

Financial Statements of

**PARTNERS IN MISSION
FOOD BANK**

Year ended December 31, 2024

PARTNERS IN MISSION FOOD BANK

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Partners in Mission Food Bank

Qualified Opinion

We have audited the financial statements of Partners in Mission Food Bank (the Food Bank), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Food Bank as at December 31, 2024 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 not-for-profit organizations, the Food Bank derives some of its income from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Food Bank.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2024 and December 31, 2023
- the donations revenue and excess of revenue over expenses reported in the statements of operations for the years ended December 31, 2024 and December 31, 2023
- the unrestricted net assets at the beginning and end of year, reported in the statements of changes in net assets for the years ended December 31, 2024 and December 31, 2023
- the excess of revenue over expenses reported in the statements of cash flows for the years ended December 31, 2024 and December 31, 2023



Our opinion on the financial statements for the year ended December 31, 2023 was qualified 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 auditor's report.

We are independent of the Food Bank 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 Food Bank'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 Food Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Food Bank'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 the 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.



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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 Food Bank'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 Food Bank'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 Food Bank 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 2, 2025

PARTNERS IN MISSION FOOD BANK

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 2,013,185	\$ 626,075
Accounts receivable and accrued interest	196,195	162,643
Investments (note 2)	1,951,361	3,869,581
Prepaid expenses	17,981	2,123
	4,178,722	4,660,422
Capital assets (note 3)	4,316,955	416,452
	\$ 8,495,677	\$ 5,076,874

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 86,544	\$ 62,548
Current portion of long-term debt (note 6)	1,946,659	-
	2,033,203	62,548
Long-term liabilities:		
Deferred capital contributions (note 7)	542,983	135,327
	2,576,186	197,875
Net assets:		
Unrestricted	210,815	233,228
Internally restricted - operating reserve fund (note 8)	1,000,000	1,000,000
Internally restricted - short-term capital reserve fund (note 8)	300,000	300,000
Internally restricted - future infrastructure capital reserve fund (note 8)	2,505,138	3,064,646
Investment in capital assets (note 5(a))	1,903,538	281,125
	5,919,491	4,878,999
Commitments (note 11)		
	\$ 8,495,677	\$ 5,076,874

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

PARTNERS IN MISSION FOOD BANK

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Donated food (gifts-in-kind)	\$ 3,940,224	\$ 3,392,168
Non-receipted income	1,604,244	1,418,271
Donations	783,772	653,442
Interest	170,478	172,602
Government grants	-	4,840
	6,498,718	5,641,323
Expenses:		
Distributed food (gifts-in-kind)	3,940,224	3,392,168
Food purchases	756,063	676,784
Salaries and benefits	464,147	429,534
Interest charges	101,556	1,134
Administration	71,838	47,443
Other occupancy costs	29,986	23,894
Delivery	23,019	32,534
Insurance	19,657	9,383
Audit fees	11,425	8,611
Repairs and maintenance	10,794	17,563
Advertising	7,555	682
Education and seminars	4,021	4,093
	5,440,285	4,643,823
Excess of revenue over expenses before the undernoted items	1,058,433	997,500
Capital income (expense):		
Amortization of deferred capital contributions	17,101	20,598
Amortization of capital assets	(35,042)	(38,720)
	(17,941)	(18,122)
Excess of revenue over expenses	\$ 1,040,492	\$ 979,378

See accompanying notes to financial statements.

PARTNERS IN MISSION FOOD BANK

Statement of Changes in Net Assets

Year ended December 31, 2024, with comparative information for 2023

	Unrestricted	Operating reserve fund	Internally restricted			2024 Total	2023 Total
			Short-term capital reserve fund	Future infrastructure capital reserve fund	Investment in capital assets		
Net assets, beginning of year	\$ 233,228	\$ 1,000,000	\$ 300,000	\$ 3,064,646	\$ 281,125	\$ 4,878,999	\$ 3,899,621
Excess of revenue over expenses (note 5(b))	1,058,433	-	-	-	(17,941)	1,040,492	979,378
Net change in investment in capital assets (note 5(b))	(1,640,354)	-	-	-	1,640,354	-	-
Transfer from future infrastructure capital reserve fund	1,600,000	-	-	(1,600,000)	-	-	-
Interfund transfers (note 9)	(1,040,492)	-	-	1,040,492	-	-	-
Net assets, end of year	\$ 210,815	\$ 1,000,000	\$ 300,000	\$ 2,505,138	\$ 1,903,538	\$ 5,919,491	\$ 4,878,999

See accompanying notes to financial statements.

PARTNERS IN MISSION FOOD BANK

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,040,492	\$ 979,378
Items not involving cash:		
Amortization of deferred capital contributions	(17,101)	(20,598)
Amortization of capital assets	35,042	38,720
Changes in non-cash operating working capital:		
Accounts receivable and accrued interest	(33,552)	(45,713)
Prepaid expenses	(15,858)	(354)
Accounts payable and accrued liabilities	23,996	(24,233)
	1,033,019	927,200
Financing activities:		
Proceeds from long-term debt	2,000,000	-
Principal repayments on long-term debt	(53,341)	-
Additions to deferred capital contributions	424,757	-
	2,371,416	-
Investing activities:		
Redemption (purchase) of investments	1,918,220	(881,915)
Purchase of capital assets	(3,935,545)	(12,224)
	(2,017,325)	(894,139)
Increase in cash	1,387,110	33,061
Cash, beginning of year	626,075	593,014
Cash, end of year	\$ 2,013,185	\$ 626,075

See accompanying notes to financial statements.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements

Year ended December 31, 2024

Partners in Mission Food Bank (the "Organization") is incorporated without share capital under the laws of Ontario, by Letters Patent. The Organization operates a community food bank and is a registered charity under the Income Tax Act (Canada). Accordingly, the Organization is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions, which include donations.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income is recognized as revenue when earned.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(b) Capital assets:

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Amortization is provided on the declining balance basis using the following annual rates:

Asset	Rate
Building	5%
Vehicles	10% to 20%
Equipment	5% to 20%
Office furniture and computer hardware	20% to 30%
Computer software	100%
Outdoor equipment	5% to 20%
Building improvements	5% to 20%

Work-in-progress is not amortized until the project is complete and the facilities come into use.

