

THE FOOD SHARING PROJECT
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Food Sharing Project

Qualified Opinion

We have audited the accompanying financial statements of The Food Sharing Project (the "Entity"), which comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2022 and its financial performance and its 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 charitable organizations, the Entity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, the excess of revenues over expenses or cash flow from operations for the years ended August 31, 2022 and 2021, current assets as at August 31, 2022 and 2021, and net assets at September 1 and August 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2021 was modified accordingly because of the possible affects of this scope limitation.

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 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 qualified opinion.

Responsibility of Management and Those Charged with Governance 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.

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 the overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

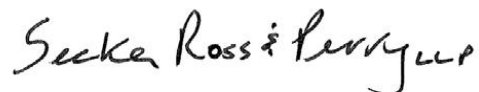
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 these 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

We 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.



Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
December 8, 2022

THE FOOD SHARING PROJECT

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash	\$ 306,388	\$ 543,798
Grants receivable	7,288	12,500
Sales tax recoverable	32,769	16,582
Prepaid expenses	<u>15,335</u>	<u>17,316</u>
	<u>361,780</u>	<u>590,196</u>
Investments (note 3)	<u>851,041</u>	<u>710,179</u>
Equipment (note 4)	246,573	241,497
Less accumulated depreciation	<u>167,977</u>	<u>131,778</u>
	<u>78,596</u>	<u>109,719</u>
	<u>\$ 1,291,417</u>	<u>\$ 1,410,094</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 33,639	\$ 39,766
Deferred revenue (note 6)	<u>2,500</u>	<u>61,123</u>
	36,139	100,889
Deferred Capital Contributions (note 7)	<u>-</u>	<u>3,000</u>
	<u>36,139</u>	<u>103,889</u>
Net Assets		
Internally restricted net assets (note 8)	1,176,682	1,199,486
Invested in capital assets (note 9(a))	<u>78,596</u>	<u>106,719</u>
	<u>1,255,278</u>	<u>1,306,205</u>
	<u>\$ 1,291,417</u>	<u>\$ 1,410,094</u>
Commitments (note 12)		

Approved on behalf of the Board

Director

Director

See accompanying notes to financial statements.

THE FOOD SHARING PROJECT
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
Revenues		
Grants (schedule)	\$ 853,572	\$ 891,798
Donations	233,102	339,208
Special events and other	23,324	25,790
Amortization of deferred contributions (note 7)	<u>3,000</u>	<u>6,000</u>
	<u>1,112,998</u>	<u>1,262,796</u>
Expenses		
Food	660,723	482,338
Salaries and benefits	145,181	146,364
Milk	87,563	41,468
Summer program	75,226	99,807
Amortization	36,199	33,469
Rent	26,881	26,974
Vehicle and travel	18,198	10,956
Office and administration	15,281	13,180
Paper products	15,184	4,012
Professional fees	13,664	15,194
Equipment and repairs	10,681	5,794
Subcontracts	8,396	2,166
Board insurance	5,208	5,151
Utilities	5,073	4,624
Board expenses	4,953	-
Repairs and maintenance	4,065	3,276
Telephone	1,242	1,643
Delivery	843	17,520
Professional development	691	31
Travel	212	485
Fundraising and special events	<u>-</u>	<u>300</u>
	<u>1,135,464</u>	<u>914,752</u>
Excess (deficiency) of revenues over expenses before the undernoted items	<u>(22,466)</u>	<u>348,044</u>
Other income (expense)		
Investment income	17,180	8,542
Management fees	(4,747)	(3,072)
Unrealized gain (loss) on investments	<u>(40,894)</u>	<u>74,835</u>
	<u>(28,461)</u>	<u>80,305</u>
Excess (deficiency) of revenues over expenses	<u>\$ (50,927)</u>	<u>\$ 428,349</u>

See accompanying notes to financial statements.

THE FOOD SHARING PROJECT
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2022

	<u>Internally Restricted</u>	<u>Invested in Capital Assets</u>	<u>2022</u>	<u>2021</u>
Net assets at beginning of year	\$ 1,199,486	\$ 106,719	\$ 1,306,205	\$ 877,856
Excess (deficiency) of revenues over expenses(note 9(b))	(17,728)	(33,199)	(50,927)	428,349
Invested in capital assets (note 9(b))	<u>(5,076)</u>	<u>5,076</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u><u>\$ 1,176,682</u></u>	<u><u>\$ 78,596</u></u>	<u><u>\$ 1,255,278</u></u>	<u><u>\$ 1,306,205</u></u>

See accompanying notes to financial statements.

