

Kawartha Food Share
Financial Statements
For the year ended December 31, 2024

DRAFT - subject to change

Kawartha Food Share
Financial Statements
For the year ended December 31, 2024

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Independent Auditor's Report

To the Members of Kawartha Food Share,

Qualified Opinion

We have audited the financial statements of Kawartha Food Share (the "Organization"), which comprise the statement of financial position as at December 31, 2024, and the statement of operations, statement of changes in net assets and statement of 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 presented fairly, in all material respects, the financial position of the Organization as at December 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 (ASNPO).

Basis for Qualified Opinion

In common with many charitable 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, we were 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, 2024, current assets as at December 31, 2024, and net assets as at January 1, 2024 and December 31, 2024. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation 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.

Other Matter

The financial statements for the year ended December 31, 2023 (prior to the adjustments that were applied to restate certain comparative information explained in Note 9) were audited by another auditor who expressed a qualified opinion on those statements on November 13, 2024 for the reasons described in the *Basis for Qualified Opinion* section. As part of the audit of the financial statements for the year ended December 31, 2024, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other Matter - Supplementary Information

We draw attention to the fact that the supplementary information included in Note 11 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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 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.

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Independent Auditor's Report (continued)

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.

Gauvreau & Associates

Peterborough, Ontario
December 12, 2025

Chartered Professional Accountants
Professional Corporation

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

**Kawartha Food Share
Statement of Financial Position**

December 31	2024	2023
Assets		
Current		
Cash	\$ 963,153	\$ 3,619,125
Short-term investments (Note 4)	3,463,371	539,603
Government remittances receivable	96,223	27,827
Prepaid expenses	16,807	16,443
	4,539,554	4,202,998
Long-term investments (Note 4)	4,778	-
Capital assets (Note 3)	184,837	77,300
Other	895	895
	\$ 4,730,064	\$ 4,281,193
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 28,183	\$ 78,768
Net assets		
Invested in capital assets	184,837	77,300
Internally restricted (Note 6)	259,827	259,827
Unrestricted	4,257,217	3,865,298
	4,701,881	4,202,425
	\$ 4,730,064	\$ 4,281,193

Commitments (Note 5)

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

Approved on behalf of the Board:

_____, Director

Kawartha Food Share
Statement of Changes in Net Assets

<u>For the year ended December 31</u>	<u>2024</u>	<u>2023</u>
INVESTED IN CAPITAL ASSETS		
Balance, beginning of year	\$ 77,300	\$ 109,297
Capital asset additions - cost	218,353	5,474
Amortization of capital assets	<u>(110,816)</u>	<u>(37,471)</u>
Balance, end of year	<u>\$ 184,837</u>	<u>\$ 77,300</u>
INTERNALLY RESTRICTED		
Balance, beginning of year	\$ 259,827	\$ 259,827
Additional transfers	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 259,827</u>	<u>\$ 259,827</u>
UNRESTRICTED		
Balance, beginning of year	\$ 3,865,298	\$ 3,269,770
Excess of revenues over expenses	499,456	563,531
Transfer from (to) invested in capital assets	<u>(107,537)</u>	<u>31,997</u>
Balance, end of year	<u>\$ 4,257,217</u>	<u>\$ 3,865,298</u>
TOTAL		
Net assets, beginning of year	\$ 4,202,425	\$ 3,638,894
Excess of revenues over expenses	<u>499,456</u>	<u>563,531</u>
Net assets, end of year	<u>\$ 4,701,881</u>	<u>\$ 4,202,425</u>

