

**ST. THOMAS ELGIN FOOD BANK**

**Financial Statements**

**December 31, 2023**

# **ST. THOMAS ELGIN FOOD BANK**

## **Financial Statements**

**For the Year Ended December 31, 2023**

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<b>Table of Contents</b>	<b>PAGE</b>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Fund Balances	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of **St. Thomas Elgin Food Bank**:

### **Qualified Opinion**

We have audited the financial statements of **St. Thomas Elgin Food Bank**, which comprise the statement of financial position as at December 31, 2023, and the statement of operations, statement of fund balances 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, 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 charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible of 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 contributions and donations, revenues over expenditures, and cash flows for the year ending December 31, 2023 and year ending December 31, 2022, current assets as at December 31, 2023 and December 31, 2022 and net assets as at January 1, 2023 and December 31, 2023 for the 2023 year ended, as well as January 1, 2023 and December 31, 2022 for the 2022 year ended.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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.

### **Auditors' 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.



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**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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.

St. Thomas, Ontario

March 26, 2024

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

# ST. THOMAS ELGIN FOOD BANK

## Statement of Financial Position As at December 31, 2023

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	2023	2022
	\$	\$
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	358,216	383,962
Accounts receivable	28,069	35,201
Deposits	<u>12,213</u>	<u>12,213</u>
	398,498	431,376
<b>INVESTMENTS (NOTE 2)</b>	797,890	708,391
<b>CAPITAL ASSETS (NOTE 3)</b>	<u>402,710</u>	<u>405,897</u>
<b>TOTAL ASSETS</b>	<u><u>1,599,098</u></u>	<u><u>1,545,664</u></u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	44,898	29,648
Deferred revenue (Note 5)	14,921	40,708
Government remittances payable	<u>5,323</u>	<u>11,265</u>
	65,142	81,621
<b>DEFERRED CAPITAL CONTRIBUTIONS (NOTE 6)</b>	<u>49,708</u>	<u>62,684</u>
	<u>114,850</u>	<u>144,305</u>
<b><u>FUND BALANCES</u></b>		
<b>NET ASSETS</b>	<u><u>1,484,248</u></u>	<u><u>1,401,359</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>1,599,098</u></u>	<u><u>1,545,664</u></u>

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**ST. THOMAS ELGIN FOOD BANK**

**Statement of Fund Balances  
For the Year Ended December 31, 2023**

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	<b>2023</b>	<b>2022</b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
<b>BALANCE, BEGINNING OF THE YEAR</b>	<b>1,401,359</b>	<b>1,146,544</b>
Excess of revenues over expenditures for the year	<b><u>82,889</u></b>	<b><u>254,815</u></b>
<b>BALANCE, END OF THE YEAR</b>	<b><u>1,484,248</u></b>	<b><u>1,401,359</u></b>

# ST. THOMAS ELGIN FOOD BANK

## Statement of Operations For the Year Ended December 31, 2023

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	2023	2022
	<u>\$</u>	<u>\$</u>
<b>REVENUES</b>		
Donations (Note 7)	584,342	603,581
Bingo proceeds	35,472	26,358
Investment income	16,410	4,741
Amortization of deferred capital contributions	<u>11,216</u>	<u>5,608</u>
	<u>647,440</u>	<u>640,288</u>
<b>EXPENDITURES</b>		
Amortization	21,806	16,812
Bank charges and interest	1,095	1,064
Food supplies	245,201	119,346
Insurance	16,521	16,721
Memberships and dues	4,181	2,150
Office supplies	14,978	12,168
Professional services	19,800	15,150
Repairs and maintenance	24,488	10,660
Telephone and utilities	14,746	14,615
Travel and vehicle	7,750	4,000
Wages and benefits	<u>193,985</u>	<u>172,787</u>
	<u>564,551</u>	<u>385,473</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	<u><u>82,889</u></u>	<u><u>254,815</u></u>

# ST. THOMAS ELGIN FOOD BANK

## Statement of Cash Flows For the Year Ended December 31, 2023

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	2023	2022
	<u>\$</u>	<u>\$</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	82,889	254,815
Adjustments for:		
Amortization	21,806	16,812
Unrealized gain on investments	<u>(805)</u>	<u>919</u>
	103,890	272,546
Changes in non-cash working capital:		
Change in accounts receivable	7,132	36,805
Change in other assets	-	(12,213)
Change in accounts payable	15,250	5,047
Change in government remittances payable	(5,942)	11,265
Change in deferred revenue	<u>(38,763)</u>	<u>82,392</u>
	<u>81,567</u>	<u>395,842</u>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Additions to tangible capital assets	<u>(18,619)</u>	<u>(63,747)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of GIC's	297,428	42,740
Purchase of investments	<u>(386,122)</u>	<u>(700,000)</u>
	<u>(88,694)</u>	<u>(657,260)</u>
<b>NET CHANGE IN CASH</b>	(25,746)	(325,165)
<b>CASH, BEGINNING OF YEAR</b>	<u>383,962</u>	<u>709,127</u>
<b>CASH, END OF YEAR</b>	<u><u>358,216</u></u>	<u><u>383,962</u></u>

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# ST. THOMAS ELGIN FOOD BANK

## Notes to the Financial Statements For the Year Ended December 31, 2023

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### NATURE OF THE ORGANIZATION

The St. Thomas Elgin Food Bank operates a food bank for people in need.

