

13. Employee and board of director remuneration:

For the fiscal year ending March 31, 2024, the Foundation paid total remuneration of \$304,111 (2023 - \$173,077) to three employees (2023 - two) 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.