

Regional Food Distribution Association of Northwestern Ontario
Financial Statements
March 31, 2024

Regional Food Distribution Association of Northwestern Ontario
Contents

For the year ended March 31, 2024

	Page
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Fund Balances.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5

To the Board of Directors of Regional Food Distribution Association of Northwestern Ontario:

Qualified Opinion

We have audited the financial statements of Regional Food Distribution Association of Northwestern Ontario (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in fund balances 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 March 31, 2024, and the results of its 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 donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2024 and March 31, 2023 and assets and net assets as at March 31, 2024 and March 31, 2023.

The audit opinion on the financial statements for the year ended March 31, 2023 was qualified accordingly because of the possible effects of the limitations 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 opinion.

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 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.

Thunder Bay, Ontario

July 31, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

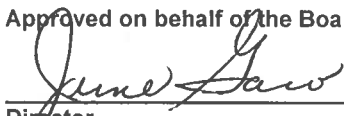
Regional Food Distribution Association of Northwestern Ontario

Statement of Financial Position

As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	772,036	422,240
Short-term investment (Note 3)	500,000	-
Accounts receivable (Note 4)	48,547	16,112
Prepaid expenses and deposits	13,809	11,082
HST recoverable	27,399	77,158
	1,361,791	526,592
Tangible capital assets (Note 5)	2,118,594	2,040,275
	3,480,385	2,566,867
Liabilities		
Current		
Accounts payable and accruals	55,795	293,784
Deferred contributions (Note 7)	686,132	125,951
Current portion of long-term debt	-	3,493
	741,927	423,228
Deferred capital contributions (Note 8)	1,885,243	1,393,355
	2,627,170	1,816,583
Contingencies (Note 12)		
Fund Balances		
Invested in Tangible Capital Assets	233,351	643,429
Internally Restricted	155,000	155,000
Operating Fund	464,864	(48,145)
	853,215	750,284
	3,480,385	2,566,867

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Regional Food Distribution Association of Northwestern Ontario

Statement of Operations

For the year ended March 31, 2024

	Operating Fund	Internally Restricted Fund	Invested in Capital Assets	2024	2023
Revenue					
City of Thunder Bay	200,000	-	-	200,000	103,500
Donations, grants and other	2,322,757	-	-	2,322,757	1,326,343
Lottery	26,671	-	-	26,671	18,899
Memberships and distribution fees	11,800	-	-	11,800	800
Rental Income	9,863	-	-	9,863	9,659
Northern Ontario Heritage Fund	55,733	-	-	55,733	-
The District of Thunder Bay Social Services Administration Board	30,000	-	-	30,000	88,000
United Way of Thunder Bay	133,140	-	-	133,140	41,040
	2,789,964	-	-	2,789,964	1,588,241
Deferred contributions (Note 7)	(603,260)	-	-	(603,260)	-
Amortization of deferred capital contributions (Note 8), (Note 9)	134,291	-	-	134,291	139,099
Deferred contributions related to capital assets (Note 8), (Note 9)	(583,101)	-	-	(583,101)	(196,734)
Total revenue	1,737,894	-	-	1,737,894	1,530,606
Expenses					
Advertising	10,576	-	-	10,576	15,221
Automotive expense	41,932	-	-	41,932	47,841
Bad debts	-	-	-	-	5,905
Community engagement	34,698	-	-	34,698	30,669
Consulting	81,848	-	-	81,848	106,175
Equipment	72,500	-	-	72,500	82,087
Food - purchased	144,295	-	-	144,295	309,776
Food storage costs	1,000	-	-	1,000	4,698
Insurance	27,718	-	-	27,718	27,651
Interest and bank charges	2,723	-	-	2,723	1,095
Meetings	53,592	-	-	53,592	27,864
Office	44,465	-	-	44,465	80,395
Professional fees	20,644	-	-	20,644	28,481
Repairs and maintenance	358,612	-	-	358,612	417,300
Training and education	16,685	-	-	16,685	10,503
Transportation	27,866	-	-	27,866	100,684
Utilities	63,358	-	-	63,358	53,353
Wages and employee benefits	710,769	-	-	710,769	688,815
	1,713,281	-	-	1,713,281	2,038,513
Amortization of capital assets	171,982	-	-	171,982	182,127
Capital asset acquisitions included in expenses	(250,300)	-	-	(250,300)	(306,265)
Total expenses	1,634,963	-	-	1,634,963	1,914,375
Excess (deficiency) of revenue over expenses	102,931	-	-	102,931	(383,769)

