

**THE FOOD SHARING PROJECT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flow	7
Notes to Financial Statements	8
Schedule of Grant Revenue	12

## **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, 2021, 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, 2021 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, 2021 and 2020, current assets as at August 31, 2021 and 2020, and net assets at September 1 and August 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended August 31, 2020 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**

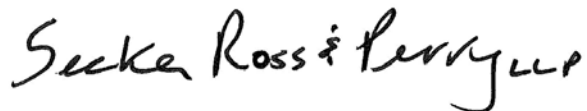
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 6, 2021

# THE FOOD SHARING PROJECT

## STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2021

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 543,798	\$ 358,065
Grants receivable	12,500	11,500
Sales tax recoverable	16,582	27,326
Prepaid expenses	<u>17,316</u>	<u>12,474</u>
	<u>590,196</u>	<u>409,365</u>
Investments (note 3)	<u>710,179</u>	<u>444,127</u>
Equipment (note 4)	241,497	167,562
Less accumulated depreciation	<u>131,778</u>	<u>98,311</u>
	<u>109,719</u>	<u>69,251</u>
	<u>\$ 1,410,094</u>	<u>\$ 922,743</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 39,766	\$ 33,387
Deferred revenue (note 6)	<u>61,123</u>	<u>2,500</u>
	100,889	35,887
Deferred Capital Contributions (note 7)	<u>3,000</u>	<u>9,000</u>
	<u>103,889</u>	<u>44,887</u>
<b>Net Assets</b>		
Internally restricted net assets (note 8)	1,199,486	817,605
Invested in capital assets	<u>106,719</u>	<u>60,251</u>
	<u>1,306,205</u>	<u>877,856</u>
	<u>\$ 1,410,094</u>	<u>\$ 922,743</u>
<b>Commitments (note 11)</b>		

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, 2021**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Grants (schedule)	\$ 891,798	\$ 592,138
Donations	339,208	269,321
Special events and other	25,790	16,041
Amortization of deferred contributions (note 7)	6,000	7,871
	<u>1,262,796</u>	<u>885,371</u>
<b>Expenses</b>		
Food	482,338	341,686
Salaries and benefits	146,364	148,355
Summer program	99,807	94,734
Milk	41,468	44,539
Amortization	33,469	28,668
Rent	26,974	26,449
Delivery	17,520	922
Professional fees	15,194	11,494
Office and administration	13,180	9,429
Vehicle and travel	10,956	8,642
Equipment and repairs	5,794	17,798
Board insurance	5,151	5,027
Utilities	4,624	4,483
Paper products	4,012	14,140
Repairs and maintenance	3,276	1,879
Subcontracts	2,166	4,091
Telephone	1,643	1,448
Travel	485	1,093
Fundraising and special events	300	493
Professional development	31	713
Donations and honoraria	-	9,700
	<u>914,752</u>	<u>775,783</u>
<b>Excess of revenues over expenses before the undernoted items</b>	<u>348,044</u>	<u>109,588</u>
<b>Other income (expense)</b>		
Investment income	8,542	8,832
Management fees	(3,072)	(2,134)
Unrealized gain on investments	74,835	9,448
Gain on disposal of investments	-	16,519
	<u>80,305</u>	<u>32,665</u>
<b>Excess of revenues over expenses</b>	<u>\$ 428,349</u>	<u>\$ 142,253</u>

See accompanying notes to financial statements.

**THE FOOD SHARING PROJECT**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED AUGUST 31, 2021**

	<u>Internally Restricted</u>	<u>Invested in Capital Assets</u>	<u>2021</u>	<u>2020</u>
<b>Net assets at beginning of year</b>	\$ 817,605	\$ 60,251	\$ 877,856	\$ 735,603
Excess (deficiency) of revenues over expenses	455,818	(27,469)	428,349	142,253
Invested in capital assets	<u>(73,937)</u>	<u>73,937</u>	<u>-</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ 1,199,486</u>	<u>\$ 106,719</u>	<u>\$ 1,306,205</u>	<u>\$ 877,856</u>

See accompanying notes to financial statements.

