

EDEN FOOD FOR CHANGE
Financial Statements
Year Ended December 31, 2022

EDEN FOOD FOR CHANGE

Index to Financial Statements Year Ended December 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of Eden Food for Change

Qualified Opinion

We have audited the financial statements of Eden Food for Change (the Organization), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, 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 December 31, 2022, 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 (ASNPO)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from 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 December 31, 2022, current assets and net assets as at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 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 ASNPO, 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.

(continues)

Independent Auditor's Report to the Members of Eden Food for Change (*continued*)

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

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.

Henderson Roller Partnership Professional Corporation

Oakville, Ontario
May 26, 2023

HENDERSON ROLLER PARTNERSHIP PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of
Ontario

EDEN FOOD FOR CHANGE

Statement of Financial Position December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,288,512	\$ 1,139,675
Government funding receivable	-	55,088
Accounts receivable	44,339	28,595
Inventory (Note 3)	13,415	11,839
Harmonized sales tax recoverable	17,932	12,256
Prepaid expenses	10,635	29,358
	1,374,833	1,276,811
CAPITAL ASSETS (Note 4)	366,861	264,500
	\$ 1,741,694	\$ 1,541,311
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 65,531	\$ 40,714
Deferred income (Notes 5, 10)	433,118	185,581
Asset retirement obligation (Note 6)	32,847	31,076
	531,496	257,371
NET ASSETS		
Capital fund	362,263	259,902
General fund (Note 10)	547,935	724,038
Restricted fund	300,000	300,000
	1,210,198	1,283,940
	\$ 1,741,694	\$ 1,541,311

LEASE COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

The accompanying notes are an integral component of these financial statements.

EDEN FOOD FOR CHANGE

Statement of Revenues and Expenditures Year Ended December 31, 2022

	2022	2021
REVENUES		
Community Foundation of Canada	\$ -	\$ 2,000
Deferred capital contribution	10,625	-
Donations	583,076	521,454
Donations in kind	34,032	39,824
Fundraising	69,824	102,651
Meals on Wheels	273,226	348,701
Region of Peel (<i>Notes 8, 10</i>)	99,507	195,178
United Way of Peel Region	33,349	52,600
	1,103,639	1,262,408
EXPENDITURES		
Accretion of asset retirement obligation (<i>Note 6</i>)	1,771	1,676
Advertising and promotion	3,239	14,119
Amortization	75,115	74,623
Courses, fees and dues	731	-
Food purchases	228,016	242,819
Fundraising	38,906	4,624
Insurance	7,869	7,017
Interest and bank charges	7,232	6,288
Office	28,878	25,612
Professional fees	39,420	28,295
Program expenses	2,892	4,828
Rental	136,526	130,102
Repairs and maintenance	12,479	3,687
Salaries and wages	519,153	499,973
Supplies (<i>Note 3</i>)	16,073	11,948
Telephone	10,140	7,100
Transportation costs and truck repairs	14,100	17,916
Volunteer appreciation	13,160	3,293
Waste removal	21,681	19,353
	1,177,381	1,103,273
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (73,742)	\$ 159,135

The accompanying notes are an integral component of these financial statements.

EDEN FOOD FOR CHANGE

Statement of Changes in Net Assets Year Ended December 31, 2022

	Capital Fund	General Fund	Restricted Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR, as previously reported	\$ 259,902	\$ 724,038	\$ 300,000	\$ 1,283,940	\$ 1,124,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,115)	1,373	-	(73,742)	159,135
CAPITAL ASSETS ADDITION	177,476	(177,476)	-	-	-
NET ASSETS - END OF YEAR	\$ 362,263	\$ 547,935	\$ 300,000	\$ 1,210,198	\$ 1,283,940

The accompanying notes are an integral component of these financial statements.

EDEN FOOD FOR CHANGE

Statement of Cash Flows Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (73,742)	\$ 159,135
Items not affecting cash:		
Amortization of capital assets	75,115	74,623
Accretion of asset retirement obligation	1,771	1,676
	3,144	235,434
Changes in non-cash working capital:		
Accounts receivable	39,344	(31,624)
Sales tax recoverable	(5,676)	5,039
Inventory	(1,576)	(3,426)
Prepaid expenses	18,723	(18,866)
Accounts payable and accrued liabilities	24,817	9,398
Deferred income	247,537	147,846
	323,169	108,367
Cash flow from operating activities	326,313	343,801
INVESTING ACTIVITY		
Purchase of capital assets	(177,476)	(88,001)
INCREASE IN CASH FLOW	148,837	255,800
Cash - beginning of year	1,139,675	883,875
CASH - END OF YEAR	\$ 1,288,512	\$ 1,139,675

The accompanying notes are an integral component of these financial statements.

Notes to Financial Statements Year Ended December 31, 2022

1. DESCRIPTION OF ORGANIZATION

Eden Food For Change (the "Organization") is a not-for-profit organization incorporated provincially by Letters Patent under the Not-for-profit Corporations Act of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization is committed to increasing access to good food in a dignified manner, developing food skills to encourage healthy eating and empowering the community through education, outreach and advocacy.

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 (ASNPO).

Revenue recognition

Eden Food for Change follows the deferral method of accounting for contributions.

Restricted contributions including the Region of Peel and United Way of Peel Region are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions including donations, donations in kind, fundraising, and Meals on Wheels are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donations in kind

Donations in kind are recorded at their fair market value at the time of the donation. During the year \$34,032 in kind were donated (2021 - \$39,824).