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(c) Gifts-in-kind:

Gifts-in-kind are recorded at their estimated fair market value as both revenue and expenses on the Statement of Operations, when fair market value can be reasonably estimated and when the Organization would otherwise have required these items.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to subsequently carry any financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Impairment of long-lived assets:

The Organization periodically reviews the useful lives and the carrying values of its long-lived assets. The Food Bank reviews for impairment long-lived asset groups whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the undiscounted future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds the fair value. When quoted market prices are not available, the Organization uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

(f) 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Items subject to such estimates and assumptions include the amount recorded for donated food and distributed food (gifts-in-kind). Actual results could differ from those estimates.

(g) Contributed services:

A substantial number of volunteers contribute a significant amount of time each year to assist the entity in carrying out its service activities. Because of the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Investments:

Investments are comprised of guaranteed investment certificates and term deposits with a maturity date of October 7, 2025 and an interest rate of 3.50% per annum (2023 - interest rates ranging from 4.40% to 5.00% per annum).

3. Capital assets:

				2024	2023
	Cost	Accumulated amortization		Net book value	Net book value
Land	\$ 724,652	\$ -	\$ 724,652	\$ 67,252	
Building	305,566	196,254	109,312	115,066	
Vehicles	157,167	93,288	63,879	78,099	
Equipment	95,758	50,357	45,401	50,096	
Office furniture and computer hardware	55,913	45,325	10,588	5,506	
Computer software	2,456	2,456	-	-	
Outdoor equipment	67,949	35,789	32,160	33,899	
Building improvements	128,648	68,152	60,496	66,534	
Work in progress - building in preparation for future use	3,270,467	-	3,270,467	-	
	\$ 4,808,576	\$ 491,621	\$ 4,316,955	\$ 416,452	

Cost and accumulated amortization of capital assets at December 31, 2023 amounted to \$873,031 and \$456,579, respectively.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2023 - \$5,993), which include amounts payable for harmonized sales tax and payroll-related taxes.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Investment in capital assets:

(a) The investment in capital assets is as follows:

	2024	2023
Capital assets	\$ 4,316,955	\$ 416,452
Less:		
Long-term debt issued	(1,946,659)	-
Amounts financed by deferred capital contributions	(466,758)	(135,327)
	<u>\$ 1,903,538</u>	<u>\$ 281,125</u>

(b) The change in investment in capital assets is calculated as follows:

	2024	2023
Excess of expenses over revenue:		
Amortization of deferred capital contributions	\$ 17,101	\$ 20,598
Amortization of capital assets	(35,042)	(38,720)
	(17,941)	(18,122)
Net change in investment in capital assets:		
Purchase of capital assets	3,935,545	12,224
Long-term debt issued	(2,000,000)	-
Principal payments on long-term debt	53,341	-
Amounts funded by deferred contributions	(348,532)	-
	<u>1,640,354</u>	<u>12,224</u>
	<u>\$ 1,622,413</u>	<u>\$ (5,898)</u>

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Long-term debt:

	2024	2023
Bank prime interest rate plus 1.05%, payable in monthly installments of \$6.667, due October 11, 2049, secured by land and building with a net book value of \$3,874,055 at December 31, 2024.	\$ 1,946,659	\$ -
Less current portion of long-term debt	1,946,659	-
	\$ -	\$ -

Principal repayments are due as follows:

2025	\$ 1,946,859
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Interest expense on long-term debt in 2024 was \$100,972.

7. Deferred capital contributions:

	2024	2023
Deferred capital contributions related to the building in preparation for use	\$ 424,756	\$ -
Deferred capital contributions related to vehicles	63,265	77,333
Deferred capital contributions related to building improvements	31,501	33,300
Deferred capital contributions related to equipment	23,461	24,694
	\$ 542,983	\$ 135,327
Unamortized capital contributions used to purchase assets	\$ 466,758	\$ 135,327
Unspent contributions	76,225	-
	\$ 542,983	\$ 135,327

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2024

8. Internally restricted:

The Organization's Board of Directors approved the following internally restricted funds:

Operating reserve fund:

The primary objective is to set aside funds to ensure the Organization will be able to provide operating expenses for purchases and salaries to meet the needs of day-to-day operations.

Short-term capital reserve fund:

The primary objective is to set aside funds for short-term capital requirements.

Future infrastructure capital reserve fund:

Funds are to be set aside for long-term capital projects to be undertaken.

9. Interfund transfers:

During 2024, the Board of Directors approved to allocate the 2024 excess of revenue over expenses to the future infrastructure capital reserve fund.

10. Financial risks and concentration of risk:

The Organization manages its investment portfolio to earn investment income and invests according to a Board policy. The Organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Organization believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Organization believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

11. Commitments:

During the year, the Organization entered into an agreement to renovate the building in preparation for use with an estimated cost of \$1,400,799, to be completed in fiscal 2025. The cost incurred in fiscal 2024 for this project was \$337,611.