

BARRIE FOOD BANK
Financial Statements
March 31, 2023



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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, 2023, and the statements of operations, changes in net assets 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 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, 2023, and the results of its operations and 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 Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our 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 revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022 and net assets as at March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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 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 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

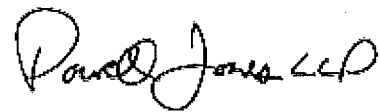
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 20, 2023



Chartered Professional Accountants
Licensed Public Accountants

BARRIE FOOD BANK
Statement of Financial Position
March 31, 2023

	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash	411,586	681,632
Investments (Note 3)	2,690,976	2,000,450
Government remittances recoverable	28,608	27,872
Prepaid expenses	5,022	9,226
	<u>3,136,192</u>	<u>2,719,180</u>
CAPITAL ASSETS (Note 4)	<u>128,597</u>	<u>117,702</u>
	<u>3,264,789</u>	<u>2,836,882</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	27,659	13,873
Deferred revenue (Note 5)	6,000	-
	<u>33,659</u>	<u>13,873</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	<u>24,041</u>	<u>8,527</u>
	57,700	22,400
NET ASSETS	<u>3,207,089</u>	<u>2,814,482</u>
	<u>3,264,789</u>	<u>2,836,882</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

BARRIE FOOD BANK
Statement of Operations
Year Ended March 31, 2023

	2023	2022
	\$	\$
REVENUES		
Donations	1,795,068	1,259,963
Grant revenue	168,105	113,626
Fundraising	116,831	100,295
	<u>2,080,004</u>	<u>1,473,884</u>
EXPENSES		
Food purchases	1,048,083	893,847
Wages and benefits	391,224	285,651
Rent (Note 7)	110,807	98,826
Travel and vehicle	43,403	32,505
Repairs and maintenance	34,343	32,235
Office and bank charges	24,124	27,644
Utilities	24,254	28,365
Professional services	18,600	9,050
Public awareness and fundraising	13,493	8,303
Insurance	12,820	6,659
Training workshops	1,613	730
Termination costs	-	30,981
	<u>1,722,764</u>	<u>1,454,796</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE UNDERNOTED ITEMS	<u>357,240</u>	<u>19,088</u>
Amortization of capital assets	(34,484)	(45,430)
Amortization of deferred contributions related to capital assets (Note 6)	4,487	3,132
Investment income	65,805	5,505
Unrealized loss on investments	(441)	(455)
	<u>35,367</u>	<u>(37,248)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>392,607</u>	<u>(18,160)</u>

See notes to financial statements

BARRIE FOOD BANK
Statement of Changes in Net Assets
Year Ended March 31, 2023

	Invested in Capital Assets \$	Unrestricted Fund \$	2023 \$	2022 \$
NET ASSETS - BEGINNING OF YEAR	109,175	2,705,307	2,814,482	2,832,642
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(29,997)	422,604	392,607	(18,160)
INTERFUND TRANSFERS	25,378	(25,378)	-	-
NET ASSETS - END OF YEAR	104,556	3,102,533	3,207,089	2,814,482

See notes to financial statements

BARRIE FOOD BANK
Statement of Cash Flows
Year Ended March 31, 2023

	2023 \$	2022 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	392,607	(18,160)
Items not affecting cash:		
Amortization of capital assets	34,484	45,430
Amortization of deferred contributions related to capital assets	(4,487)	(3,132)
Unrealized loss on investments	441	455
Donation of marketable securities	(27,789)	(23,829)
	<u>395,256</u>	<u>764</u>
Changes in non-cash working capital:		
Accounts receivable	-	1,863
Government remittances recoverable	(736)	(97)
Prepaid expenses	4,204	(2,698)
Accounts payable and accrued liabilities	13,788	2,870
Deferred revenue	6,000	-
	<u>23,256</u>	<u>1,938</u>
Cash flow from operating activities	<u>418,512</u>	<u>2,702</u>
INVESTING ACTIVITIES		
Investments, net	(663,178)	245,216
Purchase of capital assets	(45,380)	(16,196)
Cash flow from (used by) investing activities	<u>(708,558)</u>	<u>229,020</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	-	(1,863)
Deferred contributions related to capital assets	20,000	-
Cash flow from (used by) financing activities	<u>20,000</u>	<u>(1,863)</u>
INCREASE (DECREASE) IN CASH FLOW	(270,046)	229,859
Cash - beginning of year	<u>681,632</u>	<u>451,773</u>
CASH - END OF YEAR	<u>411,586</u>	<u>681,632</u>

See notes to financial statements

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2023

1. GENERAL

Barrie Food Bank (the "Organization") is a not-for-profit organization incorporated provincially under the laws 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 (ASNFPO).

