

# **CENTRAL FOOD NETWORK**

## FINANCIAL STATEMENTS

Year ended December 31, 2022

# CENTRAL FOOD NETWORK

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December 31, 2022

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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, 2022, 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 and Directors' 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 audit 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 expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our conclusion on the financial statements for the year ended December 31, 2021 was modified 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, 2022, 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.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke that extends to the right and then curves upwards. The rest of the word "scend" is written in a cursive, lowercase style.

**Ascend LLP, Chartered Professional Accountants, LPA**  
**Independent Member Firm of**  
**PORTER HÉTU INTERNATIONAL**  
Bancroft, Ontario  
May 15, 2023

**CENTRAL FOOD NETWORK**  
**STATEMENT OF OPERATIONS**  
Year ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Heat Bank, Schedule 1	\$ -	\$ 76,779	\$ 64,474
Highlands East Food Hub, Schedule 2	-	54,085	51,050
Other donations	-	33,211	24,262
Cardiff Food Bank, Schedule 3	-	21,192	21,924
Interest income	-	2,918	579
Canada Emergency Wage Subsidy	-	1,710	21,172
Grant income - note 5	-	284	35,824
Amortization of deferred capital contributions	-	2,573	3,385
	-	192,752	222,670
<b>Expenditures</b>			
Heat Bank, Schedule 1	68,900	76,237	62,656
Highlands East Food Hub, Schedule 2	45,018	56,030	55,644
Salaries and benefits	34,322	32,318	36,793
Cardiff Food Bank, Schedule 3	12,712	14,606	17,844
Professional fees	12,350	13,901	20,193
Insurance	2,250	2,206	1,919
Operational supplies	3,750	1,934	1,542
Advertising and promotion	2,450	1,606	1,558
Volunteer services	2,250	1,540	1,019
Bank service charges	500	617	701
Fundraising	4,500	-	2,853
Membership fees	1,800	-	1,774
	189,802	200,995	204,496
<b>(Deficiency) excess of revenues over expenditures</b>	<b>\$ (189,802)</b>	<b>\$ (8,243)</b>	<b>\$ 18,174</b>

The accompanying notes are an integral part of this financial information

**CENTRAL FOOD NETWORK**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year ended December 31, 2022

<b>2022</b>			
	<b>Total</b>	<b>General Fund</b>	<b>Restricted Heat Bank Fund</b>
<b>Balance, beginning of year</b>	\$ 247,752	\$ 115,718	\$ 132,034
Deficiency of revenues over expenditures	(8,243)	(4,492)	(3,751)
<b>Balance, end of year</b>	<b>\$ 239,509</b>	<b>\$ 111,226</b>	<b>\$ 128,283</b>
<b>2021</b>			
	<b>Total</b>	<b>General Fund</b>	<b>Restricted Heat Bank Fund</b>
<b>Balance, beginning of year</b>	\$ 229,578	\$ 99,362	\$ 130,216
Excess of revenues over expenditures	18,174	16,356	1,818
<b>Balance, end of year</b>	<b>\$ 247,752</b>	<b>\$ 115,718</b>	<b>\$ 132,034</b>

The accompanying notes are an integral part of this financial information

**CENTRAL FOOD NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 247,436	\$ 235,337
Accounts receivable	790	15,619
Prepaid expenses	2,132	2,102
Harmonized sales tax receivable	5,257	4,768
	255,615	257,826
Tangible capital assets - note 8	21,322	26,904
	<b>\$ 276,937</b>	<b>\$ 284,730</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liability - note 9	\$ 25,820	\$ 19,130
Deferred contributions	-	2,944
	25,820	22,074
Deferred capital contributions - note 10	11,608	14,904
	37,428	36,978
General Fund	111,226	115,718
Restricted Heat Bank Fund	128,283	132,034
	239,509	247,752
	<b>\$ 276,937</b>	<b>\$ 284,730</b>

On behalf of the board

\_\_\_\_\_ Member

\_\_\_\_\_ Member

**CENTRAL FOOD NETWORK**  
**STATEMENT OF CASH FLOWS**  
Year ended December 31, 2022

	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
(Deficiency) excess of revenues over expenditures	\$ (8,243)	\$ 18,174
Adjustments for items which do not affect cash		
Amortization - note 8	5,582	5,677
Amortization of deferred capital contributions - note 10	(3,296)	(3,866)
	(5,957)	19,985
Change in non-cash working capital items		
Accounts receivable	14,829	(15,379)
Prepaid expenses	(30)	(274)
Harmonized sales tax receivable	(489)	702
Accounts payable and accrued liability	6,690	5,008
Deferred contributions	(2,944)	(56)
	12,099	9,986
<b>Investing activity</b>		
Purchase of tangible capital assets	-	(11,864)
<b>Increase (decrease) in cash</b>	<b>12,099</b>	<b>(1,878)</b>
<b>Cash, beginning of year</b>	<b>235,337</b>	<b>237,215</b>
<b>Cash, end of year</b>	<b>\$ 247,436</b>	<b>\$ 235,337</b>

The accompanying notes are an integral part of this financial information

**CENTRAL FOOD NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

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**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:

Equipment	20%
Vehicle	30%

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, 2022

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**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 and accounts receivable.

