

**North York Harvest Food Bank**  
**Financial Statements**  
For the year ended August 31, 2020

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## Independent Auditor's Report

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To the Board of Directors of North York Harvest Food Bank

### Qualified Opinion

We have audited the financial statements of North York Harvest Food Bank (the "Organization"), which comprise the statement of financial position as at August 31, 2020, and the statements of operations and changes in net assets 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 matters 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 August 31, 2020, 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 individual, community and special events 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 individual, community and special events donations, excess of revenue over expenditures and cash flows from operations for the years ended August 31, 2020 and 2019, current assets as at August 31, 2020 and 2019, and net assets as at September 1 and August 31 for both 2019 and 2020 years. Our opinion on the financial statements for the year ended August 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

In addition, the Organization purchased gift cards during the year that were charged to expenditures at the time of purchase which constitutes a departure from Canadian accounting standards for not-for-profit organizations, as not all gift cards had been distributed by year-end and as a result would be considered assets of the Organization under section 1001, Financial statement concepts for not-for-profit organizations. We were not able to count the gift cards at year-end or satisfy ourselves concerning the completeness, existence, and accuracy of gift cards on-hand using alternative methods. Therefore, we were not able to determine whether any adjustments might be necessary to prepaid expenses, deferred revenue, excess of revenue over expenditures and cash flows from operations for the year ended August 31, 2020; and current assets, current liabilities and net assets as at August 31, 2020.

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.

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## Independent Auditor's Report (continued)

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### 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  
Mississauga, Ontario  
November 24, 2020

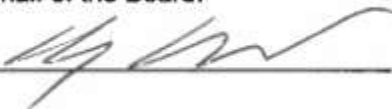

**North York Harvest Food Bank**  
**Statement of Financial Position**

August 31	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,463,270	\$ 426,746
Short-term investments (Note 3)	200,000	100,000
Receivables	155,655	116,128
Prepaid expenses	34,643	33,569
	1,853,568	676,443
<b>Capital assets (Note 4)</b>	<b>467,143</b>	<b>327,566</b>
	<b>\$ 2,320,711</b>	<b>\$ 1,004,009</b>

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 985,859	\$ 165,999
Deferred revenue (Note 5)	475,770	252,957
Current portion of obligations under capital leases (Note 6)	17,531	16,678
	1,479,160	435,634
<b>Obligations under capital leases (Note 6)</b>	<b>75,597</b>	<b>93,128</b>
<b>Deferred capital contributions (Note 7)</b>	<b>311,794</b>	<b>193,891</b>
	<b>1,866,551</b>	<b>722,653</b>
<b>Net assets</b>		
Unrestricted	454,160	281,356
	<b>\$ 2,320,711</b>	<b>\$ 1,004,009</b>

On behalf of the Board:


Director

Director

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

## North York Harvest Food Bank Statement of Operations and Changes in Net Assets

<b>For the year ended August 31</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Individual donations	\$ 1,094,002	\$ 657,802
Foundation donations	864,794	640,693
COVID-19 funding from Food Banks Canada and Feed Ontario	566,498	-
Government grants	475,318	353,705
Corporate donations	302,439	153,484
Community donations	298,178	170,128
Services	175,330	268,342
Discount on gift card purchases	140,625	-
Interest and other income	127,299	81,033
FoodReach	84,985	192,719
Special event donations	69,732	108,456
Insurance proceeds	60,506	-
Funding for food purchases	21,947	34,871
	<b>4,281,653</b>	<b>2,661,233</b>
<b>Expenditures (Note 8)</b>		
Food distribution operation	1,188,233	1,038,025
Food distribution - food and gift card purchases	1,299,637	243,564
Community food banks and programs	826,870	661,679
Grants to member agencies	92,171	-
Administration	154,753	132,536
Fundraising	473,416	394,474
FoodReach	73,769	184,621
	<b>4,108,849</b>	<b>2,654,899</b>
<b>Excess of revenue over expenditures</b>	<b>172,804</b>	<b>6,334</b>
<b>Net assets, beginning of year</b>	<b>281,356</b>	<b>275,022</b>
<b>Net assets, end of year</b>	<b>\$ 454,160</b>	<b>\$ 281,356</b>

