SCARBOROUGH FOOD SECURITY INITIATIVE

Financial Statements

April 30, 2025

SCARBOROUGH FOOD SECURITY INITIATIVE

Index to Financial Statements

Year Ended April 30, 2025

HOGG
SHAIN &
SCHECK
Professional Corporation, CPAs
Tax | Audit | Advisory

INDEPENDENT AUDITOR'S REPORT

To the Members of Scarborough Food Security Initiative

Qualified Opinion

We have audited the financial statements of Scarborough Food Security Initiative (the "Organization"), which comprise the statement of financial position as at April 30, 2025, 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 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 April 30, 2025, and the results of its operations and 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 donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these 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 revenues, excess of revenues over expenses, and cash flows from operations for the year ended April 30, 2025 and 2024, or assets and net assets as at April 30, 2025 and 2024 and May 1, 2024 and 2023.

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 audit opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statement which explains that certain comparative information presented for the year ended April 30, 2024 has been restated. Our opinion has not been modified in respect of this matter.

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.

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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.

Hogg, Shain & Scheck PC

Toronto, Ontario
August 19, 2026

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

SCARBOROUGH FOOD SECURITY INITIATIVE

Statement of Financial Position

As at April 30, 2025

	2025	2024 *(As restated)*
ASSETS		
CURRENT		
Cash	**$ 1,635,099**	$ 1,304,515
Accounts receivable	**29,307**	-
Harmonized Sales Tax recoverable	**34,855**	71,490
Prepaid expenses	**-**	5,395
	1,699,261	1,381,400
CAPITAL ASSETS *(Notes 2, 4 and 12)*	**505,987**	686,266
	$ 2,205,248	$ 2,067,666
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities *(Notes 2 and 12)*	**$ 52,255**	$ 256,041
Deferred revenues *(Note 5)*	**405,833**	8,526
	458,088	264,567
DEFERRED CAPITAL CONTRIBUTIONS *(Note 6)*	**90,055**	106,291
	548,143	370,858
NET ASSETS		
UNRESTRICTED *(Notes 2 and 12)*	**1,657,105**	1,696,808
	$ 2,205,248	$ 2,067,666

COMMITMENTS *(Note 9)*

APPROVED ON BEHALF OF THE BOARD

_________________________________ *Director*

_________________________________ *Director*

See the accompanying notes to these financial statements

SCARBOROUGH FOOD SECURITY INITIATIVE

Statement of Operations

Year Ended April 30, 2025

	2025	2024 *(As restated)*
REVENUES		
Corporate and foundation contributions	**$ 660,520**	$ 856,999
Government grants *(Note 7)*	**335,524**	268,522
Individual donations	**334,503**	297,927
Social enterprise	**114,331**	31,575
Interest	**31,503**	36,370
	1,476,381	1,491,393
EXPENSES		
Programs *(Notes 2, 4, 8 and 12)*	**1,215,389**	996,567
Amortization *(Notes 2 and 12)*	**152,710**	121,907
Insurance	**50,368**	38,604
Professional fees	**49,308**	15,221
Rental	**34,117**	24,672
Office and administration *(Note 8)*	**14,192**	18,109
	1,516,084	1,215,080
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**$ (39,703)**	$ 276,313

See the accompanying notes to these financial statements

SCARBOROUGH FOOD SECURITY INITIATIVE

Statement of Changes in Net Assets

Year Ended April 30, 2025

		2025		2024
NET ASSETS - BEGINNING OF YEAR				
As previously reported	**$**	**1,905,396**	$	1,407,577
Add: Prior period adjustments *(Note 2)*		**(208,588)**		12,918
As restated		**1,696,808**		1,420,495
Excess (deficiency) of revenues over expenses		**(39,703)**		276,313
NET ASSETS - END OF YEAR	**$**	**1,657,105**	$	1,696,808

