

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Financial Statements

August 31, 2022

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

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Year Ended August 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Second Harvest Canada | Deuxième Récolte Canada

Opinion

We have audited the financial statements of Second Harvest Canada | Deuxième Récolte Canada (the "Organization"), which comprise the statement of financial position as at August 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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.

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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 this financial information. 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
October 18, 2022

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

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Statement of Financial Position

As at August 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 3)	\$ 12,780,482	\$ 17,775,631
Short-term investments (Notes 3 and 4)	3,249,484	235,618
Accounts receivable	482,200	577,131
Food donations inventory (Notes 10 and 17)	1,197,584	260,119
Prepaid expenses	77,105	70,070
	<u>17,786,855</u>	<u>18,918,569</u>
CAPITAL ASSETS (Note 5)	<u>16,057,371</u>	<u>12,878,255</u>
	<u>\$ 33,844,226</u>	<u>\$ 31,796,824</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 855,365	\$ 630,796
Deferred contributions (Notes 6 and 12)	3,251,998	3,408,046
Deferred contributions - food donations (Notes 10 and 17)	1,197,584	260,119
	<u>5,304,947</u>	<u>4,298,961</u>
DEFERRED CAPITAL ASSET CONTRIBUTIONS (Note 7)	<u>15,445,659</u>	<u>15,076,698</u>
	<u>20,750,606</u>	<u>19,375,659</u>
NET ASSETS		
UNRESTRICTED	<u>5,372,741</u>	<u>5,370,286</u>
CONTRIBUTIONS FOR LAND	<u>1,550,879</u>	<u>1,550,879</u>
INTERNALLY RESTRICTED:		
Operating reserve (Note 9)	5,370,000	5,100,000
Building and capital asset reserve (Note 9)	300,000	200,000
Opportunity reserve (Note 9)	500,000	200,000
	<u>13,093,620</u>	<u>12,421,165</u>
	<u>\$ 33,844,226</u>	<u>\$ 31,796,824</u>

APPROVED ON BEHALF OF THE BOARD

Jeff Hauswitz

Director

Bernie Allison

Director

See the accompanying notes to these financial statements

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Statement of Changes in Net Assets

Year Ended August 31, 2022

	Unrestricted	Contributions for land	Operating reserve (Note 9)	Building and capital asset reserve (Note 9)	Opportunity reserve (Note 9)	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 5,370,286	\$ 1,550,879	\$ 5,100,000	\$ 200,000	\$ 200,000	\$ 12,421,165	\$ 6,717,076
Excess of revenues over expenses	672,455	-	-	-	-	672,455	5,704,089
Transfers <i>(Note 9)</i>	(670,000)	-	270,000	100,000	300,000	-	-
NET ASSETS - END OF YEAR	\$ 5,372,741	\$ 1,550,879	\$ 5,370,000	\$ 300,000	\$ 500,000	\$ 13,093,620	\$ 12,421,165

See the accompanying notes to these financial statements

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Statement of Operations

Year Ended August 31, 2022

	2022	2021
REVENUES		
Food donations <i>(Notes 10 and 17)</i>	\$ 184,604,149	\$ 97,870,368
National food sharing program contributions:		
Federal <i>(Note 12)</i>	29,912,221	19,341,803
Donations	-	1,117,808
Fundraising <i>(Notes 11 and 13)</i>	11,754,239	12,669,764
Administration <i>(Note 12)</i>	2,208,395	1,301,928
Grants	892,871	2,704,053
Amortization of capital asset contributions <i>(Note 7)</i>	879,095	664,041
Training and education	159,378	643,014
Interest and other	136,777	230,492
Contributed volunteer services <i>(Note 14)</i>	109,826	55,090
Rental	-	35,335
	230,656,951	136,633,696
EXPENSES		
Food recovery and delivery:		
Food donations delivered to agencies <i>(Notes 10 and 17)</i>	184,604,149	97,870,368
Food Rescue App <i>(Notes 11 and 16)</i>	4,200,171	2,934,252
Other food delivery related costs <i>(Note 16)</i>	3,382,175	4,163,742
National food sharing program distributions:		
Federal <i>(Note 12)</i>	29,912,221	19,341,803
Donations	-	1,117,808
Communications and fundraising <i>(Note 16)</i>	3,620,607	2,107,991
Administration <i>(Note 15)</i>	2,525,238	1,679,440
Amortization of capital assets	953,651	723,175
Training and education <i>(Note 16)</i>	441,969	642,826
Food waste reduction research	234,489	293,112
Donated volunteer services <i>(Note 14)</i>	109,826	55,090
	229,984,496	130,929,607
EXCESS OF REVENUES OVER EXPENSES	\$ 672,455	\$ 5,704,089

