

FOODSHARE TORONTO INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

**FOODSHARE TORONTO INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Members of **FoodShare Toronto Inc.**

Qualified Opinion

We have audited the financial statements of **FoodShare Toronto Inc.** (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In 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 its results of operations, and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNFPPO).

Basis for Qualified Opinion

In common with many charitable organizations, **FoodShare Toronto Inc.** derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of FoodShare Toronto Inc. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2022, current assets and net assets as at December 31, 2021 and December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 was also modified accordingly because of the possible effects of this limitation in scope.

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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNFPO, 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.

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 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.

Kanish & Partners LLP

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Toronto, Canada
June 13, 2023

FOODSHARE TORONTO INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUE		
Grants (note 3)	\$ 4,144,430	\$ 3,732,490
Grants and donations related to capital assets (note 7)	92,989	123,784
Sales of produce, catering and other (note 4)	4,336,216	4,814,175
Donations related to emergency good food box	91,359	805,324
Donations	1,422,800	1,582,826
Training and consulting	37,583	151,689
Fundraising events	14,955	72,652
Interest and miscellaneous	87,542	131,614
Bequests	-	31,000
	<u>10,227,874</u>	<u>11,445,554</u>
EXPENSES		
Salaries and benefits	5,598,351	5,636,466
Cost of produce and catering	2,847,486	4,010,867
Warehouse and facilities	376,125	351,971
Office and general	163,011	155,246
Vehicle expenses	222,105	284,589
Garden supplies	219,399	252,611
Subcontractors	211,805	164,298
Fundraising events	1,282	46,167
Professional fees	25,858	37,184
Donation campaign	62,368	55,454
Volunteers	125,345	78,583
Training	105,544	47,766
Promotion	23,577	75,540
Project transportation	13,156	26,729
Amortization	<u>111,021</u>	<u>172,905</u>
	10,106,433	11,396,376
EXCESS OF REVENUE OVER EXPENSES	\$ 121,441	\$ 49,178

(The accompanying notes form an integral part of these financial statements.)

FOODSHARE TORONTO INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

			2022	2021
A S S E T S				
Current				
Cash			\$ 58,175	\$ 1,101,696
Investments - current portion (note 5)			3,488,765	64,206
Accounts receivable			461,142	413,120
Grants receivable			67,031	112,937
Commodity tax recoverable			166,970	191,041
Donations and other receivable			14,571	148,465
Inventory			41,498	-
Prepaid expenses and deposits			<u>64,026</u>	<u>48,232</u>
			<u>4,362,178</u>	<u>2,079,697</u>
Long Term				
Investments - net of current portion (note 5)			<u>500,250</u>	<u>2,900,946</u>
Capital Assets				
	Cost	Accumulated Amortization		
Computers	\$ 212,323	\$ 196,169	16,154	22,929
Furniture and equipment	555,218	520,190	35,028	46,818
Motor vehicles	771,466	572,334	199,132	151,257
Leasehold improvements	<u>1,032,260</u>	<u>1,023,579</u>	<u>8,681</u>	<u>23,252</u>
	<u>\$ 2,571,267</u>	<u>\$ 2,312,272</u>	258,995	244,256
			 \$ 5,121,423	 \$ 5,224,899

(The accompanying notes form an integral part of these financial statements.)



FOODSHARE TORONTO INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 578,160	\$ 613,905
Customer deposits and advances	57,516	398,032
Deferred revenue (note 8)	<u>2,239,737</u>	<u>2,021,650</u>
	2,875,413	3,033,587
Long Term		
Deferred revenue related to capital assets (note 7)	<u>335,125</u>	<u>401,868</u>
	<u>3,210,538</u>	<u>3,435,455</u>
NET ASSETS		
Externally restricted (note 9)	1	1
Internally restricted for Food Forever Fund (note 9)	1,000,000	1,000,000
Internally restricted for BCCF (note 9)	51,000	-
Unrestricted	<u>859,884</u>	<u>789,443</u>
	1,910,885	1,789,444
	\$ 5,121,423	\$ 5,224,899

Approved on Behalf of the Board:

Director *Cristel Lefebvre*

Director *Julie*

(The accompanying notes form an integral part of these financial statements.)

**FOODSHARE TORONTO INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

		Endowment (note 9)	Internally Restricted for Food Forever (note 9)	Internally Restricted for BCCF (note 9)	Unrestricted	2022	2021
BALANCE - beginning of year	\$	1	\$ 1,000,000	\$ -	\$ 789,443	\$ 1,789,444	\$ 1,740,266
Excess of revenue over expenses		-	-	-	121,441	121,441	49,178
Interfund transfer		-	-	51,000	(51,000)	-	-
BALANCE - end of year	\$	1	\$ 1,000,000	\$ 51,000	\$ 859,884	\$ 1,910,885	\$ 1,789,444

(The accompanying notes form an integral part of these financial statements.)



