
EDEN FOOD FOR CHANGE

Index to Financial Statements Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of Eden Food for Change

Qualified Opinion

We have audited the financial statements of Eden Food for Change (the Organization), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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 charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to 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 Organization in accordance with 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 audit opinion.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on June 16, 2021 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.

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

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.

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 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.

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

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.

Oakville, Ontario
June 1, 2022

Henderson Roller Smit Professional Corporation
HENDERSON ROLLER SMIT PROFESSIONAL CORPORATION
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, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 1,139,675	\$ 883,875
Government funding receivable	83,683	52,059
Inventory (Note 3)	11,839	8,413
Harmonized sales tax recoverable	12,256	17,295
Prepaid expenses	29,358	10,492
	1,276,811	972,134
CAPITAL ASSETS (Note 4)	264,500	251,124
	\$ 1,541,311	\$ 1,223,258
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 40,714	\$ 31,318
Deferred income (Notes 5, 6)	160,088	37,735
Asset retirement obligation (Note 7)	31,076	29,400
	231,878	98,453
NET ASSETS		
Capital fund	259,902	246,524
General fund	749,531	802,303
Restricted fund (Note 6)	300,000	75,978
	1,309,433	1,124,805
	\$ 1,541,311	\$ 1,223,258

LEASE COMMITMENTS (Note 8)

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

EDEN FOOD FOR CHANGE

Statement of Revenues and Expenditures Year Ended December 31, 2021

	2021	2020
REVENUES		
Community Foundation of Canada	\$ 2,000	\$ 125,400
Donations	521,454	777,427
Donations in kind	39,824	20,000
Fresh produce boxes	-	245
Fundraising	102,651	17,992
Meals on Wheels	348,701	307,593
Region of Peel	220,671	328,311
United Way of Peel Region	52,600	173,385
	1,287,901	1,750,353
EXPENDITURES		
Accretion of asset retirement obligation (Note 7)	1,676	1,400
Advertising and promotion	14,119	7,903
Amortization	74,623	60,332
Food purchases	242,819	168,092
Fundraising	4,624	18,482
Insurance	7,017	2,534
Interest and bank charges	6,288	11,768
Office	25,612	11,289
Professional fees	28,295	16,277
Program expenses	4,828	2,337
Rental	130,102	125,890
Repairs and maintenance	3,687	6,110
Salaries and wages	499,973	411,047
Supplies (Note 3)	11,948	8,187
Telephone	7,100	5,689
Transportation costs and truck repairs	17,916	18,301
Volunteer appreciation	3,293	5,647
Waste removal	19,353	13,786
	1,103,273	895,071
EXCESS OF REVENUES OVER EXPENDITURES	\$ 184,628	\$ 855,282

EDEN FOOD FOR CHANGE

Statement of Changes in Net Assets Year Ended December 31, 2021

	Capital Fund	General Fund	Restricted Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR					
As previously reported	\$ 246,524	\$ 802,303	\$ -	\$ 1,048,827	\$ 269,523
Prior period adjustment <i>(Note 6)</i>	-	-	75,978	75,978	-
As restated	246,524	802,303	75,978	1,124,805	269,523
EXCESS OF REVENUES OVER EXPENDITURES					
Capital asset additions	(74,623)	259,251	-	184,628	855,282
Transfers	88,001	(88,001)	-	-	-
	-	(224,022)	224,022	-	-
NET ASSETS - END OF YEAR	\$ 259,902	\$ 749,531	\$ 300,000	\$ 1,309,433	\$ 1,124,805

See notes to financial statements

EDEN FOOD FOR CHANGE

Statement of Cash Flows Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 184,628	\$ 855,282
Items not affecting cash:		
Amortization of capital assets	74,623	60,332
Changes to restricted fund	-	75,978
Accretion of asset retirement obligation	1,676	1,400
Increase in asset retirement obligation	-	22,000
	260,927	1,014,992
Changes in non-cash working capital:		
Government funding receivable	(31,624)	(31,837)
Sales tax recoverable	5,039	4,381
Inventory	(3,426)	(4,257)
Prepaid expenses	(18,866)	(324)
Accounts payable and accrued liabilities	9,398	(33,499)
Deferred income	122,353	(38,243)
	82,874	(103,779)
Cash flow from operating activities	343,801	911,213
INVESTING ACTIVITY		
Purchase of capital assets	(88,001)	(126,378)
FINANCING ACTIVITY		
Current portion of long term debt	-	(9,180)
INCREASE IN CASH FLOW	255,800	775,655
Cash - beginning of year	883,875	108,220
CASH - END OF YEAR	\$ 1,139,675	\$ 883,875

See notes to financial statements

EDEN FOOD FOR CHANGE

Notes to Financial Statements Year Ended December 31, 2021

1. DESCRIPTION OF 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 (ASNFPPO).

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 and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donations in kind

Donations in kind are recorded at their fair market value at the time of the donation. During the year \$39,824 in kind were donated (2020 - \$20,000).

