

North York Harvest Food Bank
Financial Statements
For the year ended August 31, 2024

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Independent Auditor's Report

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, 2024, and the statements of operations, 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, 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 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, 2024 and 2023, current assets as at August 31, 2024 and 2023, and net assets as at September 1 and August 31 for both 2024 and 2023 years. Our opinion on the financial statements for the year ended August 31, 2023 was modified accordingly because of the possible effects of this scope limitation.

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
November 27, 2024

North York Harvest Food Bank
Statement of Financial Position

August 31 **2024** **2023**

Assets

Current

Cash	\$ 1,782,515	\$ 895,029
Short-term investments (Note 3)	1,086,035	1,040,121
Receivables	233,860	160,635
Prepaid expenses	72,410	109,533
	<u>3,174,820</u>	<u>2,205,318</u>

Capital assets (Note 4)	<u>576,383</u>	<u>514,707</u>
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	<u>\$ 3,751,203</u>	<u>\$ 2,720,025</u>
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 418,891	\$ 261,467
Food vouchers payable	216,138	-
Deferred revenue (Note 5)	622,650	458,242
Current portion of obligations under capital leases (Note 6)	20,184	19,051
	<u>1,277,863</u>	<u>738,760</u>

Obligations under capital leases (Note 6)	<u>15,445</u>	<u>35,629</u>
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Deferred capital contributions (Note 7)	<u>442,476</u>	<u>391,219</u>
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	<u>1,735,784</u>	<u>1,165,608</u>
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Net assets

Community Capacity Building Fund	200,000	200,000
Contingency Fund	810,000	810,000
Infrastructure Fund	461,002	-
Unrestricted	544,417	544,417
	<u>2,015,419</u>	<u>1,554,417</u>

	<u>\$ 3,751,203</u>	<u>\$ 2,720,025</u>
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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

For the year ended August 31	2024	2023
Revenue		
Individual donations	\$ 1,547,499	\$ 1,228,544
Services	1,740,911	1,127,036
Foundation donations	1,227,906	1,116,909
Community donations	1,195,826	859,353
Government grants	943,239	480,776
Corporate donations	429,588	366,791
Interest and other income	378,275	224,160
Special event donations	135,597	139,632
	<u>7,598,841</u>	<u>5,543,201</u>
Expenditures (Note 9)		
Food distribution operation	2,229,079	1,710,966
Community food banks and programs	2,658,459	1,670,244
Food distribution - food and gift card purchases	1,038,328	1,114,516
Fundraising	867,665	675,446
Administration	344,308	338,314
	<u>7,137,839</u>	<u>5,509,486</u>
Excess of revenue over expenditures from operations	461,002	33,715
Less: Grants to member agencies	<u>-</u>	<u>100,000</u>
Excess (deficiency) of revenue over expenditures	\$ 461,002	\$ (66,285)

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

North York Harvest Food Bank
Statement of Changes in Net Assets

For the year ended August 31

	Community Capacity Building Fund	Contingency Fund	Infrastructure Fund	Unrestricted	2024 Total
Net assets, beginning of year	\$ 200,000	\$ 810,000	\$ -	\$ 544,417	\$ 1,554,417
Excess of revenue over expenditures	-	-	-	461,002	461,002
Transfer to Infrastructure Fund (Note 1)	-	-	461,002	(461,002)	-
Net assets, end of year	\$ 200,000	\$ 810,000	\$ 461,002	\$ 544,417	\$ 2,015,419

For the year ended August 31

	Community Capacity Building Fund	Contingency Fund	Unrestricted	2023 Total
Net assets, beginning of year	\$ 300,000	\$ 810,000	\$ 510,702	\$ 1,620,702
Deficiency of revenue over expenditures	-	-	(66,285)	(66,285)
Transfer from Community Capacity Building Fund (Note 1)	(100,000)	-	100,000	-
Net assets, end of year	\$ 200,000	\$ 810,000	\$ 544,417	\$ 1,554,417

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 **2024** **2023**

Cash was provided by (used in)

Operating activities

Excess (deficiency) of revenue over expenditures	\$ 461,002	\$ (66,285)
Adjustments required to reconcile excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	126,687	108,516
Amortization of deferred capital contributions	(96,083)	(77,651)
Changes in non-cash working capital balances		
Receivables	(73,225)	(18,528)
Prepaid expenses	37,123	93,227
Accounts payable and accrued liabilities	157,424	(57,446)
Food vouchers payable	216,138	-
Deferred revenue	164,408	(128,310)
	<u>993,474</u>	<u>(146,477)</u>

Investing activities

Purchase of capital assets	(188,363)	(176,740)
Purchase of short-term investments	(45,914)	(232,604)
	<u>(234,277)</u>	<u>(409,344)</u>

Financing activities

Capital contributions received	147,340	155,550
Payments of obligations under capital leases	(19,051)	(18,743)
Proceeds of obligation under capital lease	-	16,255
	<u>128,289</u>	<u>153,062</u>

Increase (decrease) in cash during the year **887,486** **(402,759)**

Cash, beginning of year **895,029** **1,297,788**

Cash, end of year **\$ 1,782,515** **\$ 895,029**

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

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2024

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 the 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 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 they are redeemed.

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2024

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 and software	- 5 years straight-line basis
Equipment	- 3 to 5 years straight-line basis
Leasehold improvements	- term of lease

Food Vouchers Payable

Food vouchers are issued to agencies that will be utilized to purchase food subsequent to year end.

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 indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in excess (deficiency) of revenue over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in excess (deficiency) of revenue over expenditures.

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.

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.

