

THE FOOD SHARING PROJECT
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

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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, 2019, 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 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, 2019 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 revenues, the excess of revenues over expenses or cash flow from operations for the year ended August 31, 2019 nor to current assets or net assets at September 1, 2018 or August 31, 2019.

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 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.

Secker Ross & Perry LLP

Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
November 19, 2019

THE FOOD SHARING PROJECT

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 234,708	\$ 128,596
Grants receivable	-	118,737
Sales tax recoverable	16,354	18,729
Prepaid expenses	<u>12,662</u>	<u>18,149</u>
	<u>263,724</u>	<u>284,211</u>
Investments (note 3)	<u>409,569</u>	<u>441,430</u>
Equipment (note 4)	166,400	114,434
Less accumulated depreciation	<u>69,642</u>	<u>44,862</u>
	<u>96,758</u>	<u>69,572</u>
	<u>\$ 770,051</u>	<u>\$ 795,213</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 15,077	\$ 47,363
Deferred contribution revenue	<u>2,500</u>	<u>12,597</u>
	17,577	59,960
Deferred Capital Contributions (note 6)	<u>16,871</u>	<u>26,217</u>
	<u>34,448</u>	<u>86,177</u>
Net Assets		
Internally restricted net assets (note 7)	655,716	665,681
Invested in capital assets	<u>79,887</u>	<u>43,355</u>
	<u>735,603</u>	<u>709,036</u>
	<u>\$ 770,051</u>	<u>\$ 795,213</u>
Commitment (note 9)		

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, 2019

	<u>2019</u>	<u>2018</u>
Revenues		
Grants (schedule)	\$ 541,512	\$ 552,269
Donations	112,241	213,616
Special events and other	1,820	1,023
Amortization of deferred contributions (note 6)	9,346	12,846
	<u>664,919</u>	<u>779,754</u>
Expenses		
Food	307,510	287,854
Salaries and benefits	139,211	136,800
Milk	65,454	56,754
Paper products	32,012	28,842
Rent	27,406	16,328
Amortization	24,780	17,513
Professional fees	14,793	8,490
Equipment and repairs	9,563	3,451
Vehicle and travel	7,490	6,062
Office and administration	6,714	4,634
Utilities	5,258	317
Board insurance	4,775	4,096
Repairs and maintenance	3,209	3,926
Subcontracts	2,418	-
Telephone	2,168	1,812
Fundraising and special events	1,367	-
Professional development	939	135
Travel	867	878
Delivery	367	232
	<u>656,301</u>	<u>578,124</u>
Excess of revenues over expenses before the undernoted	<u>8,618</u>	<u>201,630</u>
Other income (expense)		
Investment income	12,422	1,661
Management fees	(2,097)	(1,044)
Unrealized gain on investments	7,624	14,153
Gain on sale of equipment	-	2,177
	<u>17,949</u>	<u>16,947</u>
Excess of revenues over expenses	<u>\$ 26,567</u>	<u>\$ 218,577</u>

See accompanying notes to financial statements.

THE FOOD SHARING PROJECT
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2019

	<u>Internally Restricted</u>	<u>Invested in Capital Assets</u>	<u>2019</u>	<u>2018</u>
Net assets at beginning of year	\$ 665,681	\$ 43,355	\$ 709,036	\$ 490,459
Excess (deficiency) of revenues over expenses	42,001	(15,434)	26,567	218,577
Invested in capital assets	<u>(51,966)</u>	<u>51,966</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 655,716</u>	<u>\$ 79,887</u>	<u>\$ 735,603</u>	<u>\$ 709,036</u>

See accompanying notes to financial statements.

