

EDEN FOOD FOR CHANGE
Financial Statements
Year Ended December 31, 2020

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Year Ended December 31, 2020

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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, 2020, 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, 2020, 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

In common with many not-for-profit 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, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

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.

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.

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

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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.

WJ Professional Corporation

Mississauga, Ontario
June 16, 2021

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

EDEN FOOD FOR CHANGE
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 883,875	\$ 108,220
Accounts receivable	52,059	20,222
Sales taxes receivable	17,296	21,676
Supplies	8,413	4,156
Prepaid expenses	10,492	10,168
	972,135	164,442
CAPITAL ASSETS <i>(Note 3)</i>	251,124	185,079
	\$ 1,223,259	\$ 349,521
LIABILITIES		
CURRENT		
Accounts payable	\$ 31,319	\$ 64,818
Deferred revenue <i>(Note 4)</i>	113,713	75,978
Current portion of long term debt <i>(Note 5)</i>	-	9,180
Asset retirement obligation <i>(Note 6)</i>	29,400	6,000
	174,432	155,976
NET ASSETS		
General fund	802,303	14,467
Capital fund	246,524	179,078
	1,048,827	193,545
	\$ 1,223,259	\$ 349,521

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, 2020

	General Fund	Capital Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 14,467	\$ 179,078	\$ 193,545	\$ 81,144
EXCESS OF REVENUES OVER EXPENDITURES	855,282	-	855,282	112,401
Accretion of asset retirement obligation	(1,400)	1,400	-	-
Amortization	60,332	(60,332)	-	-
Capital asset additions	(126,378)	126,378	-	-
NET ASSETS - END OF YEAR	\$ 802,303	\$ 246,524	\$ 1,048,827	\$ 193,545

See notes to financial statements

EDEN FOOD FOR CHANGE
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	2020	2019
REVENUES		
Donations	\$ 777,427	\$ 363,215
Region of Peel	328,311	20,000
Meals on Wheels Income	307,593	341,950
United Way of Peel Region	173,385	69,364
Community Foundation and Community Food Centre	125,400	-
Donations in kind	20,000	-
Fundraising	17,992	110,383
Fresh produce boxes	245	71,291
The Ontario Trillium Foundation grant	-	148,500
Kitchen rental	-	3,726
	<u>1,750,353</u>	<u>1,128,429</u>
EXPENDITURES		
Salaries and benefits	411,047	455,116
Food purchases	168,092	194,168
Rental	125,890	116,734
Amortization	60,332	42,776
Fundraising	18,482	56,661
Transportation costs and truck repairs	18,301	13,524
Audit, legal and bookkeeping	16,277	15,013
Waste removal	13,786	12,584
Interest and bank charges	11,768	10,975
Office	11,289	10,679
Supplies	8,187	8,166
Advertising, community awareness, outreach	7,903	1,483
Repairs and maintenance	6,110	6,452
Telephone	5,689	4,642
Volunteer appreciation	5,647	7,697
Insurance	2,534	5,530
Program Expenses	2,337	700
Accretion of asset retirement obligation	1,400	372
Courses, fees and dues	-	2,775
Fresh produce box program	-	49,981
	<u>895,071</u>	<u>1,016,028</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 855,282</u>	<u>\$ 112,401</u>

See notes to financial statements

EDEN FOOD FOR CHANGE
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 855,282	\$ 112,401
Items not affecting cash:		
Amortization of capital assets	60,332	42,776
Accretion of asset retirement obligation	1,400	372
	<u>917,014</u>	<u>155,549</u>
Changes in non-cash working capital:		
Accounts receivable	(31,839)	(9,004)
Supplies	(4,257)	525
Accounts payable	(33,496)	31,644
Deferred revenue	37,735	(18,864)
Prepaid expenses	(324)	(132)
Sales taxes receivable	4,380	(21,793)
Asset retirement obligation	22,000	-
	<u>(5,801)</u>	<u>(17,624)</u>
Cash flow from operating activities	<u>911,213</u>	<u>137,925</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(126,378)</u>	<u>(155,312)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(9,180)</u>	<u>(15,820)</u>
INCREASE (DECREASE) IN CASH	775,655	(33,207)
Cash - beginning of year	<u>108,220</u>	<u>141,427</u>
CASH - END OF YEAR	\$ 883,875	\$ 108,220

See notes to financial statements

EDEN FOOD FOR CHANGE
Notes to Financial Statements
Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

Eden Food For Change (the "Organization") is a not-for-profit organization incorporated provincially by Letters Patent 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 expenditures 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, 2020

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 expenditures 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	2020 Net book value	2019 Net book value
Computer equipment	\$ 8,197	\$ 4,382	\$ 3,815	\$ -
Leasehold improvements	224,562	94,702	129,860	139,781
Kitchen equipment	249,648	164,853	84,795	-
Kitchen program development costs	95,625	95,625	-	-
Truck	119,271	90,562	28,709	41,014
Office and equipment	34,749	30,804	3,945	4,284
	\$ 732,052	\$ 480,928	\$ 251,124	\$ 185,079

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:

	2020	2019
Balance- beginning of year	\$ 75,978	\$ 94,842
Add: contributions received	37,735	237,865
Less: Amounts amortized into revenue	-	(256,729)
Balance - end of year	\$ 113,713	\$ 75,978

Deferred revenue includes \$64,078 (2019 - \$64,078) of board reserve, \$11,900 (2019 - \$11,900) of operating reserve and \$37,735 (2019 - \$0) of grants from Region of Peel.

EDEN FOOD FOR CHANGE
Notes to Financial Statements
Year Ended December 31, 2020

5. LONG TERM DEBT

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

6. ASSET RETIREMENT OBLIGATION

	2020	2019
Balance at beginning of year	\$ 6,000	\$ 5,628
Change during the year	22,000	-
Accretion expense	1,400	372
Balance at end of year	\$ 29,400	\$ 6,000

Under the terms of the lease, the Organization may have to dismantle certain leasehold 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, 2020, are as follows:

2021	\$ 109,641
2022	92,476
2023	95,505
2024	24,064
	\$ 321,686

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, 2020.

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.

EDEN FOOD FOR CHANGE
Notes to Financial Statements
Year Ended December 31, 2020

9. COMPARATIVE FIGURES

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

10. SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Organization will not be known with certainty for months to come.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization's results of future operations, financial position, and liquidity in fiscal year 2021.
