

BARRIE FOOD BANK
Financial Statements
March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Barrie Food Bank

Qualified Opinion

We have audited the financial statements of Barrie Food Bank (the Organization), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Organization as at March 31, 2021, and the results of its operations and its cash flow 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 revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets and net assets as at March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of 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 the Organization 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 those 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 relating 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.

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Independent Auditor's Report to the Members of Barrie Food Bank (continued)

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 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.



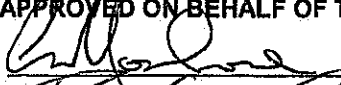
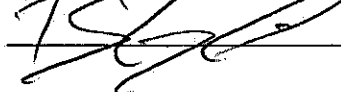
June 15, 2021

Chartered Professional Accountants
Licensed Public Accountants

BARRIE FOOD BANK
Statement of Financial Position
March 31, 2021

	2021 \$	2020 \$
ASSETS		
CURRENT		
Cash (Note 3)	2,674,066	1,105,034
Accounts receivable (Note 6)	1,863	6,149
Government remittances recoverable	27,775	20,475
Prepaid expenses	6,528	3,252
	<u>2,710,232</u>	<u>1,134,910</u>
CAPITAL ASSETS (Note 4)	<u>146,933</u>	<u>197,339</u>
	<u>2,857,165</u>	<u>1,332,249</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	11,001	20,513
Current portion of obligation under capital lease (Note 6)	1,863	4,300
Deferred contributions (Note 8)	-	26,800
	<u>12,864</u>	<u>51,613</u>
DEFERRED CONTRIBUTION RELATED TO CAPITAL ASSETS (Note 5)	<u>11,659</u>	<u>15,712</u>
OBLIGATION UNDER CAPITAL LEASE (Note 6)	<u>-</u>	<u>1,849</u>
	<u>24,523</u>	<u>69,174</u>
NET ASSETS	<u>2,832,642</u>	<u>1,263,075</u>
	<u>2,857,165</u>	<u>1,332,249</u>

APPROVED ON BEHALF OF THE BOARD

 Director
 Director

See accompanying notes
Powell Jones LLP - Chartered Professional Accountants

BARRIE FOOD BANK
Statement of Operations
Year Ended March 31, 2021

	2021 \$	2020 \$
REVENUES (Note 9)	<u>3,063,996</u>	<u>1,069,158</u>
EXPENSES		
Food purchases	905,549	228,977
Wages and benefits	314,326	299,484
Rent (Note 7)	104,600	94,073
Office and bank charges	31,569	18,584
Utilities	25,075	26,730
Repairs and maintenance	21,251	24,973
Travel and vehicle (Note 6)	18,072	7,763
Public awareness and fundraising	11,073	32,140
Insurance	9,395	6,231
Professional services	5,350	5,850
Training workshops (recovered)	(2,346)	2,506
	<u>1,443,914</u>	<u>747,311</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED ITEMS	<u>1,620,082</u>	<u>321,847</u>
Amortization of capital assets	(58,855)	(62,306)
Amortization of deferred contributions related to capital assets (Note 5)	4,286	5,364
Investment income	4,054	10,108
	<u>(50,515)</u>	<u>(46,834)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>1,569,567</u>	<u>275,013</u>

BARRIE FOOD BANK
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Invested in Capital Assets \$	Unrestricted Fund \$	2021 \$	2020 \$
NET ASSETS - BEGINNING OF YEAR	175,478	1,087,597	1,263,075	988,062
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(54,569)	1,624,136	1,569,567	275,013
INTERFUND TRANSFERS	12,502	(12,502)	-	-
NET ASSETS - END OF YEAR	133,411	2,699,231	2,832,642	1,263,075

BARRIE FOOD BANK
Statement of Cash Flow
Year Ended March 31, 2021

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Excess of revenues over expenses	1,569,567	275,013
Items not affecting cash:		
Amortization of capital assets	58,855	62,306
Amortization of deferred contributions	(4,286)	(5,364)
	<u>1,624,136</u>	<u>331,955</u>
Changes in non-cash working capital:		
Accounts receivable	4,286	4,038
Government remittances recoverable	(7,300)	10,414
Prepaid expenses	(3,276)	-
Accounts payable and accrued liabilities	(9,512)	1,074
Deferred contributions	(26,800)	26,800
	<u>(42,602)</u>	<u>42,326</u>
Cash flow from operating activities	<u>1,581,534</u>	<u>374,281</u>
FINANCING ACTIVITY		
Repayment of obligation under capital lease	<u>(4,053)</u>	<u>(4,038)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(8,449)</u>	<u>(14,336)</u>
INCREASE IN CASH FLOW	<u>1,569,032</u>	<u>355,907</u>
Cash - beginning of year	<u>1,105,034</u>	<u>749,127</u>
CASH - END OF YEAR	<u>2,674,066</u>	<u>1,105,034</u>

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2021

1. GENERAL

Barrie Food Bank (the "organization") is a not-for-profit organization incorporated provincially under the Business Corporations Act of Ontario. The principal activity of the Organization is to alleviate the source causes of hunger and to provide opportunities, whenever possible, to develop self-sufficiency. On July 7, 2006, the Organization received Supplementary Letters Patent changing its name from Community Food Foundation of Barrie Inc., to Barrie Food Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund accounting

The accounts of the Organization have been segregated into the following funds for reporting purposes. The funds and the purposes are as follows:

i) Unrestricted

The Unrestricted Fund accounts for donations, grants, other income and operating expenses. The Unrestricted Fund reports unrestricted resources.

ii) Invested in Capital Assets

The balance of Invested in Capital Assets represents the total equity that is required to fund the capital assets of the Organization. The balance changes annually by the amount of capital asset additions and disposals, amortization of capital assets, loss on disposal of capital assets and transfers from the Unrestricted Fund.

