

Food Banks Mississauga
Financial Statements
For the year ended May 31, 2024

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Independent Auditor's Report

To the Board of Directors of Food Banks Mississauga

Qualified Opinion

We have audited the financial statements of Food Banks Mississauga (the "Organization"), which comprise the statement of financial position as at May 31, 2024, 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, 2024, 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, deficiency of revenue over expenditures and cash flows from operations for the years ended May 31, 2024 and 2023, current assets as at May 31, 2024 and 2023, and net assets as at June 1 and May 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended May 31, 2023 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 16, 2024

Food Banks Mississauga Statement of Financial Position

May 31 **2024** **2023**

Assets

Current

Cash (Note 2)	\$ 1,195,445	\$ 1,758,806
Short-term investments (Note 3)	2,976,851	3,358,854
Receivables	382,766	484,153
Prepaid expenses	203,367	205,592

4,758,429 **5,807,405**

Capital assets (Note 4)

599,836 **613,798**

\$ 5,358,265 **\$ 6,421,203**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 386,859	\$ 425,274
Deferred grant revenue (Note 5)	617,595	8,333
Deferred sponsorship revenue	30,000	30,000
Current portion of obligations under capital lease (Note 6)	23,469	24,120

1,057,923 **487,727**

Obligations under capital lease (Note 6)

- 21,663

Deferred capital contributions (Note 7)

300,635 **325,547**

Deferred rent

50,491 **50,491**

1,409,049 **885,428**

Net assets

Funds invested in capital assets (Note 8)	275,732	242,468
Contingency fund	763,307	763,307
Strategic investment fund	2,910,177	4,530,000

3,949,216 **5,535,775**

\$ 5,358,265 **\$ 6,421,203**

On behalf of the Board:

_____ Director _____ Director

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

**Food Banks Mississauga
Statement of Changes in Net Assets**

For the year ended May 31

2024

2023

	Funds Invested in Capital Assets	Contingency Fund	Strategic Investment Fund	Unrestricted Fund	Total	Total
Balance, beginning of year	\$ 242,468	\$ 763,307	\$ 4,530,000	\$ -	\$ 5,535,775	\$ 6,523,675
Deficiency of revenue over expenditures for the year	-	-	-	(1,586,559)	(1,586,559)	(987,900)
Transfer to funds invested in capital assets (Note 11)	33,264	-	-	(33,264)	-	-
Transfer to unrestricted fund	-	-	(1,619,823)	1,619,823	-	-
Balance, end of year	\$ 275,732	\$ 763,307	\$ 2,910,177	\$ -	\$ 3,949,216	\$ 5,535,775

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

Food Banks Mississauga Statement of Operations

For the year ended May 31	2024	2023
Revenue		
Donations	\$ 5,903,173	\$ 5,666,798
Donated food and donations in kind (Note 1)	28,428,126	18,703,110
Government grants	311,242	1,444,129
Sponsorships	91,139	73,041
Interest	113,955	116,779
Deferred capital contributions (Note 7)	86,476	36,445
Feed Ontario grant	197,078	-
Trillium Foundation grant	-	78,718
United Way of Greater Toronto grant	50,000	37,500
	35,181,189	26,156,520
Total revenue		
Expenditures		
Administration		
Governance expenses	35,261	21,555
General office	347,480	230,302
Professional fees	263,667	28,871
Staffing (Note 9)	434,867	464,170
	1,081,275	744,898
Total administration expenditures		
Fundraising		
Fundraising expenses	790,988	526,933
Staffing (Note 9)	983,599	937,109
	1,774,587	1,464,042
Total fundraising expenditures		
Programs		
Client services, Food Banks Mississauga network	74,837	137,045
Donated food and donations in kind (Note 1)	28,428,126	18,703,110
Facility	1,042,458	984,966
Food pickup and delivery	379,488	534,062
Relocation costs	-	536,965
Sourcing, managing, procuring food	1,659,180	1,979,452
Staffing (Note 9)	2,322,581	2,045,278
Volunteers	5,216	14,602
	33,911,886	24,935,480
Total programs expenditures		
	36,767,748	27,144,420
Total expenditures		
Deficiency of revenue over expenditures	\$ (1,586,559)	\$ (987,900)

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

Food Banks Mississauga Statement of Cash Flows

For the year ended May 31

2024

2023

Cash was provided by (used in)

Operating activities

Deficiency of revenue over expenditures	\$ (1,586,559)	\$ (987,900)
Adjustments required to reconcile deficiency of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	182,570	64,498
Amortization of deferred capital contributions	(86,476)	(36,445)
Deferred rent	-	50,491
Deferred leasehold inducement	-	(3,866)
Loss on disposal of capital assets	-	2,567
Changes in non-cash working capital balances		
Receivables	101,387	(374,073)
Prepaid expenses	2,225	(96,714)
Accounts payable and accrued liabilities	(38,415)	121,822
Deferred grant revenue	609,262	(545,888)
Deferred sponsorship revenue	-	(27,062)
	(816,006)	(1,832,570)

Investing activities

Purchase of capital assets	(168,608)	(584,490)
Redemption (purchase) of short-term investments, net	382,003	(32,882)
	213,395	(617,372)

Financing activities

Capital contributions received	61,564	340,672
Payments of obligations under capital lease	(22,314)	(21,214)
	39,250	319,458

Decrease in cash during the year

(563,361) (2,130,484)

Cash, beginning of year

1,758,806 3,889,290

Cash, end of year

\$ 1,195,445 \$ 1,758,806

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

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

1. Significant Accounting Policies

Nature of Organization

Food Banks Mississauga's (the "Organization") mission is to realize a food secure Mississauga by providing and promoting access to healthy and appropriate food. A Mississauga where everyone is food secure. The Organization was registered as a charity without share capital under the Ontario Corporations Act. 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.

