

MINDEN COMMUNITY FOOD CENTRE

FINANCIAL STATEMENTS

Year ended December 31, 2023

MINDEN COMMUNITY FOOD CENTRE
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December 31, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Minden Community Food Centre

We have reviewed the accompanying financial statements of Minden Community Food Centre (the "Organization") that comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Organization derives revenues from fundraising activities and donations the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising activities and donations, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and December 31, 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 year ends. Our conclusion on the financial statements as at and for the year ended December 31, 2022 was qualified because of the limitation of scope

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

As disclosed in Note 2 of these financial statements, the Organization has estimated the value of inventory based on the amount of food on hand. As required by the CPA Canada Handbook Section 3032-*Inventories held by not-for-profit Organizations*, inventories need to be measured at the lower of cost or current replacement cost when they are held for distribution at no charge or for a nominal charge. The effects of this departure from Canadian accounting standards for not-for-profit organizations on these financial statements has not been determined. Our conclusion on the financial statements as at and for the year ended December 31, 2022 was qualified accordingly because of the possible effects of this departure from Canadian accounting standards for not-for-profit organizations.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Minden Community Food Centre as at December 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.

Emphasis of Matter

We draw attention to note 4 of the financial statements, which describes a prior period adjustment related to an error in the initial and subsequent measurement of its long-term debt for the year ended December 31, 2022. Our conclusion is not qualified in respect of this matter.

A handwritten signature in black ink that reads "Ascend". The signature is written in a cursive, fluid style with a long horizontal stroke underneath the word.

Ascend LLP, Chartered Professional Accountants, LPA
Bancroft, Ontario
June 28, 2024

MINDEN COMMUNITY FOOD CENTRE
STATEMENT OF OPERATIONS
Year ended December 31, 2023

	2023	2022 Restated
Revenues		
Receipted donations	\$ 231,183	\$ 195,861
Non-receipted donations	66,371	26,296
Interest income	10,710	8,537
Fundraising	5,294	1,270
Government grants - note 5	3,207	39,194
	316,765	271,158
Expenditures		
Program supplies	76,092	69,414
Salaries and related benefits	58,377	47,275
Rent	18,805	17,375
Amortization	16,713	5,815
Professional fees	9,075	5,874
Repairs and maintenance	5,842	3,562
Interest on long-term debt	5,632	5,632
Office	5,488	2,080
Subcontract	2,945	-
Advertising and promotion	2,556	560
Insurance	2,385	1,783
Postage and courier	2,009	-
Telephone and internet	1,969	1,474
Travel	1,758	1,646
Dues and subscriptions	1,524	925
Interest and bank charges	431	54
	211,601	163,469
Excess of revenues over expenditures from operations	105,164	107,689
Other (expense)		
Loss on disposal of tangible capital assets	-	(3,028)
Excess of revenues over expenditures	\$ 105,164	\$ 104,661

The accompanying notes are an integral part of these financial statements

MINDEN COMMUNITY FOOD CENTRE
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2023

	2023	2022 Restated
Net assets, as previously stated	\$ 579,667	\$ 445,440
Prior period adjustment - note 4	-	29,566
Balance, beginning of year, as restated	579,667	475,006
Excess of revenues over expenditures	105,164	104,661
Net assets, end of year	\$ 684,831	\$ 579,667

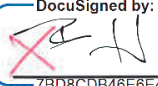
The accompanying notes are an integral part of these financial statements

MINDEN COMMUNITY FOOD CENTRE
STATEMENT OF FINANCIAL POSITION
December 31, 2023

	2023	2022 Restated
ASSETS		
Current		
Cash and cash equivalents - note 6	\$ 507,354	\$ 405,905
Guaranteed investment certificates - note 7	51,421	50,290
Inventory	24,500	24,500
Deposit	-	24,529
Harmonized sales tax receivable	8,306	8,918
Current portion of loan receivable - note 8	10,874	9,686
	602,455	523,828
Loan receivable - note 8	28,654	40,395
Tangible capital assets - note 9	84,513	56,749
	\$ 715,622	\$ 620,972
LIABILITIES AND NET ASSETS		
Current		
Accrued liability	\$ 7,569	\$ 11,714
Current portion of long-term debt - note 10	12,000	12,000
	19,569	23,714
Long-term debt - note 10	11,222	17,591
	30,791	41,305
Net assets	684,831	579,667
	\$ 715,622	\$ 620,972

COMMITMENTS (Note 11)

On behalf of the board

DocuSigned by:

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Member

Member

MINDEN COMMUNITY FOOD CENTRE
STATEMENT OF CASH FLOWS
Year ended December 31, 2023

	2023	2022 Restated
Operating activities		
Excess of revenues over expenditures	\$ 105,164	\$ 104,661
Adjustments for items which do not affect cash		
Amortization	16,713	5,815
Loss on disposal of tangible capital assets	-	3,028
Accrued interest on guaranteed investment certificate	(1,132)	-
Interest on Haliburton County Development Corp. loan	5,632	5,632
	126,377	119,136
Change in non-cash working capital items		
Inventory	-	(2,500)
Deposit	24,529	(24,529)
Harmonized sales tax	612	(5,026)
Accrued liability	(4,145)	6,214
	147,373	93,295
Financing activity		
Repayment of long-term debt	(12,000)	(12,000)
Investing activities		
Proceeds of loan receivable	10,553	10,242
Purchase of guaranteed investment certificate	-	(50,290)
Purchase of tangible capital assets	(44,477)	(43,945)
	(33,924)	(83,993)
Increase (decrease) in cash and cash equivalents	101,449	(2,698)
Cash and cash equivalents, beginning of year	405,905	408,603
Cash and cash equivalents, end of year	\$ 507,354	\$ 405,905
Cash and cash equivalents consist of:		
Cash	\$ 295,343	\$ 198,598
Guaranteed investment certificates - note 6	212,011	207,307
	\$ 507,354	\$ 405,905

The accompanying notes are an integral part of these financial statements

MINDEN COMMUNITY FOOD CENTRE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

1. NATURE OF OPERATIONS

Minden Community Food Centre (the "Organization") is a not-for-profit organization incorporated under the Corporations Act of Ontario. The Organization was formed to provide food bank services to the community. As a registered charity, the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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.