See the accompanying notes to these financial statements

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

**Statement of Cash Flows
Year Ended August 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 672,455	\$ 5,704,089
Items not affecting cash:		
Food donations	(184,604,149)	(97,870,368)
Food donations delivered to agencies	184,604,149	97,870,368
Contributed volunteer services	(109,826)	(55,090)
Donated volunteer services	109,826	55,090
Amortization of capital asset contributions	(879,095)	(664,041)
Amortization of capital assets	953,651	723,175
Gain on disposal of capital assets	(4,000)	(27,000)
Food donations inventory	1,197,584	260,119
Deferred contributions - food donations	(1,197,584)	(260,119)
	<u>743,011</u>	<u>5,736,223</u>
Changes in non-cash working capital:		
Accounts receivable	94,931	(273,984)
Prepaid expenses	(7,035)	39,753
Accounts payable and accrued liabilities	224,569	(357,319)
Deferred contributions	(156,048)	(11,891,216)
	<u>156,417</u>	<u>(12,482,766)</u>
Cash flows from (used by) operating activities	<u>899,428</u>	<u>(6,746,543)</u>
INVESTING ACTIVITIES		
Decrease (increase) in short-term investments	(3,013,866)	54,156
Purchase of capital assets, net	(4,128,767)	(4,573,116)
Cash flows used by investing activities	<u>(7,142,633)</u>	<u>(4,518,960)</u>
FINANCING ACTIVITY		
Contributions received for capital asset purchases and cash flows from financing activities	<u>1,248,056</u>	<u>4,567,965</u>
DECREASE IN CASH	(4,995,149)	(6,697,538)
CASH - BEGINNING OF YEAR	<u>17,775,631</u>	<u>24,473,169</u>
CASH - END OF YEAR	<u>\$ 12,780,482</u>	<u>\$ 17,775,631</u>

See the accompanying notes to these financial statements

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Notes to Financial Statements

Year Ended August 31, 2022

Second Harvest Canada | Deuxième Récolte Canada (the "Organization") was incorporated without share capital as a not-for-profit organization under the laws of the Province of Ontario on April 18, 1985. On July 14, 2020, the Organization completed registration in all Provinces and Territories in Canada as an extraprovincial and extraterritorial non-share corporation under each Province's and Territory's society or corporation act. On December 8, 2020, the Organization filed a Certificate of Continuation to continue under the Canada Not-For-Profit Corporations Act.

The primary purpose of the Organization is to redistribute to other not-for-profit service groups perishable food collected from donors, while at the same time keeping useable food out of landfills and protecting the atmosphere from GHG emissions that are contributing to climate change.

The Organization is a registered charity under the Income Tax Act (Canada) and, as such, it is exempt from income taxes and may issue receipts for charitable donations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions, including grants, contributions, fundraising, training and education revenues. Restricted contributions are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions 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 are incurred.

Contributions received for the purchase of capital assets are initially deferred and then amortized as revenues on the same basis as the related capital assets are amortized.

Interest revenues are recognized in the year earned.

Administration revenues include amounts earned to facilitate the national food sharing and are recognized over the term of the respective contracts.

Food donations are recognized as revenues and expenses when delivered to supported agencies by the Organization. Food donations are valued at an average price per pound based on specific estimates of the types of donated food received. The price per pound is based on Nielsen MarketTrack data for each specific type of food.

Contributed volunteers hours are valued at the minimum hourly wage per Ontario Living Wage Network and are recognized as services are provided.

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 amortized cost include cash, accounts receivable and accounts payable.

Short-term investments are measured at cost plus accrued interest.

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

Impairment of financial instruments

Financial assets, measured at cost or amortized cost, are tested for impairment if there are indications of possible impairment. 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 any write down or reversal is recognized in excess of revenues over expenses.

Food donation inventory

Food donation inventory represents rescued food items that have not yet been redistributed as of year end. These amounts are valued at the average price per pound for each category of donated food on hand, based on the Nielsen MarketTrack data.

Capital assets

Capital assets are stated at cost. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Building - 120 The East Mall	25 years	straight-line method
Delivery trucks	5 years	straight-line method
Furniture and equipment	3 years	straight-line method
Building improvements	5 years - 20 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items.

