

**FOOD ACTION SOCIETY OF THE NORTH OKANAGAN**  
**Financial Statements**  
**Year Ended October 31, 2018**

**FOOD ACTION SOCIETY OF THE NORTH OKANAGAN**  
**Index to Financial Statements**  
**Year Ended October 31, 2018**

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of Food Action Society of the North Okanagan

I have reviewed the accompanying financial statements of Food Action Society of the North Okanagan which comprise the statement of financial position as at October 31, 2018 and the statements of changes in net assets, revenues and expenditures 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 for the Financial Statements*

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

### *Basis for Qualified Conclusion*

In common with many not-for-profit organizations, Food Action Society of the North Okanagan derives revenue from fundraising activities, the completeness of which is not susceptible to me obtaining evidence I consider necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Food Action Society of the North Okanagan. Therefore, we were unable to determine whether any adjustments might have been necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended October 31, 2018, current assets as at October 31, 2018 and net assets November 1, 2017 and October 31, 2018. My conclusion on the financial statements as at and for the year ended October 31, 2018 were modified accordingly because of the possible effects of this limitation in scope.

(continues)

Independent Practitioner's Review Engagement Report to the Members of Food Action Society of the North Okanagan (*continued*)

*Qualified Conclusion*

Based on my review, except for the effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of Food Action Society of the North Okanagan as at October 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

*Report on other legal and regulatory requirements*

As required by the Societies Act of British Columbia, I report that, in my opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

*Robin D. Bristow Ltd.*

Vernon, BC  
February 19, 2019

CHARTERED PROFESSIONAL ACCOUNTANT

**FOOD ACTION SOCIETY OF THE NORTH OKANAGAN**  
**Statement of Financial Position**  
**October 31, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 49,661	\$ 37,112
Accounts receivable	3,058	18,736
Prepaid expenses	184	-
	52,903	55,848
<b>PROPERTY AND EQUIPMENT (Note 3)</b>	6,248	7,660
	\$ 59,151	\$ 63,508
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 4,745	\$ 5,964
Government remittances payable	925	909
Deferred income	32,152	22,261
	37,822	29,134
<b>NET ASSETS</b>		
Unrestricted net assets	2,506	6,137
Garden reserve fund	5,578	5,578
Equity in property and equipment	6,245	7,659
Operating reserve fund	7,000	15,000
	21,329	34,374
	\$ 59,151	\$ 63,508

**ON BEHALF OF THE BOARD**

*Craig Woods*

Director



Director

**FOOD ACTION SOCIETY OF THE NORTH OKANAGAN**  
**Statement of Changes in Net Assets**  
**Year Ended October 31, 2018**

	2017 Balance	Deficiency of program revenues over expenses	Transfers	2018 Balance
Unrestricted net assets	\$ 6,137	\$ (13,045)	\$ 9,414	\$ 2,506
Garden reserve fund	5,578	-	-	5,578
Equity in property and equipment	7,659	-	(1,414)	6,245
Operating reserve fund	15,000	-	(8,000)	7,000
	-	-	-	-
	<b>\$ 34,374</b>	<b>\$ (13,045)</b>	<b>\$ -</b>	<b>\$ 21,329</b>

	2016 Balance	Deficiency of program revenues over expenses	Transfers	2017 Balance
Unrestricted net assets	\$ 22,029	\$ (16,730)	\$ 838	\$ 6,137
Garden reserve fund	5,578	-	-	5,578
Equity in property and equipment	8,497	-	(838)	7,659
Operating reserve fund	15,000	-	-	15,000
	-	-	-	-
	<b>\$ 51,104</b>	<b>\$ (16,730)</b>	<b>\$ -</b>	<b>\$ 34,374</b>

See notes to financial statements

**FOOD ACTION SOCIETY OF THE NORTH OKANAGAN**  
**Statement of Revenues and Expenditures**  
**Year Ended October 31, 2018**