**FOODSHARE TORONTO INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 121,441	\$ 49,178
Items not requiring an outlay of cash:		
Amortization of capital assets	111,021	172,905
Interest yield-to-maturity	724	(212)
Grants and donations related to capital assets	<u>(92,989)</u>	<u>(123,784)</u>
	140,197	98,087
Net changes in non-cash working capital:		
Accounts receivable	(48,022)	(2,214)
Grants receivable	45,906	5,761
Commodity tax receivable	24,071	(58,141)
Donations and other receivable	133,894	(16,780)
Inventory	(41,498)	-
Prepaid expenses and deposits	(15,794)	(24,118)
Accounts payable and accrued liabilities	(35,744)	(110,227)
Customer deposits and advances	(340,516)	146,478
Deferred revenue	<u>218,087</u>	<u>161,152</u>
	<u>80,581</u>	<u>199,998</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received related to capital assets	<u>31,371</u>	<u>151,819</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of capital assets	(131,610)	(168,882)
Purchase of investment	<u>(1,023,863)</u>	<u>(1,516,525)</u>
	<u>(1,155,473)</u>	<u>(1,685,407)</u>
DECREASE IN CASH	(1,043,521)	(1,333,590)
CASH - beginning of year	1,101,696	2,435,286
CASH - end of year	\$ 58,175	\$ 1,101,696

(The accompanying notes form an integral part of these financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. PURPOSE OF THE ORGANIZATION

FoodShare Toronto Inc. ("the Organization" or "FoodShare") was incorporated without share capital under the laws of Ontario to act as a catalyst for the advocacy and change towards eliminating hunger and to assist existing emergency food distribution agencies, food recovery programs and related groups.

FoodShare Toronto Inc. is designated as a registered charitable organization under the Canadian Income Tax Act, and accordingly is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Endowment contributions are recognized as direct increases in net assets in the year.

Revenue from the sale of products is recognized when the goods have been delivered, price is fixed or determinable, and collection is reasonably assured.

Interest is recognized on the accrual basis.

The Organization recognizes all other revenue when it is earned.

(These notes form an integral part of the financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Financial Instruments

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

Financial assets subsequently measured at amortized cost include cash, investments, accounts receivable, grants receivable and donations and other receivable.

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

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated based on their estimated useful life on a straight line basis, as follows:

Computers	Over 3 years
Furniture and equipment	Over 5 years
Motor vehicles	Over 4 years
Leasehold improvements	Over the remaining term of the lease

(These notes form an integral part of the financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Impairment of Long-lived Assets

Long-lived assets are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. In such cases, an impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

e) Inventory

Inventory consists of packing materials, books and manuals held for use of service and sale. Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first in first out method.

f) Contributed Materials and Services

The Organization derives benefits from donors for fundraising activities. Since these materials and services would normally be purchased by the Organization and as fair value can be determined, donated materials and services are recognized in these financial statements based on their estimated fair value.

The Organization derives significant benefits from volunteers. Since these services are not normally purchased by the Organization and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the reporting date and the reported amounts of revenue and expenses during the current period. Actual results could differ from the estimates and assumptions used. The significant estimates relate to the valuation of accounts receivable, impairment of investments, determining the useful life of capital assets and valuation of non-monetary contributions.

(These notes form an integral part of the financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. GRANTS

	2022	2021
Foundations	\$ 2,388,785	\$ 2,493,139
City of Toronto	572,633	682,899
Corporations	564,197	-
United Way of Greater Toronto	526,856	460,292
Federal Government	<u>91,959</u>	<u>96,160</u>
	<u>\$ 4,144,430</u>	<u>\$ 3,732,490</u>

Foundations grant income has been reported net of distributions to agencies of \$1,047,826 (2021 - \$967,211). These funds were received by FoodShare on behalf of food organization partners as part of FoodShare's commitment to networking and partnership.

