

**FOOD FOR LIFE CANADA
CHARITABLE CORPORATION**

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors
Food for Life Canada Charitable Corporation

Qualified Opinion

We have audited the financial statements of Food for Life Canada Charitable Corporation (the "Corporation") which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including 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 Corporation as at December 31, 2023, and its results of operations 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 Corporation derived revenues from fundraising and donations, the completeness of which are not susceptible to satisfactory audit verification. The Corporation also derives revenues and incurs expenses from donated food products, of which the accuracy of the weight is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and expenses and verification of the accuracy of the donated food and distribution of donated food was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donated food, donations and fundraising revenue, distribution of donated food, excess of revenue over expenditure, cash flows from operations, general fund or net assets for the year ended December 31, 2023 and the year ended December 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

INDEPENDENT AUDITORS' REPORT, continued

Auditors' 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 auditors' 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
June 26, 2024

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Statement of financial position**As at December 31, 2023**

	2023	2022
Assets (Note 8)		
Current assets		
Cash and cash equivalents (Note 2(c))	\$ 535,475	1,013,094
Accounts receivable (Note 4)	239,011	340,633
Prepaid expenses	26,915	34,094
	801,401	1,387,821
Capital assets (Note 5)	949,835	1,303,645
	\$ 1,751,236	2,691,466
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 171,663	141,423
Deposits (Note 6)	102,539	150,000
Deferred contributions (Note 7)	284,531	427,676
Current portion of long-term debt (Note 9)	42,806	41,354
	601,539	760,453
Deferred contributions related to capital assets (Note 8)	762,122	1,052,642
Long-term liabilities		
Long-term debt (Note 9)	-	42,806
	1,363,661	1,855,901
Net assets		
Capital reserve fund	45,000	45,000
Invested in capital assets fund	187,711	251,002
Stabilization fund	125,000	125,000
Unrestricted fund	29,864	414,563
	387,575	835,565
	\$ 1,751,236	2,691,466

Approved by the Board

*Rob Fowlie*Robert Fowlie
Director and Treasurer


Paul Keery
Chair of the Board of Directors
Glenn
Graydon
Wright LLP

FOOD FOR LIFE CANADA CHARITABLE CORPORATION
(Incorporated without share capital)
Statement of changes in net assets
For the year ended December 31, 2023

		Capital reserve fund	Invested in capital assets fund	Stabilization fund	Unrestricted fund	2023	2022
Fund balances,							
beginning of year	\$	45,000	251,002	125,000	414,563	835,565	852,243
Excess of expenditure over revenue		-	(68,491)	-	(379,499)	(447,990)	(16,678)
Net transfer of capital assets (Note 11)		-	5,200	-	(5,200)	-	-
Fund balances, end of year	\$	45,000	187,711	125,000	29,864	387,575	835,565

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Statement of operations

For the year ended December 31, 2023

	2023	2022
Revenue		
Donations and fundraising	\$ 1,040,292	1,142,168
The Regional Municipality of Halton grant	459,115	340,022
Ontario Trillium Foundation	146,525	370,865
The Sprott Foundation	354,167	499,999
Other income	96,261	107,696
United Way	91,865	116,348
Amortization of deferred contributions related to capital assets (Note 8)	322,601	332,472
Value of donated food – received	15,312,440	14,916,456
	17,823,266	17,826,026
Expenditure		
Salaries, benefits and contracts	1,615,755	1,671,248
Professional fees	349,987	215,764
Warehouse rental	182,451	138,543
Vehicle operating costs	150,338	123,847
Administration	80,288	92,549
Warehousing and supplies	74,935	82,929
Fundraising	32,281	53,273
Promotion	14,715	43,620
Utilities	43,345	34,668
Insurance	10,001	9,401
Travel and conferences	6,137	8,748
Telephone	5,244	8,415
Interest on long-term debt	2,247	3,646
Other agencies' support	-	3,242
Purchase for food	-	15
Amortization	429,412	436,340
Value of donated food – distributed and shared	14,130,340	13,715,649
Value of donated food – inedible food diverted	807,069	890,633
Value of donated food – directed to landfill	375,031	310,174
	18,309,576	17,842,704
Excess of expenditure over revenue, before other	(486,310)	(16,678)
Other		
Gain on disposal of property, plant and equipment	38,320	-
Excess of expenditure over revenue, for year	\$ (447,990)	(16,678)

