

St. Andrew Soup Kitchen Inc.
Financial Statements
December 31, 2022

St. Andrew Soup Kitchen Inc.
Contents

For the year ended December 31, 2022

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Management's Responsibility

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 24, 2023



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, 2022, 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, 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 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, 2022 and 2021 and assets, liabilities and net assets as at December 31, 2022 and 2021. The audit opinion on the financial statements for the year ended December 31, 2021 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 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.

Thunder Bay, Ontario

April 24, 2023

MNP LLP

Chartered Professional Accountants

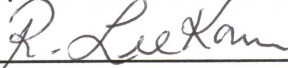
Licensed Public Accountants

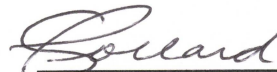
St. Andrew Soup Kitchen Inc.
Statement of Financial Position

As at December 31, 2022

	2022	2021
Assets		
Current		
Cash	421,344	431,208
Accounts receivable	8,969	-
Marketable securities (Note 3)	389,046	288,508
Prepaid expenses and deposits	12,837	1,846
	832,196	721,562
Marketable Securities (Note 3)	103,124	100,483
Tangible capital assets (Note 4)	55,580	48,601
	990,900	870,646
Liabilities		
Current		
Accounts payable and accruals	22,077	14,428
Deferred contributions (Note 5)	23,190	-
	45,267	14,428
Net Assets		
Unrestricted	396,053	807,617
Invested in capital assets (Note 6)	55,580	48,601
Internally restricted Operating Reserve (Note 7)	394,000	-
Internally restricted Capital Reserve (Note 7)	100,000	-
	945,633	856,218
	990,900	870,646

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, 2022

	2022	2021
Revenue		
Bishop's Diocesan Ministry	10,000	10,000
Dew Drop Inn Memorial Fund	36,922	25,275
Fundraising events and programs	39,788	32,858
HST rebate	10,302	9,061
Interest earned	5,556	2,372
Operating donations - Bequests	24,036	34,250
Operating donations - Foundations	60,937	66,283
Operating donations - Individuals	262,633	221,984
Operating donations - Sector Appeals	140,329	173,906
Reimbursements	52,513	-
Special programs revenue	52,269	65,526
	695,285	641,515
Expenses		
Advertising	3,858	85
Amortization	15,619	14,908
Bank charges and interest	1,539	1,079
Building lease (Note 8)	1,200	1,300
Building repairs and maintenance	4,318	18,708
Equipment repairs and maintenance	6,614	3,036
Food expense	119,872	50,397
Fundraising expenses	18,875	12,317
Insurance	5,156	5,965
Licences and fees	872	3,411
Office expenses	18,354	13,025
Professional fees	4,418	4,308
Seniors Program	8,306	-
Salaries, benefits and honoraria	314,214	246,280
Supplies	47,936	49,764
Travel	3,000	3,000
Utilities	22,902	21,525
Waste disposal	8,817	6,554
	605,870	455,662
Excess of revenue over expenses	89,415	185,853
Net assets, beginning of year	807,617	619,247
Change in invested in capital assets (Note 6)	(6,979)	2,517
Transfer to internally restricted reserves (Note 7)	(494,000)	-
	396,053	807,617
Net assets, end of year	396,053	807,617

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Cash received from contributions	703,949	639,143
Interest received	2,398	2,372
Cash paid for program service expenses	(295,413)	(203,912)
Cash paid for salaries and benefits	(298,175)	(246,280)
	112,759	191,323
Investing		
Purchase of marketable securities	(100,025)	(379,124)
Proceeds on disposal of marketable securities	-	110,204
Purchase of capital assets	(22,598)	(12,391)
Increase in investment	-	(144)
	(122,623)	(281,455)
Decrease in cash resources	(9,864)	(90,132)
Cash resources, beginning of year	431,208	521,340
Cash resources, end of year	421,344	431,208

The accompanying notes are an integral part of these financial statements

St. Andrew Soup Kitchen Inc. Notes to the Financial Statements

For the year ended December 31, 2022

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 changes to health and safety protocols on food distribution.

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. 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.

Tangible capital assets

Tangible capital assets are recorded at cost. Contributed tangible 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.

	Method	Years
Computer equipment	straight-line	3 years
Furniture and fixtures	straight-line	5 years

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.

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

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.

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.

St. Andrew Soup Kitchen Inc.
Notes to the Financial Statements
For the year ended December 31, 2022

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

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.

3. Marketable securities

	2022	2021
Scotiabank guaranteed investment certificate, matured in current year	-	9,916
Scotiabank cashable guaranteed investment certificate, matured in current year	-	102,638
CIBC Wood Gundy Mutual Fund investments (cost - \$54; 2021 - \$54)	54	54
Scotiabank guaranteed investment certificate, paying interest at 0.70% per annum, maturing January 2023 (cost - \$100,000; 2021 - \$100,000)	101,187	100,483
Scotiabank guaranteed investment certificate, matured in current year	-	100,449
Scotiabank guaranteed investment certificate, matured in current year	-	75,451
Copperfin guaranteed investment certificate, paying interest at 4.20% per annum, maturing September 2024 (cost - \$100,000)	100,025	-
Scotiabank long-term non-redeemable guaranteed investment certificate, paying interest at 4.75% per annum, maturing November 2025 (cost - \$103,218)	103,124	-
Scotiabank long-term non-redeemable guaranteed investment certificate, paying interest at 4.40% per annum, maturing October 2023 (cost - \$110,913)	111,715	-
Scotiabank guaranteed investment certificate, paying interest at 1.18% per annum, maturing February 2023 (cost - \$75,450)	76,065	-
	492,170	388,991
Less: current portion	389,046	288,508
	103,124	100,483

4. Tangible capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	14,832	13,236	1,596	2,836
Furniture and fixtures	178,752	124,768	53,984	45,765
	193,584	138,004	55,580	48,601

St. Andrew Soup Kitchen Inc.
Notes to the Financial Statements
For the year ended December 31, 2022

5. Deferred contributions

Deferred contributions consist of unspent contributions received from the Thunder Bay Community Foundation. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2022	2021
Amount received during the year	23,190	-
Balance, end of year	23,190	-

6. Invested in tangible capital assets

	2022	2021
Balance, beginning of year	48,601	51,118
Purchase of capital assets	22,598	12,391
Amortization of capital assets	(15,619)	(14,908)
Balance, end of year	55,580	48,601

7. Restrictions on net assets

Internally restricted net assets

During the year, the Organization's Board of Directors internally restricted net assets of \$394,000 to be held for providing financing for future working capital needs. The Board of Directors also has internally restricted net assets of \$100,000 for future purchase of tangible capital assets. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

8. Commitments

The Organization has entered into a lease agreement ending December 2024 to pay 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:

2023	1,200
2024	1,200
	2,400

9. 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.