THE FOOD SHARING PROJECT
STATEMENT OF CASH FLOW
YEAR ENDED AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses	\$ (50,927)	\$ 428,349
Items which do not involve cash		
Amortization expense	36,199	33,469
Amortization of deferred capital contributions	(3,000)	(6,000)
Unrealized loss (gain) on investments	40,894	(74,835)
	<u>23,166</u>	<u>380,983</u>
Changes in non-cash working capital balances		
Grants receivable	5,212	(1,000)
Sales tax recoverable	(16,187)	10,744
Prepaid expenses	1,981	(4,842)
Accounts payable and accrued liabilities	(6,127)	6,379
Deferred revenue	(58,623)	58,623
	<u>(50,578)</u>	<u>450,887</u>
Cash flow from (used in) investing and financing activities		
Purchase of equipment	(5,076)	(73,937)
Purchase of investments	(231,756)	(261,221)
Proceeds from sale of investments	50,000	70,004
	<u>(186,832)</u>	<u>(265,154)</u>
Net increase (decrease) in cash	(237,410)	185,733
Cash at beginning of year	<u>543,798</u>	<u>358,065</u>
Cash at end of year	<u>\$ 306,388</u>	<u>\$ 543,798</u>

See accompanying notes to financial statements.

THE FOOD SHARING PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

1. Purpose of the Organization

The Food Sharing Project is a not-for-profit organization incorporated without share capital under the laws of Ontario and is a registered Canadian charity exempt from income tax under the Income Tax Act. Its primary activity is to provide meals and snacks to students within the Limestone District School Board and Algonquin and Lakeshore Catholic District School Board areas.

2. Significant Accounting Policies

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

(a) Revenue Recognition

- (i) The organization 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, provided that the amounts to be received can be reasonably estimated and collection is reasonably assured.
- (ii) The organization's activities are assisted by the contribution of services and food supplies by individuals and organizations. Because of the difficulty of determining the fair value, these donated services and supplies are not recognized in the financial statements.
- (iii) Revenue for special events and other services is typically recognized after the event giving rise to the revenue has occurred provided that the amount of revenue is known with sufficient certainty.

(b) Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis using the following estimated useful life:

Equipment and computer hardware	5 Years
Vehicles	5 Years
Leasehold improvements	10 Years

(c) Deferred Capital Contributions

Deferred capital contributions represent financial assistance received for the purchase of capital assets. This financial assistance is deferred and amortized to income on the same basis as the related capital assets.

THE FOOD SHARING PROJECT
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED AUGUST 31, 2022

2. Significant Accounting Policies (continued)

(d) Investments

Investment in equities, debt instruments and mutual funds are recorded at market value. Changes in fair value of these investments are recorded in the statement of operations.

Investment income is recorded in the statement of operations as it is earned.

(e) Use of Estimates

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 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 expenses during the year. Significant estimates include the useful lives and amortization methods of capital assets. Actual results could differ from those estimates.

3. Investments

Investments consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Fixed income	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Equities	706,855	641,432	600,483	494,165
Mutual funds	94,186	94,186	59,696	59,696
	<u>\$ 851,041</u>	<u>\$ 785,618</u>	<u>\$ 710,179</u>	<u>\$ 603,861</u>

4. Equipment

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Net</u>
Equipment	\$ 122,306	\$ 99,116	\$ 23,190	\$ 34,091
Computer hardware	883	-	883	-
Vehicles	105,926	56,639	49,287	66,900
Leasehold improvements	17,458	12,222	5,236	8,728
	<u>\$ 246,573</u>	<u>\$ 167,977</u>	<u>\$ 78,596</u>	<u>\$ 109,719</u>

5. Government Remittances

Included in accounts payable and accrued liabilities are source deductions withheld of \$2,111 (2021 - \$2,206).