The accompanying notes are an integral part of these financial statements

Regional Food Distribution Association of Northwestern Ontario

Statement of Changes in Fund Balances

For the year ended March 31, 2024

	<i>Operating Fund</i>	<i>Internally Restricted Fund</i>	<i>Invested in Tangible Capital Assets</i>	2024	2023
Fund balance, beginning of year	(48,145)	155,000	643,429	750,284	1,134,053
Excess (deficiency) of revenue over expenses	102,931	-	-	102,931	(383,769)
Change in Invested in Tangible Capital Assets (Note 9)	410,078	-	(410,078)	-	-
Fund balance, end of year	464,864	155,000	233,351	853,215	750,284

The accompanying notes are an integral part of these financial statements

Regional Food Distribution Association of Northwestern Ontario
Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	102,931	(383,769)
Amortization	171,982	182,127
Amortization of deferred capital contributions	(134,091)	(139,099)
	140,822	(340,741)
Changes in working capital accounts		
Accounts receivable	(32,435)	(8,862)
HST receivable	49,759	(17,199)
Prepaid expenses	(2,727)	(8,842)
Accounts payable and accruals	(237,991)	249,159
Deferred contributions	560,181	50,943
	477,609	(75,542)
Financing		
Repayment of long-term debt	(3,493)	(3,501)
Cash contributions received for tangible capital assets	625,980	196,734
	622,487	193,233
Investing		
Purchase of capital assets	(250,300)	(306,265)
Purchase of short-term investment	(500,000)	-
	(750,300)	(306,265)
Increase (decrease) in cash resources	349,796	(188,574)
Cash resources, beginning of year	422,240	610,814
Cash resources, end of year	772,036	422,240

The accompanying notes are an integral part of these financial statements

Regional Food Distribution Association of Northwestern Ontario

Notes to the Financial Statements

For the year ended March 31, 2024

1. Purpose of the Organization

Regional Food Distribution Association of Northwestern Ontario (the "Organization") was incorporated by letters patent without share capital on April 11, 2008, and is a registered charity under the Income Tax Act. The Organization's purpose is to better secure and distribute emergency food to meet the needs in Northwestern Ontario.

2. Significant accounting policies

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Short-term investment

Short-term investment with a price quoted in an active market is measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately in the excess of return over expenses.

Tangible capital assets

Purchased tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. The cost of major replacements and improvements to tangible capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	4 %
Automotive	30 %
Computer equipment	55-100 %
Equipment	20 %
Leasehold improvements	11 years

Contributed materials and services

The Organization receives donations of food, materials and volunteer services. The value of these materials and services is not reflected in the statement of operations.

Use of estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred contributions are estimated based on management's review of revenue received, but unspent at year-end.

Deferred capital contributions and tangible capital asset amortization are based on the estimated useful lives of assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the period in which they become known.

Regional Food Distribution Association of Northwestern Ontario

Notes to the Financial Statements

For the year ended March 31, 2024

2. Significant accounting policies (Continued from previous page)

Inventory

Inventories held for distribution at no charge or for a nominal charge are recognized at the lower of cost and current replacement cost. Inventories of donated food are valued at zero per the Organization's policy for contributed materials and services. At the March 31 fiscal year-end, purchased perishable food inventory is minimal.

Deferred capital contributions

Deferred capital contributions represent the unamortized portion of contributed tangible capital assets and restricted contributions that were used to purchase the Organization's tangible capital assets. Recognition of these amounts as revenue is deferred to periods when the related tangible capital assets are amortized.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Fund accounting

The Organization maintains three funds: Operating Fund, Internally Restricted Fund and Invested in Tangible Capital Assets.

The Operating Fund reports the Organization's assets, liabilities, revenue and expenses related to the general operations of the Organization.

The Internally Restricted Fund is designated for the completion of the building located at 570 Syndicate Avenue South and the purchase of food.