	2018	2017
<b>PROGRAM REVENUE</b> <i>(Schedule 1)</i>	\$ 130,575	\$ 155,298
<b>DIRECT PROGRAM COSTS</b> <i>(Schedule 1)</i>	135,108	159,178
<b>PROGRAM DEFICIT</b>	<b>(4,533)</b>	<b>(3,880)</b>
<b>OTHER REVENUE</b>		
Donations and other	13,595	15,618
Memberships	295	415
	<b>13,890</b>	<b>16,033</b>
	<b>9,357</b>	<b>12,153</b>
<b>EXPENSES</b>		
Advertising and promotion	12	95
Amortization	1,414	1,734
Business taxes, licences and memberships	80	130
Insurance	1,910	1,855
Interest and bank charges	187	184
Office and sundry	121	602
Professional fees	7,076	5,394
Rental	1,278	564
Salaries and wages	3,643	17,135
Sponsorships	4,754	-
Telephone	807	1,026
Vehicle	-	44
Website	120	120
Workshops expenses	1,000	-
	<b>22,402</b>	<b>28,883</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (13,045)</b>	<b>\$ (16,730)</b>

**FOOD ACTION SOCIETY OF THE NORTH OKANAGAN**

**Statement of Cash Flows  
Year Ended October 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funders and donors	\$ 170,034	\$ 172,154
Cash paid to suppliers and employees	(157,485)	(187,275)
Cash flow from (used by) operating activities	<b>12,549</b>	<b>(15,121)</b>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	-	(898)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>12,549</b>	<b>(16,019)</b>
Cash - beginning of year	<b>37,112</b>	<b>53,131</b>
<b>CASH - END OF YEAR</b>	<b>\$ 49,661</b>	<b>\$ 37,112</b>

See notes to financial statements



# FOOD ACTION SOCIETY OF THE NORTH OKANAGAN

## Notes to Financial Statements

Year Ended October 31, 2018

(Unaudited)

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### 1. PURPOSE OF THE SOCIETY

The Food Action Society of the North Okanagan (the "Society") was incorporated on October 17, 2007 under the former British Columbia Society Act and completed the transition to the new Societies Act (BC) on July 25, 2017. The mission of the Society is to improve local food security by cultivating a healthy, sustainable regional food system through education and community action. The Society accomplishes its mission through community outreach and education, policy and planning, and community development projects.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook and, in management's opinion, within reasonable limits of materiality, and include the following significant accounting policies:

#### Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Buildings and sheds	10%	declining balance method
Equipment	20%	declining balance method
Trailer	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The society regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

#### Income taxes

The Society is registered charity under the Income Tax Act (the "Act") and as such is exempt from income taxes. In order to maintain its status as a registered charity, the Society must meet certain requirements under the Act. It is the opinion of the Board of Directors that these requirements have been met.

#### Revenue recognition

Food Action Society of the North Okanagan follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Membership dues and other revenues of the Society are recognized during the period in which the revenues are earned and collectibility is reasonably assured.

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# FOOD ACTION SOCIETY OF THE NORTH OKANAGAN

## Notes to Financial Statements

Year Ended October 31, 2018

(Unaudited)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These amounts include any allowance for doubtful accounts and estimates used in determining the useful life of property and equipment. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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### 3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Buildings and sheds	\$ 4,197	\$ 967	\$ 3,230	\$ 3,588
Equipment	1,193	506	687	859
Furniture and fixtures	898	251	647	808
Trailer	4,043	2,359	1,684	2,405
	<u>\$ 10,331</u>	<u>\$ 4,083</u>	<u>\$ 6,248</u>	<u>\$ 7,660</u>

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### 4. GARDEN RESERVE FUND

The Society currently leases on an annual basis two lots from Regional District of North Okanagan (RDNO), which leases the lots from landowners for use as community gardens. The terms of the lease provide that if a landowner decides to not renew the lease, RDNO will in turn terminate the lease with the Society and the land must be returned to its original state at the Society's cost. The Board of Directors of the Society reviews this reserve on an annual basis to ensure it is sufficient. The cash for this reserve is currently in the general operating account of the Society.

