

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: Orangeville Food Bank: Caring for the Community

Qualified Opinion

We have audited the accompanying financial statements of Orangeville Food Bank: Caring for the Community, which comprise the statement of financial position as at June 30, 2022, the statements of changes in net assets, operations 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 effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Orangeville Food Bank: Caring for the Community as at June 30, 2022 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 charitable organizations, the organization derives some of its revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the year ended June 30, 2022, current assets as at June 30, 2022, and net assets as at July 1, 2021 and June 30, 2022.

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 Orangeville Food Bank: Caring for the Community 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 audit opinion.

Other matter

The financial statements of Orangeville Food Bank: Caring for the Community for the year ended June 30, 2021 were reviewed by the predecessor practitioner who expressed an unmodified conclusion on those financial statements on October 28, 2021. As such, the corresponding financial statements are unaudited.

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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 Orangeville Food Bank: Caring for the Community'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 judgement 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 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.



Guelph, Ontario
November 1, 2022

Chartered Professional Accountants
Licensed Public Accountants

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	2022	2021 (note 11)
ASSETS		
CURRENT		
Cash	\$ 204,701	\$ 124,346
Short-term investments (note 4)	375,191	802,844
Accounts and HST receivable	17,921	28,246
Inventory	28,939	19,553
Prepaid expenses	<u>7,154</u>	<u>5,756</u>
	633,906	980,745
CAPITAL ASSETS (note 5)	<u>2,131,446</u>	<u>2,105,291</u>
	<u>\$ 2,765,352</u>	<u>\$ 3,086,036</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 30,190	\$ 16,326
Deferred donations	41,200	41,200
Deferred grant funding	27,332	2,323
Current portion of long-term debt (note 6)	<u>453,902</u>	<u>25,856</u>
	552,624	85,705
LONG-TERM DEBT (note 6)	0	957,212
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (note 7)	<u>774,522</u>	<u>719,771</u>
	<u>1,327,146</u>	<u>1,762,688</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	903,022	402,452
INTERNALLY RESTRICTED FOR CAPACITY EXPANSION	250,000	600,000
UNRESTRICTED FUND	<u>285,184</u>	<u>320,896</u>
	<u>1,438,206</u>	<u>1,323,348</u>
	<u>\$ 2,765,352</u>	<u>\$ 3,086,036</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Invested in Capital Assets	Internally Restricted for Capacity Expansion	Unrestricted	2022 Total	2021 Total
NET ASSETS, beginning of year	\$ 402,452	\$ 600,000	\$ 320,896	\$ 1,323,348	\$ 872,260
Excess revenue over expenses for the year	(46,273)	0	161,131	114,858	451,088
Transfer of funds (note 8)	<u>546,843</u>	<u>(350,000)</u>	<u>(196,843)</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 903,022</u>	<u>\$ 250,000</u>	<u>\$ 285,184</u>	<u>\$ 1,438,206</u>	<u>\$ 1,323,348</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
		(notes 10 and 11)
REVENUE		
Donations	\$ 618,565	\$ 722,693
Fundraising	91,388	65,138
Grants	39,217	77,578
Deferred capital contributions recognized (note 7)	34,941	23,045
Interest income	23,201	6,237
Realized (loss) gain on disposal of investments	(9,346)	2,548
Unrealized (loss) gain on investments	<u>(72,458)</u>	<u>28,437</u>
	<u>725,508</u>	<u>925,676</u>
EXPENSES		
Advertising and promotion	1,633	1,222
Amortization	81,214	64,893
Food purchases	80,067	60,605
Fundraising	2,543	1,725
Hygiene purchases	1,843	2,847
Insurance	8,596	2,289
Interest on long-term debt	34,190	37,973
Membership fees	4,835	4,750
Office and general	15,509	12,116
Professional fees	12,296	8,697
Programming	61,859	54,048
Property tax rebate	(4,897)	(4,672)
Property taxes	8,736	10,783
Rent (recovered)	2,799	(4,140)
Repairs and maintenance	25,381	26,543
Salaries and benefits	236,931	172,832
Telecommunications	9,428	2,791
Training and development	11,097	7,235
Utilities	<u>16,590</u>	<u>12,051</u>
	<u>610,650</u>	<u>474,588</u>
EXCESS OF REVENUE OVER EXPENSES for the year	<u>\$ 114,858</u>	<u>\$ 451,088</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021 (note 11)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 114,858	\$ 451,088
Items not requiring an outlay of cash		
Amortization	81,214	64,893
Deferred capital contributions recognized	(34,941)	(23,045)
Unrealized loss (gain) on investments	72,458	(28,437)
Realized loss (gain) on disposal of investments	<u>9,346</u>	<u>(2,548)</u>
	242,935	461,951
Changes in non-cash working capital		
Accounts and HST receivable	10,325	12,591
Inventory	(9,386)	(19,553)
Prepaid expenses	(1,398)	(1,859)
Accounts payable and accrued liabilities	13,864	(124,429)
Deferred donations	0	41,200
Deferred grant funding	<u>25,009</u>	<u>(94,750)</u>
	<u>281,349</u>	<u>275,151</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Repayment of long-term debt	(529,166)	(24,892)
Deferred capital contributions received in the year	<u>89,692</u>	<u>134,046</u>
	<u>(439,474)</u>	<u>109,154</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	(107,369)	(212,347)
Purchase of investments	(125,126)	(681,107)
Proceeds on disposal of investments	<u>470,975</u>	<u>125,075</u>
	<u>238,480</u>	<u>(768,379)</u>
NET INCREASE (DECREASE) IN CASH	80,355	(384,074)
CASH, BEGINNING OF YEAR	<u>124,346</u>	<u>508,420</u>
CASH, END OF YEAR	<u>\$ 204,701</u>	<u>\$ 124,346</u>

