

Parkdale Community Food Bank

Financial Statements

For the year ended January 31, 2022

Independent Auditor's Report

To the Board of Directors of Parkdale Community Food Bank

Qualified Opinion

I have audited the financial statements of Parkdale Community Food Bank ("the Organization") which comprise the statement of financial position as at January 31, 2022, and the statements of operations and changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my 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 Organization as at January 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not-for-Profit Organizations (ASNPOs).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operations for the year ended January 31, 2022, current assets and net assets as at January 31, 2022.

In addition, as described in note 2 to the financial statements, the organization's accounting treatment for the inventory of purchased and donated goods is to value them at zero on the balance sheet. Under Accounting Standards for Not-for-Profit Organizations, "where organizations recognize contributions of materials and services, the cost of inventories shall reflect the amounts recorded as contributions". The appropriate treatment of donated goods that have been included as in-kind contributions is to include them in inventories if they have yet to be distributed. Purchased goods are to be carried at the lower of cost or replacement value.

Lastly, with no value attributed to opening or closing inventory, we do not believe the organization's cost of distributions can be accurately measured.

I conducted my audit in accordance Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 ASNPOs, 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 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

My 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 my 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located in the attached Appendix to the Auditor's Report. This description forms part of my auditor's report.

Edmonds Professional Corporation

Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario
Toronto, Canada
July 18, 2022

Appendix to the Auditor's Report

As part of an audit in accordance with CASs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

I 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 I identify during my audit.

Parkdale Community Food Bank
Statement of Financial Position
As at January 31,

	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 1,861,819	\$ 879,319
Short-term investments (Note 3)	-	63,065
Interest receivable	-	90
	1,861,819	942,474
Property and equipment (Note 4)	37,138	1,510
	1,898,957	943,984
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	8,067	8,325
Payroll liabilities	7,289	1,955
Deferred contributions (Note 6)	3,073	4,517
	18,429	14,797
Net assets	1,880,528	929,187
	\$ 1,898,957	\$ 943,984

Contingent liability (Note 7)

APPROVED ON BEHALF OF THE BOARD:

LDrake, Director

Parkdale Community Food Bank
Statement of Operations and Changes in Net Assets
For the year ended January 31,

	2022	2021
Revenue	\$ 1,481,287	\$ 970,292
Cost of goods sold	119,483	13,114
Gross profit	1,361,804	957,178
Expenses		
Advertising	2,198	753
Insurance	11,759	5,252
Interest and bank charges	8,324	627
Office expenses	119,020	42,214
Payroll	198,554	111,797
Professional fees	25,199	10,392
Rent	31,315	25,540
Travel	6,930	3,991
Amortization	7,164	1,366
	410,463	201,932
Excess of revenue over expenditures for the year	951,341	755,246
Net assets, beginning of year	929,187	173,941
Net assets, end of year	\$ 1,880,528	\$ 929,187

Parkdale Community Food Bank
Statement of Cash Flows
For the year ended January 31,

	2022	2021
Cash provided by (used in)		
Operations		
Excess of revenue over expenditures for the year	\$ 951,341	\$ 755,246
Amortization	7,164	1,366
Interest receivable	90	(90)
	958,595	756,522
Net changes in non-cash working capital		
Accounts payable and accrued liabilities	(258)	6,014
Payroll liabilities	5,334	1,955
Deferred contributions	(1,444)	4,517
	962,227	769,008
Investing		
Purchase of short-term investments (net)	-	(565)
Purchase of property and equipment	(42,792)	(395)
Redemption of short-term investments	63,065	-
	20,273	(960)
Net change in cash	982,500	768,048
Cash, beginning of year	879,319	111,271
Cash, end of year	\$ 1,861,819	\$ 879,319

Parkdale Community Food Bank
Notes to the Financial Statements
For the year ended January 31, 2022

1. NATURE OF THE ORGANIZATION

Parkdale Community Food Bank ("the Organization") was incorporated under a certificate of continuance without share capital, issued on October 2, 2014 under the Canada Not-for-profit Corporations Act. The Organization is exempt from income taxes under the Income Tax Act.

The Organization is a non-profit grass roots food bank that provides barrier free food to individuals and families in the Parkdale community of Toronto, Ontario. The organization depends on donations from individuals and businesses, utilizing a shopping system to maximize selection and respect for the dietary needs of each individual. The Organization advocates for the elimination of poverty and food shortages within it's community by helping individuals and families economically reintegrate into the community.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Organization.

Revenue Recognition

The Organization uses the deferral method of accounting for donations. Restricted donations are deferred and recognized into revenue when related expenses are incurred. Government grants are recorded when there is a reasonable assurance that the Organization has complied with and will continue to comply with all the necessary conditions of the grant.

The Organization does not record the value of donated services.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Contributed property is recorded at the fair value at the date of the gift. When property and equipment no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment (Cont'd)

The Organization amortizes its property and equipment on the diminishing balance method at the following rates per annum:

Computers -	55%
Equipment -	20%
Vehicles -	30%

Inventory

Inventory is measured at the lower of cost or replacement value. The cost of inventory is determined on a first-in, first-out basis. As donated food has no net realizable value, it is not included in the inventory balance. Management has not yet adopted this accounting policy for the year ended January 31, 2022, but intends to implement this moving forward.

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 amount of revenue and expenditures during the year. Actual results could differ from those estimates.

Financial Instruments

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

Financial assets measured at amortized cost include short-term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the excess of revenue over expenditures. Reversals of impairment are recorded to the extent that the value has increased, up to 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 the

Parkdale Community Food Bank
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For the year ended January 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

excess of revenue over expenditures.

3. SHORT-TERM INVESTMENTS

The Organization had short-term investments which consist of guaranteed investment certificates (GICs). The first GIC bears interest at 1.25% and matured on February 11, 2021. The second GIC bears interest at 2.22% and matured on July 7, 2021.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Computers	\$ 3,395	\$ 2,826	\$ 569	\$ 1,265
Equipment	340	144	196	245
Vehicles	42,792	6,419	36,373	-
	<u>\$ 46,527</u>	<u>\$ 9,389</u>	<u>\$ 37,138</u>	<u>\$ 1,510</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances of \$Nil (2021 - \$Nil).

6. DEFERRED CONTRIBUTIONS

Deferred contributions reported in 2022 consisted of unspent grant revenue from the Scadding Court grant totaling \$3,073. These contributions will be recorded as revenue when the related expenses are recognized.

Parkdale Community Food Bank
Notes to the Financial Statements
For the year ended January 31, 2022

7. CONTINGENT LIABILITY

The Organization is contingently liable to return all or a portion of grants received for expenditures should it not use the grant funds as set out in the terms of the respective agreements. The amount of any such losses or repayments are not currently anticipated or determinable. In the event of repayment of a grant, the losses will be recorded if and when it becomes anticipated and determinable.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Excess of revenue over expenditures reported previously has not been affected by this reclassification.