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### 5. OPERATING RESERVE FUND

During the current year, the Board of Directors passed a motion to transfer \$8,000 of the Operating Reserve Fund to cover the current year deficit. The Board of Directors also passed a motion to retain the remaining \$7,000 to the Operating Reserve Fund, which will be used to fund any deficit in future fiscal years.

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# FOOD ACTION SOCIETY OF THE NORTH OKANAGAN

## Notes to Financial Statements

Year Ended October 31, 2018

(Unaudited)

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### 6. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of October 31, 2018.

#### Credit risk

Credit risk arises from the potential that a counter party may default on its contractual obligations resulting in financial loss. The society is exposed to credit risk from funding agencies. In order to reduce its credit risk, the society reviews its contractual relationships with funding agencies on a regular basis to ensure full compliance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of funding agencies which minimizes concentration of credit risk.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its receipt of funds from its funders and customers and other related sources and accounts payable.

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### 7. REMUNERATION OF OFFICERS, DIRECTORS, EMPLOYEES AND SUPPLIERS

The Societies Act of British Columbia requires the organization to report on the following:

Remuneration received by officers and directors: \$nil

Remuneration over \$75,000 received by employees: \$nil

Remuneration over \$75,000 received by suppliers: none

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### 8. GOOD FOOD BOX

The Good Food Box program incurred deficits of \$4,563 in 2017 and \$5,033 in the first six months of 2018. In April 2018, the Society's Board of Directors determined the program was not sustainable given the resources available and it was discontinued.

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### 9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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**FOOD ACTION SOCIETY OF THE NORTH OKANAGAN**  
**Schedule of Program Revenue and Direct Program Costs (Schedule 1)**  
**Year Ended October 31, 2018**

	2018	2017
<b>PROGRAM REVENUE</b>		
Age Friendly Garden Funding	\$ 10,973	\$ 7,947
Blair Apartment Kitchen	7,520	7,007
Community Food Centres	12,912	125
Community Foundation	-	4,400
Community Gardens	11,549	10,386
Community Gardens - Gaming Revenue	12,363	-
Community Kitchen	8,326	9,163
Community Kitchen - Gaming Revenue	3,141	-
Community Kitchen - General	920	-
Cook it, Try it, Like It.	2,363	10,101
Cook it, Try it, Like it-Gaming Revenue	2,940	-
Fundraising events	-	1,461
Good Food Box (Note 8)	33,939	71,864
Government of Canada - student grant	3,005	-
Harvest share	176	174
Multicultural Garden	2,500	5,000
Province of BC - job creation partnership	17,878	27,670
Seniors Community Kitchen	70	-
	<b>130,575</b>	<b>155,298</b>
<b>DIRECT PROGRAM COSTS</b>		
Age Friendly Garden	10,973	7,947
Blair Apartment Kitchen	7,520	7,007
Community Food Centres	12,912	125
Community Foundation	-	4,453
Community Gardens	11,535	10,386
Community Gardens-Gaming Expense	12,363	-
Community Kitchen	8,086	9,163
Community Kitchen-Gaming expenses	3,141	-
Cook it, Try it, Like it	4,567	10,041
Fundraising events	-	239
Good Food Box (Note 8)	38,972	76,427
Government of Canada - student grant	3,005	-
Harvest share	176	174
Kitchen expenses - General	1,410	-
Multi Cultural Garden	2,500	5,000
Province of BC - job creation partnership	17,878	27,670
Roots and Brews	-	546
Seniors Kitchen expenses	70	-
	<b>135,108</b>	<b>159,178</b>
<b>PROGRAM SURPLUS (DEFICIT) ((3)%; 2017 - (2)%)</b>	<b>\$ (4,533)</b>	<b>\$ (3,880)</b>

See notes to financial statements