

The Mississauga Food Bank
Financial Statements
For the year ended May 31, 2023

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15

Independent Auditor's Report

To the Board of Directors of The Mississauga Food Bank

Qualified Opinion

We have audited the financial statements of The Mississauga Food Bank (the "Organization"), which comprise the statement of financial position as at May 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.

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 May 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 Organization derives revenue from donations, 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 revenue from donations, excess (deficiency) of revenue over expenditures and cash flows from operations for the years ended May 31, 2023 and 2022, current assets as at May 31, 2023 and 2022, and net assets as at June 1 and May 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended May 31, 2022 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 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
October 18, 2023

The Mississauga Food Bank Statement of Financial Position

May 31 **2023** **2022**

Assets

Current

Cash (Note 2)	\$ 1,758,806	\$ 3,889,290
Short-term investments (Note 3)	3,358,854	3,325,972
Receivables	484,153	110,080
Prepaid expenses	205,592	108,878
	5,807,405	7,434,220

Capital assets (Note 4)	613,798	96,373
	\$ 6,421,203	\$ 7,530,593

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 425,274	\$ 303,452
Deferred grant revenue (Note 5)	8,333	554,221
Deferred sponsorship revenue	30,000	57,062
Current portion of obligations under capital lease (Note 6)	24,120	24,120
	487,727	938,855

Obligations under capital lease (Note 6)	21,663	42,877
Deferred capital contributions (Note 7)	325,547	21,320
Deferred leasehold inducement	-	3,866
Deferred rent	50,491	-
	885,428	1,006,918

Net assets

Funds invested in capital assets (Note 8)	242,468	8,056
Contingency fund	763,307	1,093,909
Strategic investment fund	4,530,000	4,530,000
Unrestricted fund	-	891,710
	5,535,775	6,523,675
	\$ 6,421,203	\$ 7,530,593

On behalf of the Board:



Director



Director

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

The Mississauga Food Bank Statement of Changes in Net Assets

For the year ended May 31

2023

2022

	Funds Invested in Capital Assets	Contingency Fund	Strategic Investment Fund	Unrestricted Fund	Total	Total
Balance, beginning of year	\$ 8,056	\$ 1,093,909	\$ 4,530,000	\$ 891,710	\$ 6,523,675	\$ 6,068,526
Excess (deficiency) of revenue over expenditures for the year	-	-	-	(987,900)	(987,900)	455,149
Transfer to funds invested in capital assets (Note 8)	234,412	-	-	(234,412)	-	-
Transfer from contingency fund	-	(330,602)	-	330,602	-	-
Balance, end of year	\$ 242,468	\$ 763,307	\$ 4,530,000	\$ -	\$ 5,535,775	\$ 6,523,675

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

The Mississauga Food Bank Statement of Operations

For the year ended May 31	2023	2022
Revenue		
Donations	\$ 5,666,798	\$ 5,146,549
Donated food and donations in kind (Note 1)	18,703,110	14,355,078
Government grants	1,444,129	463,881
Sponsorships	73,041	86,667
Other	116,779	63,180
Deferred capital contributions (Note 7)	36,445	22,340
Trillium Foundation grant	78,718	66,960
Total revenue	26,119,020	20,204,655
Expenditures		
Administration		
Board of Directors expenses	21,555	14,412
General office	230,302	227,904
Professional fees	28,871	18,186
Staffing (Note 9)	464,170	539,493
Total administration expenditures	744,898	799,995
Fundraising		
Fundraising expenses	526,933	542,199
Staffing (Note 9)	937,109	563,960
Total fundraising expenditures	1,464,042	1,106,159
Programs		
Client services, The Mississauga Food Bank network	99,545	94,041
Donated food and donations in kind (Note 1)	18,703,110	14,355,078
Facility	984,966	345,362
Food pickup and delivery	534,062	287,282
Relocation costs	536,965	-
Sourcing, managing, procuring food	1,979,452	1,316,826
Staffing (Note 9)	2,045,278	1,435,673
Volunteers	14,602	9,090
Total programs expenditures	24,897,980	17,843,352
Total expenditures	27,106,920	19,749,506
Excess (deficiency) of revenue over expenditures	\$ (987,900)	\$ 455,149

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

The Mississauga Food Bank Statement of Cash Flows

For the year ended May 31

2023

2022

Cash was provided by (used in)

Operating activities

Excess (deficiency) of revenue over expenditures	\$ (987,900)	\$ 455,149
Adjustments required to reconcile excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	64,498	65,992
Amortization of deferred capital contributions	(36,445)	(22,340)
Deferred rent	50,491	-
Deferred leasehold inducement	(3,866)	(21,362)
Loss on disposal of capital assets	2,567	9,999
Changes in non-cash working capital balances		
Receivables	(374,073)	(32,410)
Prepaid expenses	(96,714)	(42,291)
Accounts payable and accrued liabilities	121,822	(21,059)
Deferred grant revenue	(545,888)	437,930
Deferred sponsorship revenue	(27,062)	10,395
	<u>(1,832,570)</u>	<u>840,003</u>