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	- shorter of the life of the leasehold improvement or the remaining term of the lease / straight-line over the term of the 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

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

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 \$3.58 (2023 - \$3.52) 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 7,940,105 pounds of donated food to the community (2023 - 5,310,310 pounds). The value of the food has been estimated at \$28,425,576 (2023 - \$18,692,291).

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 \$2,550 (2023 - \$10,819) 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.

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

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. The Contingency fund is not intended to fund or eliminate a permanent loss of funds or an ongoing budget gap. Additionally, should the Organization find itself in the position where the organization ceases to exist, then these funds can also be used for wind up costs. During the year, the Board of Directors approved a transfer of \$Nil (2023 - \$330,602) from the Contingency Fund to the Unrestricted 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. Building capacity/capability may come as a specific one-time use of funds or may be in form of operating deficits or a higher than usual expense rate across several years while building a capability. During the year, the Board of Directors approved a transfer of \$1,619,823 (2023 - \$Nil) from the Strategic Investment Fund to the Unrestricted Fund.

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.

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

2. Cash

Included in cash are amounts restricted for deferred grant revenue and deferred sponsorship revenue aggregating \$647,595 (2023 - \$38,333).

3. Short-term Investments

Short-term investments consist of the following:

	2024	2023
Cash	\$ 109,479	\$ 72,815
Fixed income	2,867,372	3,286,039
	\$ 2,976,851	\$ 3,358,854

Fixed income consists of redeemable Guaranteed Investment Certificates that earn interest between 0.81% and 5.75% (2023 - 0.81% and 5.35%) and have maturity dates between June 2024 to November 2028 (2023 - June 2023 to November 2026).

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Warehouse equipment	\$ 700,644	\$ 276,192	\$ 532,036	\$ 162,754
Refrigerated trucks under capital lease	263,500	231,735	263,500	210,559
Freezer/cooler unit	7,382	1,538	7,382	62
Leasehold improvements	48,459	7,895	48,459	1,837
Office equipment	87,246	31,533	87,246	16,159
Computer hardware and software	80,847	39,349	80,847	14,301
Totals	\$ 1,188,078	\$ 588,242	\$ 1,019,470	\$ 405,672
Cost, net of accumulated amortization		\$ 599,836		\$ 613,798

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

5. Deferred Grant Revenue

	2024	2023
Balance, beginning of year	\$ 8,333	\$ 554,221
Funding received during the year	928,712	464,828
Amounts recognized in revenue	(319,450)	(1,010,716)
Balance, end of year	\$ 617,595	\$ 8,333

6. Obligations Under Capital Lease

	2024	2023
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	\$ 23,469	\$ 45,783
Less: current portion	23,469	24,120
	\$ -	\$ 21,663

The interest expense for the year was \$1,806 (2023 - \$2,906).

Future minimum lease payments consist of the following:

2025	\$ 24,120
Less: imputed interest	651
Balance of obligation	\$ 23,469

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

7. Deferred Capital Contributions

	2024	2023
Balance, beginning of year	\$ 325,547	\$ 21,320
Contributions received	61,564	340,672
Amounts amortized to revenue	(86,476)	(36,445)
	\$ 300,635	\$ 325,547

8. Funds Invested in Capital Assets

	2024	2023
Capital assets (Note 4)	\$ 599,836	\$ 613,798
Deferred capital contributions related to capital assets (Note 7)	(300,635)	(325,547)
Capital lease obligations (Note 6)	(23,469)	(45,783)
	\$ 275,732	\$ 242,468

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:

	2024	2023
Administration	\$ 269,097	\$ 208,658
Fundraising	335,714	269,259
Programs	517,616	393,795
	\$ 1,122,427	\$ 871,712

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

10. Commitments

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

2025	\$	775,503
2026		802,782
2027		830,927
2028		859,941
2029		890,034
Thereafter		<u>1,389,713</u>
	\$	<u>5,548,900</u>

11. Transfer of Funds

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

		<u>2024</u>		<u>2023</u>
Amortization of capital assets	\$	182,570	\$	64,498
Capital funding received (Note 7)		61,564		340,672
Amortization of deferred capital contributions (Note 7)		(86,476)		(36,445)
Purchase of capital assets		(168,608)		(584,490)
Loss on disposal of capital assets		-		2,567
Payments made for obligations under capital lease		(22,314)		(21,214)
	\$	<u>(33,264)</u>	\$	<u>(234,412)</u>

Food Banks Mississauga Notes to Financial Statements

May 31, 2024

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.