See notes to the financial statements

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. NATURE OF OPERATIONS

Orangeville Food Bank: Caring for the Community is a not-for-profit organization incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. The organization is exempt from income tax. The Orangeville Food Bank: Caring for the Community offers programs and services that support their vision of a community without hunger. The organization is dependent upon the commitment and contribution of community volunteers in all aspects of its operations, including the board of directors and its committees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Fundraising income is recognized as revenue when received. Investment income is recognized as revenue when earned. Unrestricted grants from other organizations and donations are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions, comprised of restricted grants and donations, are recognized as revenue in the year in which the related expenses are incurred.

(b) INVENTORY

Inventory is measured at the lower of cost and net replacement value, with cost being determined on a specific item basis.

(c) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Buildings	40	years straight line basis
Sidewalk	10	years straight line basis
Fence	10	years straight line basis
Equipment	5 - 10	years straight line basis
Vehicles	5	years straight line basis
Computers	3	years straight line basis

Amortization is recorded at 50% of the above rates in the year of addition.

(d) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations 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 revenues and expenses during the year. Significant areas requiring management's estimates include estimated useful life's of capital assets, accounts payable and accrued liabilities, deferred revenue and deferred capital contributions. Actual results could differ from those estimates.

(f) FINANCIAL INSTRUMENTS

Measurement of financial instruments

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

The organization subsequently measures all 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 net surplus.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(g) CONTRIBUTED SERVICES

During the year, a number of volunteers contribute a significant amount of their time to assist the organization in carrying out its activities. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

(h) FOOD DONATIONS

The organization receives and shares a significant volume of donated food products. Because of the difficulty in determining the fair value of those products, they are not recorded in the financial statements.

The volume of food and consumer products acquired and distributed was 375,238 pounds (2021 - 393,439 pounds) with a value of \$2.62 per pound (2021 - \$2.62 per pound) based on an estimate provided by Food Banks Canada. These donated food products are not reflected in the statement of operations.

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) **FUND ACCOUNTING**

Unrestricted

The unrestricted fund reports resources available for the Orangeville Food Bank: Caring for the Community's general operating activities.

Invested in Capital Assets

The invested in capital assets fund reports resources that are invested in capital assets, net of deferred contributions, long-term debt, and any proceeds on the disposal of capital assets. The fund is internally restricted.

Internally Restricted for Capacity Expansion

The internally restricted for capacity expansion fund reports resources that are internally restricted for funding future warehouse improvements.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the organization's exposure to these risks did not change in 2022 compared to the previous year.

