

**St. Andrew Soup Kitchen Inc.**  
**Financial Statements**  
*December 31, 2021*

**St. Andrew Soup Kitchen Inc.**  
**Contents**  
*For the year ended December 31, 2021*

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	<i>Page</i>
<b>Management's Responsibility</b>	
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations and Changes in Net Assets.....	2
Statement of Cash Flows.....	3
<b>Notes to the Financial Statements.....</b>	<b>4</b>

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## **Management's Responsibility**

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To the Board of Directors of St. Andrew Soup Kitchen Inc.:

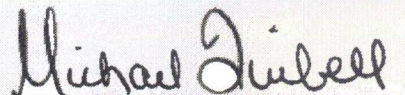
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 11, 2022



Executive Director



To the Board of Directors of St. Andrew Soup Kitchen Inc.:

## Qualified Opinion

We have audited the financial statements of St. Andrew Soup Kitchen Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2021, 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 possible 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 Organization as at December 31, 2021, 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 revenue from fundraising and donations from the general public, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, our evidence of those revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue and excess of revenue over expenses for the years ended December 31, 2021 and 2020 and assets, liabilities and net assets as at December 31, 2021 and 2020. The audit opinion on the financial statements for the year ended December 31, 2020 was qualified accordingly because of the possible effects of the limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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.

Thunder Bay, Ontario

April 11, 2022

**MNP LLP**

Chartered Professional Accountants

Licensed Public Accountants

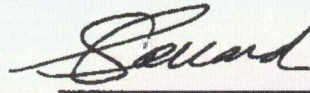
**St. Andrew Soup Kitchen Inc.**  
**Statement of Financial Position**  
*As at December 31, 2021*

	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash	431,208	521,340
Marketable securities (Note 4)	288,508	110,204
Prepaid expenses and deposits	1,846	-
	721,562	631,544
Marketable Securities (Note 4)	100,483	9,722
Capital assets (Note 5)	48,601	51,118
	870,646	692,384
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	14,428	22,019
<b>Net Assets</b>		
Unrestricted	807,617	619,247
Invested in capital assets (Note 6)	48,601	51,118
	856,218	670,365
	870,646	692,384

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

**St. Andrew Soup Kitchen Inc.**  
**Statement of Operations and Changes in Net Assets**

*For the year ended December 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
CEWS subsidy	-	6,083
Bishop's Diocesan Ministry	10,000	10,000
Dew Drop Inn Memorial Fund	25,275	12,790
Fundraising events and programs	32,858	8,034
HST rebate	9,061	7,203
Interest earned	2,372	2,628
Operating donations - Bequests	34,250	63,754
Operating donations - Foundations	66,283	108,303
Operating donations - Individuals	221,984	195,064
Operating donations - Sector Appeals	173,906	128,561
Special programs revenue	65,526	122,801
	<b>641,515</b>	<b>665,221</b>
<b>Expenses</b>		
Administrative	-	102
Advertising	85	50
Amortization	14,908	14,338
Bank charges and interest	1,079	1,181
Building lease <i>(Note 7)</i>	1,300	1,200
Building repairs and maintenance	18,708	2,867
Equipment repairs and maintenance	3,036	4,545
Food expense	50,397	78,112
Fundraising expenses	12,317	5,911
Insurance	5,965	1,886
Licences and fees	3,411	8,719
Office expenses	13,025	13,936
Professional fees	4,308	4,150
Salaries, benefits and honoraria	246,280	222,967
Supplies	49,764	35,206
Travel	3,000	3,000
Utilities	21,525	17,482
Waste disposal	6,554	5,016
	<b>455,662</b>	<b>420,668</b>
<b>Excess of revenue over expenses</b>	<b>185,853</b>	<b>244,553</b>
<b>Net assets, beginning of year</b>	<b>619,247</b>	<b>375,165</b>
<b>Change in invested in capital assets <i>(Note 6)</i></b>	<b>2,517</b>	<b>(471)</b>
<b>Net assets, end of year</b>	<b>807,617</b>	<b>619,247</b>

The accompanying notes are an integral part of these financial statements

**St. Andrew Soup Kitchen Inc.**  
**Statement of Cash Flows**  
*For the year ended December 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from contributions	639,143	662,356
Cash receipts from unrestricted investment income	2,372	2,628
Cash paid for program service expenses	(203,912)	(174,466)
Cash paid for salaries and benefits	(246,280)	(222,967)
	<b>191,323</b>	<b>267,551</b>
<b>Investing</b>		
Purchase of marketable securities	(379,124)	(102,001)
Proceeds on disposal of marketable securities	110,204	92,423
Purchase of capital assets	(12,391)	(14,809)
Increase in investment	(144)	(133)
	<b>(281,455)</b>	<b>(24,520)</b>
<b>Increase (decrease) in cash resources</b>	<b>(90,132)</b>	<b>243,031</b>
<b>Cash resources, beginning of year</b>	<b>521,340</b>	<b>278,309</b>
<b>Cash resources, end of year</b>	<b>431,208</b>	<b>521,340</b>

*The accompanying notes are an integral part of these financial statements*

**1. Incorporation and nature of the organization**

The soup kitchen known as Dew Drop Inn was operated by St. Andrew's Roman Catholic Church since 1981. On June 6, 2008 St. Andrew Soup Kitchen Inc. ("the Organization") was incorporated in Ontario without share capital and became a registered charity March 18, 2009. The purpose of the Organization is to relieve poverty by operating a soup kitchen in the City of Thunder Bay, Province of Ontario, to feed hungry people. The Organization accomplishes this purpose by operating Dew Drop Inn at 292 Red River Road.

***Impact on operations of COVID-19***

In early March 2020 the impact of the global outbreak of COVID-19 began to have 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.

