

Ottawa Food Bank / la Banque d'alimentation d'Ottawa
Financial Statements
For the Year Ended September 30, 2023

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Independent Auditor's Report

To the Board of Directors of Ottawa Food Bank / la Banque d'alimentation d'Ottawa

Qualified Opinion

We have audited the financial statements of Ottawa Food Bank / la Banque d'alimentation d'Ottawa (the "Organization"), which comprise the statement of financial position as at September 30, 2023, the statements of operations, 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 September 30, 2023, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the the Organization derives revenues from donations, fundraising activities, the community harvest program, and from food donations in-kind, 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations, community engagement events revenues, food donations in-kind received and distributed, excess (deficiency) of revenue over expenses and cash flows from operations for the years ended September 30, 2023 and 2022, current assets at September 30, 2023 and 2022, and net assets as at October 1, 2022 and 2023, and September 30, 2023 and 2022. The audit opinion on the financial statements for the year ended September 30, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 the 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 opinion.



Responsibilities of Management and Those Charged with Governance 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 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.

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.



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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
January 22, 2024

Ottawa Food Bank / la Banque d'alimentation d'Ottawa Statement of Financial Position

September 30	2023	2022
Assets		
Current		
Cash and cash equivalents	\$ 1,877,671	\$ 2,409,551
Investments (Note 2)	14,512,603	18,326,815
Accounts receivable	74,100	57,240
Government receivables	280,383	290,164
Grants receivable	99,375	240,000
Prepaid expenses	170,654	194,150
	17,014,786	21,517,920
Restricted assets (Note 3)	67,136	52,769
Long-term investments (Note 2)	1,446,982	1,606,046
Tangible capital assets (Note 4)	6,915,060	1,969,026
	\$ 25,443,964	\$ 25,145,761
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 2,465,416	\$ 1,785,245
Deferred contributions (Note 5)	12,917	1,850
Deferred contributions related to tangible capital assets (Note 6)	1,153,309	820,824
Asset retirement obligation (Note 13)	118,084	312,375
	3,749,726	2,920,294
Contractual obligations (Note 11)		
Net Assets		
Externally restricted (Note 3)	67,136	52,769
Invested in tangible capital assets (Note 10)	5,643,667	835,827
Internally restricted - Capital fund (Note 10)	395,192	5,614,500
Internally restricted - Innovation fund (Note 10)	774,000	774,000
Internally restricted - Operating fund (Note 10)	10,047,492	10,047,492
Unrestricted (Note 10)	4,766,751	4,900,879
	21,694,238	22,225,467
	\$ 25,443,964	\$ 25,145,761

On behalf of the Board:



Director



Marian McMahon (Jan 18, 2024 10:47 EST)

Director

The accompanying notes are an integral part of these financial statements.

Ottawa Food Bank / la Banque d'alimentation d'Ottawa
Statement of Changes in Net Assets

For the year ended September 30	Externally restricted	Invested in tangible capital assets	Internally restricted - Capital fund	Internally restricted - Innovation fund	Internally restricted - Operating fund	Unrestricted	2023	2022
Balance, beginning of the year	\$ 52,769	\$ 835,827	\$ 5,614,500	\$ 774,000	\$10,047,492	\$ 4,900,879	\$22,225,467	\$19,927,321
Excess (deficiency) of revenues over expenses	14,367	-	-	-	-	(545,596)	(531,229)	2,298,146
Net change in tangible capital assets	-	4,807,840	-	-	-	(4,807,840)	-	-
Deferred contributions received for the leasehold improvement	-	-	456,192	-	-	(456,192)	-	-
Expenditures on the leasehold improvement	-	-	(5,675,500)	-	-	5,675,500	-	-
Balance, end of the year	\$ 67,136	\$ 5,643,667	\$395,192	\$ 774,000	\$10,047,492	\$ 4,766,751	\$21,694,238	\$22,225,467

The accompanying notes are an integral part of these financial statements.

Ottawa Food Bank / la Banque d'alimentation d'Ottawa Statement of Operations

For the year ended September 30	2023	2022
Revenue		
Donations	\$14,038,284	\$ 13,769,058
Food donations in-kind (Note 7)	8,444,589	9,424,131
Community engagement events	1,534,812	1,524,082
Corporate donations	1,016,789	677,419
Grants	897,439	1,188,744
Municipal government grants	424,247	392,032
Realized investment income	418,357	109,764
Amortization of deferred contributions related to tangible capital assets	215,152	125,810
	<u>26,989,669</u>	<u>27,211,040</u>
Expenses		
Operations and programs (Note 8)	6,472,825	4,802,801
Food donations in-kind (Note 7)	8,444,589	9,424,131
Food purchases	9,194,428	6,314,782
Development and fundraising (Note 8)	2,667,757	2,275,301
General and administration (Note 8)	1,530,257	1,293,812
	<u>28,309,856</u>	<u>24,110,827</u>
Excess (deficiency) of revenues over expenses before undernoted items	(1,320,187)	3,100,213
Unrealized (gain) / loss on investments	(798,354)	802,067
Loss on disposition of tangible capital assets	100,815	-
Recovery of asset retirement obligation settled in the year	(91,419)	-
Excess (deficiency) of revenues over expenses	<u>\$ (531,229)</u>	<u>\$ 2,298,146</u>

The accompanying notes are an integral part of these financial statements.