THE FOOD SHARING PROJECT
STATEMENT OF CASH FLOW
YEAR ENDED AUGUST 31, 2019

	<u>2019</u>	<u>2018</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 26,567	\$ 218,577
Items which do not involve cash		
Amortization expense	24,780	17,513
Amortization of deferred capital contributions	(9,346)	(12,846)
Unrealized gain on investments	(7,624)	(14,153)
Gain on sale of equipment	-	(2,177)
	<u>34,377</u>	<u>206,914</u>
Changes in non-cash working capital balances		
Grants receivable	118,737	18,847
Sales tax recoverable	2,375	(10,559)
Prepaid expenses	5,487	(16,164)
Accounts payable and accrued liabilities	(32,286)	40,507
Deferred contribution revenue	<u>(10,097)</u>	<u>6,597</u>
	<u>118,593</u>	<u>246,142</u>
Cash flow from (used in) investing and financing activities		
Purchase of equipment	(51,966)	(35,457)
Proceeds from sale of equipment	-	7,500
Purchase of investments	(203,193)	(427,277)
Proceeds from sale of investments	246,075	-
Dividends reinvested	<u>(3,397)</u>	<u>-</u>
	<u>(12,481)</u>	<u>(455,234)</u>
Net increase (decrease) in cash	106,112	(209,092)
Cash at beginning of year	<u>128,596</u>	<u>337,688</u>
Cash at end of year	<u>\$ 234,708</u>	<u>\$ 128,596</u>

See accompanying notes to financial statements.

THE FOOD SHARING PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

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.

(b) 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	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.

(d) Financial Instruments

Financial instruments are initially recognized at fair value with gains or losses recognized in the statement of operations in the period in which the gain or loss occurs.

THE FOOD SHARING PROJECT
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED AUGUST 31, 2019

2. Significant Accounting Policies (continued)

(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:

	2019		2018	
	Market Value	Cost	Market Value	Cost
Fixed income	\$ 101,215	\$ 100,000	\$ 150,884	\$ 150,000
Equities	254,975	234,414	195,439	182,170
Mutual funds	53,379	53,379	95,107	95,107
	<u>\$ 409,569</u>	<u>\$ 387,793</u>	<u>\$ 441,430</u>	<u>\$ 427,277</u>

4. Equipment

	2019		2018	
	Cost	Accumulated Depreciation	Net	Net
Equipment	\$ 113,425	\$ 50,117	\$ 63,308	\$ 37,839
Vehicles	35,517	17,778	17,739	24,842
Leasehold improvements	17,458	1,747	15,711	6,891
	<u>\$ 166,400</u>	<u>\$ 69,642</u>	<u>\$ 96,758</u>	<u>\$ 69,572</u>

5. Government Remittances

Included in accounts payable and accrued liabilities are source deductions withheld of \$4,155 (2018 - \$2,187).

6. Deferred Capital Contributions

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

	2019	2018
Balance at beginning of period	\$ 26,217	\$ 39,063
Amounts recognized in revenue	<u>(9,346)</u>	<u>(12,846)</u>
Balance at end of period	<u>\$ 16,871</u>	<u>\$ 26,217</u>

THE FOOD SHARING PROJECT

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED AUGUST 31, 2019

7. 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>2019</u>	<u>2018</u>
Food costs	\$ 555,716	\$ 665,681
Upgrade of dishwashing facilities	<u>100,000</u>	<u>-</u>
	<u>\$ 655,716</u>	<u>\$ 665,681</u>

8. 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, liquidity, market or credit risks arising from its financial instruments. There has been no change to the risk exposure from 2018 and there is expected to be no substantive change in the next fiscal year.

9. Commitment

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.

10. 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, 2019

	<u>2019</u>	<u>2018</u>
Ontario Ministry of Children and Youth Services	\$ 372,315	\$ 386,979
United Way - annual	32,500	40,000
United Way - designated	8,400	2,171
PCCC Breakfast for Learning	38,065	41,127
Churchill Foundation	5,000	5,000
Breakfast Clubs of Canada	35,990	25,250
Community Foundation for Kingston & Area	17,594	19,319
Grocery Foundation	<u>31,648</u>	<u>32,423</u>
	<u><u>\$ 541,512</u></u>	<u><u>\$ 552,269</u></u>