

Financial Statements

The Food Sharing Project

August 31, 2024

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13

Independent Auditor's Report

To the Directors of
The Food Sharing Project

Qualified opinion

We have audited the financial statements of The Food Sharing Project (the "Organization"), which comprise the statement of financial position as at August 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Organization as at August 31, 2024, and the results of its operations 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 not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2024 and 2023, current assets as at August 31, 2024 and 2023, and net assets as at September 1 and August 31 for both the 2024 and 2023 years. The predecessor's audit opinion on the financial statements for the year ended August 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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.

Other matter

The financial statements of The Food Sharing Project for the year ended August 31, 2023, were audited by Secker Ross & Perry LLP who expressed a qualified opinion on those statements on December 5, 2023. The partners and staff of Secker Ross & Perry LLP joined Doane Grant Thornton LLP on January 8, 2024.

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.

Independent Auditor's Report (continued)

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 the Organization'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 Organization 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.

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.

Doane Grant Thornton LLP

Kingston, Canada
December 10, 2024

Chartered Professional Accountants
Licensed Public Accountants

The Food Sharing Project

Statement of Operations

Year ended August 31

	2024	2023
Revenues		
Grants (Note 3)	\$ 676,758	\$ 585,284
Donations	252,149	228,178
School food purchases	166,705	10,836
School boards' contributions	113,301	92,000
Special events and other	67,007	26,821
Amortization of deferred contributions (Note 10)	<u>4,745</u>	<u>2,372</u>
	<u>1,280,665</u>	<u>945,491</u>
Expenses		
Food	626,506	721,254
Salaries and benefits	186,421	168,692
Milk	103,783	115,079
Rent	31,771	27,874
Paper products	30,693	20,650
Special projects	23,905	-
Vehicle and travel	20,990	16,597
Professional fees	16,279	14,556
Office and administration	13,960	13,544
Fundraising and special events	12,903	605
Repairs and maintenance	6,229	4,269
Board insurance	5,577	5,407
Utilities	4,413	4,796
Equipment and repairs	1,708	9,436
Telephone	1,199	1,227
Delivery	325	1,056
Travel	311	552
Board expenses	38	194
Subcontracts	-	11,217
Professional development	-	175
Amortization (Note 10)	<u>29,532</u>	<u>33,580</u>
	<u>1,116,543</u>	<u>1,170,760</u>
Excess (deficiency) of revenues over expenses before other items	<u>164,122</u>	<u>(225,269)</u>
Other items		
Investment income	36,010	21,824
Management fees	(4,919)	(4,738)
Unrealized gain on investments	<u>112,388</u>	<u>63,356</u>
	<u>143,479</u>	<u>80,442</u>
Excess (deficiency) of revenues over expenses	<u>\$ 307,601</u>	<u>\$ (144,827)</u>

The Food Sharing Project

Statement of Changes in Net Assets

Year ended August 31

	Internally restricted	Invested in capital assets	Unrestricted	Total 2024	Total 2023
Balance, beginning of year	\$ 1,057,606	\$ 52,845	\$ -	\$ 1,110,451	\$ 1,255,278
Excess (deficiency) of revenues over expenses	-	(24,787)	332,388	307,601	(144,827)
Invested in capital assets (Note 10)	-	17,720	(17,720)	-	-
Transfers	<u>314,668</u>	<u>-</u>	<u>(314,668)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,372,274</u>	<u>\$ 45,778</u>	<u>\$ -</u>	<u>\$ 1,418,052</u>	<u>\$ 1,110,451</u>

The Food Sharing Project

Statement of Financial Position

August 31

2024

2023

Assets

Current

Cash	\$ 501,512	\$ 136,181
Grants receivable	5,000	125,982
Sales tax recoverable	21,038	8,548
Prepaid expenses	<u>63,149</u>	<u>16,359</u>
	<u>590,699</u>	<u>287,070</u>

Long-term

Investments (Note 4)	945,668	813,894
Capital assets (Note 5)	<u>62,384</u>	<u>74,196</u>
	<u>1,008,052</u>	<u>888,090</u>
	<u>\$ 1,598,751</u>	<u>\$ 1,175,160</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 116,629	\$ 26,549
Deferred contributions (Note 7)	<u>47,464</u>	<u>16,809</u>
	164,093	43,358