Investing activities

Purchase of capital assets	(584,490)	-
Purchase of short-term investments, net	(32,882)	(100,224)
	<u>(617,372)</u>	<u>(100,224)</u>

Financing activities

Capital contributions received	340,672	-
Payments of obligations under capital lease	(21,214)	(38,638)
	<u>319,458</u>	<u>(38,638)</u>

Increase (decrease) in cash during the year

(2,130,484) 701,141

Cash, beginning of year

3,889,290 3,188,149

Cash, end of year

\$ 1,758,806 \$ 3,889,290

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

The Mississauga Food Bank

Notes to Financial Statements

May 31, 2023

1. Significant Accounting Policies

Nature of Organization

The Mississauga Food Bank's (the "Organization") mission is relieving hunger in Mississauga by providing and promoting access to healthy and appropriate food. The Organization continued as a charity under the provisions of the Canada Not-for-profit Corporations Act effective January 30, 2020. As such, the Organization is able to issue donation receipts and is not liable for any federal or provincial income taxes under the provisions of the Income Tax Act. Subsequent to year end, the Organization changed its name to Food Banks Mississauga.

Basis of Accounting

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

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at the following rates:

Warehouse equipment	- 5 years straight-line basis
Refrigerated trucks under capital lease	- straight-line over term of lease
Freezer/cooler unit	- 5 years straight-line basis
Leasehold improvements	- straight-line over term of lease
Office equipment	- 5 years straight-line basis
Computer hardware and software	- 3 years straight-line basis
Signage	- 10 years straight-line basis
Inventory management system	- 5 years straight-line basis

The Mississauga Food Bank

Notes to Financial Statements

May 31, 2023

1. Significant Accounting Policies (Continued)

Revenue Recognition

The Organization follows the deferral method of accounting for revenue. Restricted donations are recognized as revenue in the year in which the related expenditures are incurred and unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purchase of capital assets are recorded as revenue over the same period as the related amortization of the purchased assets.

Donated food that has been distributed has been valued based on national standards recommended by Food Banks Canada at \$3.52 (2022 - \$3.21) per pound, which management believes to be a reasonable reflection of fair value. This dollar value of food has been reflected as both a revenue and an expenditure as Donated food and donations in kind on the Statement of Operations. During the year, the Organization distributed 5,310,310 pounds of donated food to the community (2022 - 4,457,774 pounds). The value of the food has been estimated at \$18,692,291 (2022 - \$14,309,455).

Donations in kind (non-cash donations) are recorded as contributions at their estimated fair market value at the date of the donation. During the year, the Organization received \$10,819 (2022 - \$45,623) of donations in kind.

Grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Sponsorship revenue that relates to a future period is deferred and recognized over the term of the sponsorship agreement.

Food Inventory

As food is distributed at no charge, no inventory value has been recorded on the Statement of Financial Position for food on-hand at year end.

Obligations under Capital Lease

Leases meeting certain criteria are accounted for as capital leases. The imputed interest is charged against income and the capitalized value is amortized on a straight-line basis over its estimated useful life. Obligations under capital leases are reduced by rental payments net of imputed interest. All other leases are accounted for as operating leases with rental payments being expensed as incurred.

Deferred Leasehold Inducement

Deferred leasehold inducement represents free rent received from the landlord. The leasehold inducement is recorded as a deferred credit and is amortized on a straight-line basis over the term of the lease as a reduction of facility expenditures.

The Mississauga Food Bank

Notes to Financial Statements

May 31, 2023

1. Significant Accounting Policies (Continued)

Contingency Fund

The Contingency fund is an internally restricted fund that reflects amounts that are designated by the Board of Directors to support core operations for a set period of time in the event of short falls in donations and/or increase in demand for food, such as an emergency response. During the year, the Board of Directors approved a transfer of \$330,602 from the Contingency Fund to the Unrestricted fund. (2022 - \$251,175 from the Unrestricted fund to the Contingency Fund).

Strategic Investment Fund

The Strategic Investment Fund is internally restricted by the Board of Directors. This Fund was established to build new or enhance organizational capacity through infrastructure. The objective is to improve the quality of food and enhance services to clients through improving dignity and reducing barriers.

Donated Services

The operation of the Organization is dependent on services provided by volunteers. Since these services are not purchased by the Organization and due to the difficulty of determining their market value, donated services are not recorded in the accounts.

Remuneration of the Board of Directors

Members of the Board of Directors are volunteers who serve without remuneration.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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 that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Mississauga Food Bank

Notes to Financial Statements

May 31, 2023

2. Cash

Included in cash are amounts restricted for deferred grant revenue and deferred sponsorship revenue aggregating \$38,333 (2022 - \$611,283).

