

FREDERICTON COMMUNITY SERVICES INC.

Financial Statements

Year Ended December 31, 2024

FREDERICTON COMMUNITY SERVICES INC.

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Year Ended December 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Fredericton Community Services Inc.

Qualified Opinion

We have audited the financial statements of Fredericton Community Services Inc. (the Organization), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets, revenues and expenditures and cash flow 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, 2024, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from the general public in the form of donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2024, current assets and net assets as at December 31, 2024. Also, inventory of certain food and supplies on hand at the end of the year has not been recorded nor been subject to satisfactory audit procedures. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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.

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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.

Teed Saunders Doyle

Fredericton, New Brunswick
August 19, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS

FREDERICTON COMMUNITY SERVICES INC.

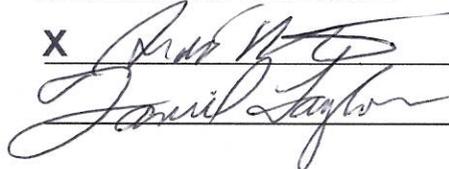
Statement of Financial Position

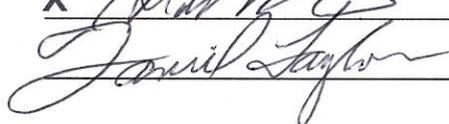
December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 4)</i>	\$ 634,689	\$ 1,203,734
Cash and investments <i>(Note 5)</i>	3,399,843	807,261
Accounts receivable	132,259	626,843
Inventory <i>(Note 6)</i>	771,882	848,061
Government remittances recoverable	182,921	38,603
Prepaid expenses <i>(Note 7)</i>	868,496	48,514
	5,990,090	3,573,016
PROPERTY AND EQUIPMENT <i>(Note 8)</i>	2,060,427	1,089,463
INTANGIBLE ASSETS <i>(Note 9)</i>	55,801	54,479
	\$ 8,106,318	\$ 4,716,958
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 67,893	\$ 77,899
DEFERRED CONTRIBUTIONS <i>(Note 12)</i>	4,204,744	1,295,000
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT <i>(Note 13)</i>	738,834	256,863
	5,011,471	1,629,762
NET ASSETS		
Unrestricted	1,689,006	2,151,510
Invested in Property and Equipment <i>(Note 11)</i>	1,321,593	832,600
Restricted <i>(Note 14)</i>	84,248	103,086
	3,094,847	3,087,196
	\$ 8,106,318	\$ 4,716,958

LEASE COMMITMENTS *(Note 17)*

ON BEHALF OF THE BOARD

X  Director

 Director

FREDERICTON COMMUNITY SERVICES INC.

Statement of Changes in Net Assets

Year Ended December 31, 2024

	Unrestricted	Invested in Property and Equipment <i>(Note 11)</i>	Restricted <i>(Note 14)</i>	2024 Total	2023 Total
NET ASSETS - BEGINNING OF YEAR	\$ 2,151,510	\$ 832,600	\$ 103,086	\$ 3,087,196	\$ 2,384,945
EXCESS OF REVENUE OVER EXPENSES	85,346	(58,857)	(18,838)	7,651	702,251
PURCHASE OF PROPERTY AND EQUIPMENT	(1,051,718)	1,051,718	-	-	-
ADDITIONS OF DEFERRED CONTRIBUTIONS	503,868	(503,868)	-	-	-
NET ASSETS - END OF YEAR	\$ 1,689,006	\$ 1,321,593	\$ 84,248	\$ 3,094,847	\$ 3,087,196

FREDERICTON COMMUNITY SERVICES INC.