The organization does not have a significant exposure to any individual customer or counterpart.

4. SHORT-TERM INVESTMENTS

Portfolio investments includes the following:

	2022	2021
RBC GIC, 0.40%, matured August 3, 2021	\$ 0	\$ 10,000
RBC GIC, 0.40%, matured August 3, 2021	0	5,100
RBC GIC, 0.10%, matured February 6, 2022	0	10,000
RBC GIC, 0.10%, maturing August 3, 2022	5,126	0
RBC GIC, 0.10%, maturing August 3, 2022	10,000	0
RBC GIC, 0.50%, maturing February 6, 2023	10,000	0
RBC mutual funds	<u>350,065</u>	<u>777,744</u>
	<u>\$ 375,191</u>	<u>\$ 802,844</u>

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
Land	\$ 407,621	\$ 0	\$ 407,621	\$ 407,621
Buildings	1,663,662	98,489	1,565,173	1,563,556
Sidewalk	5,405	810	4,595	5,135
Fence	3,846	577	3,269	3,654
Equipment	186,922	75,832	111,090	124,935
Vehicles	42,801	4,280	38,521	0
Computers	<u>5,806</u>	<u>4,629</u>	<u>1,177</u>	<u>390</u>
	<u>\$ 2,316,063</u>	<u>\$ 184,617</u>	<u>\$ 2,131,446</u>	<u>\$ 2,105,291</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6. LONG TERM DEBT

	2022	2021
Royal Bank loan, repayable in blended monthly installments of \$5,485 at a rate of 4.29%, maturing April 15, 2023, secured by land and building with a net book value of \$1,972,794	\$ 453,902	\$ 983,068
Less current portion:		
Cash repayments required within 12 months	<u>453,902</u>	<u>25,856</u>
Long-term portion of debt	<u>\$ 0</u>	<u>\$ 957,212</u>

Future minimum payments on long term obligations are as follows:

Year ending June 30, 2023	<u>\$ 453,902</u>
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7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

Deferred contributions for capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the year are as follows:

	2022	2021
Balance, beginning of the year	\$ 719,771	\$ 608,770
Plus contributions during the year	89,692	134,046
Less amounts amortized to revenue	<u>(34,941)</u>	<u>(23,045)</u>
Balance, end of year	<u>\$ 774,522</u>	<u>\$ 719,771</u>

8. TRANSFERS

During the year, the board of directors transferred \$500,000 (2021 - \$0) from the Internally Restricted for Capacity Expansion fund to the Unrestricted fund for an additional principal payment on the mortgage. Additionally, the board of directors transferred \$150,000 (2021 - \$350,000) from the Unrestricted fund to the Internally Restricted for Capacity Expansion fund for funding future capital improvements.

9. GRANTS

Grants reported in the statement of operations came from the following sources:

	2022	2021 (note 11)
Food Banks Canada	\$ 20,307	\$ 0
Canada Summer Jobs	12,910	19,264
Georgian College	3,000	4,250
County of Dufferin	3,000	3,000
United Way Guelph Wellington Dufferin	0	44,264
Town of Orangeville	0	5,850
Enbridge	<u>0</u>	<u>950</u>
	<u>\$ 39,217</u>	<u>\$ 77,578</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

10. PRIOR PERIOD ADJUSTMENT

During the audit, it was noted that the amount of donated food products received and donated food products distributed could not be reliably estimated in order to determine their fair value. A prior period adjustment was recorded to eliminate the 2021 amount in both revenue and expenses, for year over year comparability. The estimate of contributed food products is disclosed in Note 1(h).

There is no effect to the excess of revenue over expenses for the year and net assets. The net effect of the adjustment to the 2021 financial statements is as follows:

Decrease in revenue	\$ 1,030,810
Decrease in expenses	1,030,810

11. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

12. MATERIAL UNCERTAINTY DUE TO COVID-19

There has not been a significant financial impact on the organization to date as a result of the COVID-19 pandemic but as the pandemic continues, there could be more impact of the organization in the future. The board of directors will continue to monitor the impact on the organization's financial position and operations. At this time, due to the ongoing progression of the pandemic, the board is not able to determine the effects of the COVID-19 pandemic on the organization's future financial position and operations.