

**GLOUCESTER EMERGENCY
FOOD CUPBOARD**

FINANCIAL STATEMENTS

DECEMBER 31, 2022

Roger Millette, Société Professionnelle / Professional Corporation

Comptable Professionnel Agréé/Chartered Professional Accountant
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Independent Auditor's Report

To: The Directors Members of
Gloucester Emergency Food Cupboard

Qualified Opinion

I have audited the financial statements of **Gloucester Emergency Food Cupboard**, which comprise the statement of financial position as at **December 31, 2022**, 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 my opinion, except for the adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the fundraising contributions, the financial statements present fairly, in all material respects, the financial position of Gloucester Emergency Food Cupboard as at December 31, 2022 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. My audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

I have determined that there are no key audit matters to communicate in my report.

Independent Auditor's Report, continued

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 .

Independent Auditor's Report, continued

- ◆ 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



Chartered Professional Accountant

Professional Corporation, Authorized to practice public accounting by the Chartered Professional Accountants of Ontario.

Ottawa, Ontario
June 16, 2023

GLOUCESTER EMERGENCY FOOD CUPBOARD
(Incorporated under the Ontario Business Corporations Act)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 102,020	\$ 65,289
Accounts receivable	27,861	6,395
Current portion of investments (note 3)	<u>515,340</u>	<u>508,718</u>
	<u>\$ 645,221</u>	<u>\$ 580,402</u>
LIABILITY		
CURRENT LIABILITY		
Accounts payable and accrued liabilities		
Including payroll remittances of \$1,825 (2021 - \$8,442)	<u>\$ 48,505</u>	<u>\$ 24,563</u>
Internally restricted	505,000	505,000
Unrestricted	<u>91,716</u>	<u>50,839</u>
	<u>596,716</u>	<u>555,839</u>
	<u>\$ 645,221</u>	<u>\$ 580,402</u>

Approved on behalf of the board

Directors Nadine Mansour

GLOUCESTER EMERGENCY FOOD CUPBOARD
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUES		
Interest income	\$ 6,622	\$ 2,729
Donations	127,297	149,067
Fundraising activities	90,476	53,266
Grants	53,184	52,141
Job Support Foundations	21,146	14,134
	<u>108,187</u>	<u>116,912</u>
	<u>406,912</u>	<u>388,249</u>
EXPENDITURES		
Equipment and maintenance	1,652	701
Program expenses	214,476	119,126
Fundraising expenses	3,367	4,983
Insurance	3,119	1,131
Interest and bank charges	571	581
Office	8,085	7,288
Professional fees	7,795	4,921
Salaries and related benefits	124,629	130,186
Telephone and utilities	2,341	2,459
Travel	-	32
	<u>-</u>	<u>32</u>
	<u>366,035</u>	<u>271,408</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 40,877</u>	<u>\$ 116,841</u>

See accompanying notes

GLOUCESTER EMERGENCY FOOD CUPBOARD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Internally restricted	Unrestricted	Total 2022	Total 2021
BALANCE, BEGINNING OF YEAR	\$ 505,000	\$ 50,839	\$ 555,839	\$ 438,998
Excess of revenues over expenditures	-	40,877	40,877	116,841
Transfer from operating fund	-	-	-	150,000
	-	-	-	(150,000)
BALANCE, END OF YEAR	<u>\$ 505,000</u>	<u>\$ 91,716</u>	<u>\$ 596,716</u>	<u>\$ 555,839</u>

See accompanying notes

GLOUCESTER EMERGENCY FOOD CUPBOARD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 40,877	\$ 116,841
Change in non-cash working capital items		
Accounts receivable	(21,466)	7,224
Current portion of investments (note 3)	(6,622)	(508,718)
Accounts payable and accrued liabilities	<u>23,942</u>	<u>15,616</u>
	<u>36,731</u>	<u>(369,037)</u>
INVESTING ACTIVITIES		
Maturity of long term investments	6,622	553,834
Purchase of long term investments	<u>(6,622)</u>	<u>(200,000)</u>
	<u>-</u>	<u>353,834</u>
INCREASE (DECREASE) IN CASH	36,731	(15,203)
CASH, BEGINNING OF YEAR	<u>65,289</u>	<u>80,492</u>
CASH, END OF YEAR	<u><u>\$ 102,020</u></u>	<u><u>\$ 65,289</u></u>

See accompanying notes

GLOUCESTER EMERGENCY FOOD CUPBOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. Nature of operations

Gloucester Emergency Food Cupboard is a registered charity incorporated without share capital under the laws of Ontario. The mission of the Organization is collecting and distributing food products and other necessities of life for needy persons in Gloucester, supporting and encouraging reform and social change that would eliminate the need for emergency food assistance and treating all persons involved with respect and dignity. The Organization is a registered charity under the Income Tax Act, and as such, is exempt from income taxes and may issue income tax receipts to donor.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

(b) Cash equivalents

Cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments with original maturities of three months or less.

(c) Use of estimates

GLOUCESTER EMERGENCY FOOD CUPBOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. Significant accounting policies, continued

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are .

(d) Contributed services

The organization's activities are derived from donated goods and volunteers contributed time to assist the Society. Because of the difficulty of determining their fair value, donated goods and contributed services are not recognized in the financial statements.

(e) Financial instruments

The organization's financial instruments consist of cash, term deposits, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

3. Investments

	<u>2022</u>	<u>2021</u>
Redeemable GIC, 1.90%, due July 5, 2023.	\$ 101,010	\$ -
Redeemable GIC, 2.33%, due July 5, 2023.	372,301	-
Redeemable GIC, 0.90%, due May 13, 2023.	42,029	-
Redeemable GIC, 0.78%, due March 3, 2022.	-	10,070
Redeemable GIC, 0.78%, due March 3, 2022.	-	101,786
Redeemable GIC, 0.55%, due December 16, 2022.	-	355,175
Redeemable GIC, 0.50%, due March 12, 2022.	-	41,687
	<u>515,340</u>	<u>508,718</u>
Current portion of long term investments redeemable in the next fiscal year	<u>(515,340)</u>	<u>(508,718)</u>
Total investments	<u>\$ -</u>	<u>\$ -</u>

Total long term investments are \$515,340 and are presented on the statement of financial position as current assets since they are all maturing in 2023.

GLOUCESTER EMERGENCY FOOD CUPBOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

4. **Internally restricted**

	<u>2022</u>	<u>2021</u>
Program	\$ 65,000	\$ 65,000
Operations	45,000	45,000
General	20,000	20,000
Renovation,purchase of equipment	<u>375,000</u>	<u>375,000</u>
	<u>\$ 505,000</u>	<u>\$ 505,000</u>

5. **Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities of \$48,505 (2021, \$24,564). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the organization is low and is not material.

(b) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Organization is a going concern and thus expects to fully repay the outstanding amounts.

(c) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. The organization is exposed to this risk for its investments in GICs. This risk is reduced to a minimum since these assets are invested in guaranteed investments certificate and are redeemable.