

**Ontario Association of Food
Banks (o/a Feed Ontario)
Financial Statements
For the year ended March 31, 2023**

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Independent Auditor's Report

To the Directors of Ontario Association of Food Banks (o/a Feed Ontario)

Opinion

We have audited the financial statements of Ontario Association of Food Banks (o/a Feed Ontario) (the "Association"), which comprise the statement of financial position as at March 31, 2023 and the statements of changes in fund balances, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 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 Opinion

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 Association 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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
May 26, 2023

Ontario Association of Food Banks (o/a Feed Ontario)
Statement of Financial Position

March 31 **2023** **2022**

Assets

Current

Cash (Note 2)	\$ 1,625,757	\$ 5,809,093
Investments (Note 2, 3)	3,959,033	439,107
Accounts receivable	187,513	283,570
Prepaid expenses and deposits	<u>58,557</u>	<u>51,894</u>

5,830,860 **6,583,664**

Capital assets (Note 4) **249,419** **192,563**

\$ 6,080,279 **\$ 6,776,227**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 413,098	\$ 827,401
Deferred revenue (Note 5)	<u>3,844,879</u>	<u>4,590,761</u>

4,257,977 **5,418,162**

Deferred capital contributions (Note 6) **200,047** **177,852**

4,458,024 **5,596,014**

Fund balances

Invested in capital assets	49,372	14,711
Operating contingency reserve	<u>1,572,883</u>	<u>1,165,502</u>

1,622,255 **1,180,213**

\$ 6,080,279 **\$ 6,776,227**

On behalf of the Board

_____ Director

_____ Director

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

Ontario Association of Food Banks (o/a Feed Ontario)
Statement of Changes in Fund Balances

For the year ended March 31

				2023	2022
	Invested in Capital Assets	Unrestricted	Operating Contingency Reserve	Total	Total
Balance, beginning of year	\$ 14,711	\$ -	\$ 1,165,502	\$ 1,180,213	\$ 591,277
Excess of revenue over expenditures for the year	-	442,042	-	442,042	588,936
Purchase of capital assets, net of deferred capital contributions	44,079	(44,079)	-	-	-
Amortization of deferred capital contributions	29,774	(29,774)	-	-	-
Amortization of capital assets	(39,192)	39,192	-	-	-
Transfer of funds (Note 1)	-	(407,381)	407,381	-	-
Balance, end of year	\$ 49,372	\$ -	\$ 1,572,883	\$ 1,622,255	\$ 1,180,213

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

Ontario Association of Food Banks (o/a Feed Ontario) Statement of Operations

For the year ended March 31	2023	2022
Revenue		
Gifts in kind (Note 1)	\$ 17,090,397	\$ 17,762,435
Donations	2,374,004	1,728,231
Food and member program revenue	1,910,475	5,373,347
Membership dues	391,963	355,812
National program	66,408	105,513
Food program	116,534	148,925
Grants from other organizations	97,996	197,496
Interest and other	111,709	32,857
Conference fees	34,733	31,848
Amortization of deferred capital contributions (Note 6)	29,774	29,574
	<u>22,223,993</u>	<u>25,766,038</u>
Expenditures		
Gifts in kind - food (Note 1)	17,082,118	17,752,703
Food banks - program disbursements	1,541,107	4,653,848
Salaries and benefits	956,280	857,721
Member programs	680,295	621,482
Professional and consulting fees (Note 7)	323,028	269,228
Food transportation	284,401	262,368
Program materials	273,176	6,386
Food purchases	126,245	228,656
Rent	97,892	108,672
Advertising, promotion and fundraising events	95,527	124,125
Distribution management	74,911	45,854
Office, postage and general	54,969	147,347
Amortization	39,192	34,590
Donation processing and bank charges	35,882	11,063
Meetings and conferences	33,487	27,907
Telephone	21,603	5,419
Dues and fees	32,757	5,836
Insurance	13,622	2,181
Gifts in kind - transportation (Note 1)	8,279	9,732
Member engagement	7,180	1,984
	<u>21,781,951</u>	<u>25,177,102</u>
Excess of revenue over expenditures for the year	\$ 442,042	\$ 588,936

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

Ontario Association of Food Banks (o/a Feed Ontario)
Statement of Cash Flows

For the year ended March 31	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 442,042	\$ 588,936
Adjustments required to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	39,192	34,590
Amortization of deferred capital contributions	(29,774)	(29,574)
Changes in non-cash working capital balances		
Accounts receivable	96,057	(38,114)
Prepaid expenses and deposits	(6,663)	19,732
Accounts payable and accrued liabilities	(414,303)	395,804
Deferred revenue	(745,882)	(1,819,017)
	<u>(619,331)</u>	<u>(847,643)</u>
Investing activities		
Purchase of capital assets	(96,048)	(52,924)
Purchase of investments	(3,519,926)	(21,984)
	<u>(3,615,974)</u>	<u>(74,908)</u>
Financing activity		
Deferred capital contributions received	51,969	51,298
Decrease in cash during the year	(4,183,336)	(871,253)
Cash, beginning of year	5,809,093	6,680,346
Cash, end of year	\$ 1,625,757	\$ 5,809,093

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

Ontario Association of Food Banks (o/a Feed Ontario)

Notes to Financial Statements

March 31, 2023

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Ontario Association of Food Banks (o/a Feed Ontario) ("the Association") was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on March 19, 1992. As a not-for-profit organization, the Association is exempt from the payment of income taxes as provided under the Income Tax Act (Canada) and is a registered charity.