See the accompanying notes to these financial statements

SCARBOROUGH FOOD SECURITY INITIATIVE

Statement of Cash Flows

Year Ended April 30, 2025

	2025	2024 *(As restated)*
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ (39,703)**	$ 276,313
Items not affecting cash:		
Amortization of capital assets	**152,710**	121,907
Amortization of deferred capital contributions	**(24,762)**	(23,454)
Impairment loss on capital assets	**204,002**	-
	292,247	374,766
Changes in non-cash working capital:		
Accounts receivable	**(29,307)**	-
Harmonized Sales Tax recoverable	**36,635**	(1,819)
Prepaid expenses	**5,395**	(5,395)
Accounts payable and accrued liabilities	**(203,786)**	(6,934)
Deferred revenues	**397,307**	8,526
	206,244	(5,622)
Cash flow from operating activities	**498,491**	369,144
INVESTING ACTIVITY		
Purchase of capital assets and cash flow used by investing activity	**(176,433)**	(348,339)
FINANCING ACTIVITY		
Advances from deferred capital revenues and cash flow from financing activity	**8,526**	22,680
INCREASE IN CASH	**330,584**	43,485
CASH - BEGINNING OF YEAR	**1,304,515**	1,261,030
CASH - END OF YEAR	**$ 1,635,099**	$ 1,304,515

See the accompanying notes to these financial statements

1. NATURE AND PURPOSE OF THE ORGANIZATION

Scarborough Food Security Initiative (the "Organization") was incorporated as a not-for-profit organization in Canada without share capital on April 20, 2020. The Organization is exempt from income tax in Canada as a not-for-profit organization under subsection 149(1) of the Income Tax Act (Canada).

The Organization is committed to relieve poverty by operating food banks and soup kitchens for individuals or families who are poor, of low income, or in need in Scarborough, Ontario and the surrounding area. In addition, the Organization is committed to advancing education by providing culinary and hospitality training programmes to at-risk youth, refugees and immigrants in need.

2. RESTATEMENT OF COMPARATIVE FIGURES

During fiscal 2025, management identified certain expenses recorded in the current fiscal year that related to fiscal 2024. Accordingly, these adjustments were corrected by management by restating the 2024 comparative figures as follows:

Statement of Financial Position as at April 30, 2024

	As previously stated	Adjustment	Restated
Capital assets	$ 715,277	$ (29,011)	**$ 686,266**
Accounts payable and accrued liabilities	76,465	179,576	**256,041**
Unrestricted net assets	1,905,396	(208,588)	**1,696,808**
Total	$ 2,697,138	$ (58,023)	**$ 2,639,115**

a) The balance of net assets at May 1, 2024 was adjusted as follows:

	May 1 2024
Net assets, beginning, as previously reported	**$ 1,905,396**
Less: adjustments to beginning net assets:	
Restatement of program expenses	(102,323)
Restatement of amortization - 2024	(49,512)
Restatement of amortization - 2023	(56,753)
Net assets, beginning, as restated	**$ 1,696,808**

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2. RESTATEMENT OF COMPARATIVE FIGURES *(continued)*

b) Expenses for the fiscal year ended April 30, 2024, which were previously reported using Canadian generally accepted accounting principles, have been restated as follows:

	As previously stated	Adjustment	Restated
Expenses			
Programs	$ 894,244	$ 102,323	**$ 996,567**
Amortization	72,395	49,512	**121,907**
	$ 966,639	$ 151,835	**$ 1,118,474**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representations of management. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, including government grants and corporate and foundation contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including individual donations, are recognized as revenues when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Contributions explicitly and implicitly restricted by the donor are deferred when received and recognized as revenues when the related activity takes place and expenses incurred.

Sale of merchandise and FoodHall income are recognized as revenues when received or receivable, if the amount can be reasonably estimated, and collection is reasonably assured.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently at amortized cost. The financial assets and liabilities subsequently measured at cost include cash and accounts payable.

The financial instruments subsequently measured at cost are cash and accounts payable.

Impairment of financial instruments

Financial assets measured at cost are tested for impairment, if there are indications of possible impairment. The impairment loss is measured as the difference between the carrying value and estimated recoverable amount. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Equipment	10 years	straight-line method
Leasehold improvements	Over the lease term	straight-line method
Shipping container	5 years	straight-line method
Motor vehicles	5 years	straight-line method

Assets not in use are not amortized until the project is completed and related assets put into use.