Impairment of long-lived assets

Long-lived assets, comprising of 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 sum of undiscounted cash flows resulting from its use and eventual disposition.

Allocation of salaries and benefits and occupancy expenses

The Organization allocates salaries and benefits and occupancy costs by financial statement expense category based on the percentage of time spent and space used in a given year *(Note 16)*.

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, at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are reviewed periodically and adjustments are reported in excess of revenues and expenses in the year they become known. Such estimates include determining the useful lives of capital assets, year-end accrued liabilities, and the specific quantities and value of donated food by type when valuing food donations revenues and expenses.

Management utilizes estimates in determining the quantity of food received from certain donors, due to the similarity in the regular assortment of food donations received. These estimates are reviewed against management's tracking of actual items received over a period of time, to ensure reasonability. Similarly, management estimates the amounts of donated food provided to individual donees with the aim of reaching as many recipients as possible each year. Finally, estimates are used in assessing the dollar value of both food donations received and delivered, using a third party valuation report.

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Notes to Financial Statements

Year Ended August 31, 2022

2. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. It is management's opinion that the Organization is not exposed to significant credit, liquidity, market and other price risks or any significant concentrations of risk arising from its financial instruments.

3. CASH AND SHORT-TERM INVESTMENTS

A portion of cash and short-term investments are externally restricted by donors as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted cash and short-term investments (<i>Note 9</i>)	\$ 11,727,336	\$ 10,716,460
Restricted funds:		
Unspent capital contributions (<i>Note 7</i>)	1,050,632	3,886,743
Food delivery programs (<i>Note 6</i>)	1,889,404	2,349,205
Food Rescue App (<i>Note 6</i>)	295,710	813,841
National Food Sharing Program (<i>Notes 6 and 12</i>)	1,066,884	245,000
Total cash and short-term investments	<u>\$ 16,029,966</u>	<u>\$ 18,011,249</u>

Unspent capital contributions are funds designated for the purchase of delivery trucks.

Contributions for food delivery programs that are restricted for specific purposes by the contributor and unspent at the end of the fiscal year, are recorded in deferred contributions.

Contributions for the Food Rescue App require funds to be used for the online distribution platform that facilitates the exchange of food between registered businesses and non-profit or charitable organizations.

4. SHORT-TERM INVESTMENTS

Short-term investments are comprised of fixed rate guaranteed investment certificates ("GICs") held with a Canadian Chartered Bank. These are insured by the Canada Deposit Insurance Corporation up to \$100,000 per GIC. The GICs have an interest rate of 0.77% - 2.15% (0.8% - 2021) and mature between September 2022 to July 2023 (2021 - September 2021).

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Building - 120 The East Mall	\$ 6,025,973	\$ 622,684	\$ 5,403,289	\$ 5,630,841
Building improvements	8,425,404	320,749	8,104,655	-
Land	1,550,879	-	1,550,879	1,550,879
Delivery trucks	2,598,488	1,681,452	917,036	1,054,860
Furniture and equipment	313,417	231,905	81,512	137,422
Assets not in use	-	-	-	4,504,253
	<u>\$ 18,914,161</u>	<u>\$ 2,856,790</u>	<u>\$ 16,057,371</u>	<u>\$ 12,878,255</u>

In fiscal 2021, assets not in use included building improvements, and furniture and equipment for the operating premise located at 120 The East Mall in Toronto. These amounts were funded by the capital contributions outlined in Notes 7. Planned improvements were completed and assets were in use in fiscal 2022.

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Notes to Financial Statements

Year Ended August 31, 2022

6. DEFERRED CONTRIBUTIONS

	Food Rescue App	Food Delivery (Note 10)	National Food Sharing Program (Note 12)	2022	2021
Deferred contributions, beginning of year	\$ 813,841	\$ 2,349,205	\$ 245,000	\$ 3,408,046	\$ 15,299,262
Contributions received in the year	576,910	2,803,957	32,942,500	36,323,367	14,147,603
Contributions recognized as revenues	<u>(1,095,041)</u>	<u>(3,263,758)</u>	<u>(32,120,616)</u>	<u>(36,479,415)</u>	<u>(26,038,819)</u>
Deferred contributions, end of year (Note 3)	<u>\$ 295,710</u>	<u>\$ 1,889,404</u>	<u>\$ 1,066,884</u>	<u>\$ 3,251,998</u>	<u>\$ 3,408,046</u>

