

CENTRAL FOOD NETWORK

FINANCIAL STATEMENTS

Year ended December 31, 2023

CENTRAL FOOD NETWORK

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December 31, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Central Food Network

We have reviewed the accompanying financial statements of Central Food Network (the "Organization") that comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets, cash flows and schedules 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 determine 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 revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, deficiency of revenues over expenditures, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our conclusion on the financial statements for the year ended December 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

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 Central Food Network 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

As per Note 3, the Organization has voluntarily adopted Section 4470 - Disclosure of Allocated Expenses by Not-for-Profit Organizations. This voluntary change in accounting policy was recognized in accordance with Section 1506 - Accounting Changes as required in the CPA Canada Handbook. Our conclusion has not been qualified in respect of this matter.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke underneath the entire word.

Ascend LLP, Chartered Professional Accountants, LPA
Bancroft, Ontario
May 23, 2024

CENTRAL FOOD NETWORK
STATEMENT OF OPERATIONS
Year ended December 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenues			
Highlands East Food Hub, Schedule 1	\$ 54,600	\$ 100,731	\$ 54,085
Heat Bank, Schedule 2	72,750	54,845	76,779
Other donations	51,000	25,348	33,211
Cardiff Food Bank, Schedule 3	18,800	24,274	21,192
Grant income - note 5	-	22,978	284
Interest income	2,900	5,555	2,918
Amortization of deferred capital contributions - note 11	-	1,964	2,573
Canada Emergency Wage Subsidy	-	-	1,710
	200,050	235,695	192,752
Expenditures			
Highlands East Food Hub, Schedule 1	54,432	74,862	56,030
Heat Bank, Schedule 2	78,200	79,428	76,237
Salaries and benefits	30,500	24,336	32,318
Cardiff Food Bank, Schedule 3	18,132	21,378	14,606
Professional fees	14,000	3,001	13,901
Bank service charges	750	1,240	617
Insurance	2,450	479	2,206
Volunteer services	2,500	334	1,540
Advertising and promotion	3,100	241	1,606
Operational supplies	3,700	142	1,934
Fundraising	4,500	75	-
Fundraising expenses	100	-	-
	212,364	205,516	200,995
Excess (deficiency) of revenues over expenditures	\$ (12,314)	\$ 30,179	\$ (8,243)

The accompanying notes are an integral part of these financial statements

CENTRAL FOOD NETWORK
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2023

2023			
	Total	General Fund	Restricted Heat Bank Fund
Net assets, beginning of year	\$ 239,509	\$ 111,226	\$ 128,283
Excess (deficiency) of revenues over expenditures	30,179	54,762	(24,583)
Net assets, end of year	\$ 269,688	\$ 165,988	\$ 103,700
2022			
	Total	General Fund	Restricted Heat Bank Fund
Net assets, beginning of year	\$ 247,752	\$ 115,718	\$ 132,034
Deficiency of revenues over expenditures	(8,243)	(4,492)	(3,751)
Net assets, end of year	\$ 239,509	\$ 111,226	\$ 128,283

The accompanying notes are an integral part of these financial statements

CENTRAL FOOD NETWORK
STATEMENT OF FINANCIAL POSITION
December 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 166,945	\$ 247,436
Guaranteed investment certificate - note 8	104,175	-
Accounts receivable	150	790
Prepaid expenses	2,386	2,132
Harmonized sales tax recoverable	10,101	5,257
	283,757	255,615
Tangible capital assets - note 9	68,274	21,322
	\$ 352,031	\$ 276,937
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liability - note 10	\$ 32,646	\$ 25,820
Current portion of deferred capital contributions - note 11	15,844	1,964
	48,490	27,784
Deferred capital contributions - note 11	33,853	9,644
	82,343	37,428
General Fund	165,988	111,226
Restricted Heat Bank Fund	103,700	128,283
	269,688	239,509
	\$ 352,031	\$ 276,937