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

Kawartha Food Share Statement of Operations

For the year ended December 31	2024	(Note 9) 2023
Revenues		
Donations (Note 7)	\$ 1,287,229	\$ 1,259,666
Investment income (Note 4)	124,895	39,061
Government grants	61,973	69,982
Program income	4,694	16,685
	1,478,791	1,385,394
Expenses		
Advertising and promotion	1,681	3,387
Amortization of capital assets	110,816	37,471
Bank charges and interest	14,999	12,111
Events and fundraising	72,298	16,560
Fees and dues	10,813	7,774
Insurance	9,204	8,724
Meetings and travel	1,881	6,612
Office and general	16,675	17,604
Professional fees	32,983	14,813
Purchased food (Note 7)	234,539	248,065
Rent (Note 5)	137,020	136,014
Repairs and maintenance	13,045	16,271
Supplies	3,858	2,848
Utilities (Note 5)	24,058	36,143
Vehicles	11,754	13,496
Wages and benefits	283,711	243,970
	979,335	821,863
Excess of revenues over expenses	\$ 499,456	\$ 563,531

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

Kawartha Food Share Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in):		
Operating activities (Note 8)		
Excess of revenues over expenses	\$ 499,456	\$ 563,531
Items not involving cash:		
Amortization of capital assets	110,816	37,471
	610,272	601,002
Changes in non-cash working capital balances:		
Government remittances receivable	(68,396)	23,645
Prepaid expenses	(363)	1,615
Accounts payable and accrued liabilities	(50,586)	23,098
	490,927	649,360
Investing activities		
Increase in investments	(3,455,676)	(11,852)
Investments redeemed	527,130	-
Capital asset additions - cost	(218,353)	(5,474)
	(3,146,899)	(17,326)
Increase (decrease) in cash	(2,655,972)	632,034
Cash, beginning of year	3,619,125	2,987,091
Cash, end of year	\$ 963,153	\$ 3,619,125

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

Kawartha Food Share

Notes to Financial Statements

December 31, 2024

1. STATUS AND PURPOSE OF THE ORGANIZATION

Kawartha Food Share (the "Organization") was incorporated as a corporation without share capital by Letters Patent on July 28, 1998. The Organization is a registered charity under the *Income Tax Act*. The purpose of the Organization is to coordinate the collection and distribution of foodstuffs without charge to emergency food distributors and programs in the County of Peterborough, Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Use of estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the reported amounts of revenues and expenses during the periods covered. Significant financial statement items that require estimates include the valuation of investments and the useful lives of capital assets. These estimates are reviewed periodically, and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Cash and cash equivalents

The Organization's policy is to present cash on hand and with banks, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn, and Canadian money market mutual fund investment savings accounts, under cash and cash equivalents.

Capital assets

Capital assets are recorded at cost and amortized based on their useful life using the following straight-line rates:

Computer equipment	3 years
Leasehold improvements	3 years
Vehicles	8 years
Warehouse equipment	5 years

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Contributions restricted for future expenses are recognized as revenue when the related expenses are incurred. Restricted contributions that cannot be used until a specific future period or stipulations have been met are recognized in that future period. 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.

Revenue from programs and investment income is recognized when earned.

Contributed materials and services

The Organization recognizes contributions of materials and services, but only when a fair value can be reasonably estimated, and the services and materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Kawartha Food Share

Notes to Financial Statements

December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Subsequently, it measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets at amortized cost include cash and investments. Financial assets measured at fair value include quoted shares and mutual fund units. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred.

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

3. CAPITAL ASSETS

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 14,289	\$ (12,463)	\$ 9,965	\$ (8,420)
Leasehold improvements	36,201	(36,113)	36,201	(31,588)
Vehicles	345,487	(164,707)	135,010	(116,657)
Warehouse equipment	272,773	(270,630)	269,221	(216,432)
	\$ 668,750	\$ (483,913)	\$ 450,397	\$ (373,097)
Net book value		\$ 184,837		\$ 77,300

Kawartha Food Share

Notes to Financial Statements

December 31, 2024

4. FINANCIAL INSTRUMENTS

Risks and uncertainties

Unless otherwise noted, the Organization is not significantly exposed to credit, liquidity, market, currency, interest rate or other price risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial liabilities. The Organization is exposed to this risk mainly regarding its accounts payable and accrued liabilities. During the year, the Organization's exposure to liquidity risk changed because of the changes in these financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is exposed to market risk mainly regarding its long-term investments. During the year, the Organization's exposure to market risk changed because of the changes in these financial assets.

