

GLEANERS FOODBANK (QUINTE) INC.

FINANCIAL STATEMENTS

March 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of
GLEANERS FOODBANK (QUINTE) INC.

Qualified Opinion

We have audited the financial statements of **GLEANERS FOODBANK (QUINTE) INC.** (the "Corporation"), which comprise the statement of financial position as at March 31, 2022, and the statement of revenue, expenses and 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 and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Corporation derives revenue from donations and 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 Corporation. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and March 31, 2021, current assets and net assets as at March 31, 2022 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 was 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 Auditor's 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 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 AUDITOR'S REPORT (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 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 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 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.



Belleville, Ontario
November 29, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

GLEANERS FOODBANK (QUINTE) INC.
Also Operating as Tri-County Food Network
(Incorporated without share capital under the laws of Ontario)
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

ASSETS

	Operating Fund	Capital Asset Fund	2022	2021
CURRENT ASSETS				
Cash	\$ 1,185,427	\$ -	\$ 1,185,427	\$ 1,004,250
Investment - Note 4	108,202	-	108,202	307,190
Accounts receivable	3,082	1,105	4,187	3,547
Government remittances recoverable	17,264	18,298	35,562	30,159
Prepaid expenses	7,441	-	7,441	3,818
Due to/from other fund	(145,323)	145,323	-	-
	<u>1,176,093</u>	<u>164,726</u>	<u>1,340,819</u>	<u>1,348,964</u>
TANGIBLE CAPITAL ASSETS				
- Note 5	<u>-</u>	<u>1,063,271</u>	<u>1,063,271</u>	<u>935,992</u>
	<u><u>\$ 1,176,093</u></u>	<u><u>\$ 1,227,997</u></u>	<u><u>\$ 2,404,090</u></u>	<u><u>\$ 2,284,956</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 32,930	\$ -	\$ 32,930	\$ 35,338
Government remittances payable	13,069	-	13,069	13,843
Deferred contributions - Note 7	295,314	-	295,314	272,427
	<u>341,313</u>	<u>-</u>	<u>341,313</u>	<u>321,608</u>

NET ASSETS

Invested in capital assets	-	1,063,271	1,063,271	935,992
Other - Note 9	628,000	-	628,000	596,000
Unrestricted	206,780	164,726	371,506	431,356
	<u>834,780</u>	<u>1,227,997</u>	<u>2,062,777</u>	<u>1,963,348</u>
	<u><u>\$ 1,176,093</u></u>	<u><u>\$ 1,227,997</u></u>	<u><u>\$ 2,404,090</u></u>	<u><u>\$ 2,284,956</u></u>

Approved by the Board:

Director

Director

(See accompanying notes)

GLEANERS FOODBANK (QUINTE) INC.
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022

	Operating Fund 2022	Operating Fund 2021	Capital Asset Fund 2022	Capital Asset Fund 2021
REVENUE				
Donations	\$ 823,627	\$ 1,088,631	\$ -	\$ -
Donations in memoriam	2,127	5,790	-	-
Foundation grants	253,134	212,091	-	40,000
Fundraising	91,232	114,762	-	-
Government subsidy - federal	14,898	55,389	-	25,000
Provincial grants	-	-	46,900	84,100
Solar panel energy income	-	-	13,457	13,333
Interest income	1,568	1,769	-	-
Other	1,204	201	-	-
	<u>1,187,790</u>	<u>1,478,633</u>	<u>60,357</u>	<u>162,433</u>
EXPENSES				
Amortization	-	-	78,750	64,075
Amortization of intangible assets	-	-	-	7,925
Food purchases and delivery	481,323	540,583	-	-
Fundraising	10,930	6,287	-	-
Insurance and protection services	9,815	8,448	-	-
Office and sundry	81,096	64,201	-	-
Professional fees	12,206	22,855	-	4,823
Telephone	5,239	6,018	-	-
Utilities	27,279	20,024	-	-
Vehicle operation	5,904	3,653	-	-
Wages and benefits	422,114	319,773	-	-
Warehouse maintenance	-	-	14,062	14,947
	<u>1,055,906</u>	<u>991,842</u>	<u>92,812</u>	<u>91,770</u>
	131,884	486,791	(32,455)	70,663
OTHER INCOME				
Gain on sale of capital assets	-	-	-	12,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	131,884	486,791	(32,455)	82,663
BALANCE, beginning of year	868,984	379,958	1,094,364	1,013,936
Interfund transfers - Note 8	<u>(166,088)</u>	<u>2,235</u>	<u>166,088</u>	<u>(2,235)</u>
BALANCE, end of year	<u>\$ 834,780</u>	<u>\$ 868,984</u>	<u>\$ 1,227,997</u>	<u>\$ 1,094,364</u>