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Statement of cash flows**For the year ended December 31, 2023**

	2023	2022
Cash flows from (used in) operating activities		
Excess of expenditure over revenue for year	\$ (447,990)	(16,678)
Amortization of deferred contributions related to capital assets (Note 8)	(322,601)	(332,472)
Adjustments for		
Amortization of capital assets	429,412	436,340
Gain on disposal of property, plant and equipment	(38,320)	-
	(379,499)	87,190
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	101,622	(162,987)
Decrease (increase) in prepaid expenses	7,179	(19,266)
Increase (decrease) in accounts payable and accrued liabilities	30,240	(33,315)
(Decrease) increase in deposits	(47,461)	150,000
Decrease in deferred contributions	(143,145)	(8,428)
Cash flows (used in) from operating activities	(431,064)	13,194
Cash flows from (used in) investing activities		
Acquisition of capital assets	(110,782)	(371,411)
Proceeds on disposal of capital assets	73,500	-
Cash flows used in investing activities	(37,282)	(371,411)
Cash flows from (used in) financing activities		
Deferred contributions related to capital assets	32,080	218,128
Repayment of long-term debt	(41,353)	(39,955)
Cash flows (used in) from financing activities	(9,273)	178,173
Net decrease in cash and cash equivalents during year	(477,619)	(180,044)
Cash and cash equivalents, beginning of year	1,013,094	1,193,138
Cash and cash equivalents, end of year	\$ 535,475	1,013,094

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

1. Purpose of the corporation

Food for Life Canada Charitable Corporation (the "Corporation") was incorporated without share capital under the laws of the Province of Ontario on November 6, 2002 for the purpose of providing a sustainable, perishable food network that is able to supplement the nutritional needs of individuals in need. Prior to incorporation, the Corporation operated as Food for Life Canada.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the 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 reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Corporation follows the deferral method of accounting for contributions for financial statement reporting purposes. The accounts have been classified into the following funds:

i) Capital reserve fund

The capital reserve fund represents internally restricted funds available for purposes specified by the Board of Directors for major capital repairs or replacements. Any use of these funds requires approval by the Board of Directors.

ii) Invested in capital assets fund

The invested in capital assets fund reports the accounts for assets, liabilities, revenues and expenditures relating to capital assets.

iii) Stabilization fund

The stabilization fund represents internally restricted funds available for purposes specified by the Board of Directors from time-to-time. Any use of these funds requires approval by the Board of Directors.

iv) Unrestricted fund

The unrestricted fund accounts for the Corporation's program delivery and administrative activities.

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

2. Significant accounting policies – continued

c) Cash and cash equivalents

Cash and cash equivalents are defined as cash and highly liquid investments. These consist primarily of cash held for operating purposes in demand current accounts and term deposits with terms to maturity of three months or less at the date of purchase, or term deposits redeemable on demand. Cash and cash equivalents are comprised of cash held for operating purposes of \$408,531 (2022 - \$786,149) and term deposits of \$126,944 (2022 - \$226,945) bearing interest at 4.65% and maturing on January 9, 2025.

d) Revenue recognition

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred and in the year specified in the terms and conditions of each respective agreement.

Donated food is valued at an average price per pound based on specific estimates of the types of donated food received, using available market data from major grocery stores of \$3.52 per pound (2022 - \$3.53 per pound). These donated food products are reflected in the statement of operations and changes in net assets as donated food offsetting distribution of donated food. The Corporation recognizes the donated food in the year in which they are received and distributed. In the year to December 31, 2023, management estimates that approximately 4,350,125 pounds of food (2022 - 4,225,625 pounds of food) were received and donated. Based on these valuations, the total amount received and donated during the year was \$15,312,440 (2022 - \$14,916,456).

e) Capital assets

Capital assets are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. Methods and rates used are:

Computers
3 years straight-line basis

Refrigeration equipment
10 years straight-line basis

Furniture and equipment
5 years straight-line basis

Leasehold improvements
5 years straight-line basis

Vehicles
5 years straight-line basis

f) Deferred contributions

Deferred contributions consist of funds from grants or donations received relating to expenditures arising in the next fiscal year or future years.

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

2. Significant accounting policies – continued

g) Deferred contributions related to capital assets

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the related assets.

h) Contributed materials and services

The Corporation recognizes contributed materials and services if the determination of fair value is readily available. The value of volunteer time is not reflected in these financial statements.

