

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11



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, 2023, 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, 2023 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 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 years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 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 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.

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 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 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
October 17, 2023

Chartered Professional Accountants
Licensed Public Accountants

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 303,036	\$ 204,701
Short-term investments (note 4)	464,591	375,191
Accounts and HST receivable	7,945	17,921
Gift cards on hand	7,184	28,939
Prepaid expenses	<u>9,767</u>	<u>7,154</u>
	792,523	633,906
CAPITAL ASSETS (note 5)	<u>2,078,396</u>	<u>2,131,446</u>
	<u>\$ 2,870,919</u>	<u>\$ 2,765,352</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 25,402	\$ 30,190
Deferred donations (note 7)	5,631	41,200
Deferred grant funding (note 7)	105,821	27,332
Current portion of long-term debt (note 6)	<u>52,431</u>	<u>453,902</u>
	189,285	552,624
LONG-TERM DEBT (note 6)	253,768	0
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (note 7)	<u>749,141</u>	<u>774,522</u>
	<u>1,192,194</u>	<u>1,327,146</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	1,039,106	903,022
INTERNALLY RESTRICTED FOR CAPACITY EXPANSION	350,000	250,000
UNRESTRICTED FUND	<u>289,619</u>	<u>285,184</u>
	<u>1,678,725</u>	<u>1,438,206</u>
	<u>\$ 2,870,919</u>	<u>\$ 2,765,352</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, 2023

	Invested in Capital Assets	Internally Restricted for Capacity Expansion	Unrestricted	2023 Total	2022 Total
NET ASSETS, beginning of year	\$ 903,022	\$ 250,000	\$ 285,184	\$ 1,438,206	\$ 1,323,348
(Deficit) excess revenue over expenses for the year	(47,370)	0	287,889	240,519	114,858
Transfer of funds (note 8)	<u>183,454</u>	<u>100,000</u>	<u>(283,454)</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 1,039,106</u>	<u>\$ 350,000</u>	<u>\$ 289,619</u>	<u>\$ 1,678,725</u>	<u>\$ 1,438,206</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
REVENUE		
Donations	\$ 732,187	\$ 618,565
Fundraising	107,769	91,388
Grants (note 9)	94,584	39,217
Deferred capital contributions recognized (note 7)	41,431	34,941
Unrealized gain (loss) on investments	10,558	(72,458)
Interest income	9,874	23,201
Realized (loss) on disposal of investments	<u>0</u>	<u>(9,346)</u>
	<u>996,403</u>	<u>725,508</u>
EXPENSES		
Advertising and promotion	4,051	1,633
Amortization	88,801	81,214
Food purchases	145,421	80,067
Fundraising	13,686	2,543
Hygiene purchases	5,593	1,843
Insurance	11,160	8,596
Interest on long-term debt	18,802	34,190
Membership fees	4,900	4,835
Office and general	16,977	15,509
Professional fees	14,604	12,296
Programming	47,593	61,859
Property tax rebate	(4,946)	(4,897)
Property taxes	9,941	8,736
Rent	4,375	2,799
Repairs and maintenance	27,007	25,381
Salaries and benefits	296,982	236,931
Telecommunications	10,877	9,428
Training and development	22,962	11,097
Utilities	<u>17,098</u>	<u>16,590</u>
	<u>755,884</u>	<u>610,650</u>
EXCESS OF REVENUE OVER EXPENSES for the year	<u>\$ 240,519</u>	<u>\$ 114,858</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 240,519	\$ 114,858
Items not requiring an outlay of cash		
Amortization	88,801	81,214
Deferred capital contributions recognized	(41,431)	(34,941)
Unrealized (gain) loss on investments	(10,558)	72,458
Realized loss on disposal of investments	<u>0</u>	<u>9,346</u>
	277,331	242,935
Changes in non-cash working capital		
Accounts and HST receivable	9,976	10,325
Gift cards on hand	21,755	(9,386)
Prepaid expenses	(2,613)	(1,398)
Accounts payable and accrued liabilities	(4,788)	13,864
Deferred donations	(35,569)	0
Deferred grant funding	<u>78,489</u>	<u>25,009</u>
	<u>344,581</u>	<u>281,349</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Repayment of long-term debt	(147,703)	(529,166)
Deferred capital contributions received in the year	<u>16,050</u>	<u>89,692</u>
	<u>(131,653)</u>	<u>(439,474)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	(35,751)	(107,369)
Purchase of investments	(203,968)	(125,126)
Proceeds on disposal of investments	<u>125,126</u>	<u>470,975</u>
	<u>(114,593)</u>	<u>238,480</u>
NET INCREASE IN CASH	98,335	80,355
CASH, BEGINNING OF YEAR	<u>204,701</u>	<u>124,346</u>
CASH, END OF YEAR	<u>\$ 303,036</u>	<u>\$ 204,701</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 organization 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) GIFT CARDS ON HAND

Gift cards on hand are 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
Parking lot	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, 2023

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 donations, deferred grant funding and deferred capital contributions. Actual results could differ from those estimates.