The Organization's operations were impacted by COVID-19 due to capacity limitations and restrictions of social gatherings and requirements of social distancing.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization 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. While the extent of the impact is unknown, we anticipate this outbreak may cause capacity and operation limitations, all of which may negatively impact the Organization's business and financial condition.

**2. Change in accounting policies**

***Financial instruments***

**Financial instruments in a related party transaction, risk disclosures and other amendments**

Effective January 1, 2021 (hereafter referred to as the "initial date of application"), the Organization adopted the Accounting Standards Board's revised recommendations for the measurement and disclosure of financial instruments in a related party transaction, as well as revisions to risk disclosures, in Section 3856 *Financial Instruments*. The revised standard provides additional guidance and requirements for the measurement of financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments").

Revised Section 3856 clarifies that an entity must provide relevant entity-specific information to enable users to evaluate the nature and extent of each type of risk arising from financial instruments. The amendments remove the requirement to separately disclose the risks arising from derivatives from the risks arising from other financial instruments.

Revised Section 3856 requires the following related party financial instruments to be initially measured at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. If the election is not made, these instruments are subsequently measured at amortized cost. Subsequently investments in equity instruments quoted in an active market and derivatives 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, are measured at fair value. All other financial instruments arising in a related party transaction are subsequently measured using the cost method.

**2. Change in accounting policy** *(Continued from previous page)*

Previously, the Organization initially measured related party financial instruments at either the carrying amount or exchange amount in accordance with Section 3840 *Related Party Transactions*. Subsequent to initial recognition, related party financial instruments were measured in accordance with extant Section 3856.

*Transition*

The Organization applied the changes in accounting policies resulting from the adoption of revised Section 3856 retrospectively and prior periods have been restated. Financial instruments exchanged in a related party transaction that do not exist at the date of initial application and were impaired or modified in the immediately preceding fiscal year have not been restated in accordance with Section 3856. In addition, the following transitional provisions were applied to related party financial instruments that exist at the date of initial application:

- The cost of a financial instrument that has repayment terms is determined using the undiscounted cash flows, excluding interest and dividend payments, of the instrument less any impairment, as at the beginning of the earliest comparative period presented in these financial statements
- The cost of a financial instrument that does not have repayment terms is deemed to be the carrying amount of the instrument in the financial statements of the entity less any impairment, at the beginning of the earliest comparative period presented in these financial statements
- Fair value of a financial instrument that is an investment in debt or equity instruments that are quoted in active market; a debt instrument where inputs significant to the determination of fair value of the instrument are observable; or, a derivative contract, is determined at the beginning of the earliest comparative period presented in these financial statements.

The retrospective application of this change in accounting policy did not have a material impact on the results of operations and financial condition of the Organization.

**3. Significant accounting policies**

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

***Cash and cash equivalents***

Cash is comprised of balances with chartered banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Marketable securities***

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. They consist of guaranteed investment certificates which are all traded in the public markets. Changes in fair value are recorded immediately in the excess of revenue over expenses.

***Capital assets***

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Years</b>
Computer equipment	straight-line	3 years
Furniture and fixtures	straight-line	5 years

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

**Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Fundraising Revenue is recognized when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

**Contributed materials**

Due to the difficulty of determining the fair value of contributed materials and services they are not recognized in the financial statements.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Amortization is based on the estimated useful life of the capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

**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 not 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.

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 revenue 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.

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

***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 there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty 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 revenue 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 revenue over expenses in the year the reversal occurs.

**4. Marketable securities**

	<b>2021</b>	<b>2020</b>
Scotiabank guaranteed investment certificate, paying interest at 2.00% per annum, maturing February 2022 (cost - \$9,000; 2020 - \$9,000)	<b>9,916</b>	9,772
Scotiabank cashable guaranteed investment certificate, paying interest at 0.57% per annum, maturing August 2022 (cost - \$102,581; 2020 - \$100,000)	<b>102,638</b>	102,150
CIBC Wood Gundy Mutual Fund investments (cost - \$54; 2020 - \$8,054)	<b>54</b>	8,054
Scotiabank guaranteed investment certificate, paying interest at 0.70% per annum, maturing January 2023 (cost - \$100,000)	<b>100,483</b>	-
Scotiabank guaranteed investment certificate, paying interest at 0.65% per annum, maturing July 2022 (cost - \$100,000)	<b>100,449</b>	-
Scotiabank guaranteed investment certificate, paying interest at 0.60% per annum, maturing January 2022 (cost - \$75,000)	<b>75,451</b>	-
	<b>388,991</b>	119,976
Less: current portion	<b>288,508</b>	110,204
	<b>100,483</b>	9,772

**St. Andrew Soup Kitchen Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

**5. Capital assets**

		<i>Accumulated</i>	<i>2021</i>	<i>2020</i>
	<i>Cost</i>	<i>amortization</i>	<i>Net book</i>	<i>Net book</i>
			<i>value</i>	<i>value</i>
Computer equipment	14,120	11,284	2,836	1,603
Furniture and fixtures	159,865	114,100	45,765	49,515
	173,985	125,384	48,601	51,118

**6. Invested in capital assets**

		<i>2021</i>		<i>2020</i>
Balance, beginning of year		51,118		50,647
Purchase of capital assets		12,391		14,809
Amortization of capital assets		(14,908)		(14,338)
Balance, end of year		48,601		51,118

**7. Commitments**

The Organization pays rent of \$100 per month to St. Andrew's Roman Catholic Church to occupy the building at 292 Red River Road known as Dew Drop Inn.

Estimated minimum annual payments as follows:

2022	1,200
2023	1,200
2024	1,200
2025	1,200
2026	1,200
	6,000

**8. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.