

# Kanata Food Cupboard



## **Financial Statements** For the year ended December 31, 2022

**Kanata Food Cupboard**  
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For the year ended December 31, 2022

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## Independent Auditor's Report

**To the Directors of the  
Kanata Food Cupboard**

### Qualified Opinion

We have audited the financial statements of Kanata Food Cupboard (the "Organization") which comprise the statement of financial position as at December 31, 2022, and the statements of operations and 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 effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization. Our audit opinion on the financial statements for the year ended December 31, 2021 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments may be necessary to the Organization's donation revenue and excess of revenue over expenses for the years ended December 31, 2022 and 2021, assets as at December 31, 2022 and 2021, and net assets at both the beginning and end of the December 31, 2022 and 2021 years.

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 qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

**Baker Tilly Ottawa LLP**  
Chartered Professional Accountants  
400-301 Moodie Drive  
Ottawa, ON  
Canada K2H 9C4

**T:** +1 613.820.8010  
**F:** +1 613.820.0465

ottawa@bakertilly.ca  
[www.bakertilly.ca](http://www.bakertilly.ca)

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.

*Baker Tilly Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
May 26, 2023  
Ottawa, Ontario

## Kanata Food Cupboard Statement of Financial Position

December 31	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash (Note 1)	\$ 1,024,479	\$ 1,356,184
Accounts receivable	27,621	25,084
HST rebate receivable	12,426	12,974
Short-term investments (Note 1)	757,336	162,504
Prepaid expenses	6,181	6,971
Gift cards and vouchers	2,278	7,655
	1,830,321	1,571,372
<b>Endowment fund</b> (Note 2)	50,000	50,000
<b>Tangible capital assets</b> (Note 3)	62,046	71,900
	\$ 1,942,367	\$ 1,693,272

### Liabilities and Fund Balances

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 20,759	\$ 41,538
<b>Fund balances</b>		
General fund	1,800,804	1,538,268
Reserve fund	120,804	113,466
	1,921,608	1,651,734
	\$ 1,942,367	\$ 1,693,272

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Kanata Food Cupboard Statement of Operations and Changes in Fund Balances

**For the year ended December 31** **2022** **2021**

	General Fund	Reserve Fund	Total	Total
<b>Revenue</b>				
Donations and fundraising	\$ 787,755	\$ -	\$ 787,755	\$ 761,536
Ottawa Community Foundation grant	2,272	-	2,272	2,787
Investment income	-	7,338	7,338	4,664
	<b>790,027</b>	<b>7,338</b>	<b>797,365</b>	<b>768,987</b>
<b>Expenses</b>				
Accounting	19,746	-	19,746	10,765
Advertising	7,240	-	7,240	10,122
Amortization of capital assets	13,908	-	13,908	13,098
Food and supplies	262,274	-	262,274	161,812
Miscellaneous	1,532	-	1,532	870
Office	37,463	-	37,463	24,912
Payroll and benefits	122,706	-	122,706	96,260
Rent and occupancy	56,993	-	56,993	30,707
Vehicle	5,629	-	5,629	6,861
	<b>527,491</b>	<b>-</b>	<b>527,491</b>	<b>355,407</b>
<b>Excess of revenue over expenses for the year</b>	<b>262,536</b>	<b>7,338</b>	<b>269,874</b>	<b>413,580</b>
<b>Fund balances, beginning of year</b>	<b>1,538,268</b>	<b>113,466</b>	<b>1,651,734</b>	<b>1,238,154</b>
<b>Fund balances, end of year</b>	<b>\$ 1,800,804</b>	<b>\$ 120,804</b>	<b>\$ 1,921,608</b>	<b>\$ 1,651,734</b>

## Kanata Food Cupboard Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 269,874	\$ 413,580
Items not involving cash		
Amortization of capital assets	13,908	13,098
	283,782	426,678
Changes in non-cash working capital balances		
Accounts receivable	(2,537)	(10,328)
HST rebate receivable	548	(5,630)
Prepaid expenses	790	(1,968)
Gift cards and vouchers	5,377	2,994
Accounts payable and accrued liabilities	(20,779)	19,294
	267,181	431,040
<b>Cash flows from investing activities</b>		
Redemption of investments (net of purchases)	(594,831)	19,039
Purchase of capital assets	(4,055)	(78,374)
	(598,886)	(59,335)
<b>Increase (decrease) in cash during the year</b>	<b>(331,705)</b>	<b>371,705</b>
<b>Cash, beginning of year</b>	<b>1,356,184</b>	<b>984,479</b>
<b>Cash, end of year</b>	<b>\$ 1,024,479</b>	<b>\$ 1,356,184</b>