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory includes all costs to purchase, convert, and bring the inventories to their present location and condition. Cost is determined using specific identification for major equipment and the weighted-average cost formula for all other inventory items. Inventory valuation reserves are maintained for inventory that is slow moving or obsolete.

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EDEN FOOD FOR CHANGE

Notes to Financial Statements Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets 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 development costs	3 years	straight-line method
Truck	30%	declining 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. No amortization is charged in the year of disposal. One half of the annual amortization is charged in the year of acquisition.

Impairment of Long Lived Assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Deferred income

Deferred income represents revenue received but not yet spent from restricted funds. These funds are restricted either to be used towards specific expenses or are restricted for a future time period. Revenue is recognized in the future period, or when the related expenses are incurred.

Deferred capital contributions

Deferred capital contributions for acquiring fixed assets and related to expenses are recorded as contributions and are amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Deferred capital contributions for current expenses are recorded as a reduction of the related expenditures. Deferred capital contributions for acquiring fixed assets are recorded as a reduction of the cost of related assets.

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EDEN FOOD FOR CHANGE

Notes to Financial Statements Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net assets

1. Capital fund net assets are funds which have been invested in the capital assets.
2. General fund net assets comprise the excess of revenue over expenses accumulated by the Organization each year, net of transfers, and are available for general purposes.
3. Restricted fund net assets comprise \$224,022 (2020 - \$64,078) of board reserve, and \$11,900 (2020 - \$11,900) of operating reserve.

Related party transactions

Unless otherwise stated, related party transactions are in the normal course of operations, and are recorded at the exchange amount, which is the amount agreed to by the related parties.

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. The significant items for which estimates were made include the collectibility of accounts receivable, valuation of inventory, valuation of and useful lives of capital assets, accrued liabilities, asset retirement obligation and determination of deferred revenue. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets that are traded in an active market are reported at fair value. All of the other financial instruments are recorded at amortized cost.

Financial assets recorded at amortized cost include cash and government funding receivable. There are no financial assets recorded at fair value.

Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities and deferred revenue. There are no financial liabilities recorded at fair value.

Financial instruments are tested for impairment at each reporting date and when an event occurs which may have caused impairment. When a test for impairment indicates the carrying value exceeds its fair value, an impairment loss is recognized to the extent the carrying value exceeds its fair value. When the test indicates that the fair value exceeds the carrying amount, a reversal of the impairment loss previously recorded is recognized to the extent of the original cost.

3. INVENTORY

Inventory at year end consists of supplies. During the year, the cost of inventory expensed to the Statement of Revenues and Expenditures totaled \$230,455 (2020 - \$168,092).

EDEN FOOD FOR CHANGE

Notes to Financial Statements Year Ended December 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 8,197	\$ 5,908	\$ 2,289	\$ 3,815
Leasehold improvements	296,594	137,666	158,928	129,860
Kitchen equipment	263,625	185,094	78,531	84,795
Kitchen program development costs	95,625	95,625	-	-
Truck	119,271	99,175	20,096	28,709
Office and equipment	36,740	32,084	4,656	3,945
	\$ 820,052	\$ 555,552	\$ 264,500	\$ 251,124

5. DEFERRED INCOME

	2021 Opening Balance	Additions	Recognized in Revenue	2021 Ending Balance
Region of Peel grant	\$ 37,735	\$ -	\$ 37,735	\$ -
Deferred capital contribution	-	160,088	-	160,088
	\$ 37,735	\$ 160,088	\$ 37,735	\$ 160,088

6. PRIOR PERIOD ADJUSTMENT

These financial statements include a prior period adjustment to correct the accounting for the internally restricted net assets, where in the prior period the internally restricted net assets were recorded within deferred revenue. The presentation has been adjusted to remove the internally restricted net assets of \$75,978 as at December 31, 2020 from deferred revenue and report them within Net Assets - Restricted Fund.

7. ASSET RETIREMENT OBLIGATION

	2021	2020
Balance at beginning of year	\$ 29,400	\$ 6,000
Change during the year	-	22,000
Accretion expense	1,676	1,400
Balance at end of year	\$ 31,076	\$ 29,400

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 5.7% in the determination of this obligation.

EDEN FOOD FOR CHANGE

Notes to Financial Statements Year Ended December 31, 2021

8. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2022	\$	123,000
2023		104,000
2024		26,000
		<hr/>
	\$	253,000

9. 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, 2021. There have been no significant changes to the Organization's risk profile since December 31, 2020.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from funders. In order to reduce its credit risk, the Organization reviews a new funder's credit history before extending credit and conducts regular reviews of its existing funders' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

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

10. COMPARATIVE FIGURES

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

11. SUBSEQUENT EVENTS

During and subsequent to year end, the Government of Canada introduced a number of measures as a response to the COVID-19 pandemic, including social distance requirements. 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. An estimate of the financial impact due to these restrictions is not determinable, given that the duration of the social distancing requirements are unknown as of the date of audit report.