4. SALES OF PRODUCE, CATERING, PLANTS AND OTHERS

	2022	2021
Good Food Boxes and Bulk Sales	\$ 3,499,856	\$ 3,935,524
Market Sales	566,020	702,031
Catering Sales and Others	103,937	36,736
Urban Agriculture and School Grown	62,342	60,587
Black Creek Community Farm	<u>104,061</u>	<u>79,297</u>
	<u>\$ 4,336,216</u>	<u>\$ 4,814,175</u>

(These notes form an integral part of the financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

5. INVESTMENTS

	2022	2021
Term deposits - bearing interest at rates between 1.30% and 3.00% and maturing between 2023 and 2025	\$ 3,934,080	\$ 2,896,754
Guaranteed Investment Certificates - bearing interest at a rate of 2.25% maturing in 2023	54,933	54,209
Equity investments held with BMO	-	14,187
1,000 preference shares in TREC Windpower Co-operative Incorporated. (Windshare) (13% non-voting) (note 9)	<u>2</u> 3,989,015	<u>2</u> 2,965,152
Less: Current Portion	<u>(3,488,765)</u> <u>\$ 500,250</u>	<u>(64,206)</u> <u>\$ 2,900,946</u>

Shares in Windshare bear the right to participate in the income as well as attend and vote at all meetings of the members of Windshare.

6. BANK FACILITIES

The Organization has a demand line of credit facility with Alterna Savings & Credit Union ("the Union") in the amount of \$50,000. The line of credit facility bears interest at the Union's prime rate plus 2.00% (8.45% per annum as at December 31, 2022).

At December 31, 2022 and December 31, 2021, no amount was drawn on this facility.

(These notes form an integral part of the financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

7. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

Changes in the deferred revenue related to capital assets are as follows:

	2022	2021
Balance - beginning of year	\$ 401,868	\$ 373,833
Add: Amounts received during the year	31,371	151,819
Less: Amounts recognized as revenue	<u>(98,114)</u>	<u>(123,784)</u>
Balance - end of the year	<u>\$ 335,125</u>	<u>\$ 401,868</u>

Grants are comprised of amounts received from various foundations and governments for specific programs. The amounts are restricted for purchasing capital assets required to operate the programs. The grants are recognized as revenue on the same basis as the amortization of the related capital assets.

8. DEFERRED REVENUE

Deferred revenue represents amounts received for operating expenses of specific programs as specified by the donors. Amounts are recognized as revenue in the year in which the related expenses are incurred. Changes in the deferred revenue balance are as follows:

	2022	2021
Balance - beginning of year	\$ 2,021,650	\$ 1,860,498
Add: Amounts received during the year	5,941,479	5,742,782
Less: Amounts recognized as revenue	<u>(5,723,392)</u>	<u>(5,581,630)</u>
Balance - end of the year	<u>\$ 2,239,737</u>	<u>\$ 2,021,650</u>

(These notes form an integral part of the financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

9. OTHER RESTRICTIONS ON NET ASSETS

Included in net assets is \$1 which is subject to a restriction imposed by the donor stipulating permanent investment in Windshare (note 5). Investment income from Windshare is unrestricted.

The board of directors have internally restricted \$1,000,000 as the Food Forever Fund. This is a reserve which is to be used for future sustainability of the Organization, including unforeseen operational requirements and other strategic decisions aligned to achieving FoodShare's mission. These internally restricted amounts are not available for any other purpose without the approval of the board of directors.

During the year, the board of directors internally restricted \$51,000 as the Black Creek Community Farm ("BCCF") Fund. This is a reserve which is to be used to cover any unforeseen expenditure incurred by the Organization in the normal course of operation. These internally restricted amounts are not available for any other purpose without the approval of the board of directors.

10. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments, without being exposed to concentration of risk. The following analysis presents the Organization's exposures to significant risks at December 31, 2022:

a) Credit Risk

The Organization is exposed to credit risk with respect to its grants receivable, accounts receivable and investments.

Grants receivable are generally received at the beginning of the subsequent year.

The Organization provides credit to its customers in the normal course of operations. The Organization monitors, on a continuous basis, the amounts it is virtually certain to receive and provides provision for bad debts as necessary.

The Organization places its investments with high quality institutions to mitigate this risk. Investments are primarily composed of term deposits and guaranteed investment certificates.

(These notes form an integral part of the financial statements.)

FOODSHARE TORONTO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

10. FINANCIAL INSTRUMENTS - continued

b) Interest Rate Risk

The Organization is exposed to interest rate risk on its fixed interest rate and floating interest rate investments. Fixed rate instruments subject the Organization to fair value risk while the floating rate instruments subject it to a cash flow risk.

c) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk arising primarily from its accounts payable and accrued liabilities.

11. COMMITMENTS

The Organization has entered into an operating lease for its current premises expiring on March 1, 2026. The future minimum lease payments required are as follows:

	Total
2023	\$ 131,573
2024	134,885
2025	135,488
2026	<u>22,581</u>
	<u>\$ 424,527</u>

(These notes form an integral part of the financial statements.)