

THE FOOD BANK OF YORK REGION
FINANCIAL STATEMENTS
DECEMBER 31, 2024

SMITH, SYKES, LEEPER & TUNSTALL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE FOOD BANK OF YORK REGION
FINANCIAL STATEMENTS
DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Directors of,
The Food Bank of York Region.

Qualified Opinion

We have audited the accompanying financial statements of The Food Bank of York Region, which comprise the statement of financial position as at **December 31, 2024** and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial resources of the Organization as at **December 31, 2024** and the results of financial activities, its changes in resources 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, excess of revenues over expenses, current assets and net assets.

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 Food Bank of York Region 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 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 Food Bank of York Region'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 Food Bank of York Region or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing The Food Bank of York Region's financial reporting process.

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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 Food Bank of York Region'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 Food Bank of York Region'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 Food Bank of York Region 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.

Smith, Sykes, Leeper & Tunstall LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Barrie, Ontario.
June 17, 2025.

**THE FOOD BANK OF YORK REGION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024			2023
	Invested in Capital Assets	Unrestricted	Total	(Note 10) Total
NET ASSETS, BEGINNING OF THE YEAR	\$ 4,975	\$ 867,586	\$ 872,561	\$ 709,395
Excess of revenues over expenditures for the year	0	63,093	63,093	163,166
Net change in investment in capital assets (Note 5)	1,367	(1,367)	0	0
NET ASSETS, END OF THE YEAR	\$ 6,342	\$ 929,312	\$ 935,654	\$ 872,561

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

THE FOOD BANK OF YORK REGION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	(Note 10) 2023
REVENUE		
Food program in-kind	\$ 9,907,535	\$ 9,287,677
Donations	800,192	845,815
Designated fund receipts (Note 8)	303,118	220,879
Service charge income	73,416	45,657
Amortization of deferred capital grants	73,060	90,695
Grants	46,032	409,231
Other revenue	41,803	27,194
	11,245,156	10,927,148
OPERATING EXPENSES		
Food program costs in-kind (Inventory)	9,907,535	9,287,677
Salaries and benefits (Note 8)	633,160	552,458
Grants (Note 8)	117,959	336,962
Rent	115,027	86,208
Professional fees (Note 8)	98,278	134,087
Office and general (Note 8)	76,644	65,868
Vehicle and travel (Note 8)	82,936	98,068
Amortization of capital assets	80,128	97,151
Fresh produce purchases (Note 8)	23,966	46,173
Supplies and warehousing costs (Note 8)	20,528	18,357
Utilities	13,971	15,291
Advertising (Note 8)	4,753	19,619
Insurance (Note 8)	4,079	3,839
Bank charges and interest (Note 8)	3,006	1,903
Interest on capital leases	93	321
	11,182,063	10,763,982
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ 63,093	\$ 163,166

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

THE FOOD BANK OF YORK REGION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Excess of revenues over expenditures for the year	\$ 63,093	\$ 163,166
Items not requiring an outlay of cash:		
Amortization of capital assets	80,128	97,151
Amortization of deferred capital grants	(73,060)	(90,695)
Food program and other donations-in-kind	(9,907,535)	(9,287,677)
Food program and other in-kind expenses recognized	<u>9,907,535</u>	<u>9,287,677</u>
	70,161	169,622
Changes in operating working capital		
Restricted cash	224,036	(157,885)
Accounts receivable	(18,280)	99,770
Prepaid expenses	(17,653)	(10,709)
Accounts payable and accrued expenses	5,940	(4,876)
HST recoverable	(8,329)	(13,966)
Deferred grants and donations excluding non-cash inventory grants	(208,714)	158,085
Current portion of obligations under capital lease	<u>945</u>	<u>(8,429)</u>
	(22,055)	61,990
CASH PROVIDED BY OPERATIONS	48,106	231,612
FINANCING		
Increase in obligations under capital lease	54,867	4,295
Capital grant funding	<u>183,621</u>	<u>0</u>
CASH PROVIDED BY FINANCING	238,488	4,295
INVESTING		
Additions to property, plant and equipment	<u>(247,868)</u>	<u>(4,433)</u>
CASH (USED FOR) INVESTING	(247,868)	(4,433)
NET CHANGE IN CASH POSITION	38,726	231,474
Cash position, beginning of the year	864,286	632,812
CASH POSITION, END OF THE YEAR	\$ 903,012	\$ 864,286

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

THE FOOD BANK OF YORK REGION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

PURPOSE OF THE ORGANIZATION

The Food Bank of York Region changed its name during the year from LifeCorps International and was continued under the Canada Not-for-Profit Corporations Act. The Food Bank of York Region is a Canadian Registered Charity dedicated to relieve poverty by operating food banks and soup kitchens and providing basic necessities of life, including clean water and clothing for individuals or families who are in need, and by collecting and distributing food and basic necessities of life to organizations that provide food and assistance within Ontario and Canada. Additionally to promote health by protecting and maintaining public health through the operation of a food literacy and nutrition program to slow the development and progression of disease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) and include the following significant accounting policies:

Donated Materials and Supplies

Donated materials and supplies are recorded at their fair market value at the time of the donation. During the year \$9,907,535 (2023 - \$9,287,677) was recorded as donations consisting primarily of food donations. If the donating organization discloses the value of the goods then that is used as the fair market value. If the value is not disclosed then the organization uses a standard rate per unit of measure as the fair market value.