Community Capacity Building Fund

The Community Capacity Building Fund is an internally restricted fund that will be used to support the Organization's agencies and other groups in the catchment area that are engaged in anti-poverty work. This fund will respond to the strain and increased client volumes seen in the network and will be administered via a participatory budgeting process. During the year, the Board of Directors approved a transfer of \$Nil (2023 - \$100,000) from the Community Capacity Building Fund to the Unrestricted fund.

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2024

1. Significant Accounting Policies (continued)

Infrastructure Fund

The Infrastructure Fund is an internally restricted fund that reflects the amounts that are designated by the Board of Directors for costs associated with the Organization's facilities, vehicles and physical infrastructure. The Fund will ensure that there are sufficient resources for the investments required for the Organization to fulfill future food distribution demand. During the year, the Board of Directors approved a transfer of \$461,002 (2023 - \$Nil) from the Unrestricted Fund to the Infrastructure Fund.

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 9.

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.

Pension Plan

The Organization participates in a multi-sector defined benefit pension plan for its employees. Full-time employees of the Organization are mandatory members of the plan, while part-time employees are optional. The Organization and employees equally contribute 3% of the employees' pensionable pay to the plan. This plan is accounted for as a defined contribution plan since the plan is a multi-employer pension plan.

North York Harvest Food Bank Notes to Financial Statements

August 31, 2024

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% (2023 - prime rate plus 1.56%). As at August 31, 2024 and 2023, there were no amounts drawn under the line of credit.

3. Short-term Investments

Short-term investments consist of the following:

	2024	2023
High interest savings account	\$ 782,493	\$ 702,497
Fixed income	303,542	337,624
	\$ 1,086,035	\$ 1,040,121

Fixed income consists of Guaranteed Investment Certificates that earn interest of 2.75% and 5.16% (2023 - 2.75% and 5.46%) with maturity dates between December 2024 and February 2025 (2023 - February 2024 and December 2024).

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Trucks	\$ 724,996	\$ 365,533	\$ 577,060	\$ 317,737
Computer equipment and software	98,441	37,368	48,690	24,892
Equipment	220,972	109,972	230,296	92,362
Leasehold improvements	368,912	324,065	368,912	275,260
Totals	\$ 1,413,321	\$ 836,938	\$ 1,224,958	\$ 710,251
Cost, net of accumulated amortization		\$ 576,383		\$ 514,707

Trucks and equipment include assets under capital lease of \$119,823 (2023 - \$119,823), net of accumulated amortization of \$62,025 (2023 - \$48,975).

North York Harvest Food Bank Notes to Financial Statements

August 31, 2024

5. Deferred Revenue

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 458,242	\$ 586,552
Funding received during the year	1,299,879	869,761
Funding transferred to deferred capital contributions	(40,906)	(30,000)
Amounts recognized in revenue	<u>(1,094,565)</u>	<u>(968,071)</u>
Balance, end of year	<u>\$ 622,650</u>	<u>\$ 458,242</u>

6. Obligations under Capital Leases

	<u>2024</u>	<u>2023</u>
Equipment under capital lease, bearing interest at 7.34%, repayable in blended monthly installments of \$329, due May 2028, secured by related equipment	\$ 12,662	\$ 15,559
Truck under capital lease, bearing interest at 5.51%, repayable in blended monthly installments of \$1,429, due December 2025, secured by related truck	<u>22,967</u>	<u>39,121</u>
Balance of obligations	35,629	54,680
Less: current portion	<u>20,184</u>	<u>19,051</u>
	<u>\$ 15,445</u>	<u>\$ 35,629</u>

Future minimum lease payments consist of the following:

2025	\$ 21,767
2026	9,884
2027	3,943
2028	<u>2,654</u>
Minimum lease payments	38,248
Less: imputed interest	<u>2,619</u>
Balance of obligations	35,629
Less: current portion	<u>20,184</u>
Long term portion	<u>\$ 15,445</u>

Interest expense on capital leases for the year was \$2,716 (2023 - \$2,762).

North York Harvest Food Bank Notes to Financial Statements

August 31, 2024

7. Deferred Capital Contributions

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 391,219	\$ 313,320
Contributions received	147,340	155,550
Amounts amortized to revenue	<u>(96,083)</u>	<u>(77,651)</u>
Balance, end of year	<u>\$ 442,476</u>	<u>\$ 391,219</u>

8. Pension Plan

The Organization's contributions to the pension plan during the year amounted to \$64,900 (2023 - \$68,175).

9. 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:

	<u>Salaries and benefits</u>	<u>Operational expenses</u>	<u>2024 Total</u>
Food distribution program	\$ 267,243	\$ 84,487	\$ 351,730
Community programs	294,578	61,848	356,426
Fundraising	28,396	21,747	50,143
Administration	190,586	13,706	204,292
	<u>\$ 780,803</u>	<u>\$ 181,788</u>	<u>\$ 962,591</u>
	<u>Salaries and benefits</u>	<u>Operational expenses</u>	<u>2023 Total</u>
Food distribution program	\$ 261,115	\$ 63,574	\$ 324,689
Community programs	298,396	24,690	323,086
Fundraising	46,879	9,592	56,471
Administration	178,495	5,954	184,449
	<u>\$ 784,885</u>	<u>\$ 103,810</u>	<u>\$ 888,695</u>

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2024

10. Commitments

The Organization leases a premise under an operating lease arrangement. The minimum payments under this agreement are as follows:

2025	\$	61,111
2026		<u>50,926</u>
	\$	<u>112,037</u>

11. 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.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable, accrued liabilities, deferred revenue and obligations under capital leases. The Organization expects to meet its obligations by managing its working capital, ensuring that sufficient credit is available, and by generating sufficient cash flow from operations.

These risks have not changed from the prior year.

12. Comparative Figures

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