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, deferred contributions related to capital assets, amortization of deferred contributions related to 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. 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.

(continues)

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2023

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 2023, \$112,579 (2022 - \$104,750) 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 2023, \$27,789 of common shares (2022 - \$23,829 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:

Automotive	30%
Computer equipment	55%
Computer software	30%
Furniture and equipment	20%
Signs	20%
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.

(continues)

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2023

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 except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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 investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal.

3. INVESTMENTS

	2023 \$	2022 \$
Presented at market value		
GICs, interest rates from 4.00% to 5.00%, maturing from June 2023 to January 2024 (cost - \$1,936,811, 2022 - \$nil)	1,936,811	-
High interest savings account (cost - \$702,815, 2022 - \$1,976,805)	702,815	1,976,805
Marketable securities (cost - \$52,100, 2022 - \$23,901)	51,350	23,645
	2,690,976	2,000,450

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2023

4. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Automotive	88,650	73,516	15,134	21,621
Computer equipment	18,287	14,155	4,132	6,430
Computer software	3,575	536	3,039	-
Furniture and equipment	98,465	48,658	49,807	19,325
Leasehold improvements	342,879	290,015	52,864	63,336
Signs	3,500	3,162	338	423
Website	19,652	16,369	3,283	6,567
	<u>575,008</u>	<u>446,411</u>	<u>128,597</u>	<u>117,702</u>

5. DEFERRED REVENUE

Deferred revenue is comprised of sponsorship funds received for an event being held in the 2024 fiscal year.

6. 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, refrigeration equipment and for the lease of a van.

	2023 \$	2022 \$
Balance at beginning of year	8,527	11,659
Contributions received in current year	20,000	-
Less: Amounts amortized to revenue	<u>(4,486)</u>	<u>(3,132)</u>
	<u>24,041</u>	<u>8,527</u>

BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2023

7. LEASE COMMITMENTS

The Organization leases a facility under a long term lease for a five year term concluding September 2026. The annual rent for the year ended March 31, 2023 was \$78,470, plus applicable taxes. The annual lease commitments are outlined below.

The Organization is also responsible for their proportionate share of the maintenance, insurance, and property taxes estimated at \$42,000 per year, subject to annual adjustments. The Organization has an option to extend the lease for another five year term with conditions to be agreed upon with the lessor at the time of the renewal.

	\$
2024	86,063
2025	91,125
2026	95,934
2027	49,106

8. 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, 2023.

(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.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

(c) 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 GICs and a high interest savings account.

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BARRIE FOOD BANK
Notes to Financial Statements
Year Ended March 31, 2023