The Invested in Tangible Capital Assets Fund reports the Organization's assets, liabilities, revenue and expenses related to Regional Food Distribution Association of Northwestern Ontario's tangible capital assets and building expansion campaign.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund 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.

Allocation of expenses

It is the Organization's policy to allocate administrative salaries, benefits and other expenditures to the various programs based on budgeted amounts in accordance with the funding agencies' contracts.

Regional Food Distribution Association of Northwestern Ontario

Notes to the Financial Statements

For the year ended March 31, 2024

2. Significant accounting policies (Continued from previous page)

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted cash flows. Any impairment is included in excess of revenue over expenses.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year. Fair value is determined by reference to recent arm's length transactions.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Regional Food Distribution Association of Northwestern Ontario

Notes to the Financial Statements

For the year ended March 31, 2024

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses in the year the reversal occurs.

3. Short-term investment

	2024	2023
Term deposit paying interest at 4.95% per annum maturing March 2025	500,000	-

4. Accounts receivable

	2024	2023
Accounts receivable and accruals	48,547	20,787
Allowance for doubtful accounts	-	(4,675)
	48,547	16,112

5. Tangible capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	273,875	-	273,875	273,875
Buildings	2,113,995	729,976	1,384,019	1,231,897
Automotive	313,055	252,160	60,895	86,993
Computer equipment	74,873	58,289	16,584	36,853
Equipment	761,022	493,527	267,495	287,324
Leasehold improvements	140,862	25,136	115,726	123,333
	3,677,682	1,559,088	2,118,594	2,040,275

6. Bank indebtedness

Bank indebtedness includes an operating line of credit to a maximum of \$50,000 (2023 - \$50,000) and bearing interest at prime plus 2% (9.20%) (2023 - 8.70%), secured by a general security agreement, certain equipment with a net book value of \$7,537 (2023 - \$10,768), assignment of property insurance and assignment of security on shares and deposits executed by the Organization in the amount of \$17,500. At year-end, \$Nil (2023 - \$Nil) had been advanced on the line of credit.

Regional Food Distribution Association of Northwestern Ontario

Notes to the Financial Statements

For the year ended March 31, 2024

7. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for use in future projects of the Organization. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2024	2023
Balance, beginning of year	125,951	75,008
Expended on tangible capital assets	(43,078)	-
Amount received during the year	670,965	345,100
Less: amount recognized as revenue during the year	(67,706)	(294,157)
Balance, end of year	686,132	125,951

8. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of restricted contributions received for the purchase of the tangible capital assets. Changes in deferred capital contributions are as follows:

	2024	2023
Balance, beginning of year	1,393,355	1,335,720
Transfer from deferred contributions	43,078	-
Contributions received for tangible capital asset acquisitions	583,101	196,734
Amounts recognized as revenue during the year	(134,291)	(139,099)
Balance, end of year	1,885,243	1,393,355

9. Change in Invested in Tangible Capital Assets

The change in Invested in Tangible Capital Assets is calculated as follows:

	2024	2023
Purchase of tangible capital assets	250,300	306,265
Amortization expense	(171,982)	(182,127)
Repayment of asset financing	3,493	3,502
Deferred capital contributions	(626,180)	(196,734)
Amortization of deferred capital contributions	134,291	139,099
	(410,078)	70,005

Regional Food Distribution Association of Northwestern Ontario

Notes to the Financial Statements

For the year ended March 31, 2024

10. Commitments

The Organization has entered into automotive and warehouse lease agreements with estimated minimum annual payments as follows:

2025	46,908
2026	36,272
2027	15,000
2028	15,000
2029	15,000
	<hr/>
	128,180

During the year, the Organization has entered into a contract for the purchase of a 2024 Ford transit cargo van with \$113,203 due on delivery. Delivery is expected to occur in the next fiscal year.

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable; however, credit exposure is limited due to the Organization's large member and funder base.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulties in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

12. Contingencies

The Organization is contingently liable to its funding agencies for any expenditures that it may have made in contravention of the contract agreements with these agencies and any surpluses may be subject to recovery, depending on the terms and conditions of the relevant contract agreements. The actual amount of any contingent liability is currently not determinable.