On behalf of the board

_____ Member

_____ Member

CENTRAL FOOD NETWORK
STATEMENT OF CASH FLOWS
Year ended December 31, 2023

	2023	2022
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 30,179	\$ (8,243)
Adjustments for items which do not affect cash		
Amortization - note 9	13,270	5,582
Amortization of deferred capital contributions - note 11	(10,704)	(3,296)
Unrealized investment income	(4,175)	-
	28,570	(5,957)
Change in non-cash working capital items		
Accounts receivable	640	14,829
Prepaid expenses	(254)	(30)
Harmonized sales tax	(4,844)	(489)
Deferred capital contributions	48,794	(2,944)
Accounts payable and accrued liability	6,825	6,690
	79,731	12,099
Investing activities		
Purchase of guaranteed investment certificate	(150,000)	-
Proceeds on sale of guaranteed investment certificate	50,000	-
Purchase of tangible capital assets	(60,222)	-
	(160,222)	-
(Decrease) increase in cash	(80,491)	12,099
Cash, beginning of year	247,436	235,337
Cash, end of year	\$ 166,945	\$ 247,436

The accompanying notes are an integral part of these financial statements

CENTRAL FOOD NETWORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

1. NATURE OF OPERATIONS

Central Food Network (the "Organization") is a not-for-profit organization incorporated under the Societies Act of Ontario. The Organization was formed to assist the community and partners share food resources and create opportunities to help those living in poverty. As a registered charity, the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Tangible capital assets

Tangible capital assets are recorded at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over its useful life on a declining basis at the following rates:

Vehicle	30%
Equipment	20%

The Organization regularly reviews its equipment to eliminate obsolete items. Government grants are deferred and amortized to revenue equal to the amount of amortization of the related tangible capital asset.

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

Amortization is recorded at the beginning of the month the tangible capital assets are available for use until the asset is disposed of or use is discontinued.

Cash

Cash and cash equivalents consist of cash on hand, deposits with banks and cheques issued and outstanding.

Contributed services

Directors, committee members and volunteers volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

CENTRAL FOOD NETWORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated material and services

Donated capital and investments are recorded in the financial statements at fair value on the date of the donation. Donated materials and services are not recorded because the fair market value is not readily determinable. With the exception of volunteer time, such material and services are not significant.

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 for derivatives and 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, accounts receivable and guaranteed investment certificate.

Financial liabilities measured at amortized cost include accounts payable and accrued liability.

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.

Fund accounting

The Organization follows the deferral method of fund accounting.

The General Fund accounts for the collection of unrestricted donations and fundraising activities.

The Restricted Heat Bank Fund accounts for amounts for which the use is restricted by the donors and related investment income on the fund balance, to provide support to low income individuals with heating costs.

CENTRAL FOOD NETWORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement uncertainty

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in income in the period in which they become known. Actual results could differ from these estimates. Significant items subject to estimates and assumptions include:

- Amortization of tangible capital assets;
- Estimated useful life of tangible capital assets;
- Allocation of expenses by division; and
- Amortization of deferred capital contributions.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future periods are deferred and recognized as revenue in the year in which related expenses are incurred. Contributions received to purchase tangible capital assets are recorded first as deferred capital contributions. The deferred capital contributions are amortized to income on the same basis that the tangible capital asset is amortized.

Donation and investment revenues are recorded when the donation is received and the investment income is accrued as earned respectively.

The Organization recognizes its other revenues when they are earned, specifically when all the following conditions are met:

- ♦ services are provided or products are delivered to customers;
- ♦ there is clear evidence that an arrangement exists;
- ♦ the amounts are fixed or can be determined; and
- ♦ the ability to collect is reasonably assured.

Allocated expenditures

The Organization records its expenses by divisions: Heat Bank, Highlands East Food Hub, Cardiff Food Bank and Central Food Network.

Insurance, professional fees, salaries and benefits, and program supplies are allocated proportionately based on the revenue recognized by each division.

CENTRAL FOOD NETWORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

3. VOLUNTARY CHANGE IN ACCOUNTING POLICY

During the year, the Organization adopted Section 4470 - Disclosure of Allocated Expenses by Not-for-Profit Organizations. This voluntary change in accounting policy was recognized in accordance with Section 1506 - Accounting Changes of the CPA Canada Handbook.