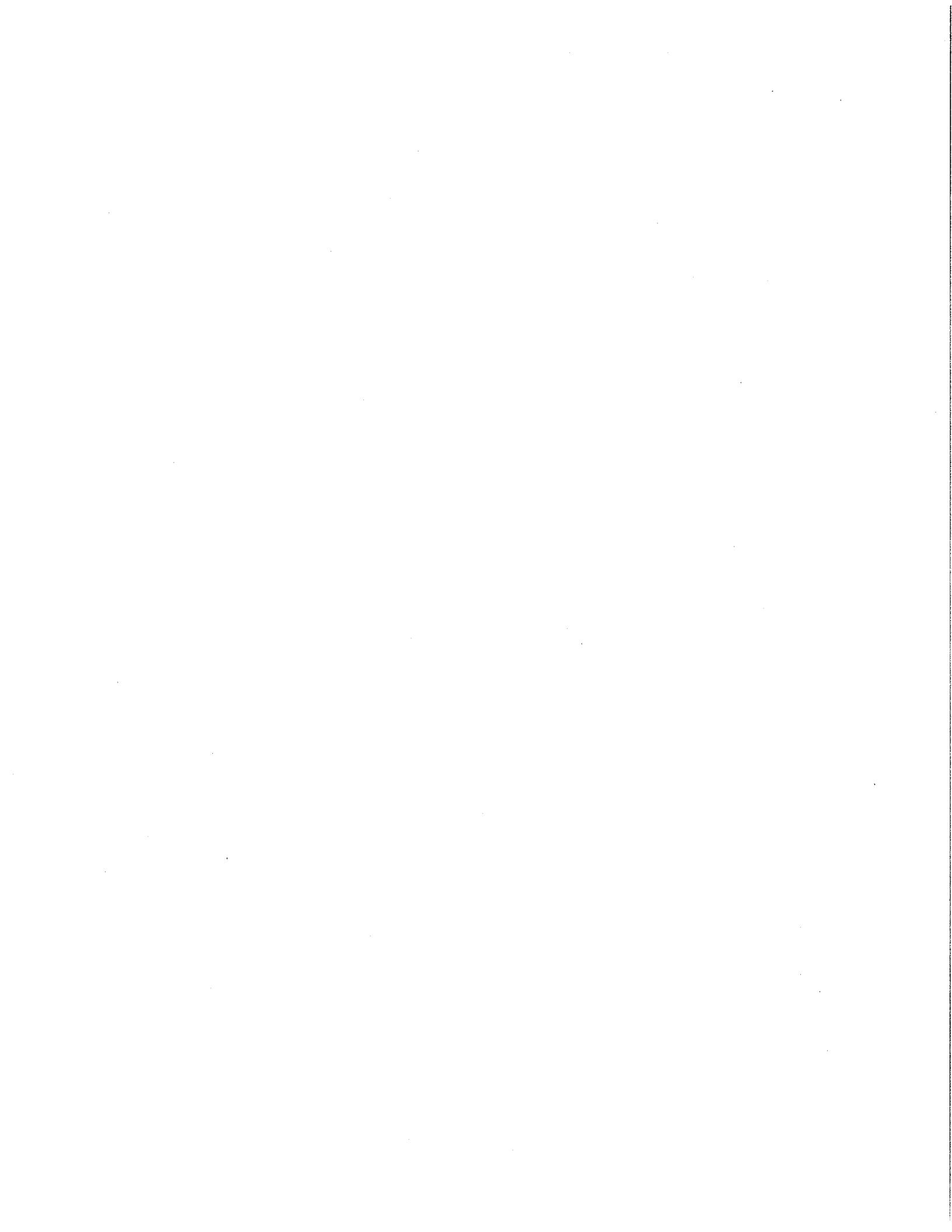
8. FINANCIAL INSTRUMENT RISK *(continued)*

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Organization is exposed to securities price risk on its investment in marketable securities.

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



- ii) Employees who have significant roles in internal control; or
- iii) Others where the fraud could have a material effect on the financial statements;
- b) All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c) All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d) All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e) The results of our risk assessments regarding possible fraud or error in the financial statements.

Related Parties

We have disclosed to you the identity of all of the entity's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.

Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We believe that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

Subsequent Events

All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations requires adjustment or disclosure have been adjusted or disclosed.

Commitments and Contingencies

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

Adjustments

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

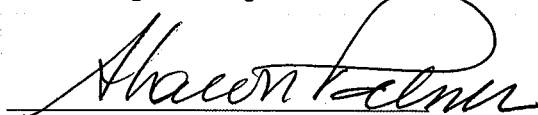
Misstatements

We believe the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter.