3. Short-term Investments

Short-term investments consist of the following:

	2023	2022
Cash	\$ 72,815	\$ 103,155
Fixed income	3,286,039	2,843,340
High interest savings account	-	379,477
	\$ 3,358,854	\$ 3,325,972

Fixed income consists of redeemable Guaranteed Investment Certificates that earn interest between 0.81% and 5.35% (2022 - 1.00% and 3.56%) and have maturity dates between June 2023 to November 2026 (2022 - June 2022 to June 2026).

4. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Warehouse equipment	\$ 532,036	\$ 162,754	\$ 175,699	\$ 163,127
Refrigerated trucks under capital lease	263,500	210,559	263,500	189,382
Freezer/cooler unit	7,382	62	89,893	89,893
Leasehold improvements	48,459	1,837	69,375	69,375
Office equipment	87,246	16,159	61,471	57,732
Computer hardware and software	80,847	14,301	94,621	88,918
Signage	-	-	4,827	4,586
Inventory management system	-	-	105,600	105,600
Totals	\$ 1,019,470	\$ 405,672	\$ 864,986	\$ 768,613
Cost, net of accumulated amortization		\$ 613,798		\$ 96,373

The Mississauga Food Bank Notes to Financial Statements

May 31, 2023

5. Deferred Grant Revenue

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 554,221	\$ 116,291
Funding received during the year	464,828	1,541,543
Amounts recognized in revenue	<u>(1,010,716)</u>	<u>(1,103,613)</u>
Balance, end of year	<u>\$ 8,333</u>	<u>\$ 554,221</u>

6. Obligations Under Capital Lease

	<u>2023</u>	<u>2022</u>
Obligation under capital lease for a refrigerated truck monthly payments of \$2,010 with an imputed interest rate of 5%, maturing May 2025, secured by the related asset	\$ 45,783	\$ 66,997
Less: current portion	<u>24,120</u>	<u>24,120</u>
	<u>\$ 21,663</u>	<u>\$ 42,877</u>

The interest expense for the year was \$2,906 (2022 - \$4,441).

Future minimum lease payments consist of the following:

2024	\$ 24,120
2025	<u>24,120</u>
Net minimum lease payments	48,240
Less: imputed interest	<u>2,457</u>
Balance of obligation	<u>\$ 45,783</u>

The Mississauga Food Bank Notes to Financial Statements

May 31, 2023

7. Deferred Capital Contributions

	2023	2022
Balance, beginning of year	\$ 21,320	\$ 43,660
Contributions received	340,672	-
Amounts amortized to revenue	(36,445)	(22,340)
Balance, end of year	<u>\$ 325,547</u>	<u>\$ 21,320</u>

8. Funds Invested in Capital Assets

	2023	2022
Capital assets (Note 4)	\$ 613,798	\$ 96,373
Deferred capital contributions related to capital assets (Note 7)	(325,547)	(21,320)
Capital lease obligations (Note 6)	(45,783)	(66,997)
	<u>\$ 242,468</u>	<u>\$ 8,056</u>

9. Allocation of Expenses

The Organization engages in food distribution and community programs. The costs of each program include personnel that are directly related to providing the programs. For employees who perform a combination of program, fundraising and administrative activities, their salaries, benefits and all other payroll costs are attributed based on the percentage of time dedicated to each activity. Such allocations are reviewed and updated annually.

Certain salaries and benefits for employees whose job function is across different programs have been allocated as follows:

	2023	2022
Administration	\$ 208,658	\$ 80,147
Fundraising	269,259	231,393
Programs	393,795	231,393
	<u>\$ 871,712</u>	<u>\$ 542,933</u>

The Mississauga Food Bank Notes to Financial Statements

May 31, 2023

10. Commitments

The Organization leases a premise under an operating lease arrangement and has agreements for communication services and waste management services. The minimum payments under the agreements for the next five years and thereafter are as follows:

2024	\$ 774,904
2025	775,503
2026	802,782
2027	830,927
2028	859,941
Thereafter	<u>2,279,748</u>
	<u>\$ 6,323,805</u>

11. Transfer of Funds

Transfer of funds to (from) the unrestricted funds from (to) funds invested in capital assets is as follows:

	<u>2023</u>	<u>2022</u>
Amortization of capital assets	\$ 64,498	\$ 65,992
Capital funding received	340,672	-
Amortization of deferred capital contributions	(36,445)	(22,340)
Purchase of capital assets	(584,490)	-
Loss on disposal of capital assets	2,567	9,999
Payments made for obligations under capital lease	<u>(21,214)</u>	<u>(38,638)</u>
	<u>\$ (234,412)</u>	<u>\$ 15,013</u>

The Mississauga Food Bank Notes to Financial Statements

May 31, 2023

12. Financial Instrument Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated short-term investments. This risk is mitigated as the fixed income consists of redeemable Guaranteed Investment Certificates.

13. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.