

***KAWARtha FOOD SHARE***

**AUDITED FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2020**

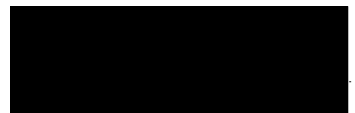
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**KAWARTHA FOOD SHARE**  
**AUDITED FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of Kawartha Food Share

### Qualified Opinion

I have audited the accompanying financial statements of Kawartha Food Share, which comprise the statement of financial position as at December 31, 2020 and the statements of operations, changes in fund balances 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 my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Kawartha Food Share as at December 31, 2020, 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 not-for-profit organizations, the organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditures, and cash flows for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets for the years then ended. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

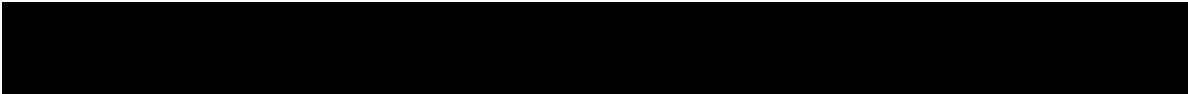
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Kawartha Food Share in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Kawartha Food Share'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 Kawartha Food Share or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Kawartha Food Share's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but it 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 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 purposes of expressing an opinion on the effectiveness of Kawartha Food Share'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 Kawartha Food Share's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Kawartha Food Share 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that I identify during my audit.

Peterborough, Ontario

  
Licensed Public Accountant



**KAWARTHA FOOD SHARE****STATEMENT OF FINANCIAL POSITION  
As At December 31, 2020**

	2020 \$	2019 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and short-term investments - Note 3	2,123,064	709,275
Accounts receivable - Note 4	43,510	14,821
Prepaid expenses	20,134	13,772
	2,186,708	737,868
<b>Capital - Note 5</b>	97,254	40,251
<b>Other</b>	895	895
	2,284,857	779,014
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities - Note 6	28,851	22,726
<b>Fund Balances</b>		
Original start-up contributions	1,500	1,500
Internally restricted - Note 8	259,827	259,827
Net assets invested in capital assets	97,254	40,251
Unrestricted	1,897,425	454,710
	2,256,006	756,288
	2,284,857	779,014
<b>Approved on behalf of the Board:</b>		
_____	, Director	
_____	, Director	

The accompanying notes are an integral part of the financial statements.

**KAWARTHA FOOD SHARE****STATEMENT OF CHANGES IN FUND BALANCES**  
For The Year Ended December 31, 2020

	Original Start-Up Contributions \$	Internally Restricted \$	Invested In Capital Assets \$	Unrestricted \$	Total 2020 \$	Total 2019 \$
<b>Balance, beginning of year</b>	1,500	259,827	40,251	454,710	756,288	665,082
Excess (deficiency) of revenue over expenditures for the year	-	-	(20,012)	1,519,730	1,499,718	91,206
Investment in capital assets	-	-	77,015	(77,015)	-	-
<b>Balance, end of year</b>	1,500	259,827	97,254	1,897,425	2,256,006	756,288

The accompany notes are an integral part of the financial statements.