Impairment of long-lived assets

Long-lived assets including capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. Fair value is determined by the current replacement value.

Contributed services and materials

Volunteers contribute many hours annually to assist the Organization in carrying out its activities. Volunteer services are not recognized in these financial statements as the Organization would not otherwise purchase these services.

Community and volunteers contribute food donations which are directly delivered to the Organization. Food donations are not recognized in these financial statements, as the Organization would not otherwise purchase these products. The food donations are utilized towards the daily operation of food bank and soup kitchens.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Assets not in use	$ -	$ -	**$ -**	$ 188,552
Equipment	216,412	89,124	**127,288**	143,008
Leasehold improvements	916,192	588,567	**327,625**	275,883
Shipping container	74,711	29,884	**44,827**	59,769
Motor vehicles	58,042	51,795	**6,247**	19,054
	$ 1,265,357	$ 759,370	**$ 505,987**	$ 686,266

In fiscal 2025, the Organization recognized an impairment loss of $204,002 related to leasehold improvements, categorized in previous years as assets not in use. Management discontinued the project due to the landlords intention to sell the property. Accordingly, the carrying value of the related leasehold improvements was written down to their estimated recoverable amount of $Nil.

5. DEFERRED REVENUES

Deferred revenues at April 30 consist of the following:

	2025	2024
Government of Canada	**$ 100,000**	$ -
City of Toronto	**55,833**	8,526
Northpine Foundation	**250,000**	-
	$ 405,833	$ 8,526

Continuity of deferred revenues is as follows:

	2025	2024
Balance, beginning of year	**$ 8,526**	$ -
Add: amounts received during the fiscal year	**1,727,854**	1,431,974
Less: amounts recognized as revenues during the fiscal year	**(1,330,547)**	(1,423,448)
Balance, end of year	**$ 405,833**	$ 8,526

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received for purchases of a vehicle, kitchen equipment and leasehold improvements.

	2025	2024
Balance, beginning of year	**$ 106,291**	$ 107,065
Add: deferred capital contributions received	**8,526**	22,680
Less: deferred capital contributions recognized as revenues	**(24,762)**	(23,454)
Balance, end of year	**$ 90,055**	$ 106,291

7. GOVERNMENT GRANTS

Government grants recognized in the year are as follows:

	2025	2024
Employment and Social Development Canada	**$ 78,630**	$ 56,932
Canadian Red Cross Society	**27,922**	65,150
Government of Canada	**19,953**	-
City of Toronto	**209,019**	146,440
	$ 335,524	$ 268,522

8. EXPENSE ALLOCATION

Program expenses as at April 30, 2025 include payroll of $611,464 (2024 - $596,873).

Office and administration expenses as at April 30, 2025 include payroll of $10,000 (2024 - $9,615).

9. COMMITMENTS

The Organization has seven (7) premises with lease agreements extending to December 31, 2028. In addition, the Organization is responsible for utilities, insurance, property taxes and minor repairs. Future minimum lease payments range from $Nil to $1,300 per month as follows:

Contractual obligation repayment schedule:

2027	$ 15,600
2028	15,600
2029	7,800
	$ 39,000

10. FINANCIAL INSTRUMENTS

It is management’s opinion that the Organization is not exposed to significant interest rate, currency, credit, liquidity, market, or other price risks arising from its financial instruments.

Cash consists of cash on hand and deposits held in accounts at major Canadian banks. Cash balances are sufficient to meet accounts payable and other financial liabilities as they come due.

11. SUBSEQUENT EVENT

Subsequent to the fiscal year end, the Organization became involved in legal proceedings with a former funding and service partner. The litigation remains at a preliminary stage and the ultimate outcome cannot currently be determined. Accordingly, no provision has been recorded in these financial statements. Any loss or recovery arising from this matter will be recognized in the period in which the outcome becomes known and can be reasonably estimated.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.