THE FOOD SHARING PROJECT
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED AUGUST 31, 2022

6. Deferred Revenue

Deferred revenue consists of the following:

	<u>2022</u>	<u>2021</u>
United Way	\$ 2,500	\$ 2,500
Breakfast Clubs of Canada	<u>-</u>	<u>58,623</u>
	<u>\$ 2,500</u>	<u>\$ 61,123</u>

7. Deferred Capital Contributions

The changes in the deferred capital contributions balance are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 3,000	\$ 9,000
Amounts recognized in revenue	<u>(3,000)</u>	<u>(6,000)</u>
Balance at end of year	<u>\$ -</u>	<u>\$ 3,000</u>

8. Internally Restricted Operating Net Assets

The organization has set aside funds consisting of the following in case of a significant change in funding or shortfall:

	<u>2022</u>	<u>2021</u>
Food and operating costs	\$ 1,088,964	\$ 1,111,768
Upgrade of dishwashing facilities	<u>87,718</u>	<u>87,718</u>
	<u>\$ 1,176,682</u>	<u>\$ 1,199,486</u>

9. Net Assets Invested in Capital Assets

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

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 78,596	\$ 109,719
Deferred capital contributions	<u>-</u>	<u>(3,000)</u>
	<u>\$ 78,596</u>	<u>\$ 106,719</u>

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

	<u>2022</u>	<u>2021</u>
Excess (deficiency) of revenues over expenses:		
Amortization of deferred contributions	\$ 3,000	\$ 6,000
Amortization of capital assets	<u>(36,199)</u>	<u>(33,469)</u>
	<u>\$ (33,199)</u>	<u>\$ (27,469)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 5,076	\$ 73,937
Capital contributions received	<u>-</u>	<u>-</u>
	<u>\$ 5,076</u>	<u>\$ 73,937</u>

THE FOOD SHARING PROJECT

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED AUGUST 31, 2022

10. Financial Risks

The Food Sharing Project manages its exposure to risks associated with financial instruments that have potential to affect its operating and financial performance. The organization manages its financial instruments to ensure it has adequate capital to continue to provide its services. It is management's opinion that the organization is not exposed to significant interest, currency or liquidity risks arising from its financial instruments.

Other financial risks are as follows:

(a) Credit Risk

Credit risk is the risk of financial loss to the organization if debtors or counterparties to investments fail to meet their respective contractual obligations. The maximum exposure to credit risk of the organization at year-end is limited to the carrying amount of these assets.

(b) Market Risk

Market risk is the risk of financial loss to the organization arising from fluctuations in the market price of the organization's investments. To manage these risk, the organization has established a target mix of investment types designed to achieve acceptable returns with reasonable amount of tolerance.

11. Effects of the Pandemic

Since the commencement of the COVID-19 outbreak during 2020 fiscal year, there have been significant disruptions to organizations throughout Canada and the rest of the world, leading to a general economic slowdown. Global equity markets have experienced significant volatility through the organization's 2020 to 2021 fiscal years. This volatility has not resulted in significant unrealized losses on the organization's investments.

Outside of the effect on the organization's investment performance, social distancing protocols put in place by various provincial governments and school boards have had significant effects on the organization. The responses to contain the pandemic may have effects on the organization's special events and other revenues for the 2022 fiscal year. Although fundraising results were strong through the recent fiscal years, general economic conditions may affect the organization's fundraising efforts and the timely collection of outstanding receivables in the future. It is not possible to reliably estimate the duration or severity of these consequences, or their impact on the financial position and results of operations for the organization for future periods.

12. Commitments

Under the terms of a facility lease dated June 21, 2018, the organization is committed to payments of base rent equal to \$1,633 per month plus sales tax plus additional rent. The lease runs from October 1, 2018 to September 30, 2023.

THE FOOD SHARING PROJECT
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED AUGUST 31, 2022

13. Comparative Figures

Certain comparative figures have been restated in order to conform to the financial statement presentation adopted for the current year.

THE FOOD SHARING PROJECT
SCHEDULE OF GRANT REVENUE
YEAR ENDED AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
Recurring Grants:		
Ontario Ministry of Children, Community and Social Services	\$ 311,106	\$ 304,667
Grocery Foundation	82,843	65,518
PCCC Breakfast for Learning	73,973	72,802
Community Foundation for Kingston & Area	47,976	30,716
United Way - annual	30,000	30,000
Breakfast Club of Canada	19,920	29,282
United Way - designated	17,017	2,655
Dairy Farmers of Ontario	13,742	14,972
Other	9,133	-
Churchill Foundation	-	10,000
	<u>605,710</u>	<u>560,612</u>
Pandemic Support:		
MCCSS Covid Additional Support	130,349	33,143
Breakfast Club of Canada	117,513	-
Federal Safe Return to Class Program	-	116,832
Limestone Learning Foundation	-	100,000
United Way - Supplemental Food Support for Students	-	50,000
Emergency Community Support Fund	-	16,800
Churchill Foundation	-	10,000
Isthmus Canada	-	3,412
Other	-	999
	<u>247,862</u>	<u>331,186</u>
	<u>\$ 853,572</u>	<u>\$ 891,798</u>