

Financial Statements of

QUEST OUTREACH SOCIETY

And Independent Auditor's Report thereon

Year ended August 31, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Quest Outreach Society

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Quest Outreach Society (the "Entity"), which comprise:

- the statement of financial position as at August 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

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

Chartered Professional Accountants

Vancouver, Canada
January 28, 2026

QUEST OUTREACH SOCIETY

Statement of Financial Position

August 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 408,229	\$ 548,281
Investments (note 4)	210,529	550,000
Accounts receivable	36,468	57,180
Prepaid expenses	62,884	147,873
	718,110	1,303,334
Tangible capital assets (note 5)	1,743,407	1,798,606
Intangible asset (note 6)	119,837	-
	\$ 2,581,354	\$ 3,101,940

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 436,337	\$ 193,081
Deferred revenue (note 8)	73,111	312,570
Deferred contributions (note 9)	48,594	151,535
	558,042	657,186
Deferred capital contributions (note 10)	136,524	127,696
	694,566	784,882
Net assets:		
Invested in long-lived assets (note 11(a))	1,726,720	1,670,910
Unrestricted	160,068	646,148
	1,886,788	2,317,058
Commitments and contingencies (note 12)		
Subsequent event (note 15)		
	\$ 2,581,354	\$ 3,101,940

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

QUEST OUTREACH SOCIETY

Statement of Operations

Year ended August 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Grocery	\$ 2,366,402	\$ 2,730,337
Donations and grants:		
Government and foundations	114,022	89,552
Public	554,412	294,716
Amortization of deferred capital contributions (note 10)	24,250	20,904
Other income (notes 4, 5)	90,787	45,963
	<u>3,149,873</u>	<u>3,181,472</u>
Expenses:		
Wages, contractors and benefits	2,277,168	2,267,094
Rent and utilities	435,955	433,454
Vehicle operations	150,421	139,665
Office (note 5)	117,756	119,376
Bank charges and interest	88,069	110,726
Food	140,808	93,435
Amortization (notes 5, 6)	90,178	87,916
Garbage and cleaning supplies	90,927	81,279
Professional fees	58,324	67,038
Repairs and maintenance	26,021	48,582
Insurance	37,915	41,472
Market consumables	29,047	34,880
Training	22,422	22,366
Marketing	15,132	11,550
	<u>3,580,143</u>	<u>3,558,833</u>
Deficiency of revenue over expenses	\$ (430,270)	\$ (377,361)

See accompanying notes to financial statements.

QUEST OUTREACH SOCIETY

Statement of Changes in Net Assets

Year ended August 31, 2025, with comparative information for 2024

	Invested in long- lived assets (note 11)	Unrestricted	Total 2025	Total 2024
Balance, beginning of year	\$ 1,670,910	\$ 646,148	\$ 2,317,058	\$ 2,694,419
Deficiency of revenue over expenses	(38,454)	(391,816)	(430,270)	(377,361)
Transfer for acquisition of long-lived assets	94,264	(94,264)	-	-
Balance, end of year	\$ 1,726,720	\$ 160,068	\$ 1,886,788	\$ 2,317,058

See accompanying notes to financial statements.

QUEST OUTREACH SOCIETY

Statement of Cash Flows

Year ended August 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating:		
Deficiency of revenue over expenses	\$ (430,270)	\$ (377,361)
Items not affecting cash:		
Amortization of deferred capital contributions	(24,250)	(20,904)
Amortization of tangible capital assets	76,863	87,916
Loss on disposal of tangible capital assets	12,526	-
Gain on sale of tangible capital asset	(40,000)	-
Amortization of intangible assets	13,315	-
	(391,816)	(310,349)
Changes in non-cash operating items:		
Accounts receivable	20,712	23,086
Prepaid expenses	84,989	(85,222)
Accounts payable and accrued liabilities	243,256	52,463
Deferred revenue	(239,459)	2,183
Deferred contribution	(69,863)	59,342
	(352,181)	(258,497)
Investing:		
Purchase of tangible capital assets	(34,190)	(34,493)
Proceeds from sale of tangible capital asset	40,000	-
Development of intangible asset	(133,152)	-
Investment in term deposits	(210,529)	(550,000)
Proceeds from maturity of term deposits	550,000	-
	212,129	(584,493)
Decrease in cash and cash equivalents	(140,052)	(842,990)
Cash and cash equivalents, beginning of year	548,281	1,391,271
Cash and cash equivalents, end of year	\$ 408,229	\$ 548,281
Supplementary information:		
Non-cash financing activities:		
Transfer of amount from deferred contribution to deferred capital contribution	\$ 33,078	\$ 3,297