Statement of Revenues and Expenditures

Year Ended December 31, 2024

	2024	2023
REVENUE		
Food in kind <i>(Note 6)</i>	\$ 2,728,964	\$ 2,334,007
Community donations	1,151,780	1,010,843
Investment income	176,504	78,816
Web donations	117,226	108,204
Government grants	66,510	98,990
Non-food donations in kind	49,823	12,121
CBC Feed a Family	48,768	56,169
In-kind donations	16,833	7,292
After the bell grant	5,040	4,200
	<u>4,361,448</u>	<u>3,710,642</u>
EXPENSES		
Advertising and promotion	33,965	61,696
Building operations and maintenance	88,003	88,983
Christmas program	78,026	65,037
Food and client resources	633,765	465,902
Food in kind <i>(Note 6)</i>	2,805,143	1,576,401
Insurance	8,384	8,359
Non-food gifts in kind	49,823	13,321
Office	65,553	62,501
Professional fees	21,009	268,947
Salaries and wages	472,539	494,076
Telephone	7,771	7,309
Vehicle	12,121	14,349
	<u>4,276,102</u>	<u>3,126,881</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>85,346</u>	<u>583,761</u>
OTHER INCOME (EXPENSES) - RESTRICTED		
Restricted revenues <i>(Schedule 1)</i>	688,635	411,976
Restricted expenses <i>(Schedule 1)</i>	<u>(707,473)</u>	<u>(236,565)</u>
	<u>(18,838)</u>	<u>175,411</u>
	<u>66,508</u>	<u>759,172</u>
OTHER EXPENSES (INCOME) - INVESTED IN PROPERTY AND EQUIPMENT		
Amortization	80,754	73,859
Amortization of deferred contributions	<u>(21,897)</u>	<u>(16,938)</u>
	<u>58,857</u>	<u>56,921</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 7,651</u>	<u>\$ 702,251</u>

FREDERICTON COMMUNITY SERVICES INC.

Statement of Cash Flow

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 7,651	\$ 702,251
Items not affecting cash:		
Amortization	80,754	73,859
Amortization of deferred contributions	<u>(21,897)</u>	<u>(16,939)</u>
	<u>66,508</u>	<u>759,171</u>
Changes in non-cash working capital:		
Accounts receivable	494,584	(536,642)
Government remittances	(144,318)	(9,098)
Inventory	76,179	(757,606)
Accounts payable	(10,006)	(53,150)
Prepaid expenses	<u>(819,982)</u>	<u>(29,267)</u>
	<u>(403,543)</u>	<u>(1,385,763)</u>
	<u>(337,035)</u>	<u>(626,592)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,051,718)	(72,344)
Repayment of mortgage receivable	-	10,978
Addition to intangible assets	(1,322)	(16,778)
Purchase of marketable securities	<u>(2,592,582)</u>	<u>55,530</u>
	<u>(3,645,622)</u>	<u>(22,614)</u>
FINANCING ACTIVITIES		
Deferred contributions received	3,292,524	1,295,000
Deferred contributions related to property and equipment received	<u>121,088</u>	<u>131,000</u>
	<u>3,413,612</u>	<u>1,426,000</u>
INCREASE (DECREASE) IN CASH FLOW	(569,045)	776,794
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,203,734</u>	<u>426,940</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 634,689</u>	<u>\$ 1,203,734</u>

FREDERICTON COMMUNITY SERVICES INC.

Notes to Financial Statements

Year Ended December 31, 2024

1. PURPOSE OF ORGANIZATION

Fredericton Community Services Inc. is an organization whose primary purposes are as follows:

- a) To aid those who are in need of food.
- b) To help those who are in need of adequate clothing.
- c) To provide education in the areas of health, personal financial management and other areas of community needs with the intention of helping those in need towards self-sufficiency.
- d) To provide contact with other organizations in areas of mental health and spiritual and emotional care.
- e) To be available to help in times of natural disaster.

Fredericton Community Services Inc. is a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash and cash equivalents

The organization considers cash on hand, short-term deposits and balances with banks, net of overdrafts, and gift cards as cash and cash equivalents. Bank borrowings are considered to be financing activities.

Investments

Marketable securities are reported at fair value using quoted market prices with changes in fair value recognized as unrealized gains or losses in net income. Transaction costs related to the purchase of investments are charged immediately to net income.