Use of estimates -

The preparation of the 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include allowance for doubtful accounts, the estimated useful lives of property, plant and equipment (including deferred capital contributions); the valuation of inventory and contributed materials and supplies. Actual results could differ from those estimates.

Financial instruments -

The Organization initially measures its financial assets and liabilities at fair value.

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

Financial assets and liabilities measured at amortized cost include cash, short-term investments, accounts receivable and accounts payable and accrued expense.

There are currently no financial assets and liabilities subsequently measured at fair value.

THE FOOD BANK OF YORK REGION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. Any reversal is recognized in net income.

Cash and cash equivalents -

The Organization's policy is to present under cash and cash equivalents; bank balances at a registered financial institution including a GIC.

Revenue recognition

The Organization follows the deferral method of accounting for donations.

- Unrestricted donations are recognized as revenue when received.
- Externally restricted donations are deferred and taken into revenue when the funds are spent.
- Donations restricted for the purchase of capital assets are deferred and amortized into revenue at an amount equal to the amortization of that group of capital assets.
- Externally restricted donations used to purchase land are recorded as a direct increase in net assets invested in capital assets.
- Donated materials and supplies are only recorded as revenue when the estimated fair market value of the items donated can be supported within the policy set out by the Charities Directorate of the Canada Revenue Agency.

The Organization generates service charge revenue from Agencies to which it contracts with. Service charge revenue is determined by a unit fee per unique individual served by the agency. Revenue is charged annually and recorded when invoiced.

Short term investments

Short-term investments are valued at the lower of cost and quoted market value.

Inventory

Inventory consists of donated materials and supplies and is recorded within the policies set out within revenue recognition. Additionally, the Organization purchases fresh food when funding is available, this inventory is stated at the lower of cost and market value. Market value is considered as replacement value or estimated realizable value, whichever is lower. There is no purchased inventory on hand at year-end.

Contributed services -

Volunteers contribute many hours each year to assist the Organization in carrying out its activities. Because of the difficulty of determining its fair value, contributed services are not recognized in the financial statements.

Allocation of common expenses within designated disbursements -

The Organization engages in a number of activities for which it receives designated funding. While engaged in these activities, the Organization incurs common expenditures as allowed by the various funding providers. These common expenditures have been reallocated from common expense accounts to the designated disbursement account as allocated in (Note 8).

THE FOOD BANK OF YORK REGION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

2. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Organization is exposed to the following risks related to its financial assets and liabilities:

Liquidity risk -

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable, accrued expenses, obligations under capital lease and deferred grants and donations carrying external restrictions. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change in the risk assessment from the prior period.

Credit risk -

Credit risk arises from the possibility that the entities to which the Organization sells services may experience financial difficulty and be unable to fulfil their contractual obligations. This risk is mitigated by proactive credit management policies that include regular monitoring of the debtors' payment history. The Organization provides credit to funders through contracts, receivables are concentrated to funding organizations where management is of the opinion that risk is minimal. Actual exposure to credit losses has been minimal in prior years. There has been no change in the risk assessment from the prior period. At year-end, the allowance for doubtful accounts is \$0 (2023 - \$0).

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: foreign currency risk, interest rate risk and other price risk.

Foreign currency risk -

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is not currently exposed to foreign currency risk. There has been no change in the risk assessment from the prior period.

Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Organization is mainly exposed to interest rate risk through capital lease obligations. The exposure to this risk fluctuates from year to year. The risk has increased from the prior period due to refinancing the 2025 Hino.

Other price risk -

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not exposed to other price risk. There has been no change in the risk assessment from the prior period.

THE FOOD BANK OF YORK REGION
NOTES TO THE FINANCIAL STATEMENTS
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3. RESTRICTED CASH

The Organization has cash on hand related to the monetary component of deferred grants and donations and Bingo cash. Restricted cash as of year-end consists of the following:

	<u>2024</u>	<u>2023</u>
York region food for learning	\$ 20,579	\$ 54,574
JP Bickell - Food and water for first nations	10,000	10,000
Bingo	7,101	5,291
Walmart	6,513	35,166
School food program	3,000	3,000
Federal - Community services recovery fund	2,353	2,154
Other	391	0
Ontario Trillium Foundation	0	135,000
York Region - Community food access pilot	0	20,329
York Region - Community Needs Funding	0	4,649
50 / 50	0	2,636
Mazon	<u>0</u>	<u>1,195</u>
Balance, end of the year	<u>\$ 49,937</u>	<u>\$ 273,994</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2024</u>	<u>Net 2023</u>
Leasehold improvements	81,920	73,389	8,531	24,914
Furniture and equipment	56,185	39,851	16,334	15,866
Vehicles	546,384	420,020	126,364	168,318
Vehicles - capital lease	<u>243,909</u>	<u>6,098</u>	<u>237,811</u>	<u>12,203</u>
	<u>\$ 928,398</u>	<u>\$ 539,358</u>	<u>\$ 389,040</u>	<u>\$ 221,301</u>