(f) 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, unless otherwise noted below.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(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 418,570 pounds (2022 - 375,238 pounds) with a value of \$3.21 per pound (2022 - \$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, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) **FUND ACCOUNTING**

Unrestricted

The unrestricted fund reports resources available for the organization'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 expansion and future building 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 2023 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:

	2023	2022
RBC mutual funds	\$ 369,465	\$ 350,065
RBC GIC, 0.75%, maturing August 3, 2023	5,126	0
RBC GIC, 0.75%, maturing August 3, 2023	10,000	0
RBC GIC, 4.25%, maturing January 26, 2024	70,000	0
RBC GIC, 1.75%, maturing February 6, 2024	10,000	0
RBC GIC, 0.10%, matured August 3, 2022	0	5,126
RBC GIC, 0.10%, matured August 3, 2022	0	10,000
RBC GIC, 0.50%, matured February 6, 2023	0	10,000
	<u>\$ 464,591</u>	<u>\$ 375,191</u>

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Land	\$ 407,621	\$ 0	\$ 407,621	\$ 407,621
Buildings	1,663,662	140,081	1,523,581	1,565,173
Parking lot	29,048	363	28,685	0
Sidewalk	5,405	1,351	4,054	4,595
Fence	3,846	961	2,885	3,269
Equipment	193,625	112,643	80,982	111,090
Vehicles	42,801	12,841	29,960	38,521
Computers	5,806	5,178	628	1,177
	<u>\$ 2,351,814</u>	<u>\$ 273,418</u>	<u>\$ 2,078,396</u>	<u>\$ 2,131,446</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6. LONG TERM DEBT

	2023	2022
Royal Bank loan, repayable in blended monthly installments of \$5,828 at a rate of 6.20%, maturing April 15, 2025, secured by land and building with a net book value of \$1,959,887	\$ 306,199	\$ 0
Royal Bank loan, repayable in blended monthly installments of \$5,485 at a rate of 4.29%, repaid April 15, 2023, secured by land and building with a net book value of \$1,972,794	0	453,902
Less current portion:		
Cash repayments required within 12 months	<u>52,431</u>	<u>453,902</u>
Long-term portion of debt	<u>\$ 253,768</u>	<u>\$ 0</u>
Future minimum payments on long term obligations are as follows:		
	2024	\$ 52,431
	2025	<u>253,768</u>
		<u>\$ 306,199</u>

7. DEFERRED REVENUE

Deferred donations

Deferred donations represent the unspent portion of externally restricted contributions that relate to future periods less related expenditures. The changes in the deferred donations balance for the year are as follows:

	2023	2022
Balance, beginning of the year	\$ 41,200	\$ 41,200
Plus contributions during the year	5,631	0
Less amounts amortized to revenue	<u>(41,200)</u>	<u>0</u>
Balance, end of year	<u>\$ 5,631</u>	<u>\$ 41,200</u>

Deferred grant funding

Deferred grant funding consists of the unexpended portion of grant funding received that relates to future periods less related expenditures. The changes in the deferred grant revenue balance for the year are as follows:

	2023	2022
Balance, beginning of the year	\$ 27,332	\$ 2,323
Plus amount received related to the following year	104,998	26,509
Less amounts recognized as revenue in the year	<u>(26,509)</u>	<u>(1,500)</u>
Balance, end of year	<u>\$ 105,821</u>	<u>\$ 27,332</u>

ORANGEVILLE FOOD BANK: CARING FOR THE COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

7. DEFERRED REVENUE (continued)

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:

	2023	2022
Balance, beginning of the year	\$ 774,522	\$ 719,771
Plus contributions during the year	16,050	89,692
Less amounts amortized to revenue	<u>(41,431)</u>	<u>(34,941)</u>
Balance, end of year	<u>\$ 749,141</u>	<u>\$ 774,522</u>

8. TRANSFERS

During the year, the board of directors transferred \$100,000 (2022 - \$500,000) from the Internally Restricted for Capacity Expansion fund to the Unrestricted fund for an additional principal payment on the mortgage. The board of directors also transferred \$200,000 (2022 - \$150,000) 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:

	2023	2022
County of Dufferin	\$ 49,365	\$ 3,000
Food Banks Canada	39,052	20,307
Town of Orangeville	4,167	0
RBC Foundation	2,000	0
Canada Summer Jobs	0	12,910
Georgian College	<u>0</u>	<u>3,000</u>
	<u>\$ 94,584</u>	<u>\$ 39,217</u>