Revenue recognition

The Organization uses the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the unrestricted fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions received for designated purposes related to general operations are deferred and recognized as revenue of the unrestricted fund in the year in which the designated expenditures occur.

Contributions received to fund the purchase of capital assets are recorded as deferred contributions related to capital assets. Contributions received for the repayment of debt that was incurred to fund the purchase of capital assets are recorded as deferred contributions related to capital assets. Deferred contributions related to capital assets are amortized and recorded in revenue in the statement of operations at the same rate as the amortization expense on the related assets.

Investment income is recognized as revenue when earned.

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BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials and services

i) Food Donations

The majority of food donations received by the Organization are not reflected in the financial statements. Food donations for which a donation tax receipt was issued by the Organization are recorded at their estimated fair market value. In 2021, \$36,293 (2020 - \$47,373) of tax receipted food donations were not recorded as donation revenue in the statement of operations.

The Organization receives a substantial amount of food donations which are required to maintain the Organization and meet the needs of the community.

ii) Other Gifts In-Kind

Other gifts in-kind are recorded as donation revenue when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations. In 2021, \$32,188 of common shares (2020 - \$4,090 of common shares) were donated and have been recorded as revenue in the statement of operations.

iii) Contributed services

Services contributed by volunteers to assist the Organization in carrying out its activities are not recognized in the financial statements. A great deal of staff and volunteer time is required to promote the need for food donations and the subsequent collection, sorting, refrigeration, storage, and distribution of these donations in the community.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Furniture and equipment	20%
Automotive	30%
Signs	20%
Computer equipment	55%
Website	50%

Leasehold Improvements are amortized over a 10 year period on a straight-line basis.

Income taxes

The Organization is a registered charity for the purpose of the Income Tax Act (Canada). It is exempt from income tax and is permitted to issue official receipts to donors of qualified donations.

Use of estimates

The preparation of the Organization's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions which 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 for the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

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BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and obligation under capital lease.

Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

Transaction Costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal.

3. CASH

Cash consists of the following:

	2021	2020
	\$	\$
Cash in bank	122,201	189,411
Cash in high interest savings account	2,551,865	915,623
	<u>2,674,066</u>	<u>1,105,034</u>

Interest earned on cash balances amount to \$4,054 (2020 - \$10,108).

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2021

4. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Furniture and equipment	60,301	36,145	24,156	30,195
Automotive	88,650	57,763	30,887	44,124
Signs	3,500	2,972	528	660
Computer equipment	11,511	5,386	6,125	18
Website	13,216	9,737	3,479	6,959
Leasehold improvements	336,252	254,494	81,758	115,383
	<u>513,430</u>	<u>366,497</u>	<u>146,933</u>	<u>197,339</u>

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount of restricted donations received to purchase heating equipment, a countertop, furniture and for the lease of a van.

	2021 \$	2020 \$
Balance at beginning of year	15,712	21,076
Less: Amounts amortized to revenue	<u>(4,053)</u>	<u>(5,364)</u>
	<u>11,659</u>	<u>15,712</u>

6. OBLIGATION UNDER CAPITAL LEASE

In 2017 the Barrie Food Bank entered into an obligation relating to a leased vehicle requiring blended monthly payments totalling \$378, with interest at 5.99% maturing August 2021. The lease payments have been donated to the Organization. The total obligation for the capital lease has been included in long-term debt while the receivable for the lease payments from the donor are included in accounts receivable. The total value of the lease payments are included in deferred contributions related to capital assets in the statement of financial position and will be recognized as revenue over the useful life of the vehicle.

The principal portion of the lease payments for the obligation under capital lease required to be paid over the next year is \$1,863.

Included in travel and vehicle expense is interest of \$292 (2020 - \$500) relating to the obligation under capital lease.

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2021

7. LEASE COMMITMENTS

The Organization leases a facility under a long term lease for a five year term concluding September 2021. The annual rent is \$63,281 for the duration of the lease, plus applicable taxes. The Organization is also responsible for their proportionate share of the maintenance, insurance, and property taxes estimated at \$32,900 per year, subject to annual adjustments. The Organization has an option to extend the lease for a further two, five years terms with conditions to be agreed upon with the lessor at the time of the renewal.

8. DEFERRED CONTRIBUTIONS

Deferred contributions were comprised of unspent funds received in the prior year restricted for the purchase of toiletry supplies spent in 2021.

9. SPECIAL FUNDING

Included in revenues is \$84,719 received as part of Food Banks Canada's COVID-19 Response Fund. This program was funded by various large corporations as well as the Government of Canada.

Included in revenues is \$59,326 received directly from the Government of Canada as an additional response measure to the COVID-19 pandemic.

10. SUBSEQUENT EVENTS

The global COVID-19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Organizations's ability to continue to service debt and meet other obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

11. FINANCIAL INSTRUMENT RISK

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

Credit risk refers to the risk that the fair market value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in collectibility of receivables.

Cash is exposed to credit risk as the amounts on deposit exceed the federally insured limits. The Organization minimizes its exposure by depositing cash at the Royal Bank of Canada, a major financial institution.

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BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2021

11. FINANCIAL INSTRUMENT RISK *(continued)*

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its investment in a high interest savings account.

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