See accompanying notes to financial statements.

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

1. Nature of operations:

Quest Outreach Society (the “Society”) is a not-for-profit organization incorporated on June 15, 1992 and is registered under the *Societies Act* (British Columbia). The Society is a registered charity pursuant to the *Income Tax Act* and is exempt from income taxes.

The Society’s primary vision is to disrupt cycles of food insecurity through access to healthy and affordable food. The Society’s mission is to bridge the gap between food banks and grocery stores while providing a shopping experience for those in need based on principles of dignity, access and sustainability. The Society operates four (2024 – five) non-profit grocery markets across Metro Vancouver, British Columbia, and serves individuals who identify as food insecure.

The Society’s clients are referred through a social service agency, a community-serving charity, non-profit, a church, social worker, doctor, nurse, teacher, principal, other professional sources, or organizations whose mission is to support individuals facing economic barriers. People from all walks of life can qualify to become a client of the Society. Many clients, for example, identify as a student, senior, refugee, survivor, single parent or guardian, caregiver, or person with a disability. At any given time, the Society’s clients may be experiencing a traumatic event in their life that impacts their work and financial stability such as a death in their family, the loss of a job, the loss of a home, separation or divorce, a new or changing health prognosis, or significant grief event.

The Society’s primary values include:

- Dignity: “We strive to create welcoming, safe and beautiful spaces for both our clients and employees.”
- Access: “We ensure those who are referred to us can find the right product at the right time and at a price they can afford.”
- Sustainability: “We give food a second life while supporting healthy communities and stronger food systems for the planet.”

The Society reported a net deficiency of revenues over expenses totaling \$430,270 for the year ended August 31, 2025 (2024 - \$377,361), with cash used in operations of \$352,181 (2024 - \$258,497). The Society’s ability to continue as a going concern will depend on continued support of food donors and its ability to generate grocery sales from its markets. Management’s plans to maintain financial viability include continuous efforts to increase food donations through allocated dedicated resources to enhance procurement efforts with current donors and to actively pursue additional food donor partnerships, and continuing to manage costs to achieve positive cash flows. Management believes these plans will help generate positive operating results. Management will continue to evaluate options available to support its operations, including leveraging its property.

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - *Accounting*. The significant accounting policies are as follows:

(a) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Restricted non-capital contributions, including gaming, are recognized as revenue in the year in which the related expenses are incurred.

Restricted capital contributions received specifically for the acquisition of tangible capital assets are initially recorded as deferred contributions and transferred to and recorded as deferred capital contributions when the amounts have been spent on tangible capital assets.

Deferred capital contributions are amortized to revenue on the same basis as the related tangible capital assets are amortized.

Unrestricted contributions are recognized in the year in which funds are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Grocery revenue is recognized at the point of sale in the grocery store. Amounts received in advance for the future sale of goods are deferred until the sale is recorded.

(b) Contributed services and materials:

The Society receives significant amounts of donated food which are subsequently sold or distributed at either a discounted cost recovery basis or at no cost. Donated food received is not recognized in the financial statements and no value has been assigned to the inventory on hand at year-end due to the difficulty in reasonably estimating their fair value.

The Society receives significant volunteer hours to assist in carrying out its service delivery activities. Due to the difficulty in reasonably estimating their fair value, these contributed services are not recognized in the financial statements.

The Society receives other contributed services and materials which are recorded when a fair value can be reasonably estimated and when the services and materials are used in the normal course of the Society's operations and would otherwise have been purchased.