**KAWARTHA FOOD SHARE****STATEMENT OF OPERATIONS**

For The Year Ended December 31, 2020

	2020 \$	2019 \$
<b>Revenue</b>		
City of Peterborough	97,937	74,824
Grants	287,216	6,274
Program income	132,530	33,921
Donations - Note 9	1,439,644	346,540
Other income - Note 10	6,684,543	5,385,886
Amortization of deferred contributions - Note 7	-	6,970
<b>Total Revenue</b>	<b>8,641,870</b>	<b>5,854,415</b>
<b>Expenditures</b>		
<b>Operations</b>		
Food purchases and freight - Note 9	86,635	42,676
Non-purchased food distributed - Note 10	6,666,798	5,361,676
Occupancy costs	108,252	106,554
Property improvements	717	226
Rental equipment	750	156
Vehicle lease, fuel and maintenance	8,667	8,794
Poverty alleviation	3,760	2,814
	<b>6,875,579</b>	<b>5,522,896</b>
<b>Payroll expenses</b>		
Wages and salaries	170,738	145,153
Employee benefits	17,944	18,334
	<b>188,682</b>	<b>163,487</b>
<b>General and administrative expenses</b>		
Telephone, fax and internet	4,040	5,001
Materials and supplies	2,328	305
Office expenses	14,792	13,031
Professional fees	12,816	10,673
Insurance	9,094	6,705
Fundraising expenses	11,673	7,679
Professional development	-	3,367
Memberships	5,636	5,844
	<b>60,379</b>	<b>52,605</b>
<b>Amortization of capital assets</b>	<b>20,012</b>	<b>24,221</b>
<b>Total Expenditures</b>	<b>7,144,652</b>	<b>5,763,209</b>
<b>Excess of Revenue Over Expenditures Before Other Item</b>	<b>1,497,218</b>	<b>91,206</b>
<b>Other Item</b>		
Gain on disposal of capital assets	2,500	-
<b>Excess of Revenue Over Expenditures For The Year</b>	<b>1,499,718</b>	<b>91,206</b>

The accompanying notes are an integral part of the financial statements.

**KAWARTHA FOOD SHARE****STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2020

	2020 \$	2019 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating Activities</b>		
Excess of revenue over expenditures for the year	1,499,718	91,206
Amortization of deferred contributions	-	(6,970)
Amortization of capital assets	20,012	24,221
Gain on disposal of capital assets	(2,500)	-
Changes in non-cash working capital accounts		
Accounts receivable	(28,689)	742
Prepaid expenses	(6,362)	(874)
Accounts payable and accrued liabilities	6,125	4,672
	1,488,304	112,997
<b>Investing Activities</b>		
Purchase of capital assets	(77,015)	(4,574)
Proceeds on disposal of capital assets	2,500	-
	(74,515)	(4,574)
<b>Increase In Cash During The Year</b>	1,413,789	108,423
<b>Cash, Beginning of Year</b>	709,275	600,852
<b>Cash, End of Year</b>	2,123,064	709,275

The accompanying notes are an integral part of the financial statements.



## KAWARTHA FOOD SHARE

### NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

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#### NOTE 1: PURPOSE OF ORGANIZATION

The organization was incorporated without share capital by Letters Patent on July 28, 1998 to be carried on without the purpose of gain for its members and any profits or other accretions to the corporation shall be used in promoting its objects. The purpose of the organization is to coordinate the collection and distribution of foodstuff without charge to emergency food distributors and programs in the County of Peterborough, the corporation is a registered charity under the Canadian Income Tax Act.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Basis of Presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP").

Kawartha Food Share uses the deferral method of accounting.

##### *Realization of Revenues and Expenses*

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 can be reasonably estimated and collection is reasonably assured.

##### *Capital Assets*

The organization records purchased capital assets at their acquisition cost. Amortization is based on their estimated useful lives by annual charges to operations at the following rates:

Leasehold improvements	-	straight-line basis over the term of the lease
Furniture and equipment	-	5 years straight-line basis
Computer hardware	-	3 years straight-line basis
Vehicles	-	5 years straight-line basis

One-half of annual amortization is charged on net assets acquired during the year.

##### *Contributed Materials and Services*

The organization recognizes contributed materials when a fair value can be reasonably estimated and the materials are used in the normal course of operations.

Volunteers contribute significant amounts of time each year to assist the organization in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

##### *Income Taxes*

The organization is a non-profit organization as defined by the Federal and Ontario Income Tax Acts and, as such, is not subject to Federal and Provincial income taxes.

## KAWARTHA FOOD SHARE

### NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

##### *Use of Accounting Estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the reporting periods. Actual results could differ from those estimates.

#### NOTE 3: CASH AND SHORT-TERM INVESTMENTS

The balance includes three guaranteed investment certificates issued by the [REDACTED] totalling \$500,691. The certificates mature in 2021 and bear interest at rates between 0.3% and 2.3%.

#### NOTE 4: ACCOUNTS RECEIVABLE

The accounts receivable is shown net of an allowance for doubtful accounts of \$nil (2019 - \$nil).