Ottawa Food Bank / la Banque d'alimentation d'Ottawa Statement of Cash Flows

For the year ended September 30	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (531,229)	\$ 2,298,146
Items not affecting cash:		
Amortization of tangible capital assets	841,239	460,595
Loss on disposition of tangible capital assets	100,815	-
Amortization of deferred contributions related to tangible capital assets	(215,152)	(125,810)
Unrealized (gain) / loss on investments	(1,019,855)	833,626
Accretion expense	5,709	3,624
	<u>(818,473)</u>	<u>3,470,181</u>
Changes in non-cash working capital:		
Government receivables	9,781	(131,332)
Grants receivable	140,625	(240,000)
Accounts receivable	(16,860)	23,197
Prepaid expenses	23,496	5,727
Accounts payable and accrued liabilities	680,171	908,480
Deferred contributions	11,067	(19,634)
	<u>29,807</u>	<u>4,016,619</u>
Cash flows from investing activities		
Acquisition of investments	(44,198,355)	(10,646,700)
Proceeds on disposal of investments	49,191,486	9,010,998
Acquisition of tangible capital assets	(5,893,513)	(2,191,906)
Proceeds on disposal of tangible capital assets	5,425	-
Increase in restricted assets	(14,367)	(501)
Change in asset retirement obligation	(200,000)	-
	<u>(1,109,324)</u>	<u>(3,828,109)</u>
Cash flows from financing activities		
Deferred contributions related to tangible capital assets	547,637	658,576
Net (decrease) increase in cash and cash equivalents	(531,880)	847,086
Cash and cash equivalents, beginning of the year	<u>2,409,551</u>	<u>1,562,465</u>
Cash and cash equivalents, end of the year	<u>\$ 1,877,671</u>	<u>\$ 2,409,551</u>
Represented by:		
Cash	\$ 1,817,233	\$ 2,262,613
Gift cards	60,438	146,938
	<u>\$ 1,877,671</u>	<u>\$ 2,409,551</u>

The accompanying notes are an integral part of these financial statements.

Ottawa Food Bank / la Banque d'alimentation d'Ottawa

Notes to Financial Statements

September 30, 2023

1. Significant Accounting Policies

Nature and Purpose of Organization The Ottawa Food Bank / la Banque d'alimentation d'Ottawa ("Organization") is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The Organization's mission is to work in partnership to create a healthier city by empowering people, increasing access to healthy food, and advocating for systemic changes that reduce food insecurity. The Organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Use of Estimates The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the useful lives of tangible capital assets, the asset retirement obligation, value of the food donations in-kind received and distributed and allocation of expenses.

Revenue Recognition The Organization follows the deferral method of accounting for contributions which includes grants and donations.

Restricted contributions are recognized as revenues 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.

Contributions for the purchase of tangible capital assets are deferred and amortized to revenue on the same basis as the related tangible capital assets.

Community engagement events and corporate donations revenue are recognized as revenue when the event takes place, the amount can be reasonably estimated and the amount is reasonably assured. Amounts received that relate to future years are deferred.

Investment income is recognized as revenue when earned and includes interest and realized gains and losses on the investments.

Donated food is recognized as revenue when distributed based on the national standards recommended by Food Banks Canada.

Ottawa Food Bank / la Banque d'alimentation d'Ottawa

Notes to Financial Statements

September 30, 2023

1. Significant Accounting Policies (continued)

Financial Instruments	<p><u><i>Initial and subsequent measurement</i></u></p> <p>The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all of its financial assets and liabilities at the amortized cost, except for investments that are quoted in an active market, which are measured at fair value.</p> <p><u><i>Impairment</i></u></p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income.</p> <p><u><i>Transaction costs</i></u></p> <p>Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to the financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.</p>						
Tangible Capital Assets	<p>Tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.</p> <p>Amortization is provided on the straight line basis using the following useful lives:</p> <table><tr><td>Leasehold improvements</td><td>lease term</td></tr><tr><td>Vehicles</td><td>5 Years</td></tr><tr><td>Furniture & Equipment</td><td>5-10 Years</td></tr></table>	Leasehold improvements	lease term	Vehicles	5 Years	Furniture & Equipment	5-10 Years
Leasehold improvements	lease term						
Vehicles	5 Years						
Furniture & Equipment	5-10 Years						
Impairment of Tangible Capital Assets	<p>When a tangible capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.</p>						