(See accompanying notes)

GLEANERS FOODBANK (QUINTE) INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022

	Operating Fund		Capital Asset Fund	
	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficiency) of revenue over expenses	\$ 131,884	\$ 486,791	\$ (32,455)	\$ 82,663
Adjustments for				
Amortization of tangible capital assets	-	-	78,750	64,075
Amortization of intangible capital assets	-	-	-	7,925
	<u>131,884</u>	<u>486,791</u>	<u>46,295</u>	<u>154,663</u>
Change in non-cash working capital components:				
Accounts receivable	(640)	17,373	-	-
Prepaid expenses	(3,623)	980	-	-
Due (to) from other fund	2,235	(6,076)	(2,235)	6,076
Government remittances recoverable	(1,284)	(6,948)	(4,119)	(3,604)
Accounts payable and accrued liabilities	(2,408)	23,002	-	(1)
Government remittances payable	(774)	10,038	-	-
Deferred contributions	<u>22,887</u>	<u>60,959</u>	<u>-</u>	<u>-</u>
	<u>148,277</u>	<u>586,119</u>	<u>39,941</u>	<u>157,134</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of tangible capital assets	-	-	(206,029)	(154,899)
Purchase of investments	(1,568)	(1,527)	-	-
Interfund transfers	(166,088)	2,235	166,088	(2,235)
Proceeds from sale of investments	<u>200,556</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>32,900</u>	<u>708</u>	<u>(39,941)</u>	<u>(157,134)</u>
INCREASE IN CASH	<u>181,177</u>	<u>586,827</u>	<u>-</u>	<u>-</u>
CASH, beginning of year	<u>1,004,250</u>	<u>417,423</u>	<u>-</u>	<u>-</u>
CASH, end of year	<u>\$ 1,185,427</u>	<u>\$ 1,004,250</u>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

GLEANERS FOODBANK (QUINTE) INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. PURPOSE OF THE ORGANIZATION

Gleaners Foodbank (Quinte) Inc. is a local Corporation established to assist in meeting the immediate food needs of food bank recipients and to work toward long-term solutions to hunger and poverty.

The Corporation is a registered charity under Section 149(1) of the Canadian Income Tax Act and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting restricted

The Corporation follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for all the activities of the Corporation's day-to-day operations.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Corporation's capital assets.

Investments

The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments and investment management fees are expensed as incurred.

Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, with exception to investments which are subsequently measured at fair market value. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

Inventory

Inventory consists of donated and purchased food. Since the inventory is to be distributed to the needy, it is not reflected as an asset in the financial statements.

GLEANERS FOODBANK (QUINTE) INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Tangible capital assets

Tangible capital assets are stated at acquisition cost. Amortization is provided on a straight line basis over the estimated useful life of the assets as follows:

Buildings	40 years
Vehicles	5 years
Equipment	5 years
Solar equipment	40 years
Fences	10 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are amortized.

Intangible capital assets

The costs of intangible capital assets are capitalized upon meeting the criteria for recognition as an intangible asset; otherwise, costs are expensed as incurred. Intangible assets, consisting of a website are measured at cost less accumulated amortization. Amortization of the website is provided on a straight-line basis over 1 year.

Donated material and services

Donated items excluding food and services, are recorded at fair value at the date of contribution. Donated food, for which charitable receipts are issued, are recorded at 100% of fair value. Donated services are not recorded by the Corporation.

During the year the Corporation recognized \$257,478 (2021 - \$399,742) in-kind food purchases.

GLEANERS FOODBANK (QUINTE) INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's capital assets and determining significant accruals of liabilities. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's maximum exposure to credit risk represents the sum of the carrying value of its cash, short term investments and accounts receivable. The Corporation's cash and short-term investments are held with a Chartered bank and therefore it is management's opinion that the Corporation is not subject to significant credit risk with respect to cash and short-term investments. The Corporation does not provide credit to its customers in the normal course of operations and therefore it is not subject to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its commitments when they become due. Liquidity risk also includes the risk of the Corporation not being able to liquidate assets in a timely manner. The Corporation's management manages this risk by reviewing expected cash flow requirements and anticipating investing and financing activities.