Long-term

Deferred capital contributions (Note 8)	<u>16,606</u>	<u>21,351</u>
	<u>180,699</u>	<u>64,709</u>

Net assets

Internally restricted net assets (Note 9)	1,372,274	1,057,606
Invested in capital assets (Note 10)	45,778	52,845
Unrestricted	<u>-</u>	<u>-</u>
	<u>1,418,052</u>	<u>1,110,451</u>
	<u>\$ 1,598,751</u>	<u>\$ 1,175,160</u>

Commitments (Note 11)

On behalf of Directors

Director

Director

The Food Sharing Project

Statement of Cash Flows

Year ended August 31

2024

2023

Increase (decrease) in cash

Operating

Excess (deficiency) of revenues over expenses	\$ 307,601	\$ (144,827)
Items not affecting cash		
Amortization	29,532	33,580
Amortization of deferred contributions	(4,745)	(2,372)
Unrealized gain on investments	<u>(112,388)</u>	<u>(63,356)</u>
	220,000	(176,975)
Change in non-cash working capital items		
Grants receivable	120,982	(118,694)
Sales tax recoverable	(12,490)	24,221
Prepaid expenses	(46,790)	(1,024)
Accounts payable and accrued liabilities	90,081	(7,090)
Deferred contributions	<u>30,655</u>	<u>14,309</u>
	<u>402,438</u>	<u>(265,253)</u>

Financing

Deferred contributions received	<u>-</u>	<u>23,723</u>
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Investing

Purchase of investments	(129,517)	(164,163)
Proceeds on sale of investments	110,130	264,666
Purchase of capital assets	<u>(17,720)</u>	<u>(29,180)</u>
	<u>(37,107)</u>	<u>71,323</u>

Increase (decrease) in cash 365,331 (170,207)

Cash

Beginning of year	<u>136,181</u>	<u>306,388</u>
End of year	<u>\$ 501,512</u>	<u>\$ 136,181</u>

The Food Sharing Project

Notes to the Financial Statements

August 31, 2024

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

The Organization applies the Canadian accounting standards for not-for-profit organizations. Significant accounting policies include the following:

Fund accounting

The Organization's board has established a number of internally restricted funds in order to provide financial resources for anticipated future program delivery and for other specific expenditures.

The internally restricted fund established for dishwashing facilities is intended to assist with the financing of future replacements or expansions of dishwashing equipment at various school sites across the areas it serves.

The second internally restricted fund has been established for future food purchases and operating costs.

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) Contributions from the school boards that the Organization serves are generally unrestricted in nature, and are recognized in the manner described above.
- (iv) Revenues from school food purchases are recognized as food shipments pertaining to the particular orders are shipped to the respective schools.
- (v) 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.
- (vi) Investment income is recognized in the statement of operations as it is earned based on the nature of the related investments.

The Food Sharing Project

Notes to the Financial Statements

August 31, 2024

2. Significant accounting policies (continued)

Cash

Cash consists of deposits held in a Canadian chartered bank and cash held in an investment portfolio.

Capital assets

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

Equipment	5 years
Vehicles	5 years
Leasehold improvements	5 years

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.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known. Items subject to significant management estimates include the useful lives and amortization methods of capital assets. Actual results could differ from those estimates.

Measurement of financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash
- grants receivable
- investments
- accounts payable

The Food Sharing Project

Notes to the Financial Statements

August 31, 2024

2. Significant accounting policies (continued)

Measurement of financial instruments (continued)

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations. Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Organization initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Organization has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Any impairment loss is recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement.