Ottawa Food Bank / la Banque d'alimentation d'Ottawa

Notes to Financial Statements

September 30, 2023

1. Significant Accounting Policies (continued)

Contributed Services and in-Kind Materials and Services	<p><u>Contributed Services</u> Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p> <p><u>Contributed Food</u> The community contributes food during the year to assist the Organization in carrying out its activities. In-Kind food donations received are recorded based on national standards recommended by Food Banks Canada at \$3.21 until May 2023 and \$3.52 after May 2023 (2022 - \$2.62) per pound, which management believes to be a reasonable reflection of fair value.</p>
Contributions Receivable	Contributions receivable are recognized in these financial statements when the receivable amount can be reasonably estimated and ultimate collection is reasonably assured.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash and gift cards purchased and donated.
Food Purchases and Inventory	Food purchases are recorded as an expense at the date of purchase. Food items on hand at year-end are not recorded as inventory as the food is distributed at no charge.
Allocation of Expenses	<p>The Organization allocates some of its its expenses based on the following:</p> <p>Salaries and benefits: prorated based on the number of hours worked for each area.</p> <p>Occupancy costs: prorated to the approximate floor area occupied by each functional area.</p> <p>Other general expenses: based on the level of business activities performed in each area, apart from any directly attributable costs identified by management.</p>

Ottawa Food Bank / la Banque d'alimentation d'Ottawa
Notes to Financial Statements

September 30, 2023

1. Significant Accounting Policies (continued)

Asset Retirement Obligation	A liability for an asset retirement obligation is recognized in the period in which it is incurred at an amount that is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. This obligation is subsequently reviewed at each statement of financial position date and adjusted for the passage of time and for any revisions to the timing or amount required to settle the obligation. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related long-lived asset. This cost is amortized on the same basis as the related asset.
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Ottawa Food Bank / la Banque d'alimentation d'Ottawa
Notes to Financial Statements

September 30, 2023

2. Investments

The current investments are comprised of the following:

	2023	2022
Guaranteed Investment Certificates, interest rates from 1.34% to 5.54% (2022 - 2.87% to 3.67%) Maturing between October 2023 and July 2024 (2022 - October 2021 and May 2022).	\$ 4,967,897	\$ 10,285,571
Mutual funds	1,519,700	4,965,036
Common shares	7,982,895	3,033,204
Foreign securities	27,424	41,969
Equities	14,687	1,035
	\$ 14,512,603	\$ 18,326,815

The long-term investments are comprised of the following:

	2023	2022
Guaranteed Investment Certificates, interest rates from 1.54% to 1.95% (2022 - 1.34% to 1.95%), maturing between July 2025 and August 2026 (2022 - October 2021 and May 2022).	\$ 831,167	\$ 995,328
Canadian mutual funds	615,815	610,718
	\$ 1,446,982	\$ 1,606,046

3. External Restrictions on Net Assets

The restricted net assets consist of external contributions that a donor has designated as a permanent restricted asset. The restricted net assets cannot be expended by the Organization without the consent of the donor. The annual income earned on the restricted net assets may be expended by the Organization.

Ottawa Food Bank / la Banque d'alimentation d'Ottawa
Notes to Financial Statements

September 30, 2023

4. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 1,342,974	\$ 679,407	\$ 1,570,115	\$ 869,171
Vehicles	374,996	346,804	374,996	304,782
Leasehold improvements	6,975,646	752,345	1,694,066	496,198
	<u>8,693,616</u>	<u>1,778,556</u>	<u>3,639,177</u>	<u>1,670,151</u>
Net carrying amount		<u>\$ 6,915,060</u>		<u>\$ 1,969,026</u>

5. Deferred Contributions

Deferred contributions represent unspent contributions externally restricted for operations received in the current year and related to the subsequent year. Changes in the deferred contributions are as follows:

	2023	2022
Balance, beginning of the year	\$ 1,850	\$ 21,484
Add: amounts received related a subsequent year	12,917	1,850
Less: amounts recognized as revenue in the year	(1,850)	(21,484)
Balance, end of the year	<u>\$ 12,917</u>	<u>\$ 1,850</u>

Ottawa Food Bank / la Banque d'alimentation d'Ottawa
Notes to Financial Statements

September 30, 2023

6. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets include restricted contributions used to purchase tangible capital assets. The amortization of the deferred contributions is recorded as revenue in the statement of operations.

