



The Local Community Food Centre

Year End Reporting Package

March 31, 2022



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**The Local Community Food
Centre**

Financial Statements

Year ended March 31, 2022

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Independent Auditor's Report

To the Directors of The Local Community Food Centre

Qualified Opinion

We have audited the financial statements of The Local Community Food Centre (the "Centre"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in fund balances 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 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 Centre as at March 31, 2022, and its financial performance 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 not-for-profit organizations, the Centre derives revenue from 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 Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. The audit opinion on the financial statements for the year ended March 31, 2021 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 Centre 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 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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:

Independent Auditor's Report, continued

- ◆ 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 Centre'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 Centre'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 Centre 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.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
July 20, 2022

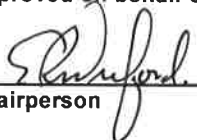
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The Local Community Food Centre
Statement of Financial Position

As at March 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 59,282	\$ 232,548
Accounts receivable	50,529	67,576
Inventories	11,161	6,175
Prepaid expenses	6,665	2,703
	127,637	309,002
Capital assets (note 3)	192,322	146,632
	\$ 319,959	\$ 455,634
Liabilities		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 85,349	\$ 126,758
Deferred capital contributions (note 5)	180,300	157,361
Deferred revenue (note 6)	53,900	94,718
	319,549	378,837
Commitments (note 7)		
Fund Balances		
Fund Balance per page 4	410	76,797
	\$ 319,959	\$ 455,634

Approved on behalf of Board



Chairperson



Treasurer

The Local Community Food Centre
Statement of Operations and Changes in Fund Balances
Year ended March 31, 2022

	2022	2021
Revenues		
Grants	\$ 550,939	\$ 611,990
Donations	171,264	328,540
Events and food distribution	177,917	141,508
Amortization of deferred capital contributions (note 5)	63,951	27,821
In-kind donations	1,200	6,736
Interest	315	190
	965,586	1,116,785
Expenditures		
Advertising and promotion	8,734	2,179
Amortization of capital assets	56,472	29,743
Event expenses	17,916	9,362
Food costs	189,360	230,778
Gardens and greenhouse	6,001	7,726
Honoraria	1,908	24,850
Insurance	11,495	11,123
Interest and bank charges	7,389	5,565
Lease	41,950	41,557
Office	32,816	32,278
Professional fees	12,588	14,024
Property taxes	9,333	10,417
Repairs and maintenance	28,842	12,987
Travel	2,581	1,972
Utilities	32,463	29,687
Wages and benefits	582,125	566,132
	1,041,973	1,030,380
Excess (deficiency) of revenues over expenditures	(76,387)	86,405
Fund Balance, beginning of year	76,797	(9,608)
Fund Balance, end of year	\$ 410	\$ 76,797

The accompanying notes are an integral part of these financial statements

The Local Community Food Centre
Statement of Cash Flows
Year ended March 31, 2022

	2022	2021
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (76,387)	\$ 86,405
Items not affecting cash		
Amortization of capital assets	56,472	29,743
Amortization of deferred capital contributions	(63,951)	(27,821)
	(83,866)	88,327
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	17,047	(47,152)
(Increase) decrease in inventories	(4,986)	970
Increase in prepaid expenses	(3,962)	(565)
(Decrease) increase in accounts payable and accrued liabilities	(41,409)	89,175
(Decrease) increase in deferred revenue (note 6)	(40,818)	33,212
	(157,994)	163,967
Investing activities		
Purchase of capital assets	(102,162)	(74,998)
Capital contributions received	86,890	49,608
	(15,272)	(25,390)
Change in cash position	(173,266)	138,577
Cash, beginning of year	232,548	93,971
Cash, end of year	\$ 59,282	\$ 232,548

The accompanying notes are an integral part of these financial statements

The Local Community Food Centre

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

The Local Community Food Centre (the "Centre") was incorporated under the laws of Canada by letters patent dated July 3, 2015 and is exempt from income taxes as a registered charity under section 149(f) of the Income Tax Act. The Centre's purpose is to promote and provide access to healthy food in the City of Stratford.

Impact of COVID-19

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. In response, the Centre has adjusted its operations to have meals provided in a take out and delivery format and has moved its education sessions to online formats. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Centre as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The Centre continues to carefully monitor its budget and management believes the Centre will continue to be a going concern into the foreseeable future.

2. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

(b) Revenue recognition

The Centre follows the deferral method of accounting for contributions.

Restricted grant contributions and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grant contributions and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions relating to specified capital assets, other than land, are deferred and amortized to income at the same rate as the amortization of the related capital assets.

Revenue from events and food distribution is recognized as events are held and at the time food is sold. Deferred revenue may arise if funds are received in the current fiscal year that relate to subsequent fiscal years.

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution

Amortization is provided using the declining-balance method at the following rates:

Machinery and equipment	20%
Automotive Equipment	30%
Furniture and fixtures	20%
Computer equipment	50%

Amortization of leasehold improvements is recorded over the remaining term of the lease including the optional 5 year renewal period.

The Local Community Food Centre

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies, continued

(c) Capital Assets, continued

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(d) Inventories

Inventory is measured at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Cost includes the purchase cost of any food products.

(e) Financial instruments

(i) Measurement of financial instruments

The Centre initially measures its financial assets and financial 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 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 Centre subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are 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 liabilities.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(f) Contributed materials and services

A substantial number of volunteers contribute a significant amount of their time to the Centre each year. Due to the difficulty of determining fair value, these contributed services are not recognized in the financial statements.

Contributed materials for which the fair value is determinable and the item would have been otherwise purchased are recorded in the financial statements as both an in-kind donation and an expense. The Centre receives in-kind donations of various food items which are included in donation revenue and food costs.

The Local Community Food Centre
Notes to the Financial Statements
March 31, 2022

2. **Significant accounting policies, continued**

(g) **Use of estimates**

The preparation of financial statements in accordance with the 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 date 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 as additional information becomes available in the future. Accounts subject to estimates in these financial statements include the useful life of capital assets, net realizable value of inventories and the allowance for doubtful accounts. Actual results may vary from these estimates.

3. **Capital Assets**

	2022		2021	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
Machinery and equipment	\$ 71,171	\$ 46,375	\$ 24,796	\$ 30,995
Automotive Equipment	110,859	41,236	69,623	3,602
Furniture and fixtures	29,489	14,080	15,409	19,261
Leasehold Improvements	126,697	44,307	82,390	92,565
Computer equipment	1,668	1,564	104	209
	\$ 339,884	\$ 147,562	\$ 192,322	\$ 146,632

Amortization for the year amounted to \$56,472 (2021 - \$29,743).

4. **Accounts payable and accrued liabilities**

Included in accounts payable are amounts due to the federal and provincial governments totaling \$14,602 (2021 - \$16,931).

5. **Deferred capital contributions**

Deferred capital contributions represent the unamortized portion of restricted contributions received for the purchase of specific capital assets subject to amortization. Changes in deferred capital contributions for the year ended March 31 were as follows:

	2022		2021	
Balance, beginning of year	\$ 157,361		\$ 135,574	
Capital contributions received	86,890		49,608	
Capital contributions amortized to income		(63,951)		(27,821)
	\$ 180,300		\$ 157,361	

The Local Community Food Centre

Notes to the Financial Statements

March 31, 2022

6. **Deferred Revenue**

	<i>Opening balance</i>	<i>Restricted funding received</i>	<i>Restricted funding recognized</i>	<i>Ending balance</i>
Non-Government Grants:				
Community Food Centre Canada	\$ 52,145	\$ 50,000	\$ 79,360	\$ 22,785
Other	42,573	62,500	73,958	31,115
	\$ 94,718	\$ 112,500	\$ 153,318	\$ 53,900

7. **Commitments**

(a) The Centre has an operating lease that expires March 31, 2027.

Future payments for the lease are as follows:

2023	\$ 44,317
2024	44,982
2025	45,657
2026	46,342
2027	47,037

8. **Financial instruments**

Unless otherwise noted it is management's opinion that the Centre is not exposed to significant risks. There have been no changes in the Centre's risk exposures from the prior year.

(a) **Credit risk**

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Centre places its cash with high quality institutions and believes its exposure is not significant. The Centre reduces its credit risk from accounts receivable by carefully reviewing credits provided and creating an allowance for bad debts when applicable.

(b) **Liquidity risk**

Liquidity risk is the risk that the Centre will not be able to meet its obligations as they become due. The Centre manages this risk by establishing budgets and monitoring cash flows.