Inventory

Inventory consists of food and is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. The determination of the value is calculated using an industry specific rate per pound of \$4.125/lb (2023 - \$3.91/lb).

Intangible assets

Intangible assets will be amortized on a straight-line basis over their estimated useful lives once the software development is complete and the software is in use.

(continues)

FREDERICTON COMMUNITY SERVICES INC.

Notes to Financial Statements

Year Ended December 31, 2024

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

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Land improvements	8%
Buildings	4%
Equipment	20%
Motor vehicles	30%
Computer equipment	30%
Furniture and fixtures	20%
Leasehold improvements	4%
Sign	20%

The organization regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Grants from government and other sources

Revenue from restricted grants received is recognized when the related expenses are incurred. Unrestricted grants are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Deferred capital contributions are amortized and taken into income at the same rate as the underlying asset purchased.

Donations

Revenue from restricted donations received is recognized when the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Deferred capital contributions are amortized and taken into income at the same rate as the underlying asset purchased.

Gifts in Kind

Donated food is recognized at the time the food is distributed to clients and is valued on Food Bank Canada's food valuation metric. Donated supplies include non-food items donated (primarily clothing boutique items and school supplies) and are valued on an item-by-item basis with supporting documentation such as receipts or current replacement costs.

Services

The organization's services are generally provided based upon orders or contracts with its customers that include fixed or determinable prices based upon monthly, daily, hourly or job rates. Revenue is recognized over the term of the contract as the services are provided. Services primarily include the revenues from sales, room rentals, classes and catering.

Investment income

Income from investments includes interest, dividends, and changes in fair value recognized as realized or unrealized gains or losses in net income. Income for interest, dividends and realized gains or losses is recorded as it is earned and unrealized gains and losses are adjusted for at the end of each reporting period.

Measurement uncertainty

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.

FREDERICTON COMMUNITY SERVICES INC.

**Notes to Financial Statements
Year Ended December 31, 2024**

3. 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. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2024.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its clients and other related sources, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The organization does not use derivative instruments to reduce its exposure to foreign currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in marketable securities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

4. CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
Cash	\$ 615,910	\$ 1,191,122
Gift cards	18,779	12,612
	<u>\$ 634,689</u>	<u>\$ 1,203,734</u>

5. CASH AND INVESTMENTS

Funds are invested as per the Organization's investment policy as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,682,609	\$ 145,502
Fixed income	362,408	358,545
Equity	354,826	303,214
	<u>\$ 3,399,843</u>	<u>\$ 807,261</u>

FREDERICTON COMMUNITY SERVICES INC.

Notes to Financial Statements

Year Ended December 31, 2024

6. INVENTORY AND FOOD IN KIND

Inventory consists of donated food and is broken out below:

	2024	2023
Value of food donated during the year	\$ 2,728,964	\$ 2,334,007
Food inventory at beginning of year	848,061	90,455
Food inventory at end of year	(771,882)	(848,061)
Inventory recognized as an expense during the year	\$ 2,805,143	\$ 1,576,401

7. PREPAID EXPENSES

	2024	2023
Equipment deposits	\$ 850,598	\$ -
Other	7,857	34,456
Payroll	10,041	14,058
	\$ 868,496	\$ 48,514

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Assets under construction	\$ 618,659	\$ -	\$ 618,659	\$ -
Land	158,000	-	158,000	158,000
Land improvements	31,690	7,343	24,347	23,234
Buildings	1,437,818	355,607	1,082,211	738,300
Equipment	347,693	198,764	148,929	147,293
Motor vehicles	75,159	69,176	5,983	8,548
Computer equipment	18,836	11,593	7,243	6,040
Furniture and fixtures	5,652	565	5,087	-
Leasehold improvements	6,875	1,152	5,723	5,961
Sign	16,974	12,729	4,245	2,087
	\$ 2,717,356	\$ 656,929	\$ 2,060,427	\$ 1,089,463

During the year the organization did not dispose of any property and equipment.

