

EDEN FOOD FOR CHANGE
Financial Statements
Year Ended December 31, 2019

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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Eden Food For Change

Qualified Opinion

I have audited the financial statements of Eden Food For Change (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

The Organization derives revenue from fundraising activities and the fresh produce box program, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues were limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising and fresh produce box revenues, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on April 17, 2019 for the reasons described in the *Basis for Qualified Opinion* section.

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 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.

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Independent Auditor's Report to the Members of Eden Food For Change *(continued)*

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Mississauga, Ontario
June 27, 2020

Chartered Professional Accountant
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

EDEN FOOD FOR CHANGE
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 108,220	\$ 141,427
Accounts receivable	20,222	11,220
Sales taxes receivable	21,676	-
Prepaid expenses	14,324	14,717
	164,442	167,364
CAPITAL ASSETS (Note 3)	185,079	72,542
	\$ 349,521	\$ 239,906
LIABILITIES		
CURRENT		
Accounts payable	\$ 64,818	\$ 33,175
Sales tax payable	-	117
Deferred revenue (Note 4)	75,978	94,842
Current portion of long term debt (Note 5)	9,180	15,820
Asset retirement obligation (Note 6)	6,000	5,628
	155,976	149,582
LONG TERM DEBT (Note 5)	-	9,180
	155,976	158,762
NET ASSETS		
General fund	14,467	14,230
Capital fund	179,078	66,914
	193,545	81,144
	\$ 349,521	\$ 239,906

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

EDEN FOOD FOR CHANGE
Statement of Changes in Net Assets
Year Ended December 31, 2019

	General Fund	Capital Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 14,230	\$ 66,914	\$ 81,144	\$ 111,359
EXCESS OF REVENUES OVER EXPENDITURES	112,401	-	112,401	(30,215)
Accretion of asset retirement obligation	372	(372)	-	-
Amortization	42,776	(42,776)	-	-
Capital asset additions	(155,312)	155,312	-	-
NET ASSETS - END OF YEAR	\$ 14,467	\$ 179,078	\$ 193,545	\$ 81,144

See notes to financial statements

EDEN FOOD FOR CHANGE
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	2019	2018
REVENUES		
Donations	\$ 363,215	\$ 402,386
Meals on Wheels Income	341,950	-
The Ontario Trillium Foundation grant	148,500	-
Fundraising	110,383	79,782
Fresh produce boxes	71,291	109,075
United Way of Peel Region	69,364	60,739
Region of Peel	20,000	49,250
Kitchen rental	3,726	12,497
Donations in kind	-	54,877
	<u>1,128,429</u>	<u>768,606</u>
EXPENDITURES		
Salaries and benefits	455,116	289,914
Food purchases	194,168	64,620
Rental	116,734	110,167
Fundraising	56,661	97,780
Fresh produce box program	49,981	88,495
Amortization	42,776	50,267
Audit, legal and bookkeeping	15,013	11,845
Transportation costs and truck repairs	13,524	15,801
Waste removal	12,584	7,429
Interest and bank charges	10,975	6,492
Office	10,679	11,049
Supplies	8,166	11,496
Volunteer appreciation	7,697	3,659
Repairs and maintenance	6,452	6,086
Insurance	5,530	2,386
Telephone	4,642	4,493
Courses, fees and dues	2,775	4,371
Advertising, community awareness, outreach	1,483	449
Program Expenses	700	11,754
Accretion of asset retirement obligation	372	268
	<u>1,016,028</u>	<u>798,821</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 112,401	\$ (30,215)