Other Representation - COVID-19

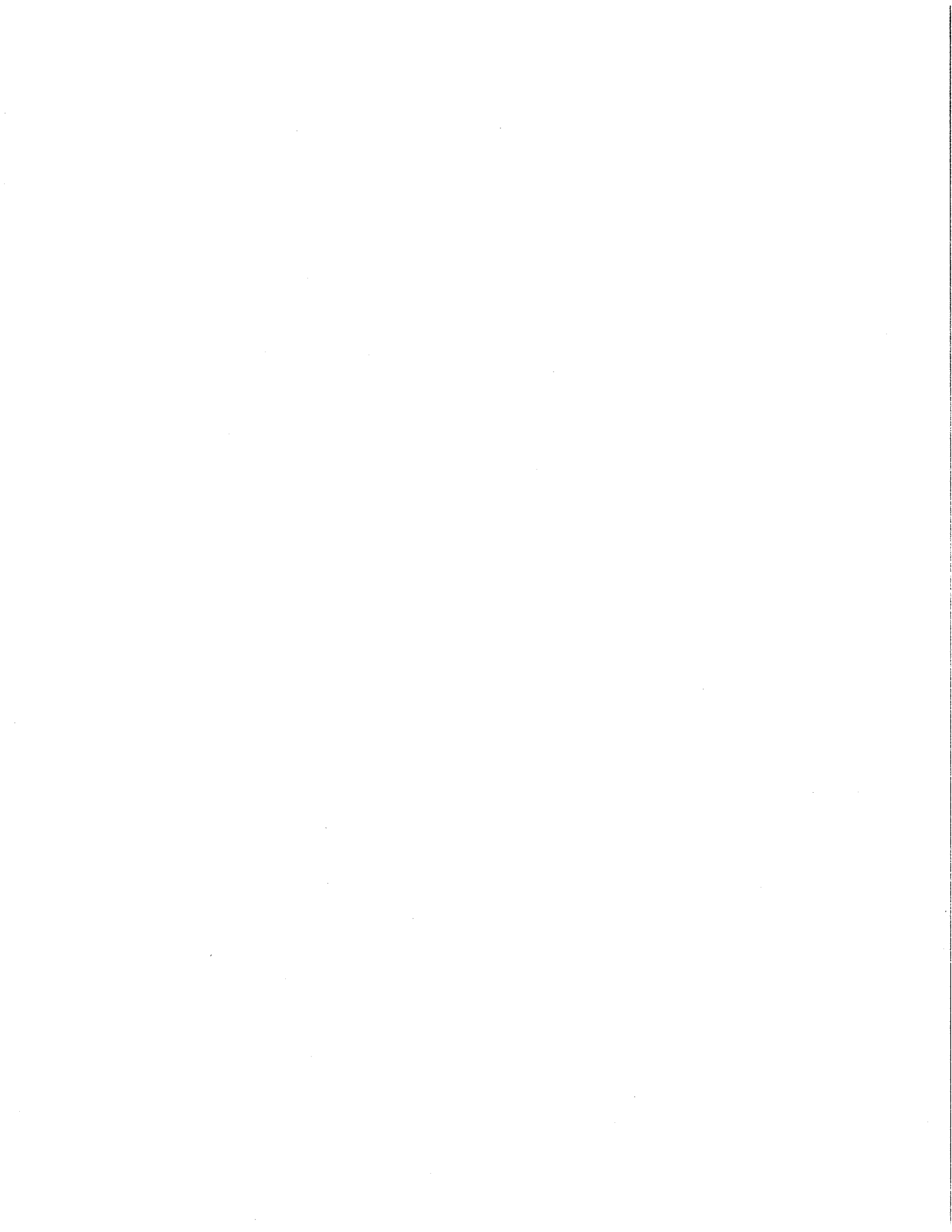
We acknowledge our responsibility for determining all government related submissions and assistance received regarding COVID-19 applications. These applications were compiled by management and we take ultimate responsibility with regards to amounts submitted.

Acknowledged and agreed on behalf of Barrie Food Bank by:



June 20, 2023

Date signed

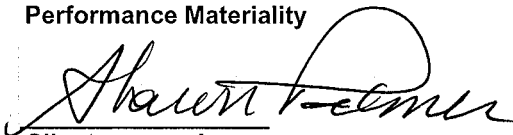


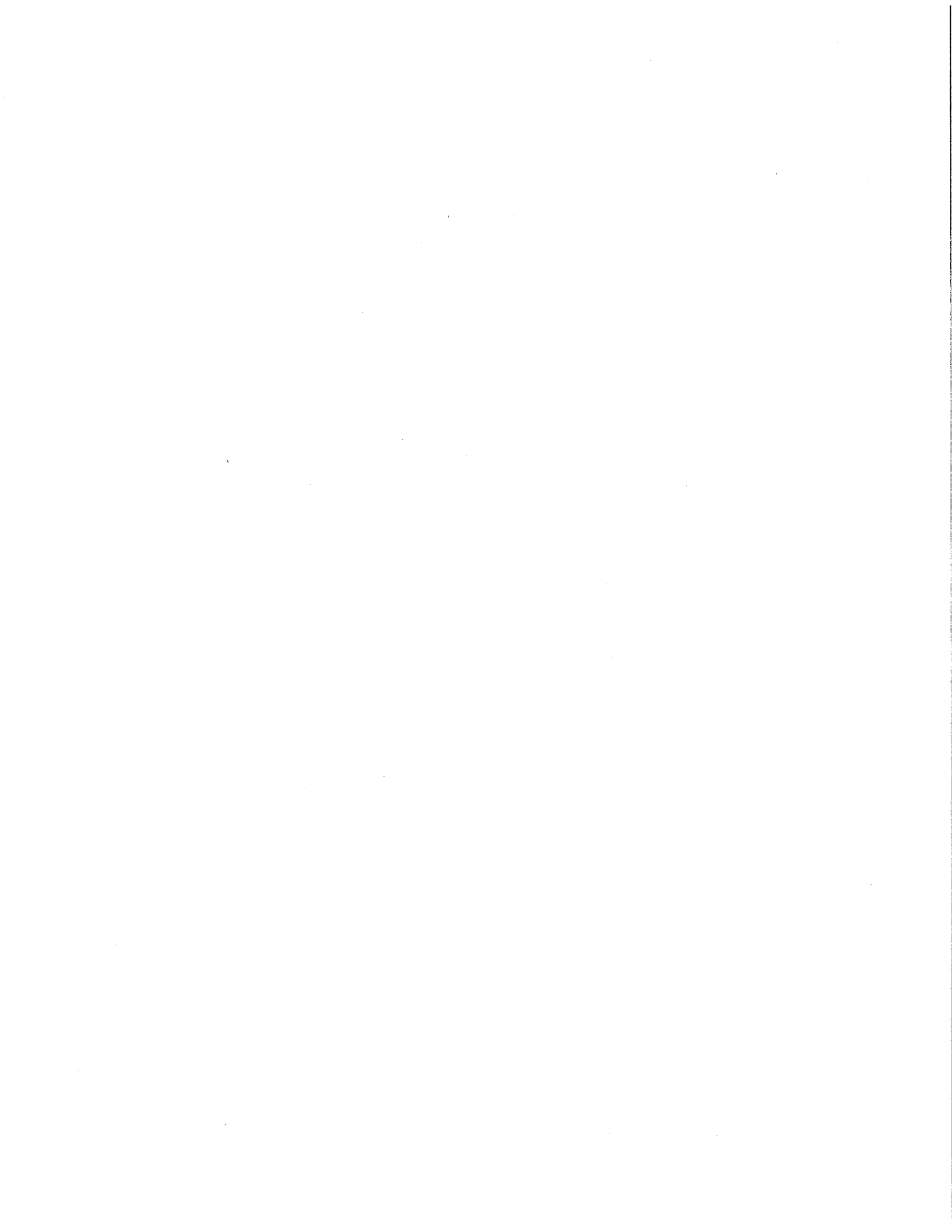
**BARRIE FOOD BANK
RECONCILIATION TO AUDITED FINANCIAL STATEMENTS
MARCH 31, 2023**

Income per Internal Statements	<u>428,084</u>
 Audit Adjustments	
To adjust HST ITC's to recoverable amount	(10,721)
To adjust prepaid insurance	(6,058)
To expense HVAC payments included in rental payments	(3,480)
To adjust amortization of capital assets	(4,919)
To adjust amortization of deferred contributions related to capital assets	2,000
To adjust accounts payable accrual	263
To adjust professional accrual to actual	(9,000)
To record prepaid portion of software subscriptions	1,500
To adjust vacation accrual to actual	(2,250)
To record wage accrual	(2,812)
	<u>(35,476)</u>
 Income per audited financial statements	<u>392,607</u>

**BARRIE FOOD BANK
SUMMARY OF UNRECORDED ADJUSTMENTS
MARCH 31, 2023**

	Income Understatement (Overstatement)
Known Differences	-
Judgmental Differences	-
<i>None</i>	-
Income overstatement	-
Turnaround effect of 2022 unadjusted differences	8,242
Income understatement for 2023	<u>8,242</u>
Materiality	<u>21,000</u>
Performance Materiality	<u>12,600</u>

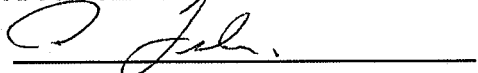

 Client approval



BARRIE FOOD BANK
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March 31, 2023

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APPROVED ON BEHALF OF THE BOARD

 Director

Director

See notes to financial statements