**THE FOOD SHARING PROJECT**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED AUGUST 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Cash flow from (used in) operating activities</b>		
Excess of revenues over expenses	\$ 428,349	\$ 142,253
Items which do not involve cash		
Amortization expense	33,469	28,669
Amortization of deferred capital contributions	(6,000)	(7,871)
Unrealized gain on investments	(74,835)	(9,448)
Realized gain on sale of investments	<u>-</u>	<u>(16,519)</u>
	380,983	137,084
Changes in non-cash working capital balances		
Grants receivable	(1,000)	(11,500)
Sales tax recoverable	10,744	(10,972)
Prepaid expenses	(4,842)	188
Accounts payable and accrued liabilities	6,379	18,310
Deferred revenue	<u>58,623</u>	<u>-</u>
	<u>450,887</u>	<u>133,110</u>
<b>Cash flow from (used in) investing and financing activities</b>		
Purchase of equipment	(73,937)	(1,162)
Purchase of investments	(261,221)	(73,591)
Proceeds from sale of investments	<u>70,004</u>	<u>65,000</u>
	<u>(265,154)</u>	<u>(9,753)</u>
<b>Net increase in cash</b>	185,733	123,357
<b>Cash at beginning of year</b>	<u>358,065</u>	<u>234,708</u>
<b>Cash at end of year</b>	<u>\$ 543,798</u>	<u>\$ 358,065</u>

See accompanying notes to financial statements.



**THE FOOD SHARING PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**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, 2021

#### 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:

	2021		2020	
	Market Value	Cost	Market Value	Cost
Fixed income	\$ 50,000	\$ 50,000	\$ 52,884	\$ 50,000
Equities	600,483	494,165	349,603	321,004
Mutual funds	59,696	59,696	41,640	41,640
	<u>\$ 710,179</u>	<u>\$ 603,861</u>	<u>\$ 444,127</u>	<u>\$ 412,644</u>

#### 4. Equipment

	2021		2020	
	Cost	Accumulated Depreciation	Net	Net
Equipment	\$ 118,113	\$ 84,022	\$ 34,091	\$ 46,397
Vehicles	105,926	39,026	66,900	10,635
Leasehold improvements	17,458	8,730	8,728	12,219
	<u>\$ 241,497</u>	<u>\$ 131,778</u>	<u>\$ 109,719</u>	<u>\$ 69,251</u>

#### 5. Government Remittances

Included in accounts payable and accrued liabilities are source deductions withheld of \$2,206 (2020 - \$2,100).

**THE FOOD SHARING PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED AUGUST 31, 2021**

**6. Deferred Revenue**

Deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
United Way	\$ 2,500	\$ 2,500
Breakfast Clubs of Canada	<u>58,623</u>	<u>-</u>
	<u>\$ 61,123</u>	<u>\$ 2,500</u>

**7. Deferred Capital Contributions**

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

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 9,000	\$ 16,871
Amounts recognized in revenue	<u>(6,000)</u>	<u>(7,871)</u>
Balance at end of year	<u>\$ 3,000</u>	<u>\$ 9,000</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>2021</u>	<u>2020</u>
Food and operating costs	\$ 1,111,768	\$ 729,887
Upgrade of dishwashing facilities	<u>87,718</u>	<u>87,718</u>
	<u>\$ 1,199,486</u>	<u>\$ 817,605</u>

**9. 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.

## **THE FOOD SHARING PROJECT**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**YEAR ENDED AUGUST 31, 2021**

#### **9. Financial Risks (continued)**

##### **(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.

#### **10. 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 and 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 2020 and 2021 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.

#### **11. 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.

#### **12. 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, 2021**

	<u>2021</u>	<u>2020</u>
Recurring Grants:		
Ontario Ministry of Children, Community and Social Services	\$ 304,667	\$ 321,584
PCCC Breakfast for Learning	72,802	25,799
Grocery Foundation	65,518	52,347
Community Foundation for Kingston & Area	30,716	19,507
United Way - annual	30,000	30,000
Breakfast Clubs of Canada	29,282	23,819
Dairy Farmers of Ontario	14,972	-
Churchill Foundation	10,000	10,000
United Way - designated	2,655	6,295
	<u>560,612</u>	<u>489,351</u>
Pandemic Support:		
Federal Safe Return to Class Program	116,832	-
Limestone Learning Foundation	100,000	-
United Way - Supplemental Food Support for Students	50,000	-
MCCSS Covid Community Support Fund	33,143	-
Emergency Community Support Fund	16,800	24,800
Churchill Foundation	10,000	-
Isthmus Canada	3,412	11,500
Other	999	8,487
Breakfast Clubs of Canada	-	30,000
Rotary Club of Kingston	-	21,000
Community Foundation for Lennox & Addington	-	7,000
	<u>331,186</u>	<u>102,787</u>
	<u>\$ 891,798</u>	<u>\$ 592,138</u>