The Food Sharing Project

Notes to the Financial Statements

August 31, 2024

3. Revenue recognition

The Organization's grant revenues recognized during the year include:

	<u>2024</u>	<u>2023</u>
Ontario Ministry of Children, Communities and Social Services	\$ 389,774	\$ 319,338
Grocery Foundation	76,508	85,751
United Way - Student Nutrition Program	53,333	36,667
Community Foundation for Kingston & Area	37,001	32,172
Breakfast Club of Canada	31,437	24,147
Churchill Foundation	25,000	52,500
Dairy Farmers of Ontario	15,908	19,442
Ontario Trillium Foundation	13,511	-
Britton Smith Foundation	10,000	-
United Way - City Investment Fund	10,000	-
Kingston Area Real Estate Association	4,000	-
United Way - designated	3,869	9,267
Other	6,417	6,000
	<u>\$ 676,758</u>	<u>\$ 585,284</u>

4. Investments

Investments consist of the following:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Fixed income	\$ -	\$ -	\$ 50,000	\$ 50,000
Equities	627,157	860,014	532,822	661,601
Mutual funds	85,654	85,654	102,293	102,293
	<u>\$ 712,811</u>	<u>\$ 945,668</u>	<u>\$ 685,115</u>	<u>\$ 813,894</u>

5. Capital assets

			<u>2024</u>	<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 155,658	\$ 127,384	\$ 28,274	\$ 37,246
Vehicles	105,926	84,803	21,123	35,205
Leasehold improvements	31,889	18,902	12,987	1,745
	<u>\$ 293,473</u>	<u>\$ 231,089</u>	<u>\$ 62,384</u>	<u>\$ 74,196</u>

The Food Sharing Project

Notes to the Financial Statements

August 31, 2024

6. Government remittances

Included in accounts payable and accrued liabilities are source deductions withheld of \$2,961 (2023 - \$1,792).

7. Deferred contributions

Deferred contributions consists of the following:

	<u>2024</u>	<u>2023</u>
Community Foundation for Kingston & Area	\$ 12,575	\$ 13,476
Loyalist Township	10,000	-
Ontario Trillium Foundation	19,889	-
United Way	<u>5,000</u>	<u>3,333</u>
	<u>\$ 47,464</u>	<u>\$ 16,809</u>

8. Deferred capital contributions

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

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 21,351	\$ -
Contributions received	-	23,723
Amounts recognized in revenue	<u>(4,745)</u>	<u>(2,372)</u>
Balance at end of year	<u>\$ 16,606</u>	<u>\$ 21,351</u>

9. Internally restricted operating net assets

The Organization has internally restricted funds consisting of the following:

	<u>2024</u>	<u>2023</u>
Food and operating costs	\$ 1,284,556	\$ 969,888
Upgrade of dishwashing facilities	<u>87,718</u>	<u>87,718</u>
	<u>\$ 1,372,274</u>	<u>\$ 1,057,606</u>

The Food Sharing Project

Notes to the Financial Statements

August 31, 2024

10. Net assets invested in capital assets

Net assets invested in capital assets is calculated as follows:

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 62,384	\$ 74,196
Deferred capital contributions	<u>(16,606)</u>	<u>(21,351)</u>
	<u>\$ 45,778</u>	<u>\$ 52,845</u>

Change in net assets invested in capital assets is calculated as follows:

	<u>2024</u>	<u>2023</u>
Excess (deficiency) of revenues over expenses:		
Amortization of deferred contributions	\$ 4,745	\$ 2,372
Amortization of capital assets	<u>(29,532)</u>	<u>(33,580)</u>
	<u>\$ (24,787)</u>	<u>\$ (31,208)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 17,720	\$ 29,180
Capital contributions received	<u>-</u>	<u>(23,723)</u>
	<u>\$ 17,720</u>	<u>\$ 5,457</u>

11. Commitments

Subsequent to year end, the Organization entered into a lease for the same facility. Under the terms of the lease, the Organization is committed to payments of base rent equal to \$2,100 per month plus sales tax plus additional rent. The lease runs from October 1, 2024 to September 30, 2029.

The Food Sharing Project

Notes to the Financial Statements

August 31, 2024

12. Financial instruments

The Organization 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 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 carry 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 risks, the Organization has established a target mix of investment types designed to achieve acceptable returns with reasonable amount of tolerance.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its portfolio investments, some of which consist of fixed income instruments. Fluctuations in market interest rates in the short term may result in changes to the fair market values of the Organization's investments.