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a declining-balance basis at the following annual rates:

Leasehold improvements	- 5 year straight line over the term of lease
Furniture and equipment	- 20% declining balance
Vehicles	- 30% declining balance
Vehicles - capital lease	- 30% declining balance

**THE FOOD BANK OF YORK REGION
NOTES TO THE FINANCIAL STATEMENTS
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5. NET ASSETS INVESTED IN CAPITAL ASSETS

The net assets invested in capital assets consists of the following:

	<u>2024</u>	<u>2023</u>
Net book value of capital assets	\$ 389,040	\$ 221,301
Financed through capital lease obligations	(71,065)	(15,253)
Amounts financed by deferred capital grants	<u>(311,633)</u>	<u>(201,073)</u>
	<u>\$ 6,342</u>	<u>\$ 4,975</u>

The changes in net assets invested in capital assets is calculated as follows:

Purchase of capital assets	\$ 247,868	\$ 4,433
Amortization of capital assets	(80,128)	(97,151)
Amortization of deferred capital grants	73,060	90,695
Grant funds received	(183,621)	0
Loan activity for loans used to capital assets	<u>(55,812)</u>	<u>4,134</u>
	<u>\$ 1,367</u>	<u>\$ 2,111</u>

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2024</u>	<u>2023</u>
Capital lease obligation with Toyota Commercial Finance, bearing implicit interest at 10.06% per annum, repayable in 59 monthly principal and interest payments of \$1,472, to January 2030, secured by a vehicle with a carrying amount of \$237,811.	\$ 71,065	\$ 0
Capital lease obligation, entered renewal period under lease extension. Total monthly payment was \$1,491 of which 50% is applied to the balance and 50% is a usage fee. Lease was fully paid during the year.	<u>0</u>	<u>15,253</u>
	71,065	15,253
Less: current portion	<u>9,710</u>	<u>6,488</u>
	<u>\$ 61,355</u>	<u>\$ 8,765</u>

The minimum annual payments over the next five years with respect to the long-term debt are as follows:

2025	\$ 9,710
2026	12,775
2027	14,121
2028	15,610
2029	17,256
Subsequent	<u>1,593</u>
	<u>\$ 71,065</u>

THE FOOD BANK OF YORK REGION
NOTES TO THE FINANCIAL STATEMENTS
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7. DEFERRED CONTRIBUTIONS AND DEFERRED CAPITAL CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
Deferred grants and donations consists of the following:		
Undistributed food donations (in-kind)	482,800	396,579
York Region Food for Learning	20,579	54,574
Community partner credits - service charge revenue	15,543	0
JP Bickell - Food and water for first nations	10,000	10,000
Bingo	7,101	5,291
Walmart	6,513	35,166
School food program	3,000	3,000
Federal - Community services recovery fund	2,354	2,154
Other	390	0
Ontario Trillium Foundation	0	135,000
York Region - Community food access pilot	0	20,329
York Region - Community needs funding	0	4,649
50 / 50	0	2,636
Mazon	0	1,195
York Region CIF - Grocery Gift Card	<u>0</u>	<u>0</u>
Balance, end of the year	\$ <u>548,280</u>	\$ <u>670,573</u>

Undistributed food donations (in-kind): This balance represents the inventory on hand at the year end waiting to be distributed subsequent to the year end.

Remaining cash amounts are received with external restrictions by the provider for which the related expenditure has not been incurred.

Deferred capital grants related to capital assets:

Balance, beginning of the year	\$ 201,074	\$ 291,769
Additional restricted funds received	183,621	0
Current year's amortization	<u>(73,060)</u>	<u>(90,695)</u>
Balance, end of the year	\$ <u>311,635</u>	\$ <u>201,074</u>

**THE FOOD BANK OF YORK REGION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

8. DESIGNATED FUNDS

2024 **2023**

Designated fund receipts include funding from various contracts applicable during the period excluding the Region of York which is reported in Grants. Designated fund receipts consists of the following:

Designated fund receipts	\$ 303,118	\$ 220,879
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Designated fund disbursements, including current year allocation from common expenditures, consists of the following:

Grocery purchases (includes YRFFL)	130,804	27,903
Payroll	125,004	122,694
Vehicle	44,056	38,706
Office and general	3,062	194
Bank charges	200	271
Grants	0	20,849
Professional fees	0	8,237
Advertising	<u>0</u>	<u>2,602</u>
	<u>\$ 303,126</u>	<u>\$ 221,456</u>

9. LEASE COMMITMENTS

The Organization has entered into a lease with minimum aggregate annual payments for the next five years as follows:

2025	\$ 117,780
2026	\$ 121,404
2027	\$ 125,028
2028	\$ 128,652
2029	\$ 65,232

10. RESTATEMENT

The prior years insurance expense previously reported as \$38,124 and consisted of vehicle insurance and employment benefits insurance, in addition to liability and D&O insurance. The 2023 vehicle and employment benefits insurance have been restated to be included with vehicle and salaries expenses respectively to conform with this year's financial statement presentation.