Investments

As at December 31, 2024, short-term investments of \$3,463,371 (2023 - \$539,603) comprise guaranteed investment certificates (GICs) held with the Toronto-Dominion Bank costing \$3,450,000 (2023 - \$527,130) plus \$13,371 (2023 - 12,473) accrued interest income. The GICs mature between May 29, 2025, and May 29, 2028 (2023 - matures in 2024) and bear interest at rates between 3.58% and 4.99% (2023 - 4.0% and 5.2%). These GICs include those with maturities greater than one year from the statement of financial position date that are capable of reasonably prompt liquidation. The aggregate amount of GICs for \$3,450,000 to mature in each of the next five years during 2025, 2026, 2027, 2028 and 2029 is \$2,050,000, \$500,000, \$300,000, \$300,000 and \$300,000, respectively.

Included in investment income during the year is \$87,952 (2023 - \$39,061) for interest earned from GICs, and \$36,943 (2023 - nil) primarily for interest earned from investment savings accounts.

As at December 31, 2024, long-term investments of \$4,778 (2023 - nil) comprise foreign common shares held with the Toronto-Dominion Bank.

5. COMMITMENTS

The Organization is committed under a three-year operating lease agreement expiring May 31, 2025, for the premises and property taxes with a renewal option for an additional five years expiring May 31, 2030. Future minimum lease payments are as follows:

2025	\$	147,250
2026		156,000
2027		156,000
2028		156,000
2029		156,000
2030		65,000
		<hr/>
	\$	836,250

The lease agreement also obligates the Organization to contribute towards its proportionate share of utilities, snow removal and other common expenses throughout the lease term.

Kawartha Food Share Notes to Financial Statements

December 31, 2024

6. INTERNALLY RESTRICTED NET ASSETS

On September 19, 2007, the board of directors of the Organization passed a motion to create internally restricted reserves to be used only under emergency or extraordinary conditions. Such funds may not be used for any other purpose without the approval of the Board. Those reserve accounts comprise:

	2024	2023
Food reserve	\$ 42,940	\$ 42,940
Administration/Operations reserve	42,900	42,900
Capital reserve	47,000	47,000
Donation reserve	126,987	126,987
	\$ 259,827	\$ 259,827

7. IN-KIND DONATIONS

During the year, the Organization received specific food donations from food suppliers. Where the fair value amounts for issuing charitable donation receipts were obtained, \$30,340 (2023 - \$46,837) was recognized in the financial statements as donation revenue, with an equivalent amount as purchased food expense.

8. SUPPLEMENTAL CASH FLOW INFORMATION

Net cash from (used for) operating activities on a gross cash receipts and payments basis is as follows:

	2024	2023
Cash receipts from donations and program income	\$ 1,261,583	\$ 1,229,514
Cash receipts from government grants	61,973	69,982
Cash receipts from interest income	124,895	39,061
Cash paid for materials and services	(673,813)	(445,227)
Cash paid for wages and benefits	(283,711)	(243,970)
	\$ 490,927	\$ 649,360

9. PRIOR PERIOD ADJUSTMENT

In 2025, the Organization realized that it incorrectly recognized donated food in the financial statements in 2023 valued at the Food Banks Canada prescribed rate and would otherwise not have been purchased. Prior period figures were restated to take into account the effect of the retrospective correction of this error. Thus, non-purchased food distributed expense for 2023 decreased by \$6,581,964, and other revenues decreased by the same amount. Correcting this error had no impact on the excess of revenues over expenses for 2023.

10. COMPARATIVE FIGURES

Certain figures for 2023 have been reclassified to conform to the presentation adopted in 2024.

11. SUPPLEMENTARY INFORMATION

Not recognized in the financial statements is donated food distributed during the year valued at the Food Banks Canada prescribed rate totalling \$6,514,121 (2023 - \$6,581,964) and is not audited.