The changes in the deferred contributions balance reported in the Capital Asset Fund for the period are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 820,824	\$ 288,058
Add: contributions related to tangible capital assets received	547,637	658,576
Less: amortization of deferred contributions related to tangible capital assets	<u>(215,152)</u>	<u>(125,810)</u>
Ending balance	<u>\$ 1,153,309</u>	<u>\$ 820,824</u>

7. Food Donations In-Kind

The Organization receives food in-kind donations from industries/businesses, charitable partners, the general public and this year, from the provincial government. Management has estimated that the total amount of food in-kind donations is approximately 2.53 million pounds (2022 - 3.33 million pounds).

According to national standards established by Food Banks Canada, the monetary equivalent of one pound of food donations was \$3.21 until May 2023 when it was increased to \$3.52. Management uses this rate as the basis of determining the value of food in-kind donations. These food in-kind donations are reflected in the statement of operations in the year received as a revenue and expense.

Ottawa Food Bank / la Banque d'alimentation d'Ottawa
Notes to Financial Statements

September 30, 2023

8. Expenses

	2023	2022
Operations and programs		
Salaries and benefits	\$ 2,549,815	\$ 1,932,141
Occupancy costs	940,067	914,360
Food delivery costs	356,084	297,505
Innovation and community projects	1,483,151	520,998
Amortization of tangible capital assets	681,404	414,535
Other	462,304	397,655
Disaster recovery expenses	-	325,607
	\$ 6,472,825	\$ 4,802,801
Development and fundraising		
Fundraising and promotion	\$ 2,022,874	\$ 1,735,914
Salaries and benefits	445,355	373,107
Amortization of tangible capital assets	67,299	23,030
Other	132,229	143,250
	\$ 2,667,757	\$ 2,275,301
General and administration		
Salaries and benefits	\$ 853,597	\$ 724,553
Amortization of tangible capital assets	92,536	23,030
Other	584,124	546,229
	\$ 1,530,257	\$ 1,293,812

Ottawa Food Bank / la Banque d'alimentation d'Ottawa

Notes to Financial Statements

September 30, 2023

9. Financial Instruments

Interest rate risk

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest instruments subject the Organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Other price risk

The Organization is exposed to other price risk through its investments in Canadian mutual funds and equities.

The Organization manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

There has been an increase in interest rate risk from previous year due to the interest rate hikes announced by the Bank of Canada. There has been no change in the other financial instruments risks from the previous year.

10. Internally Restricted Net Assets

The Organization's Board of Directors approves amounts to be internally restricted for the operating fund, innovation fund and capital fund.

Net assets invested in tangible capital assets represent the amount the Organization has invested of its own funds in these assets. The amount is calculated as the net carrying amount of the tangible capital assets less amounts financed through deferred contributions related to tangible capital assets and less the asset retirement obligation.

11. Contractual Obligations

The Organization has an operating lease for its premise at \$64,028 per month, expiring in January 2033. Future minimum commitments total \$7,922,199 and include the following payments over next five years:

2024	\$	768,341
2025		800,179
2026		816,099
2027		816,099
2028		847,937
		<hr/>
	\$	<u>4,048,655</u>

Ottawa Food Bank / la Banque d'alimentation d'Ottawa Notes to Financial Statements

September 30, 2023

12. Statement of Cash Flows

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following summarizes significant non-cash transactions during the year:

	<u>2023</u>	<u>2022</u>
Disposition (aquisition) of tangible capital assets	\$ 194,575	\$ (112,375)
Increase (decrease) in asset retirement obligation	\$ (194,575)	\$ 112,375

13. Asset Retirement Obligation

The asset retirement obligation is an obligation associated to the current and new office premises, where the Organization is responsible for restoring the lease premises to base building standards at the end of the lease term. As at year end, an obligation of \$ 118,084 (2022 - \$312,375) has been accrued on the statement of financial position based on management's best estimate. However, the total amount of the obligation may subject to change due to change in costs. The magnitude of the potential change remain unknown until the restoration takes place.

During the year, a payment was made to settle the asset retirement obligation on the Michael Street lease as the lease has expired and no payment was made to settle the asset retirement obligation on the new lease because it is expected to settle January 2033.

14. Change in Accounting Policy

Effective October 1, 2022 the Organization changed its accounting policy for the amortization of the tangible capital assets. Previously, the Organization was using double declining method which has been changed to the straight line method. Management believes that this policy provides reliable and more relevant information as it results in the most appropriate estimate of tangible capital asset's current value and to spread its cost over the useful lifespan of the assets. This change in accounting policy has been accounted for retrospectively but the statements have not been restated given the impact is immaterial.