

HERON EMERGENCY FOOD CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2019

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6



PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the directors of:

HERON EMERGENCY FOOD CENTRE

Qualified Opinion

We have audited the accompanying financial statements of Heron Emergency Food Centre, which comprise the Statement Of Financial Position as at December 31, 2019, 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 effects of the matter described in the Basis for Qualified Opinion paragraph section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Heron Emergency Food Centre as at December 31, 2019, and the results of its 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, Heron Emergency Food Centre derives revenue from donations, 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 Heron Emergency Food Centre. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Heron Emergency Food 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 qualified opinion.

Other Matter

There is tremendous uncertainty in regards to the negative economic impacts of the COVID-19 pandemic. It is very possible that there will be significant decreases in revenues and the inability of the organization to adjust expenditures may result in a significant negative impact on operational profit. The ability for the organization to sustain operations will be dependent on a variety of factors. These financial statements do not include any adjustments or accruals for these potential effects.

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 Heron Emergency Food 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 Heron Emergency Food Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Heron Emergency Food Centre's financial reporting process.

Auditors' 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 auditors' 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 Heron Emergency Food 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 Heron Emergency Food 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 auditors' 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 auditors' report. However, future events or conditions may cause Heron Emergency Food 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.



Parker Prins Lebaro Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
May 25, 2021

HERON EMERGENCY FOOD CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash	\$ 81,112	\$ 67,655
Short term investments	-	20,000
Accounts receivable	3,479	1,090
Prepaid expenses	<u>-</u>	<u>11,667</u>
	84,591	100,412
CAPITAL ASSETS (note 3)	<u>10,279</u>	<u>504</u>
	<u>\$ 94,870</u>	<u>\$ 100,916</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,753	\$ 7,793
 NET ASSETS	<u>86,117</u>	<u>93,123</u>
	<u>\$ 94,870</u>	<u>\$ 100,916</u>

Approved by the Board:

_____ Director _____ Director

HERON EMERGENCY FOOD CENTRE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE (note 4)		
Donations - church	\$ 20,210	\$ 25,220
Donations - private	12,087	25,729
City of Ottawa	39,279	38,509
Donations - food	30,130	32,421
Fundraising and special events	13,530	15,867
Institution or firm donations	30,470	27,067
In-kind donations	1,574	6,936
Other	499	-
	<u>147,779</u>	<u>171,749</u>
EXPENSES (note 4)		
Amortization	1,892	200
Business taxes, licenses and memberships	413	381
Donated food	30,130	32,421
Food	91,699	87,743
Insurance	340	340
Interest and bank charges	87	111
Office	777	1,645
Promotional	-	101
Salary and wages	28,441	27,525
Telephone	1,006	1,034
	<u>154,785</u>	<u>151,501</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(7,006)	20,248
NET ASSETS, BEGINNING OF YEAR	<u>93,123</u>	<u>72,875</u>
NET ASSETS, END OF YEAR	<u><u>\$ 86,117</u></u>	<u><u>\$ 93,123</u></u>

HERON EMERGENCY FOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (7,006)	\$ 20,248
Items not affecting cash:		
Amortization	<u>1,892</u>	<u>200</u>
	(5,114)	20,448
Net changes in non-cash items related to operations:		
Accounts receivable	(2,389)	(441)
Accounts payable and accrued liabilities	960	(2,253)
Prepaid expenses	<u>11,667</u>	<u>(11,667)</u>
	<u>5,124</u>	<u>6,087</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Additions to capital assets	<u>(11,667)</u>	<u>-</u>
(DECREASE) INCREASE IN CASH	(6,543)	6,087
CASH, BEGINNING OF YEAR	<u>87,655</u>	<u>81,568</u>
CASH, END OF YEAR	<u>\$ 81,112</u>	<u>\$ 87,655</u>
Cash consists of the following:		
Cash	\$ 81,112	\$ 67,655
Short term investments	<u>-</u>	<u>20,000</u>
	<u>\$ 81,112</u>	<u>\$ 87,655</u>

HERON EMERGENCY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. DESCRIPTION OF BUSINESS

The charity's purpose is to act as a food bank for the beneficiaries of the population of South East Ottawa, distributing food directly to the needy by arranging for, collecting, processing, storing and distributing food. The charity is registered under the Canada Business Corporations Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP), and reflect the following policies:

CAPITAL ASSETS

Capital assets are stated at cost. Amortization is recorded using the diminishing balance method at rates calculated to amortize the cost of the assets over their estimated useful lives:

Office furniture & equipment	20%
Kitchen appliances	20%

REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture & equipment	\$ 3,028	\$ 2,954	\$ 74	\$ 93
Kitchen appliances	14,641	4,436	10,205	411
	<u>\$ 17,669</u>	<u>\$ 7,390</u>	<u>\$ 10,279</u>	<u>\$ 504</u>

4. CONTRIBUTED SUPPLIES

At the request of the City of Ottawa, the contributed supplies received from the Ottawa Food Bank and disbursed by the organization have been excluded from presentation on the statement of operations. As the estimated fair market value of the contributed supplies is equivalent to the estimated fair market value of the disbursements, the effect on the statement of operations is nil.

	2019	2018
Food supplies received	\$ 613,096	\$ 602,305
Food supplies disbursed	(613,096)	(602,305)
	<u>\$ -</u>	<u>\$ -</u>

5. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, short term investments, accounts receivable and accounts payable and accrued liabilities. The book values approximate fair values due to their nature. It is management's opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

6. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year financial statement presentation.