Chatham Outreach for Hunger
Financial Statements
August 31, 2024

Contents

For the year ended August 31, 2024

To the Members of Chatham Outreach for Hunger:

Qualified Opinion

We have audited the financial statements of Chatham Outreach for Hunger (the "Organization"), which comprise the statement of financial position as at August 31, 2024, and 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 effects of the matters 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 August 31, 2024, 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 charitable organizations, the organization derives a portion of its revenues from the general public in the form of donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. In addition, the organization reports in-kind food donations as both revenue and an expense, the occurence, completeness and valuation of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues and the expense from these sources was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenses, cash flows from operations for the years ended August 31, 2024 and August 31, 2023, current assets as at August 31, 2024 and August 31, 2023, and net assets as at September 1, 2023 and August 31, 2024 and 2023. The audit opinion on the financial statements for the year ended August 31, 2023 was also modified accordingly, because of the possible effects of this scope limitation.

The organization's inventory related to contributed materials for which the fair value is determinable and the item would have been otherwise purchased are recorded based upon the fair value. We were unable to obtain sufficient appropriate audit evidence over the existence of the inventory. Consequently, we were unable to determine whether any adjustments might have been found necessary with respect to the inventory balance for the years ended August 31, 2024 and 2023, and net assets as at September 1 and August 31 for both the 2024 and 2023 year ends.

The organization receives prepaid gift cards recorded as prepaid expenses for which we were unable to obtain sufficient appropriate audit evidence regarding the existence and valuation of these prepaid expenses because we were not able to perform alernative audit procedures to verify the amounts recorded. Consequently, we were unable to determine whether any adjustments to these amounts were necessary with respect to prepaid expenses for the year ended August 31, 2024 and net assets as at August 31, 2024.

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.

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.

MNP LLP

Wallaceburg, Ontario
August 19, 2025

Chartered Professional Accountants
Licensed Public Accountants

Chatham Outreach for Hunger
Statement of Financial Position
As at August 31, 2024

	Investment in Capital Assets	*Restricted*	*Unrestricted*	*2024*	*2023*
Assets					
Current					
Cash and bank	-	-	**199,009**	**199,009**	247,476
Accounts receivable *(Note 4)*	-	-	**27,292**	**27,292**	114,988
Marketable securities *(Note 5)*	-	-	**419,759**	**419,759**	405,725
Inventory	-	-	**57,456**	**57,456**	56,000
Prepaid expenses and gift cards	-	-	**59,723**	**59,723**	56,379
Interfund Balances	-	**50,000**	**(50,000)**	-	-
	-	**50,000**	**713,239**	**763,239**	880,568
Capital assets *(Note 6)*	**13,463**	-	-	**13,463**	16,775
Investments *(Note 5)*	-	-	**1,316,700**	**1,316,700**	974,327
	13,463	**50,000**	**2,029,939**	**2,093,402**	1,871,670
Liabilities					
Current					
Accounts payable and accrued liabilities *(Note 7)*	-	-	**36,131**	**36,131**	21,018
Net Assets					
Invested in capital assets	**13,463**	-	-	**13,463**	16,775
Unrestricted	-	-	**1,993,808**	**1,993,808**	1,783,877
Restricted	-	**50,000**	-	**50,000**	50,000
	13,463	**50,000**	**1,993,808**	**2,057,271**	1,850,652
	13,463	**50,000**	**2,029,939**	**2,093,402**	1,871,670

Approved on behalf of the members

Director

Director

The accompanying notes are an integral part of these financial statements

Chatham Outreach for Hunger

Statement of Operations and Changes in Net Assets

For the year ended August 31, 2024

	Investment in Capital Assets	***Restricted***	***Unrestricted***	***2024***	*2023*
Revenue					
Donated food and other products	**-**	**-**	**1,580,057**	**1,580,057**	1,306,755
Monetary donations	**-**	**-**	**607,071**	**607,071**	754,449
Interest	**-**	**-**	**56,406**	**56,406**	24,768
Other income	**-**	**-**	**3,352**	**3,352**	4,640
	-	**-**	**2,246,886**	**2,246,886**	2,090,612
Expenses					
Distribution of donated food and other products	**-**	**-**	**1,577,997**	**1,577,997**	1,408,504
Salaries, wages and benefits	**-**	**-**	**208,190**	**208,190**	202,659
Annual meeting and volunteer banquet	**-**	**-**	**7,358**	**7,358**	156
Rent and municipal taxes	**-**	**-**	**69,435**	**69,435**	40,014
Food purchases	**-**	**-**	**67,518**	**67,518**	48,204
Utilities and telephone	**-**	**-**	**18,726**	**18,726**	21,271
Office and general supplies	**-**	**-**	**14,904**	**14,904**	16,556
Distribution service fees	**-**	**-**	**15,300**	**15,300**	15,300
Professional fees	**-**	**-**	**18,623**	**18,623**	7,607
Repairs and maintenance	**-**	**-**	**11,299**	**11,299**	7,936
Insurance	**-**	**-**	**12,827**	**12,827**	13,860
Advertising	**-**	**-**	**4,525**	**4,525**	4,500
Miscellaneous	**-**	**-**	**-**	**-**	25
Travel	**-**	**-**	**1,775**	**1,775**	1,993
Conferences	**-**	**-**	**7,387**	**7,387**	1,677
Amortization	**4,403**	**-**	**-**	**4,403**	4,848
	4,403	**-**	**2,035,864**	**2,040,267**	1,795,110
Excess (deficiency) of revenue over expenses	**(4,403)**	**-**	**211,022**	**206,619**	295,502
Net assets, beginning of year	**16,775**	**50,000**	**1,783,877**	**1,850,652**	1,555,150
Interfund transfers	**1,091**	**-**	**(1,091)**	**-**	-
Net assets, end of year	**13,463**	**50,000**	**1,993,808**	**2,057,271**	1,850,652