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

## North York Harvest Food Bank Statement of Cash Flows

For the year ended August 31	2020	2019
<b>Cash was provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 172,804	\$ 6,334
Adjustments required to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	74,343	60,010
Amortization of deferred capital contributions	(55,652)	(45,585)
Changes in non-cash working capital balances		
Receivables	(39,527)	(83,497)
Prepaid expenses	(1,074)	945
Accounts payable and accrued liabilities	819,860	21,714
Deferred revenue	222,813	97,877
	<b>1,193,567</b>	<b>57,798</b>
<b>Investing activities</b>		
Purchase of capital assets	(213,920)	(8,342)
Purchase of short-term investments	(100,000)	-
	<b>(313,920)</b>	<b>(8,342)</b>
<b>Financing activities</b>		
Capital contributions received	173,555	-
Payments of obligations under capital leases	(16,678)	(11,851)
	<b>156,877</b>	<b>(11,851)</b>
<b>Increase in cash during the year</b>	<b>1,036,524</b>	<b>37,605</b>
<b>Cash, beginning of year</b>	<b>426,746</b>	<b>389,141</b>
<b>Cash, end of year</b>	<b>\$ 1,463,270</b>	<b>\$ 426,746</b>
<b>Non-cash transactions:</b>		
Purchase of capital assets under capital lease	\$ -	\$ 103,801

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

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# North York Harvest Food Bank

## Notes to Financial Statements

**August 31, 2020**

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### 1. Significant Accounting Policies

#### **Nature of Organization**

North York Harvest Food Bank (the "Organization") is a not-for-profit organization whose mission is to engage our community in meeting the food needs of northern Toronto by providing dignified food assistance, education, focused advocacy, and long term food solutions. The Organization is a registered charity pursuant to paragraph 149(1)(f) of the Income Tax Act (Canada) and accordingly, is exempt from income taxes.

#### **Basis of Accounting**

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

#### **Revenue Recognition**

The Organization follows the deferral method of accounting for revenue. Restricted donations and grants 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.

Fees for services and the FoodReach program are recorded on an accrual basis. Fees for Services include services the Organization provides on a contract basis to third parties for the delivery of prepared food and training in support of skills training programs. The FoodReach program is a program where bulk food purchases are made through a portal managed by the Organization. The food is delivered to the purchaser directly by the supplier.

Interest and other income is recorded on an accrual basis.

Deferred capital contributions are donations received by the Organization for the purchase of capital assets. They are initially deferred and are amortized to revenue at the same rate as the related purchased capital assets.

#### **Donated Goods and Services and Gift Cards**

Goods and services that have been donated are recorded in the financial statements at their fair value when a fair value can be reasonably estimated and the goods and services would be paid for if not donated. Where an estimate of fair value cannot reasonably be made, such donations would not be recorded. No value is placed on food donations received and disbursed.

A number of volunteers contribute their services to the Organization each year. Due to the difficulty in determining their fair value, these contributed services are not recognized or disclosed in the financial statements.

Gift cards are expensed at the time of purchase.

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## North York Harvest Food Bank Notes to Financial Statements

**August 31, 2020**

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

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

Trucks	- 10 years straight-line basis
Computer equipment	- 5 years straight-line basis
Equipment	- 3 to 5 years straight-line basis
Leasehold improvements	- term of lease

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, short-term investments are reported at fair value, while all other 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.

#### Obligations under Capital Leases

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.



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# North York Harvest Food Bank

## Notes to Financial Statements

**August 31, 2020**

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### 1. Significant Accounting Policies (continued)

#### Attribution and Allocation of Expenses

The Organization engages in food distribution and community programs. The costs of each program include personnel and other expenses 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.

Occupancy related costs are attributed to programs based on the percentage of the actual used area space by each function.

Some shared costs are attributed based on estimated consumption to each function.

Occupancy related costs relating to common areas, and other shared costs such as cleaning and telecommunications, are allocated based on the percentage of time dedicated by staff with workstations to program, fundraising and administrative activities.

Such allocations are reviewed annually, updated and applied on a prospective basis.

Allocations are detailed in Note 8.

#### 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.

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### 2. Credit Facility

The Organization has an operating line of credit for \$150,000 collateralized by a general assignment of a Guaranteed Investment Certificate of the Organization. Advances under this line of credit bear interest at the bank's prime rate plus 1.56% (2019 - prime rate plus 1.56%). As at August 31, 2020 and 2019, there were no amounts drawn under the line of credit.

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## North York Harvest Food Bank Notes to Financial Statements

**August 31, 2020**

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### 3. Short-term Investments

Short-term investments consists of a cashable and a non-redeemable Guaranteed Investment Certificate that earn interest at 0.70% and 1.97% (2019 - 1.45%) and mature on December 2021 and March 2021 (2019 - June 2020) respectively.

