

KAWARTHA FOOD SHARE

AUDITED FINANCIAL STATEMENTS

AT DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Kawartha Food Share

Qualified Opinion

I have audited the accompanying financial statements of Kawartha Food Share, which comprise the statement of financial position as at December 31, 2022 and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Kawartha Food Share as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditures, and cash flows for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets for the years then ended. My audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Kawartha Food Share in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Kawartha Food Share'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 Kawartha Food Share or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Kawartha Food Share's financial reporting process.

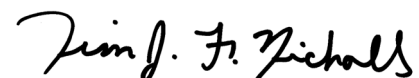
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but it 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 purposes of expressing an opinion on the effectiveness of Kawartha Food Share's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 Kawartha Food Share's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Kawartha Food Share 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that I identify during my audit.



Peterborough, Ontario
September 20, 2023

Tim J.F. Nicholls CPA
Licensed Public Accountant

Tim J.F. Nicholls
Chartered Professional Accountant

KAWARTHA FOOD SHARE

STATEMENT OF FINANCIAL POSITION As At December 31, 2022

	2022 \$	2021 \$
ASSETS		
Current		
Cash and short-term investments - Note 3	3,502,369	2,948,926
Accounts receivable - Note 4	63,945	39,317
Prepaid expenses	18,058	20,817
	3,584,372	3,009,060
Capital - Note 5	109,297	106,930
Other	895	895
	3,694,564	3,116,885
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued liabilities - Note 6	55,670	25,210
Fund Balances		
Original start-up contributions	1,500	1,500
Internally restricted - Note 7	259,827	259,827
Net assets invested in capital assets	109,297	106,930
Unrestricted	3,268,270	2,723,418
	3,638,894	3,091,675
	3,694,564	3,116,885

Approved on behalf of the Board:

_____, Director

_____, Director

The accompanying notes are an integral part of the financial statements.

KAWARTHA FOOD SHARE**STATEMENT OF CHANGES IN FUND BALANCES**
For The Year Ended December 31, 2022

	Original Start-Up Contributions \$	Internally Restricted \$	Invested In Capital Assets \$	Unrestricted \$	Total 2022 \$	Total 2021 \$
Balance, beginning of year	1,500	259,827	106,930	2,723,418	3,091,675	2,256,006
Excess (deficiency) of revenue over expenditures for the year	-	-	(34,390)	581,609	547,219	835,669
Investment in capital assets	-	-	36,757	(36,757)	-	-
Balance, end of year	1,500	259,827	109,297	3,268,270	3,638,894	3,091,675

The accompany notes are an integral part of the financial statements.

KAWARTHA FOOD SHARE**STATEMENT OF OPERATIONS**

For The Year Ended December 31, 2022

	2022 \$	2021 \$
Revenue		
City of Peterborough	85,766	109,115
Grants	146,459	110,078
Program income	6,006	106,326
Donations - Note 8	930,600	995,285
Other income - Note 9	5,926,289	5,343,410
Total Revenue	7,095,120	6,664,214
Expenditures		
Operations		
Food purchases and freight - Note 8	146,399	96,067
Non-purchased food distributed - Note 9	5,905,169	5,319,914
Occupancy costs	158,664	106,486
Property improvements	-	195
Vehicle lease, fuel and maintenance	10,530	8,268
Poverty alleviation	5,686	3,853
	6,226,448	5,534,783
Payroll expenses		
Wages and salaries	202,716	187,622
Employee benefits	23,089	21,126
	225,805	208,748
General and administrative expenses		
Telephone, fax and internet	3,816	4,340
Materials and supplies	1,621	2,719
Office expenses	21,550	14,589
Professional fees	13,973	12,768
Insurance	7,736	7,876
Fundraising expenses	6,519	5,078
Memberships	6,043	7,022
	61,258	54,392
Amortization of capital assets	34,390	30,622
Total Expenditures	6,547,901	5,828,545
Excess of Revenue Over Expenditures For The Year	547,219	835,669

The accompanying notes are an integral part of the financial statements.

KAWARTHA FOOD SHARE**STATEMENT OF CASH FLOWS**

For The Year Ended December 31, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
Operating Activities		
Excess of revenue over expenditures for the year	547,219	835,669
Amortization of capital assets	34,390	30,622
Changes in non-cash working capital accounts		
Accounts receivable	(24,628)	4,193
Prepaid expenses	2,759	(683)
Accounts payable and accrued liabilities	30,460	(3,641)
	590,200	866,160
Investing Activities		
Purchase of capital assets	(36,757)	(40,298)
	(36,757)	(40,298)
Increase In Cash During The Year	553,443	825,862
Cash and Short-Term Investments, Beginning of Year	2,948,926	2,123,064
Cash and Short-Term Investments, End of Year	3,502,369	2,948,926

The accompanying notes are an integral part of the financial statements.