The accompanying notes are an integral part of these financial statements

Chatham Outreach for Hunger
Statement of Cash Flows
For the year ended August 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**206,619**	295,502
Amortization	**4,403**	4,848
	211,022	300,350
Changes in working capital accounts		
Accounts receivable	**87,696**	(107,123)
Inventory	**(1,456)**	17,000
Prepaid expenses and gift cards	**(3,344)**	5,613
Accounts payable and accrued liabilities	**15,111**	(1,792)
	309,029	214,048
Investing		
Purchase of capital assets	**(1,091)**	(3,417)
Purchase of investments	**(724,697)**	(893,510)
Proceeds on disposal of investments	**368,292**	718,742
	(357,496)	(178,185)
Increase (decrease) in cash resources	**(48,467)**	35,863
Cash resources, beginning of year	**247,476**	211,613
Cash resources, end of year	**199,009**	247,476

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Chatham Outreach for Hunger Inc. (the organization) was incorporated without share capital under the laws of Corporations Act of Ontario on August 15, 1988. Its purpose is to provide for the hungry within the Municipality of Chatham-Kent, to inform Chatham-Kent residents of the problem of hunger in our society, and to encourage governments to prevent hunger. As a registered charity under the Income Tax Act, the organization is exempt from income taxes and may issue receipts for charitable donations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The organization follows the fund method of accounting.

Investment in capital assets reports the assets, liabilities, revenue and expenses related to the capital assets of the organization.

The Restricted fund reports resources appropriated by the Board of Directors for future use.

The Unrestricted fund accounts for current operations and general operations. Unrestricted donations are reported in the Unrestricted fund.

Cash and bank

Cash and bank include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Investments

Short-term investments consists of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and carried at cost less impairment.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

Revenue recognition

Revenue from monetary donations is recognized when the contribution is received. As a result of the uncertainty surrounding the collectability of pledges, the organization does not record these until collected. Donations in kind are recorded at fair market value at the time the donation is received.

Interest income is recorded as revenue when earned.

Contributed materials and services

A substantial number of volunteers contribute a significant amount of their time to the organization 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 organization receives in-kind donations of various food items which are included in donated food and other products revenue and distribution of donated food and other products costs.

2. Significant accounting policies *(Continued from previous page)*

Food purchases

Food purchases are recorded as an expense at the date of purchase. Inventory for contributed food and materials is valued and recorded at fair value.

Government assistance

Government assistance is recognized when there is reasonable assurance that the organization has complied and will continue to comply with all conditions of the assistance. Government assistance toward current expenses is recognized in income for the period as revenue. Government assistance towards expenses of future accounting periods is deferred and recognized as revenue as the related expenses are incurred.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following methods and rates and are intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30%
Equipment	declining balance	30%
Furniture and fixtures	declining balance	20%
Leasehold improvements	straight-line	10 years

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has made such an election during the year. Fair value is determined by reference to recent arm’s length transactions.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in accordance with Canadian accepted 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Accounts specifically affected by estimates in these financial statements include the estimated useful life of capital assets, valuation of inventory and the valuation of donated food and other products.

3. Interfund transactions

At the end of the year, the Restricted fund held a receivable from the Unrestricted fund of $50,000 (2023 - $50,000). This balance is not subject to interest and has no specific terms of repayment.

The organization's management carried out the following interfund transfer during the year:

A net transfer of $1,091 (2023 - $3,417) from the Unrestricted fund to the Investment in capital assets fund for the purchase of capital assets. These transfers have been approved by the Board.

4. Accounts receivable

	2024	2023
Accounts receivable	**-**	100,000
HST rebate receivable	**27,292**	14,988
	27,292	114,988

5. Investments

Investments consist of amounts invested in cashable guaranteed investment certificates. While the investments are cashable, all of them have maturity dates within the next five years. The organization is earning interest on these investments at varying rates from 1.7% and 5.05% per annum.

6. Capital assets

	Cost	**Accumulated amortization**	**2024 Net book value**	2023 Net book value
Computer equipment	**12,663**	**10,475**	**2,188**	3,075
Equipment	**12,035**	**11,935**	**100**	142
Furniture and fixtures	**15,364**	**11,752**	**3,612**	3,287
Leasehold improvements	**239,270**	**231,706**	**7,564**	10,271
	279,332	**265,868**	**13,464**	16,775

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following amounts:

	2024	2023
Accounts payable and accrued liabilities	**10,376**	15,768
Government remittances payable	**25,755**	5,250
	36,131	21,018

8. Commitments

The Organization has entered into various lease agreements with estimated minimum annual payments as follows:

2025	40,537
2026	40,537
2027	40,537
2028	40,537
2029	40,537
Thereafter	81,073
	283,758

9. Financial instruments

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis presents the organization's exposures to significant risk as at August 31, 2024:

Credit Risk

Credit risk results from the possibility that parties may default on their financial obligations. The organization is exposed to credit risk as a result of its investments.

Management believes this risk is minimized as the investments are guaranteed and are invested with large financial institutions.

There has been no change to this risk exposure from the prior year.

Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund its obligations as they come due.

Management minimizes its exposure to liquidity risk by regularly monitoring cash flows.

There has been no change to this risk exposure from the prior year.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value of future cash flows of financial instruments because of changes in market interest rates.

The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the organization to risk of changes in fair value. The risk is minimized as the organization holds all investments to maturity.

There has been no change to this risk exposure from the prior year.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.