7. DEFERRED CAPITAL ASSET CONTRIBUTIONS

Deferred capital asset contributions include restricted funds received for the purchase of delivery trucks, warehouse equipment and building improvements broken down as follows:

	<u>2022</u>	<u>2021</u>
Invested in capital assets described above	\$ 14,395,027	\$ 11,189,955
Unspent contributions restricted for future capital purchases (Note 3):		
Equipment and delivery trucks	1,050,632	886,930
Building improvements	<u>-</u>	<u>2,999,813</u>
	<u>\$ 15,445,659</u>	<u>\$ 15,076,698</u>

The continuity of deferred capital asset contributions for the year is as follows:

Deferred capital asset contributions - beginning of year	\$ 15,076,698	\$ 11,172,774
Add: Capital asset contributions received	1,248,056	4,567,965
Less: Capital asset contributions amortized to revenues	<u>(879,095)</u>	<u>(664,041)</u>
Deferred capital assets contributions - end of year	<u>\$ 15,445,659</u>	<u>\$ 15,076,698</u>

8. CREDIT FACILITY

The Organization has a revolving operating line of credit of \$700,000, which bears interest at the bank prime rate plus 1%. It is secured by a general assignment of assets. At August 31, 2022, the balance of the operating line of credit is \$Nil (2021 - \$Nil).

In addition, the Organization has a credit facility for standby letters of credit to a maximum of \$78,878 of which \$Nil was utilized at August 31, 2022 (2021 - \$Nil). The credit amount bears interest at 1% per annum.

9. INTERNALLY RESTRICTED RESERVES

The Organization's Board of Directors (the "Board") has established and maintains internally restricted reserves funds, as follows:

Operating reserve

This reserve provides an internal source of funds for situations such as unforeseen increases in expenses, one-time unbudgeted costs, unexpected loss of funding, or uninsured losses. At August 31, 2022, the Board approved a transfer of \$270,000 (2021 - \$5,100,000) from unrestricted net assets to the operating reserve.

Building and capital asset reserve

This reserve provides a ready source of funds for major repairs, expansion, or acquisition of new buildings, leaseholds, furniture, fixtures, trucks, and equipment necessary for the effective operation of the Organization and its programs. At August 31, 2022, the Board approved a transfer of \$100,000 (2021 - \$200,000) from unrestricted net assets to this reserve.

Opportunity reserve

This reserve provides funds to meet unique targets of opportunity or need that furthers the mission of the Organization. The opportunity reserve is also intended to provide a source of internal funds for organizational capacity building such as staff development, research and development, or investment in infrastructure that will build long-term capability. At August 31, 2022, the Board approved a transfer of \$300,000 (2021 - \$200,000) from unrestricted net assets to this reserve.

The above reserves are supported by cash and short-term investments (Note 3).

10. FOOD DONATIONS

In fiscal 2022, approximately 53,350,000 pounds of food were recovered and delivered to agencies (2021 - 32,200,000 pounds). The average price per pound for each category of donated food ranges from \$0.71 to \$8.01 (2021 - \$0.65 to \$7.09). The value of food donations received and the related deliveries are recorded in the Statement of Financial Position and the Statement of Operations.

Included in the food donation amount above is 24,500,000 pounds (2021 - 9,960,000 pounds) of food rescued through the Organization's online channel, "Food Rescue App" (Note 11). This represents a value of \$84,700,000 (2021 - \$30,377,622).

The Organization utilizes a third-party supported software in combination with various internal processes to oversee the tracking of food donations. During fiscal 2022, additional processes were implemented that will allow enhanced reporting on food rescue details.

11. FOOD RESCUE APP

The primary purpose of the Food Rescue App (formerly Foodrescue.ca) is to enhance and maintain the use of the online distribution platform developed by the Organization to facilitate the exchange of food between registered businesses and non-profit or charitable organizations.

Fundraising revenues from foundations and corporations were utilized to fund these expenses.