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

2. Significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are initially recorded at cost. Donated tangible capital assets are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined. Tangible capital assets, except for land, are amortized over their estimated useful lives using the straight-line method at the following annual rates:

Asset	Rate
Building	30 years
Kitchen equipment	5 years
Office equipment	5 years
Automotive equipment	3 years
Computer equipment	3 years
Forklift	3 years
Leasehold improvements	Lesser of lease term and useful life

Repairs and maintenance costs are charged to expense. Betterments that extend the estimated useful life of an asset are capitalized. The Society regularly reviews for impairment of its tangible capital assets whenever events or changes in circumstances indicate that the asset no longer has long-term service potential to the Society or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount.

If such conditions exist, an impairment loss is measured and recorded in the statement operations at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

(d) Intangible assets:

Research activities are expensed as incurred. Development activities are recognized as an asset provided they meet the capitalization criteria, which include the Society's ability to demonstrate: technical feasibility of completing the intangible asset so that it will be available for use or sale; the Society's intention to complete the asset for use; the Society's ability to use the asset; the adequacy of the Society's resources to complete the development; the Society's ability to measure reliably the expenditures during the development; and the Society's ability to demonstrate that the asset will generate future economic benefits. The assets are amortized on a straight-line basis over their useful lives of 5 years unless the life is determined to be indefinite.

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

2. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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 Society has not elected to carry any such financial instruments at fair value.

Financial assets carried at cost or amortized cost 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 Society 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 Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(g) Leases:

Leases entered into are classified as either capital or operating. Leases that transfer substantially all of the benefits and risks associated with ownership are recorded as an acquisition of an asset and incurrence of an obligation. Assets under capital lease are amortized in a manner consistent with other assets owned by the Society. All other leases are accounted for as operating wherein rental payments are expensed as incurred.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. Operating line of credit:

The Society has an operating line of credit from a credit union with a limit of \$100,000 at prime plus 1.00%. As at August 31, 2025, the Society has no funds drawn against its line of credit (2024 - nil).

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

4. Investments:

	Maturity	Interest rate	2025	2024
Vancity:				
Term deposit	February 2026	3.25%	\$ 210,529	\$ -
Term deposit	February 2025	5.25%	-	350,000
Term deposit	February 2025	5,25%	-	200,000
			\$ 210,529	\$ 550,000

Included in other income is \$8,601 (2024 - \$16,844) in interest income related to investments.

5. Tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,477,853	\$ -	\$ 1,477,853	\$ 1,477,853
Building	292,164	128,362	163,802	169,846
Leasehold improvements	388,009	363,758	24,251	41,598
Office equipment	434,438	362,148	72,290	99,116
Automotive equipment	33,243	33,243	-	-
Forklift	18,167	18,167	-	-
Kitchen equipment	154,924	154,924	-	640
Computer equipment	73,239	68,028	5,211	9,553
	\$ 2,872,037	\$ 1,128,630	\$ 1,743,407	\$ 1,798,606

In June 2025, tangible capital assets with a net book value of \$12,526 were destroyed by fire. Included on the statement of operations under office expenses is \$12,526 (2024 - nil) relating to this loss on disposal of tangible capital assets.

Included on the statement of operations in amortization expense is amortization of tangible capital assets of \$76,863 (2024 - \$87,916) and under other income is \$40,000 (2024 - nil) relating to sale of a tangible capital asset.

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

6. Intangible asset:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Client relationship management software	\$ 133,152	\$ 13,315	\$ 119,837	\$ -

The Society has developed and implemented client relationship management software which was completed and became operational on November 30, 2024.

During the year ended August 31, 2025, included on the statement of operations in amortization expense is amortization of intangible asset of \$13,315 (2023 - nil).

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$9,188 (2024 - \$9,502) for payroll-related taxes.