See notes to financial statements

EDEN FOOD FOR CHANGE
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 112,401	\$ (30,215)
Items not affecting cash:		
Amortization of capital assets	42,776	50,267
Accretion of asset retirement obligation	372	268
	<u>155,549</u>	<u>20,320</u>
Changes in non-cash working capital:		
Accounts receivable	(9,004)	(3,000)
Accounts payable	31,644	(31,068)
Deferred revenue	(18,864)	18,864
Prepaid expenses	393	(4,563)
Sales taxes payable	(117)	117
Sales taxes receivable	(21,676)	68
	<u>(17,624)</u>	<u>(19,582)</u>
Cash flow from operating activities	<u>137,925</u>	<u>738</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(155,312)</u>	<u>(5,038)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(15,820)</u>	<u>25,000</u>
INCREASE (DECREASE) IN CASH	(33,207)	20,700
Cash - beginning of year	<u>141,427</u>	<u>120,727</u>
CASH - END OF YEAR	\$ 108,220	\$ 141,427

See notes to financial statements

EDEN FOOD FOR CHANGE
Notes to Financial Statements
Year Ended December 31, 2019

1. PURPOSE OF THE ORGANIZATION

Eden Food For Change (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization is committed to increasing access to good food in a dignified manner, developing food skills to encourage healthy eating and empowering the community through education, outreach and advocacy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Leasehold improvements	5 years	straight-line method
Kitchen equipment	5 years	straight-line method
Kitchen program development costs	3 years	straight-line method
Truck	30%	diminishing balance method
Office and equipment	5 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Eden Food For Change 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.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donations in kind

The Organization received contributed materials, the fair value of which may or may not be reasonable determinable. Contributed materials (except for donated food) are recognized as donations when fair value can be determined.

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EDEN FOOD FOR CHANGE
Notes to Financial Statements
Year Ended December 31, 2019

2. SUMMARY OF 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Inventory

Donated food inventory on hand at the end of the year is not recorded.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 3,619	\$ 3,619	\$ -	\$ -
Leasehold improvements	201,071	61,290	139,781	-
Kitchen equipment	155,431	155,431	-	5,040
Kitchen program development costs	95,625	95,625	-	-
Truck	119,271	78,257	41,014	58,591
Office and equipment	30,657	26,373	4,284	8,911
	\$ 605,674	\$ 420,595	\$ 185,079	\$ 72,542

4. DEFERRED REVENUE

Deferred revenue represents the unamortized amount of contributions and grants received for specific programming within the Organization. Changes in the deferred balance during the year are as follows:

	2019	2018
Balance- beginning of year	\$ 94,842	\$ 75,978
Add: contributions received	237,865	109,989
Less: Amounts amortized into revenue	(256,729)	(91,125)
Balance - end of year	\$ 75,978	\$ 94,842

EDEN FOOD FOR CHANGE
Notes to Financial Statements
Year Ended December 31, 2019

5. LONG TERM DEBT

	2019	2018
<p>Alterna loan bearing interest at prime plus 3% per annum, repayable in monthly blended payments of \$1,467. The loan matures on June 30, 2020 and is secured by general security agreement covering all assets.</p>	\$ 9,180	\$ 25,000
<p>Amounts payable within one year</p>	(9,180)	(15,820)
	\$ -	\$ 9,180

6. ASSET RETIREMENT OBLIGATION

	2019	2018
<p>Balance at beginning of year</p>	\$ 5,628	\$ 5,360
<p>Accretion expense</p>	372	268
<p>Balance at end of year</p>	\$ 6,000	\$ 5,628

Under the terms of the lease, the Organization may have to dismantle certain improvements at the end of the lease. The Organization used a discount rate of 5% in the determination of this obligation.

7. LEASE COMMITMENTS

The Organization has a lease with respect to its premises. The lease contains renewal options for a further five years. Future minimum lease payments as at December 31, 2019, are as follows:

2020	\$ 102,906
2021	86,016
2022	88,970
2023	91,885
2024	23,152
	\$ 392,929

8. FINANCIAL INSTRUMENTS

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, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management has assessed liquidity risk as low. The Organization is exposed to this risk mainly in respect of its debt obligations and accounts payable.

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

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Notes to Financial Statements
Year Ended December 31, 2019

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