3. Financial instruments

a) Fair value

The Corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

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 underlying market factors. The Corporation is exposed to interest rate risk and credit risk.

i) Interest rate risk

The Corporation's long-term debt bears interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on this part of the debt.

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

The Corporation is subject to credit risk. To mitigate this, the Corporation actively manages and monitors its receivables. Bad debt experience has not been significant.

c) Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Corporation is not subject to significant liquidity risk. The Corporation manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

4. Accounts receivable

	2023	2022
Ontario Trillium Foundation	\$ -	207,100
Halton Category II Funding	111,712	-
Community Foundations Canada Healthy Communities	40,000	-
Ontario Seniors' Grant	5,000	-
Donations receivable	2,665	83,039
HST receivable	42,629	47,301
Other	37,005	3,193
	<u>\$ 239,011</u>	<u>340,633</u>

5. Capital assets

		2023		2022
	Cost	Accumulated amortization	Net	Net
Computers	\$ 25,466	16,330	9,136	15,824
Furniture and equipment	392,285	237,876	154,409	167,826
Vehicles	988,357	764,021	224,336	344,274
Refrigeration equipment	231,367	140,146	91,221	86,910
Leasehold improvements	1,222,748	752,015	470,733	688,811
	\$ 2,860,223	1,910,388	949,835	1,303,645

Amortization recorded during the year amounted to \$429,412 (2022 - \$436,340).

During the year, capital assets were acquired at an aggregate cost of \$110,782 (2022 - \$371,411) from contributions received, and were disposed of for cash proceeds of \$73,500, for a gain of \$38,320.

6. Deposits

Deposits are comprised of funds advanced to the Corporation by The Regional Municipality of Halton related to the facilitation of the food Action Table RFP and systems process, and from Becel Kind Hearts Fund.

FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

7. Deferred contributions

	The Regional Municipality of Halton	Other grants	2023	2022
Balance, beginning of year	\$ 88,290	339,386	427,676	436,104
Contributions received	462,212	512,921	975,133	1,379,473
Donor designated expenditures	(459,115)	(659,163)	(1,118,278)	(1,387,901)
Balance, end of year	\$ 91,387	193,144	284,531	427,676

8. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount of donations received for the purchase of capital assets. The amortization of the deferred contributions is recorded as revenue in the statement of operations as the related expenses are incurred. The changes in the deferred contributions related to capital asset balances during the year are as follows:

	2023	2022
Balance, beginning of year	\$ 1,052,641	1,166,987
Contributions received	32,082	218,127
Amount amortized to revenue	(322,601)	(332,472)
Balance, end of year	\$ 762,122	1,052,642

9. Long-term debt

	2023	2022
Loan bearing interest at 3.5% per annum, repayable in monthly blended payments of \$2,271 to January 2025, secured by a general security agreement covering all assets of the Corporation, an assignment of adequate all perils insurance, and a collateral security sharing agreement	\$ 26,754	52,600
Loan bearing interest at 3.5% per annum, repayable in monthly blended payments of \$1,363 to January 2025, secured by a general security agreement covering all assets of the Corporation, an assignment of adequate all perils insurance, and a collateral security sharing agreement	16,052	31,560
	42,806	84,160
Less current portion	42,806	41,354
	\$ -	42,806

Interest expense related to long-term debt amounted to \$2,247 during the year.

Principal repayments required during future fiscal years are:

2024	\$ 42,806
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FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2023

10. Operating lease commitments

Future minimum rental payments required under operating leases for rental of the office and warehouse at 2258 Mountainside Drive that have initial or remaining terms in excess of one year are:

2024	\$	225,500
2025		274,800
2026		274,800
2027		323,300
2028		340,900
Thereafter		<u>1,057,900</u>
	\$	<u>2,497,200</u>

11. Transfers

Transfers represent reallocations within the fund balances of the Corporation. Transfers between the unrestricted fund and amounts invested in capital assets are based on the discretion of the Board of Directors in order to purchase capital assets. Transfer to and from internally restricted net assets is determined on an annual basis at the discretion of the Board of Directors and may be used to offset a shortfall in operations.

12. Income taxes

The Corporation is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

13. Economic dependence

The Corporation is dependent on the operating grants provided by The Regional Municipality of Halton, Ontario Trillium Foundation, The Sprott Foundation and the United Way, as well as food sourced from growers, wholesalers and retailers.