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### 4. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Trucks	\$ 492,060	\$ 200,153	\$ 322,716	\$ 166,498
Computer equipment	16,609	6,009	6,883	4,792
Equipment	120,172	72,221	85,322	57,315
Leasehold improvements	270,394	153,709	270,394	129,144
<b>Totals</b>	<b>\$ 899,235</b>	<b>\$ 432,092</b>	<b>\$ 685,315</b>	<b>\$ 357,749</b>
Cost, net of accumulated amortization		<b>\$ 467,143</b>		<b>\$ 327,566</b>

Trucks and equipment include assets under capital lease of \$122,539 (2019 - \$122,539), net of accumulated amortization of \$25,732 (2019 - \$11,605).

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### 5. Deferred Revenue

	2020		2019	
Balance, beginning of year	\$ 252,957		\$ 155,080	
Funding received during the year	935,183		757,172	
Funding transferred to deferred capital contributions	(44,407)		-	
Amounts recognized in revenue	(667,963)		(659,295)	
<b>Balance, end of year</b>	<b>\$ 475,770</b>		<b>\$ 252,957</b>	

**North York Harvest Food Bank**  
**Notes to Financial Statements**

**August 31, 2020**

**6. Obligations under Capital Leases**

	<b>2020</b>	2019
Equipment under capital lease, bearing interest at 3.18%, repayable in blended monthly installments of \$343, due May 2023, secured by related equipment	<b>\$ 10,547</b>	\$ 14,260
Truck under capital lease, bearing interest at 5.51%, repayable in blended monthly installments of \$1,429, due December 2025, secured by related truck	<b>82,581</b>	95,546
Balance of obligations	<b>93,128</b>	109,806
Less: current portion	<b>17,531</b>	16,678
	<b>\$ 75,597</b>	\$ 93,128

Future minimum lease payments consist of the following:

2021	\$	21,937
2022		21,937
2023		20,615
2024		17,824
2025		17,824
Thereafter		5,940
Minimum lease payments		106,077
Less: imputed interest		12,949
Balance of obligations		93,128
Less: current portion		17,531
Long term portion	<b>\$</b>	<b>75,597</b>

Interest expense on capital leases for the year was \$5,259 (2019 - \$4,144).

**North York Harvest Food Bank**  
**Notes to Financial Statements**

**August 31, 2020**

**7. Deferred Capital Contributions**

	<b>2020</b>	2019
Balance, beginning of year	\$ <b>193,891</b>	\$ 239,476
Contributions received	<b>173,555</b>	-
Amounts amortized to revenue	<b>(55,652)</b>	(45,585)
	<b>\$ 311,794</b>	\$ 193,891

**8. Allocation of Expenses**

Certain salaries and benefits for employees whose job function is across different programs, and certain operational expenses, such as occupancy and other administrative expenses, have been allocated as follows:

	<b>Salaries and benefits</b>	<b>Operational expenses</b>	<b>2020 Total</b>
Food distribution program	\$ 224,080	\$ 70,033	\$ 294,113
Community programs	220,079	59,941	280,020
Fundraising	89,363	26,023	115,386
Administration	100,384	10,932	111,316
	<b>\$ 633,906</b>	<b>\$ 166,929</b>	<b>\$ 800,835</b>

	Salaries and benefits	Operational expenses	2019 Total
Food distribution program	\$ 232,378	\$ 53,580	\$ 285,958
Community programs	206,549	18,258	224,807
Fundraising	126,137	7,635	133,772
Administration	96,228	3,193	99,421
	<b>\$ 661,292</b>	<b>\$ 82,666</b>	<b>\$ 743,958</b>

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## North York Harvest Food Bank Notes to Financial Statements

**August 31, 2020**

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### 9. Commitments

The Organization leases a premise under an operating lease arrangement and has agreements in place for the packaging of food hampers and delivery of programs. The minimum payments under these agreements are as follows:

2021	\$	99,768
2022		58,333
2023		58,333
2024		58,796
2025		61,111
Thereafter		<u>50,926</u>
	\$	<u>387,267</u>

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### 10. Financial Instrument Risk

#### *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 Organization is exposed to credit risk on its receivables. The Organization's credit risk is considered to be low as receivables consist primarily of grants, HST receivable and accrued interest. This risk has not changed from the prior year.

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### 11. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19" outbreak. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Due to the pandemic, there has been an increase in need for the services provided by the Organization. As the impacts of COVID-19 continue, there could be further impacts on the Organization. Management is actively monitoring the affects on its financial condition, liquidity, operations, suppliers, sector and workforce.

The Organization relies on revenue from donations, events and grants. During the year and subsequent to the year-end, the Organization received significant funds from multiple sources as a result of the global pandemic. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations at this time.

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**North York Harvest Food Bank  
Notes to Financial Statements**

**August 31, 2020**

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**12. Comparative Figures**

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