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory includes all costs to purchase, convert, and bring the inventories to their present location and condition. Cost is determined using specific identification for major equipment and the weighted-average cost formula for all other inventory items. Inventory valuation reserves are maintained for inventory that is slow moving or obsolete.

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**Notes to Financial Statements
Year Ended December 31, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Leasehold improvements	5 years	straight-line method
Kitchen equipment	5 years	straight-line method
Kitchen program development costs	3 years	straight-line method
Truck	30%	declining balance method
Office and equipment	5 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. No amortization is charged in the year of disposal. One half of the annual amortization is charged in the year of acquisition.

Impairment of Long Lived Assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Deferred income

Deferred income represents revenue received but not yet spent from restricted funds. These funds are restricted either to be used towards specific expenses or are restricted for a future time period. Revenue is recognized in the future period, or when the related expenses are incurred.

Deferred capital contributions

Deferred capital contributions for acquiring fixed assets and related to expenses are recorded as contributions and are amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Deferred capital contributions for current expenses are recorded as a reduction of the related expenditures. Deferred capital contributions for acquiring fixed assets are recorded as a reduction of the cost of related assets.

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Notes to Financial Statements Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net assets

1. Capital fund net assets are funds which have been invested in the capital assets.
2. General fund net assets comprise the excess of revenue over expenses accumulated by the Organization each year, net of transfers, and are available for general purposes.
3. Restricted fund net assets comprise \$224,022 (2021 - \$224,022) of board reserve, and \$75,978 (2021 - \$75,978) of operating reserve.

Related party transactions

Unless otherwise stated, related party transactions are in the normal course of operations, and are recorded at the exchange amount, which is the amount agreed to by the related parties.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The significant items for which estimates were made include the collectibility of accounts receivable, valuation of inventory, valuation of and useful lives of capital assets, accrued liabilities, asset retirement obligation and determination of deferred income. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets that are traded in an active market are reported at fair value. All of the other financial instruments are recorded at amortized cost.

Financial assets recorded at amortized cost include cash, and accounts receivable. There are no financial assets recorded at fair value.

Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities and, deferred income. There are no financial liabilities recorded at fair value.

Financial instruments are tested for impairment at each reporting date and when an event occurs which may have caused impairment. When a test for impairment indicates the carrying value exceeds its fair value, an impairment loss is recognized to the extent the carrying value exceeds its fair value. When the test indicates that the fair value exceeds the carrying amount, a reversal of the impairment loss previously recorded is recognized to the extent of the original cost.

3. INVENTORY

Inventory at year end consists of supplies. During the year, the cost of inventory expensed to the Statement of Revenues and Expenditures totaled \$228,016 (2021 - \$230,455).

EDEN FOOD FOR CHANGE

Notes to Financial Statements Year Ended December 31, 2022

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 8,197	\$ 7,434	\$ 763	\$ 2,289
Leasehold improvements	362,804	171,244	191,560	158,928
Kitchen equipment	369,877	217,358	152,519	78,531
Kitchen program development costs	95,625	95,625	-	-
Truck	119,271	105,204	14,067	20,096
Office and equipment	41,754	33,802	7,952	4,656
	\$ 997,528	\$ 630,667	\$ 366,861	\$ 264,500

Included in the cost of leasehold improvements are the cost to build the Mezzanine in the amount of \$121,506. The cost to build the Mezzanine will be amortized in the year when it becomes ready for use. These costs were not amortized in 2022.

5. DEFERRED INCOME

	2021 Opening Balance	Additions	Recognized in Revenue	2022 Ending Balance
Deferred capital contribution	\$ 185,581	\$ 221,927	\$ 10,625	\$ 396,883
United Way Funding	-	45,876	9,641	36,235
	\$ 185,581	\$ 267,803	\$ 20,266	\$ 433,118

Included in deferred income balance are the funds from the Region of Peel in the amount of \$117,126 and Agriculture Canada the amount of \$184,889. The funds were applied towards the cost of capital purchases and recognized in revenue as related capital assets are amortized.

6. ASSET RETIREMENT OBLIGATION

	2022	2021
Balance at beginning of year	\$ 31,076	\$ 29,400
Accretion expense	1,771	1,676
Balance at end of year	\$ 32,847	\$ 31,076

Under the terms of the lease, the Organization may have to dismantle certain leasehold improvements at the end of the lease. The Organization used a discount rate of 5.7% in the determination of this obligation.

Notes to Financial Statements Year Ended December 31, 2022

7. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2023		\$ 127,330
2024		49,661
2025		23,500
		\$ 200,491

8. GOVERNMENT GRANTS

The Organization received Core Funding from Region of Peel to support certain employment expenses and operational costs such as rent. The entire amount of funds received during the year was spent and recognized in revenue.

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2022. There have been no significant changes to the Organization's risk profile since December 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from funders. In order to reduce its credit risk, the Organization reviews a new funder's credit history before extending credit and conducts regular reviews of its existing funders' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

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

10. COMPARATIVE FIGURES AND PRIOR PERIOD ADJUSTMENT

Some of the comparative figures have been reclassified to conform to the current year's presentation. A capital contribution in the amount of \$25,493 was recorded as part of the Region of Peel revenue in prior period. These financial statements include a prior period adjustment to book the capital contribution in deferred income. The revenue will be recognized in same amount as related capital asset amortized in each year.