KAWARTHA FOOD SHARE

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2022

NOTE 1: PURPOSE OF ORGANIZATION

The organization was incorporated without share capital by Letters Patent on July 28, 1998 to be carried on without the purpose of gain for its members and any profits or other accretions to the corporation shall be used in promoting its objects. The purpose of the organization is to coordinate the collection and distribution of foodstuff without charge to emergency food distributors and programs in the County of Peterborough, the corporation is a registered charity under the Canadian Income Tax Act.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP").

Kawartha Food Share uses the deferral method of accounting.

Realization of Revenues and Expenses

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 can be reasonably estimated and collection is reasonably assured.

Capital Assets

The organization records purchased capital assets at their acquisition cost. Amortization is based on their estimated useful lives by annual charges to operations at the following rates:

Leasehold improvements	-	straight-line basis over the term of the lease
Furniture and equipment	-	5 years straight-line basis
Computer hardware	-	3 years straight-line basis
Vehicles	-	5 years straight-line basis

One-half of annual amortization is charged on net assets acquired during the year.

Contributed Materials and Services

The organization recognizes contributed materials when a fair value can be reasonably estimated and the materials are used in the normal course of operations.

Volunteers contribute significant amounts of time each year to assist the organization in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Income Taxes

The organization is a non-profit organization as defined by the Federal and Ontario Income Tax Acts and, as such, is not subject to Federal and Provincial income taxes.

KAWARTHA FOOD SHARE

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

NOTE 3: CASH AND SHORT-TERM INVESTMENTS

The balance includes three guaranteed investment certificates issued by the Toronto-Dominion Bank totalling \$515,278 (2021 - \$512,986). The certificates mature in 2023 (2021 - 2022 and 2023) and bear interest at rates between 0.6% and 2.75% (2021 - 0.25% and 0.6%).

NOTE 4: ACCOUNTS RECEIVABLE

The accounts receivable is shown net of an allowance for doubtful accounts of \$nil (2021 - \$nil).

NOTE 5: CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2022 \$	2021 \$
Leasehold improvements	37,191	29,399	7,792	6,205
Furniture and equipment	262,757	199,857	62,900	40,262
Computer hardware	9,965	6,914	3,051	2,741
Vehicles	135,010	99,456	35,554	57,722
	444,923	335,626	109,297	106,930

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$nil (2021 - \$nil).

KAWARTHA FOOD SHARE

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2022

NOTE 7: INTERNALLY RESTRICTED FUND BALANCE

On September 19, 2007, the Board passed a motion to create internally restricted reserve accounts to increase the financial security and stability in the organization. These reserves are to be used only under emergency or extraordinary conditions. Kawartha Food Share may not use these internally restricted amounts for any other purpose without the approval of the Board of Directors.

The balance in the reserve accounts are as follows:

	2022 \$	2021 \$
Food Reserve	42,940	42,940
Administration/Operations Reserve	42,900	42,900
Capital Reserve	47,000	47,000
Donations Reserve	126,987	126,987
	259,827	259,827

NOTE 8: GIFTS IN KIND

During the year, the organization received specific food donations from food suppliers. Where costing amounts for the purposes of issuing charitable donation receipts were obtained, such amounts were included in the statement of operations as donation revenue, with an equivalent amount in food purchases. For 2022, the amount totalled \$35,704 (2021 - \$23,565).

NOTE 9: FOOD DONATED AND DISTRIBUTED

Effective January 1, 2009, the organization decided to record the value of food donations received and distributed, in addition to food donations that were receipted using charitable donations receipts as noted in Note 8: Gifts In Kind. The amount included in revenue will equal the amount included in expenditures so there is no effect on prior year excess of revenue over expenditures nor the fund balances.

The value of the food is based upon the weight of the food distributed valued at \$3.21 (2021 - \$2.60) per pound, which is the standard method used by Ontario's food banks.

For the 2022 year, \$5,905,169 (2021 - \$5,319,914) is included in Other Income, representing the value of the food donated that was not receipted for income tax purposes.

KAWARTHA FOOD SHARE**NOTES TO THE FINANCIAL STATEMENTS**
For The Year Ended December 31, 2022

NOTE 10: LEASE COMMITMENT

Kawartha Food Share rents its premises pursuant to an operating lease. The lease is for a term of three years from June 1, 2022 to May 31, 2025. The rent is \$99,000 per annum, payable in monthly instalments of \$8,250 plus HST. The organization is also responsible of its proportional share of the property taxes which are currently estimated at \$3,000 per month plus HST. The organization is also responsible for its proportional share of the hydro, gas and snow removal costs.

NOTE 11: COMPARATIVE BALANCES

Certain comparative balances have been reclassified to conform to the presentation adopted in the current year.

NOTE 12: FINANCIAL ASSETS AND FINANCIAL LIABILITIES***Liquidity Risk***

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. Additional cash requirements are met with the use of the existing cash reserves.