#### NOTE 5: CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2020 \$	2019 \$
Leasehold improvements	33,458	25,480	7,978	-
Furniture and equipment	193,325	185,047	8,278	5,490
Computer hardware	6,075	4,967	1,108	-
Vehicles	135,010	55,120	79,890	34,761
	367,868	270,614	97,254	40,251

#### NOTE 6: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$293 (2019 - \$2,445).

## KAWARTHA FOOD SHARE

### NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

#### NOTE 7: DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets consists of the unamortized portion of grants received for the purchase of capital assets.

The changes for the year in the deferred contributions related to capital assets are as follows:

	2020 \$	2019 \$
Balance, beginning of year	-	6,970
Amount amortized to revenue	-	(6,970)
Balance, end of year	-	-

#### NOTE 8: INTERNALLY RESTRICTED FUND BALANCE

On September 19, 2007, the Board passed a motion to create internally restricted reserve accounts to increase the financial security and stability in the organization. These reserves are to be used only under emergency or extraordinary conditions. Kawartha Food Share may not use these internally restricted amounts for any other purpose without the approval of the Board of Directors.

The balance in the reserve accounts are as follows:

	2020 \$	2019 \$
Food Reserve	42,940	42,940
Administration/Operations Reserve	42,900	42,900
Capital Reserve	47,000	47,000
Donations Reserve	126,987	126,987
	259,827	259,827

#### NOTE 9: GIFTS IN KIND

During the year, the organization received specific food donations from food suppliers. Where costing amounts for the purposes of issuing charitable donation receipts were obtained, such amounts were included in the statement of operations as donation revenue, with an equivalent amount in food purchases. For 2020, the amount totalled \$5,409 (2019 - \$2,237).

## KAWARTHA FOOD SHARE

### NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

#### NOTE 10: FOOD DONATED AND DISTRIBUTED

Effective January 1, 2009, the organization decided to record the value of food donations received and distributed, in addition to food donations that were received using charitable donations receipts as noted in Note 9: Gifts In Kind. The amount included in revenue will equal the amount included in expenditures so there is no effect on prior year excess of revenue over expenditures nor the fund balances.

The value of the food is based upon the weight of the food distributed valued at \$2.60 per pound, which is the standard method used by Ontario's food banks.

For the 2020 year, \$6,666,798 (2019 - \$5,361,676) is included in Other Income, representing the value of the food donated that was not receipted for income tax purposes.

#### NOTE 11: LEASE COMMITMENT

Kawartha Food Share rents its premises pursuant to an operating lease. The lease is for a term of five years from March 1, 2018 to April 30, 2023. The rent is \$55,000 per annum, payable in monthly instalments of \$4,583 plus HST. The organization is also responsible of its proportional share of the property taxes which are currently estimated at \$1,500 per month plus HST. The organization is also responsible for its proportional share of the hydro, gas and snow removal costs.

#### NOTE 12: COMPARATIVE BALANCES

Certain comparative balances have been reclassified to conform to the presentation adopted in the current year.

#### NOTE 13: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

##### *Liquidity Risk*

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. Additional cash requirements are met with the use of the existing cash reserves.

#### NOTE 14: SUBSEQUENT EVENT

On March 11, 2020 the World Health Organization declared the COVID-19 virus outbreak a pandemic and since then over 200 countries have reported cases including Canada. In many countries, organizations have been impacted in a variety of ways ranging from an impairment in the ability to conduct their operations to total business shutdowns.

In response to the provincial regulations, the organization temporarily suspended access to its facility by members of the public in March. The organization's staff continued to receive, sort and distribute food until June when it began permit access to its facility to allow for food drop offs and pickups, while enforcing appropriate safety protocols to ensure the wellbeing of staff, volunteers and members of the public. At present, food receiving and distribution continues as its community partner food banks work to meet the ongoing needs of the community. Due to the unknown resolution of the pandemic on the local area as well as the broader community, the long-term impacts on the organization cannot be accurately determined at this point in time. As such, the future effects will be recognized in the period when there is more certainty to both the extent and magnitude of the impact.