The Association is a membership organization of food banks throughout Ontario with a mandate to assist in meeting the immediate food needs of food bank recipients and to work towards long-term solutions to hunger and poverty.

Basis of Accounting

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

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Capital assets are amortized over their estimated useful lives using the straight-line method as follows:

Computer equipment	- 4 years
Computer software	- 7 years

Revenue Recognition

The Association follows the deferral method of accounting for donations and grants.

Unrestricted revenue including donations, gifts in kind, food drives, food program and national program, are recognized as revenue in the year received.

Unrestricted grants from other organizations are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted donations, member program revenue and restricted grants are recognized as revenue in the year in which the related expenses are incurred.

Contributions restricted for the purchase of capital assets are deferred and recognized as revenue at a rate corresponding with the amortization rate of the related capital assets.

Conference fees are recognized when the conference occurs.

Membership dues are paid on an annual basis and are recognized over the term of membership.

Donated Materials and Services

Donated materials and services are recorded in the financial statements as gifts in kind at fair market value when fair market value can be reasonably estimated and when the Association would otherwise have required these items. Food, milk, transportation, other supplies and services of \$17,090,397 (2022 - \$17,762,435) were donated during the year and are included in the statement of operations.

Ontario Association of Food Banks (o/a Feed Ontario)

Notes to Financial Statements

March 31, 2023

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Volunteer Hours

Volunteer hours are not normally purchased and due to the difficulty in determining their fair market value, these contributed services are not recognized in these financial statements.

Deferred Revenue

Deferred revenue includes the portion of grants received that continue into the next fiscal period that are unspent at year end and externally restricted donations for COVID-19 relief efforts. Conference fees collected in advance of the conference taking place are recorded as deferred revenue.

Operating Contingency Reserve

The Operating Contingency Reserve is an internally restricted fund for unanticipated general operating contingencies and the development of food distribution systems. The funds are not available for use by the Association without the prior approval of the Board of Directors. The Board approved a transfer of \$407,381 (2022 - \$592,326) from the Unrestricted Fund to the Operating Contingency Reserve.

Financial Instruments

Investments are reported at fair value. 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.

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 amount of revenue and expenditures during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future.

2. Restricted Cash and Investments

Within the cash balance, \$55,434 (2022 - \$72,794) is restricted for food programs, \$Nil (2022 - \$91,848) is restricted for capacity building programs, \$2,062,600 (2022 - \$3,530,716) is restricted for COVID-19 emergency relief programs, and \$861,629 (2022 - \$869,918) is restricted for Northern food strategy program.

Ontario Association of Food Banks (o/a Feed Ontario)
Notes to Financial Statements

March 31, 2023

3. Investments

	2023	2022
Money market mutual funds	\$ 19,033	\$ 439,107
Non-cashable guaranteed investment certificates (GICs)	1,940,000	-
Cashable guaranteed investment certificate (GIC)	2,000,000	-
	\$ 3,959,033	\$ 439,107

The non-cashable GICs earn interest at rates of 3.95% to 5.15%, with maturity dates in June and November 2023. The cashable GIC is linked to the prime interest rate and has a maturity date in June 2023. As at March 31, 2023, \$1,632,948 (2022 - \$439,107) is restricted for general operating contingencies and the development of food distribution systems.

4. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 38,589	\$ 27,641	\$ 29,353	\$ 13,531
Computer software	290,902	52,431	204,090	27,349
	\$ 329,491	\$ 80,072	\$ 233,443	\$ 40,880
Net book value		\$ 249,419		\$ 192,563

5. Deferred Revenue

	2023	2022
COVID-19 emergency relief	\$ 2,082,241	\$ 3,530,716
Northern Food Strategy	861,629	869,918
Food programs	55,435	72,794
Conference	49,347	-
General	796,227	117,333
	\$ 3,844,879	\$ 4,590,761

Ontario Association of Food Banks (o/a Feed Ontario)
Notes to Financial Statements

March 31, 2023

6. Deferred Capital Contributions

	2023	2022
Balance, beginning of year	\$ 177,852	\$ 156,128
Contributions received	51,969	51,298
Amortization	<u>(29,774)</u>	<u>(29,574)</u>
Balance, end of year	<u>\$ 200,047</u>	<u>\$ 177,852</u>

7. Professional and Consulting Fees

	2023	2022
Legal and accounting	\$ 96,818	\$ 31,725
Human resources consulting	92,688	40,684
Strategic planning consultant	79,177	42,886
Audit	42,073	31,716
Staff training and development	12,272	4,530
Emergency preparedness	-	44,114
SNAP	-	28,442
Executive search and support	-	27,396
Diversity and inclusion consultant	-	17,735
	<u>\$ 323,028</u>	<u>\$ 269,228</u>

8. Financial Instrument Risk

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 Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its investments. The risk has not changed since the prior year.

Ontario Association of Food Banks (o/a Feed Ontario)
Notes to Financial Statements

March 31, 2023

9. Commitments

The Association is committed to future annual operating lease payments for its location as follows:

2024	\$ 87,900
2025	<u>36,625</u>
	<u>\$ 124,525</u>