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, 2022

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**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 expenses during the year. 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. Significant items subject to estimates and assumptions include:

- Amortization of tangible capital assets;
- Estimated useful life of tangible capital assets; and
- 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 revenues are recorded when the donation is received.

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.

**CENTRAL FOOD NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

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**3. 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, 2022:

(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 or market risks arising from these financial instruments.

**4. CHANGE IN ACCOUNTING ESTIMATE**

Effective January 1, 2022, the Organization changed its accounting estimate in relation to its recognition of amortization of its tangible capital assets in the year of acquisition from one-half of the noted rates disclosed in its significant accounting policy to the recognition of amortization starting in the month the tangible capital asset is available for use. In addition, amortization will be recognized to the final month of use. This change in accounting estimate is applied prospectively with no impact on prior year income or stated tangible capital asset net book values.

**5. GRANT INCOME**

	<b>2022</b>	<b>2021</b>
Other charities	\$ 284	\$ -
Food Banks Canada Covid-19 grant	-	1,315
Food Security grant	-	20,000
Ontario Association of Food Banks	-	10,000
Canada Summer Job Grant	-	4,509
	<b>\$ 284</b>	<b>\$ 35,824</b>

**6. HEAT BANK GRANT INCOME**

	<b>2022</b>	<b>2021</b>
United Way for the City of Kawartha Lakes Community Support Fund grant	\$ -	\$ 3,000
Other charities	2,600	-
	<b>\$ 2,600</b>	<b>\$ 3,000</b>

**CENTRAL FOOD NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**7. HIGHLANDS EAST FOOD HUB GRANT INCOME**

	<b>2022</b>	<b>2021</b>
Program Support	\$ 6,736	\$ -
Community Social Investment Fund grant - Hub	1,986	1,353
Community Social Investment Fund grant - Cardiff Food Network	-	2,216
Other charities	4,276	-
	<b>\$ 12,998</b>	<b>\$ 3,569</b>

**8. TANGIBLE CAPITAL ASSETS**

	<b>2022</b>		<b>2021</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Vehicles	\$ 5,717	\$ 3,336	\$ 2,381	\$ 3,401
Equipment	2,332	1,257	1,075	1,344
Highland East Food Hub equipment	26,591	9,420	17,171	21,464
Cardiff Food Bank equipment	695	-	695	695
	<b>\$ 35,335</b>	<b>\$ 14,013</b>	<b>\$ 21,322</b>	<b>\$ 26,904</b>

During the year, the Organization had total amortization of \$5,582 (2021- \$5,677) consisting of \$1,020 (2021 - \$1,458) in administrative expenses, \$269 (2021 - \$336) in Heat Bank expenses and \$4,293 (2021 -\$3,833) in Highland East Food Hub expenses.

**CENTRAL FOOD NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2022**

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITY**

	<b>2022</b>	<b>2021</b>
Accrued liability	\$ 7,000	\$ 5,000
Trade payables	15,471	12,185
Government remittances	2,047	1,945
Vacation payable	1,302	-
	<b>\$ 25,820</b>	<b>\$ 19,130</b>

**10. DEFERRED CAPITAL CONTRIBUTIONS**

	<b>Generator</b>	<b>Vehicle</b>	<b>Freezers</b>	<b>Total</b>
Opening balance	\$ 8,136	\$ 3,153	\$ 3,615	\$ 14,904
Amortization	(1,627)	(946)	(723)	(3,296)
Closing balance	\$ 6,509	\$ 2,207	\$ 2,892	\$ 11,608

**11. BUDGET AMOUNTS**

The 2022 budget amounts on the Statement of Operations and the Schedules to the Financial Statements, are presented for information purposes only.

**12. SIGNIFICANT EVENT**

In March 2020, a world-wide pandemic was announced and both the federal and provincial governments have implemented emergency measures that will negatively impact the national and global economy for an undetermined period. The effect of the pandemic and emergency measures cannot be be quantified. No additional allowances or accruals have been recognized in these financial statements other than the government assistance disclosed.

**13. 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.