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## Kanata Food Cupboard

### Summary of Significant Accounting Policies

December 31, 2022

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<b>Nature of Business</b>	<p>The Kanata Food Cupboard is a non-profit organization, incorporated under the laws of Canada on December 15, 1988. The Organization provides services to self-identifying individuals who live in the Kanata wards (North and South) of Ottawa and require emergency food. Kanata Food Cupboard is a registered charity under the Income Tax Act of Canada and accordingly is exempt from income taxes and is able to issue donation receipts for income tax purposes.</p> <p>The funding has been primarily provided through voluntary contributions and grants from members of the public, corporations and charitable foundations.</p>
<b>Basis for Presentation</b>	<p>These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
<b>Use of Estimates</b>	<p>The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.</p> <p>Significant estimates include assumptions used in estimating the useful lives and amortization rates of tangible capital assets and accruals for certain liabilities.</p>
<b>Financial Instruments</b>	<p>Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial asset.</p> <p><u><i>Measurement of arm's length financial instruments</i></u></p> <p>The Organization initially measures its arm's length financial assets and liabilities at fair value. The Organization subsequently measures arm's length financial assets and financial liabilities at amortized cost, except or investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.</p>



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## Kanata Food Cupboard Summary of Significant Accounting Policies

December 31, 2022

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### Financial Instruments (continued)

#### Measurement of arm's length financial instruments (continued)

The Organization's arm's length financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, investments, and accounts payable and accrued liabilities. There are no financial assets or liabilities measured at fair value.

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 excess of revenue over expenses.

#### Transaction costs

The Organization recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### Fund Accounting

The Organization follows the restricted fund method of accounting for contributions.

#### General fund

Revenues and expenses related to operations and administrative activities are reported in the general fund.

#### Reserve fund

The reserve fund was established to cover future obligations not in the normal course of operations.

### Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset and is provided as follows:

Furniture & equipment	5 year straight line basis
Computers	3 year straight line basis
Leasehold improvements	5 year straight line basis
Vehicle	10 year straight line basis

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## Kanata Food Cupboard Summary of Significant Accounting Policies

December 31, 2022

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**Impairment of Long-Lived Assets**

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

**Revenue Recognition**

Restricted contributions are recognized as revenue of the appropriate reserve fund when the Organization becomes entitled to them.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income and fundraising revenue is recognized as revenue when earned in the appropriate fund.

**Donated Materials and Services**

The value of assets, materials and services donated to the Organization is not reflected in these financial statements unless the item would be otherwise purchased and the fair value of such donations is reasonably determinable.

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# Kanata Food Cupboard Notes to Financial Statements

**December 31, 2022**

## 1. Cash and Investments

The Organization's bank account earns interest at a nominal rate.

Investments consist of the following:

	2022	2021
<i>Short-term investments</i>		
High-interest savings	\$ -	\$ 162,504
Guaranteed investment certificate	<b>757,336</b>	-
	<b>\$ 757,336</b>	<b>\$ 162,504</b>

The guaranteed investment certificate earns interest at 1.05% and matures by January 2023.

## 2. Endowment Fund

Represents funds invested through the Community Foundation of Ottawa. Funds will be invested for a minimum of five years starting June 2015.

## 3. Tangible Capital Assets

	2022			2021		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 28,350	\$ 11,841	\$ 16,509	\$ 24,296	\$ 6,171	\$ 18,125
Computers	2,079	2,079	-	2,079	1,386	693
Leasehold improvements	14,818	5,928	8,890	14,818	2,964	11,854
Vehicle	45,809	9,162	36,647	45,809	4,581	41,228
	<b>\$ 91,056</b>	<b>\$ 29,010</b>	<b>\$ 62,046</b>	<b>\$ 87,002</b>	<b>\$ 15,102</b>	<b>\$ 71,900</b>

## 4. Commitments

The organization has entered into a lease agreement for the use of its warehouse premises expiring in April 2025 and is therefore committed to minimum base rent payments of \$42,193 plus HST in 2023, \$44,627 plus HST in 2024, and \$45,438 plus HST in 2025.

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## Kanata Food Cupboard Notes to Financial Statements

**December 31, 2022**

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### 5. **Financial Instruments**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at December 31, 2022.

#### Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risks.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to fair value risk on its investments with fixed interest rates.

#### Changes in risk

There have been no significant changes in the Organization's risk exposure from the previous fiscal year.

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