Under Section 4470, disclosure requirements are established for not-for-profit organizations that report expenses by function and allocate expenses to a number of functions to which the expenses relate. These not-for-profit organizations will be required to disclose additional information regarding their accounting policies adopted for the allocation of expenses among functions, the nature of these expenses, the basis on which the allocations are being made, and the value of the allocations.

Prior to the adoption of Section 4470, the Organization allocated its program supplies and salaries and benefits by pro-ration of revenues recognized by each of its divisions. Upon the adoption of Section 4470, the Organization made an accounting policy choice to allocate additional costs (Note 2) to each of its divisions and on the same basis. It has been determined that a retrospective application of this change in accounting policy is impracticable, as the additional costs allocated in the current year, did not previously qualify as applicable costs to other divisions. Therefore, the change in accounting policy has been applied prospectively from January 1, 2023. As a result of adopting this section, there was no material impact on the Organization's financial statements as at December 31, 2023.

4. FINANCIAL INSTRUMENTS 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) 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 accounts payable and accrued liabilities.

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

CENTRAL FOOD NETWORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

5. GRANT INCOME

	2023	2022
Canada Helps	\$ 19,153	\$ -
WB Family Foundation	2,500	-
Benevity Community Impact Fund	450	-
St Mark's United Church	280	-
Other charities	260	284
CyberGrant	135	-
Gooderham Penecostal Church	100	-
Paudash Lake Conservative Association	100	-
	\$ 22,978	\$ 284

6. HEAT BANK GRANT INCOME

	2023	2022
Canada Helps	\$ 10,643	\$ -
The Christian Community Concern Centre	5,000	-
Food Banks Canada	2,500	-
Lakeside Baptist Church	250	-
Other Charities	-	2,600
	\$ 18,393	\$ 2,600

7. HIGHLANDS EAST FOOD HUB GRANT INCOME

	2023	2022
Program Support	\$ 4,873	\$ 6,736
Moose FM	11,091	-
Christian Community Concern Centre	9,068	-
Canada Helps	7,922	-
Point in Time	4,234	-
Haven of Rest Chapel	500	-
North Hastings Community Cupboard	100	-
Other charities	-	4,276
Community Social Investment Fund grant - Hub	-	1,986
	\$ 37,788	\$ 12,998

8. GUARANTEED INVESTMENT CERTIFICATE

Guaranteed Investment Certificate with Scotiabank, bearing interest at 4.9% per annum, maturing in March 2024. The carrying amount of the guaranteed investment certificate is \$100,000.

CENTRAL FOOD NETWORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

9. TANGIBLE CAPITAL ASSETS

			2023			2022
	Cost	Accumulated amortization	Net Book Value			Net Book Value
Vehicles	\$ 63,402	\$ 12,702	\$ 50,700	\$		2,381
Heat Bank Equipment	2,332	1,472	860	\$		1,075
Highland East Food Hub equipment	29,127	13,108	16,019			17,171
Cardiff Food Bank equipment	695	-	695			695
	\$ 95,556	\$ 27,282	\$ 68,274	\$		21,322

During the year, the Organization had total amortization of \$13,270 (2022 - \$5,582) consisting of \$215 (2022 - \$269) in Heat Bank expenses and \$13,055 (2022 - \$5,313) in Highland East Food Hub expenses.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITY

			2023			2022
Trade payables			\$ 20,101	\$		15,471
Accrued liability			7,450			7,000
Government remittances			3,143			2,047
Vacation payable			1,952			1,302
			\$ 32,646	\$		25,820

11. DEFERRED CAPITAL CONTRIBUTIONS

	Generator	Vehicle	Freezers			Total
Opening balance	\$ 6,509	\$ 2,207	\$ 2,892	\$		11,608
Amortization	(1,302)	(662)	(578)			(2,542)
	\$ 5,207	\$ 1,545	\$ 2,314	\$		9,066

The amount that will be recognized as revenue within the next twelve months is \$1,964.