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 is comprised of currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value of instruments or future cash flows associated with the instrument will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Corporation's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

GLEANERS FOODBANK (QUINTE) INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

3. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Corporation's exposure to interest rate risk arises from its interest bearing assets.

The Corporation manages interest rate risk exposure of its cash by maintaining liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Corporation's results of operations.

Other Price Risk

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

The Corporation is not exposed to other price risk.

Change in Risk

There were no changes to the Corporation's risk exposure during the year.

4. INVESTMENTS

Investments consist of the following:

	2022	2021
Term Deposits		
- 0.25% maturing June 27, 2021	\$ -	\$ 48,810
- 0.25% maturing July 12, 2021	-	59,108
- 0.65 % maturing December 19, 2021	-	199,257
- 0.25% maturing June 27, 2022	48,932	-
- 0.25% maturing July 12, 2022	59,255	-
Shares - Quinte First Credit Union	15	15
Total Term Deposits	\$ 108,202	\$ 307,190

GLEANERS FOODBANK (QUINTE) INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2022 Cost	2022 Accumulated amortization	2022 Net	2021 Net
Land	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Buildings	978,330	231,743	746,587	683,269
Building under construction	3,326	-	3,326	3,326
Equipment	192,929	96,110	96,819	67,578
Solar equipment	124,030	34,832	89,198	93,733
Fences	9,012	7,219	1,793	2,364
Vehicles	153,368	47,820	105,548	65,722
	<u>\$ 1,480,995</u>	<u>\$ 417,724</u>	<u>\$ 1,063,271</u>	<u>\$ 935,992</u>

6. INTANGIBLE CAPITAL ASSETS

Intangible capital assets consist of the following:

	2022 Cost	2022 Accumulated amortization	2022 Net	2021 Net
Website	<u>\$ 15,850</u>	<u>\$ 15,850</u>	<u>\$ -</u>	<u>\$ -</u>

7. DEFERRED CONTRIBUTIONS

Deferred contributions represents unspent resources externally restricted for specified uses.

	2022	2021
Deferred Revenue for Food Purchases		
Balance, beginning of year	\$ 231,348	\$ 211,468
Add: Amounts received during the year	125,000	150,000
Less: Amounts recognized as revenue in the year	(144,637)	(130,120)
Total Deferred Revenue for Food Purchases	<u>211,711</u>	<u>231,348</u>
Deferred Revenue for Transportation/Delivery/Storage		
Balance, beginning of year	41,079	-
Balance, beginning of year	-	-
Add: Amounts received during the year	50,000	50,000
Less: Amounts recognized as revenue in the year	(7,476)	(8,921)
Total Deferred Revenue for Transportation/Delivery/Storage	<u>83,603</u>	<u>41,079</u>
Total	<u>\$ 295,314</u>	<u>\$ 272,427</u>

GLEANERS FOODBANK (QUINTE) INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

8. INTERFUND TRANSFERS

During the year, \$166,088 was transferred to the Capital Asset Fund from the Operating Fund due to excess of revenue over expenses and purchases of capital assets. In the prior year, \$2,235 was transferred to the Operating Fund from the Capital Asset Fund.

Interfund loans outstanding are non-interest bearing and have no fixed repayable date.

9. INTERNALLY RESTRICTED NET ASSETS

The Board has internally restricted the amount of \$628,000 in the operating fund for two purposes: \$528,000 (2021 - \$496,000) as a contingency reserve and \$100,000 (2021 - \$100,000) as a building maintenance reserve.

The purpose of the contingency reserve is to ensure funds are available to cover unexpected revenue loss or events that would result in a serious interruption of service and in order to maintain the Corporation's long-term fiscal strength. The Corporation's policy is to maintain a reserve equal to six months operating expenses, to a maximum of the remaining total assets of the Corporation. The building maintenance reserve provides funds for building maintenance, durable goods and capital expenditures.

These internally restricted amounts cannot be used for any other purpose without the approval of the Board of Directors.