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Notes to Financial Statements

Year Ended August 31, 2022

12. NATIONAL FOOD SHARING PROGRAM - FEDERAL FUNDING

The Organization received funding from the Ministry of Agriculture and Agri-Food of Canada (the "Ministry") for the following programs:

	<u>2022</u>	<u>2021</u>
Emergency Food Security Fund	\$ 29,912,221	\$ 8,455,000
Surplus Food Rescue Program	-	10,268,971
Local Food Infrastructure Fund	-	617,832
	<u>\$ 29,912,221</u>	<u>\$ 19,341,803</u>

The Emergency Food Security Fund program was created as a result of the funding received, as part of the Organization's response to the global COVID-19 pandemic. The intention of this program is to ensure that all people across Canada are able to access a sufficient amount of safe, nutritious, and culturally diverse food during this challenging time. The Organization allocates this fund in the form of grants to third party organizations operating independently. In addition, these funds were used to purchase and distribute produce to organizations in need. Included in deferred contributions is \$1,066,884 (2021 - \$245,000) of which \$250,273 (2021 - \$Nil) relates to grants to be disbursed to third parties, and \$816,611 (2021 - \$245,000) to be used to complete the final reporting requirements for the grant in fiscal 2023 (Notes 3 and 6).

Administration revenues include \$2,208,395 (2021 - \$1,201,928) received to coordinate this program, in accordance with contractual program terms.

The funding agreements require the Organization to contribute a total of \$1,435,000 (2021 - \$16,645,000) in support of eligible costs of these programs. This contribution was achieved through food donations described in Note 10.

The Organization utilizes a series of processes to conduct the review of program funding applications, provide approvals, and to maintain control over the disbursement of program funds. In addition, recipients of the program funds are required to report to the Organization on the use of funding and demonstrate the achievement of their objectives as outlined in their approved program funding applications.

13. FUNDRAISING

Fundraising revenues recognized in the year were from the following sources:

	<u>2022</u>	<u>2021</u>
Donations from:		
Foundations	\$ 4,549,248	\$ 5,691,560
Corporations	2,962,840	3,248,439
Individuals	2,675,790	2,487,288
Campaigns	506,557	451,528
Third-party fundraising events	53,663	122,009
Special events	-	668,940
Toronto Taste event proceeds	<u>1,006,141</u>	<u>-</u>
	<u>\$ 11,754,239</u>	<u>\$ 12,669,764</u>

Campaign donations are collected during the Turkey and Hero Day drives. Third-party events are events run by local organizations where the designated recipient of the funds raised is the Organization.

SECOND HARVEST CANADA | DEUXIÈME RÉCOLTE CANADA

Notes to Financial Statements

Year Ended August 31, 2022

14. CONTRIBUTED VOLUNTEER SERVICES

Approximately 4,974 hours were donated to the Organization during fiscal 2022 (2021 - 2,495 hours). The minimum hourly wage per Ontario Living Wage Network used for 2022 was \$22.08 (2021 - \$22.08). The value of these donated services is recorded on the Statement of Operations.

15. PENSION

The Organization enrolled in the OPSEU pension plan program, OPTrust Select commencing in 2022. OPTrust Select was created in 2018 to provide a defined benefit pension plan program to employers in Ontario's Broader Public Sector, charitable and non profit organizations that operate in Ontario. At the last reported year end of the fund at December 31, 2021, the fund had a surplus of \$164 million.

The Plan was established in 1994 to provide pension benefits for employees of the Province of Ontario in bargaining units represented by the Ontario Public Service Employees Union ("OPSEU") and certain other bargaining units and employers.

As this is a multi-employer plan, this pension plan is accounted for using the standards for defined contribution plans.

Included in administration costs during the year is a pension expense of \$42,771 (2021 - \$Nil) relating to a defined benefit pension plan with the Ontario Public Service Employees' Union Pension Plan ("the Plan").

16. COST ALLOCATION

Certain staff and occupancy-related costs pertain to more than one function, and they have been allocated to communications and fundraising, food recovery and delivery, Food Rescue App and training and education in the Statement of Operations. Staff time is allocated based on the time devoted to each of these functions. Occupancy-related costs are allocated based on the proportionate use of space or the activities in the department. These expenses have been allocated as follows:

	<u>2022</u>	<u>2021</u>
Salaries and benefits		
Food Rescue App	\$ 2,229,295	\$ 1,392,037
Food recovery and delivery	2,205,007	2,224,822
Communications and fundraising	2,033,022	1,208,088
Training and education	98,991	165,519
	<u>\$ 6,566,315</u>	<u>\$ 4,990,466</u>
General expenses		
Training and education	\$ 205,159	\$ 180,747
Food recovery and delivery	45,664	85,389
	<u>\$ 250,823</u>	<u>\$ 266,136</u>

17. COMPARATIVE FIGURES

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