CENTRAL FOOD NETWORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

12. ALLOCATED EXPENDITURES

The Organization allocates shared expenses to the respective division as follows:

	Cardiff Food Bank	Heat Bank	Highlands East Food Hub
Insurance	\$ 217	\$ 421	\$ 1,245
Professional fees	1,352	2,723	8,017
Salaries and benefits	4,272	54,095	16,546
Program supplies	-	1,653	1,752
	\$ 5,841	\$ 58,892	\$ 27,560

13. 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.

14. 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.

15. BUDGET AMOUNTS

The 2023 budget amounts on the Statement of Operations and the Schedules to the Financial Statements, are presented for information purposes only.

16. CORRESPONDING FIGURES

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

CENTRAL FOOD NETWORK
SCHEDULES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2023

SCHEDULE OF HIGHLANDS EAST FOOD HUB

Schedule 1

	2023 Budget	2023 Actual	2022 Actual
Revenue			
Grant income - note 7	\$ 12,600	\$ 37,788	\$ 12,998
Other donations	42,000	54,202	40,364
Amortization of deferred contributions - note 11	-	8,741	723
	54,600	100,731	54,085
Expenditures			
Salaries and benefits	22,800	16,546	15,898
Food supplies	13,000	15,118	14,751
Travel	14,000	13,931	16,920
Amortization	-	13,055	5,313
Professional Fees	-	8,017	-
Program supplies	500	1,752	158
Insurance	-	1,245	-
Community cooks	1,200	1,178	753
Membership Fees	1,200	1,064	1,033
Volunteer Services	-	864	-
Telephone	720	801	724
Advertising	-	506	-
Payment processing charges	600	376	381
Facility maintenance	400	279	75
Web Site Development	-	118	-
Rent	12	12	24
	54,432	74,862	56,030
Excess (deficiency) of revenues over expenditures	\$ 168	\$ 25,869	\$ (1,945)

CENTRAL FOOD NETWORK
SCHEDULES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2023

SCHEDULE OF HEAT BANK

Schedule 2

	2023 Budget	2023 Actual	2022 Actual
Revenue			
Other donations	\$ 29,750	\$ 36,452	\$ 45,869
Grant income - note 6	3,000	18,393	2,600
Fundraiser	40,000	-	28,310
	<hr/> 72,750	<hr/> 54,845	<hr/> 76,779
Expenditures			
Salaries and benefits	48,000	54,095	43,709
Client assistance	23,000	13,400	20,175
Travel	4,300	3,009	4,193
Professional fees	-	2,723	-
Program supplies	1,000	1,653	1,793
Payment processing charges	500	1,398	542
Telephone	1,400	1,319	1,226
Fundraising	-	749	4,330
Insurance	-	421	-
Advertising and donations	-	406	-
Amortization	-	215	269
Software and web pages	-	40	-
	<hr/> 78,200	<hr/> 79,428	<hr/> 76,237
(Deficiency) excess of revenues over expenditures	\$ (5,450)	\$ (24,583)	\$ 542

CENTRAL FOOD NETWORK
SCHEDULES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2023

SCHEDULE OF CARDIFF FOOD BANK

Schedule 3

	2023 Budget	2023 Actual	2022 Actual
Revenue			
Public Donations	\$ 16,300	\$ 24,274	\$ 19,192
Program Support	2,500	-	2,000
	<hr/> 18,800	<hr/> 24,274	<hr/> 21,192
Expenditures			
Food supplies	12,800	14,176	10,968
Salaries and benefits	4,800	4,272	3,410
Professional Fees	-	1,352	-
Travel expense	500	576	123
Cardiff Internet	-	457	-
Payment processing charge	20	228	82
Insurance	-	217	-
Advertising	-	88	-
Rent	12	12	23
	<hr/> 18,132	<hr/> 21,378	<hr/> 14,606
Excess of revenues over expenditures	<hr/> \$ 668	<hr/> \$ 2,896	<hr/> \$ 6,586