The corporation is a registered charity under the Canadian Income Tax Act and is exempt from income tax.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Accounting Estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. There are no significant accounting estimates in these financial statements and as such no further disclosures were made.

#### Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts, and any gain or loss is recognized in earnings. Amortization is calculated using the straight line method at the following rates:

Building and improvements	25 years
Equipment	5 years
Vehicles	5 years

In the year of acquisition half of the normal amortization is recorded.

# ST. THOMAS ELGIN FOOD BANK

## Notes to the Financial Statements For the Year Ended December 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue Recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted contributions for the acquisition of tangible capital assets are deferred and recognized as revenue on the same basis as amortization is recorded.

Unrestricted contributions are recognized as revenue when received.

Interest and other revenues are accrued and recognized as revenue at the time that they are earned.

#### Contributed Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

#### Financial Instruments

##### *Measurement of financial instruments*

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for cash, which is measured at fair value.

Financial assets measured at amortized cost include accounts receivable (if any) and assets held for sale.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loans payable.

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in deficiency of revenue over expenditures. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in deficiency of revenues over expenditures up to the amount of the previously recognized impairment.

# ST. THOMAS ELGIN FOOD BANK

## Notes to the Financial Statements For the Year Ended December 31, 2023

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### 2. INVESTMENTS

	2023	2022
	<u>\$</u>	<u>\$</u>
GIC, 4.95% interest, maturing January 2024	100,000	-
GIC, 5.00% interest, maturing January 2024	104,650	-
GIC, 4.95% interest, maturing November 2024	100,000	100,000
GIC, 4.98% interest, maturing November 2024	100,000	-
GIC, 5.00% interest, maturing November 2024	35,000	35,000
GIC, 5.02% interest, maturing November 2024	-	100,000
GIC, 5.15% interest, maturing November 2025	235,000	235,000
BNS Tiered Investment Savings	114,044	-
Investors Group funds	9,196	8,391
GIC, 4.95% interest, matured	<u>-</u>	<u>230,000</u>
	<u>797,890</u>	<u>708,391</u>

### 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023	2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land	115,000	-	115,000	115,000
Building	274,066	25,611	248,455	240,426
Equipment	56,079	16,824	39,255	50,471
Vehicle	<u>28,271</u>	<u>28,271</u>	<u>-</u>	<u>-</u>
	<u>473,416</u>	<u>70,706</u>	<u>402,710</u>	<u>405,897</u>

### 4. CONTRIBUTED GOODS AND SERVICES

Volunteers contribute an indeterminable number of hours per year. As well, contributed goods are also used to meet the charitable objective of the St. Thomas Elgin Food Bank. Due to the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

# ST. THOMAS ELGIN FOOD BANK

## Notes to the Financial Statements For the Year Ended December 31, 2023

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### 5. DEFERRED REVENUE

Contributions to the organization to be used exclusively for certain expenses which had not been spent at year end or which were received in advance to be expensed in the following year are as follows:

	2023 \$	2022 \$
Food Banks Canada - Emergency Food Security Fund	14,921	14,921
Feed Ontario - Feeding Possibility! Grant	-	25,787
	<u>14,921</u>	<u>40,708</u>

### 6. DEFERRED CAPITAL CONTRIBUTIONS

	2023 \$	2022 \$
Deferred capital contributions, beginning of year	62,684	-
Amounts received during year:		
Capital grants for equipment (fridges and freezers)	-	56,079
Capital grant for building repairs	-	12,213
	-	68,292
Amortization during year	<u>(11,216)</u>	<u>(5,608)</u>
Deferred capital contributions, end of year	<u>51,468</u>	<u>62,684</u>

### 7. NON-CASH TRANSACTIONS

During the year, the organization received donations in-kind of food and radio air time where the fair value of the donations can be measured. The organization measures donations of goods and property at their fair market value on the day of the donation. The fair value of the items donations for the year was \$4,430 (2022 - \$18,872). This has been recognized as revenue on the statement of operations.

# **ST. THOMAS ELGIN FOOD BANK**

## **Notes to the Financial Statements For the Year Ended December 31, 2023**

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### **8. FINANCIAL INSTRUMENT RISKS**

#### Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

#### Liquidity Risk

Liquidity risk is the risk that a organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities..

#### 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. It is management's opinion that the organization is not exposed to any significant credit risks.

#### 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 mainly exposed to interest rate 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 organization is exposed to interest rate risk on its variable-rate financial instruments.

It is management's opinion that the entity is not exposed to any significant foreign currency or other price risk.

No financial liabilities of the organization were in default during the period. The organization was not subject to any covenants during the period.