8. Deferred revenue:

		2025	2024
Gift cards		\$ 73,111	\$ 70,015
Vancouver Coastal Health Authority advance (a)		-	242,555
		\$ 73,111	\$ 312,570

(a) On March 1, 2023, the Society entered into an agreement with Vancouver Coastal Health Authority ("VCH") where VCH advanced \$250,000 to the Society for VCH referred clients to use to purchase goods from the Society. During the year, the Society and VCH mutually agreed to conclude the program. As part of this agreement, the Society has returned the unused funds of \$242,555 to VCH.

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

9. Deferred contributions:

Deferred contributions represent restricted contributions related to specific purposes and for tangible capital asset purchases.

	2025	2024
Balance, beginning of year	\$ 151,535	\$ 95,490
Restricted contributions received	86,344	157,810
Amounts earned and recognized as revenue	(156,207)	(98,468)
Restricted contributions spent on tangible capital assets (note 10)	(33,078)	(3,297)
Balance, end of year	\$ 48,594	\$ 151,535

10. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of funds received, restricted for and spent on tangible capital assets.

	2025	2024
Balance, beginning of year	\$ 127,696	\$ 145,303
Restricted contributions spent on tangible capital assets (note 9)	33,078	3,297
Amortization of deferred capital contributions to revenue	(24,250)	(20,904)
Balance, end of year	\$ 136,524	\$ 127,696

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

11. Net assets invested in long-lived assets:

(a) Net assets invested in long-lived assets is calculated as follows:

	2025	2024
Tangible capital assets	\$ 1,743,407	\$ 1,798,606
Intangible assets	119,837	-
Amounts funded by deferred capital contributions	(136,524)	(127,696)
	\$ 1,726,720	\$ 1,670,910

(b) Included in deficiency of revenue over expenses related to net assets invested in long-lived assets is the following:

	2025	2024
Amortization of deferred capital contributions	\$ 24,250	\$ 20,904
Amortization of tangible capital assets	(76,863)	(87,916)
Amortization of intangible assets	(13,315)	-
Loss on disposal of tangible capital assets	(12,526)	-
Gain on sale of tangible capital assets	40,000	-
	\$ (38,454)	\$ (67,012)

(c) Change in net assets invested in long-lived assets:

	2025	2024
Purchase of tangible capital assets	\$ 34,190	\$ 34,493
Proceeds on sale of tangible capital asset	(40,000)	-
Development of intangible assets	133,152	-
Amounts funded by deferred capital contributions	(33,078)	(3,297)
	\$ 94,264	\$ 31,196

12. Commitments and contingencies:

The Society is committed to make operating lease payments for premises and trucks as follows:

2026	\$ 181,082
2027	157,975
2028	101,806
2029	33,240
2030	33,240
Thereafter	33,240
	\$ 540,583

QUEST OUTREACH SOCIETY

Notes to Financial Statements

Year ended August 31, 2025

13. Financial risks:

The Society is exposed to various risks through its financial instruments.

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its cash and cash equivalents, investments, and accounts receivable. Cash in bank accounts, cash equivalents, and investments are entirely held at a large provincial credit union. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

Fixed interest rate instruments are subject to fair value risks while floating rate instruments are subject to cash flow risks. The Society is subject to fair value risks with respect to its term deposits in investments which bear fixed rates of interest.

The Society believes that it is not exposed to significant currency, market, or other price risk arising from its financial instruments.

There has been no change to the risk exposure from 2024.

14. Remuneration disclosure under Societies Act (British Columbia):

For the year ended August 31, 2025, the Society paid total remuneration of \$338,081 (2024 - \$358,205) to three (2024 - three) employees, each of whom received total annual remuneration of \$75,000 or greater. There were no contractors for service (2024 - nil) that were remunerated greater than the \$75,000 threshold.

No remuneration was paid to any member of the board of directors.

15. Subsequent event:

During the year ended August 31, 2025, a fire caused significant damage to one of the Society's market locations. Subsequent to year-end, the Society received an initial installment of \$75,000 in insurance proceeds and is working with its insurance broker to finalize the remaining settlement. The assessment of loss of contents and business continuity loss is ongoing and is anticipated to be finalized in fiscal 2026.

16. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.