Government grants 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.

Interest income is recognized on an accrual basis as earned.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Freezer	20%
Furniture and fixtures	20%
Computer equipmen	55%

The Organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not available for use are not amortized until they are placed into use.

Amortization is recognized beginning in the month the tangible capital asset is available for use until the asset is disposed of or use is discontinued.

MINDEN COMMUNITY FOOD CENTRE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of the transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and liabilities at cost or amortized cost, except equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, loan receivable and guaranteed investment certificates.

Financial liabilities measured at amortized cost include accrued liability and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, 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. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be 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.

Inventory

Inventory is estimated based on the amount of food on hand at estimated replacement cost.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

MINDEN COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement uncertainty

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Significant items subject to estimates and assumptions include:

- Amortization of tangible capital assets;
- Estimated useful lives of tangible assets; and
- Valuation of replacement cost of inventory.

3. FINANCIAL INSTRUMENT RISKS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2023:

(a) 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.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its guaranteed investment certificates.

(c) Liquidity risk

Liquidity risk is the risk that the Organization may not have cash available to satisfy financial liabilities as they come due. Management oversees liquidity risk to ensure the Organization has access to enough readily available funds to cover its financial obligations as they become due. The Organization manages liquidity risk by continuously monitoring actual daily cash flows and longer term forecasted cash flows and monitoring the maturity profiles of financial assets and liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, accrued liability and long-term debt.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, currency or other price risks arising from these financial instruments.

MINDEN COMMUNITY FOOD CENTRE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

4. PRIOR PERIOD ADJUSTMENT

During the year, management identified an error in its financial statements relating to its initial and subsequent measurement of its loan from its non-interest bearing note from Haliburton County Development Corporation loan. The loan was received in fiscal 2015 and was for working capital. As a result, the Organization should have recognized \$67,110 as government grant revenue as an adjustment to the fair market value of the initial long-term debt. The prior period adjustment has been recognized in these financial statements as an increase to net assets at January 1, 2022 of \$29,566 a decrease to excess of revenues over expenditures of \$5,632, and long-term debt of \$23,934 as at December 31, 2022.

5. GOVERNMENT GRANTS

During the year, the Organization received the following grants:

	2023	2022
Point in Time	\$ -	\$ 3,000
Feed Ontario	-	36,194
Haliburton County Development Corporation	3,207	-
	<u>\$ 3,207</u>	<u>\$ 39,194</u>

6. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	\$ 295,343	\$ 198,598
Guaranteed Investment Certificate with Oaken Financial, maturing January 2024, bearing interest at 2.25%.	52,416	51,253
Guaranteed Investment Certificate with Oaken Financial, maturing March 2024, bearing interest at 2.25%.	52,419	51,256
Guaranteed Investment Certificate with Oaken Financial, maturing March 2024, bearing interest at 2.25%.	107,176	104,798
	<u>\$ 507,354</u>	<u>\$ 405,905</u>

The carrying value of the guaranteed investment certificates are \$206,932.

7. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed Investment Certificate with Oaken Financial, bearing interest at 2.25%, maturing September 2024. The carrying value of this investment is \$50,000.

MINDEN COMMUNITY FOOD CENTRE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

8. LOAN RECEIVABLE

	2023	2022
Places for People loan receivable, bearing interest at 3%, receivable in blended monthly installments of \$993.	\$ 39,528	\$ 50,081
Less current portion	10,874	9,686
Due beyond one year	\$ 28,654	\$ 40,395

9. TANGIBLE CAPITAL ASSETS

	2023			2022	
	Cost	Accumulated amortization	Net Book Value	Net Book Value	
Equipment	\$ 33,875	\$ 7,677	\$ 26,198	\$ 32,747	
Furniture and fixtures	71,695	13,890	57,805	22,870	
Computer equipment	1,843	1,333	510	1,132	
	\$ 107,413	\$ 22,900	\$ 84,513	\$ 56,749	

10. LONG-TERM DEBT

	2023	2022
Haliburton County Development Corporation loan, non-interest bearing, monthly repayable of principal payments of \$1,000 with one final payment of \$575, unsecured, due June 2027.	\$ 41,525	\$ 53,525
Less current portion	(12,000)	(12,000)
Less unamortized non-market rate of interest	(18,303)	(23,934)
	\$ 11,222	\$ 17,591
Principal repayments until maturity are as follows:		
2024	\$ 12,000	
2025	12,000	
2026	12,000	
2027	5,525	
	\$ 41,525	

The Organization is recognizing the interest on long-term debt for the non-market rate of interest on a straight-line basis over the term of the loan.

MINDEN COMMUNITY FOOD CENTRE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

11. COMMITMENTS

The Organization has a lease with respect to its premises expiring in October 2024. The monthly payment is \$1,450 plus HST.

2024	\$ 14,500
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12. CONTINGENT LIABILITIES

For the purpose of the accompanying financial statements, contingent liabilities have been evaluated by management

There were no contingent liabilities that would have a material impact on these financial statements.

13. SUBSEQUENT EVENTS

For the purpose of the accompanying financial statements, subsequent events have been evaluated by management.

There were no subsequent events that would have a material impact on these financial statements.

14. CORRESPONDING FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.