9. INTANGIBLE ASSETS

	2024	2023
Meals Made Simple	\$ 55,801	\$ 54,479
Accumulated amortization	-	-
	\$ 55,801	\$ 54,479

The organization is developing a meal planning, menu and budgeting app designed to help clients and community members to take control of their food needs. As at December 31, 2024 the project was in the development phase, as such no amortization has been taken to date.

FREDERICTON COMMUNITY SERVICES INC.

Notes to Financial Statements

Year Ended December 31, 2024

10. DESCRIPTION OF NET ASSETS

(a) Unrestricted

Unrestricted includes the operating activities of the Organization.

(b) Invested in Capital Assets

Invested in Capital Assets includes the Organization's capital assets, less any related capital funding.

(c) Restricted

Restricted includes activities related to special projects.

11. INVESTED IN PROPERTY AND EQUIPMENT

	<u>2024</u>	<u>2023</u>
Property and equipment	\$ 2,060,427	\$ 1,089,463
Deferred contributions related to property and equipment (Note 13)	<u>(738,834)</u>	<u>(256,863)</u>
	<u>\$ 1,321,593</u>	<u>\$ 832,600</u>

12. DEFERRED CONTRIBUTIONS

Deferred contributions are funding received during the year from the THRIVE Campaign fundraising initiatives. The funds received will be used for future costs, such as building renovations, building construction, and ongoing operating costs. As these costs are incurred the deferred contributions will be recognized as revenue or transferred to deferred contributions related to property and equipment based on the corresponding expense or property and equipment purchase.

13. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 256,863	\$ 142,801
Additions	<u>503,868</u>	131,000
	760,731	273,801
Amortization	<u>(21,897)</u>	(16,938)
Balance, end of year	<u>\$ 738,834</u>	<u>\$ 256,863</u>

Deferred contributions relate to restricted funding and donations received for the purchase of new equipment, fencing, the costs of renovations, and capital expenditures related to the THRIVE campaign. Deferred contributions are amortized into income on the same basis as the assets to which they relate.

FREDERICTON COMMUNITY SERVICES INC.

**Notes to Financial Statements
Year Ended December 31, 2024**

14. RESTRICTED NET ASSETS (DEFICIT) - SPECIAL PROJECTS

	Opening balance	Excess (deficiency) of revenue over expenses	Capital expenditures/ other transfers	Closing balance
Angel Tree	\$ 36,477	\$ (8,313)	\$ -	\$ 28,164
Clothing boutique	251,157	20,399	-	271,556
Collective teaching	(205,741)	(28,260)	-	(234,001)
Community gardens	32,469	(4,773)	-	27,696
School supplies	(11,276)	2,109	-	(9,167)
	<u>\$ 103,086</u>	<u>\$ (18,838)</u>	<u>\$ -</u>	<u>\$ 84,248</u>

15. GOVERNMENT ASSISTANCE

Fredericton Community Services Inc. received wage subsidies of \$72,927 (2023 - \$73,415) from the Province of New Brunswick - S.E.E.D. and Workforce expansion programs and \$41,222 (2023 - \$13,407) from the Government of Canada. These amounts have been recorded as a reduction of salaries and wages expense in the financial statements.

16. DONATED GOODS AND SERVICES

Fredericton Community Services Inc. receives donations of goods and services from the community which are passed on to persons in need or utilized in the operations of the organization. The organization has adopted a policy of accounting for goods and services for which "gift-in-kind" donation receipts are issued. Due to the difficulty in valuing non-receipted goods and services, these have not all been recorded in the records of the organization.

17. LEASE COMMITMENTS

The organization has entered into a lease agreement for additional premises. Monthly lease payments are \$1,265 per month. The lease expires September 31, 2025.

Contractual obligation repayment schedule:

2025	<u>\$ 11,385</u>
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18. COMPARATIVE FIGURES

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

FREDERICTON COMMUNITY SERVICES INC.

Other Income and Expenses - Restricted

(Schedule 1)

Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUES		
Angel Tree	\$ 34,233	\$ 33,626
Capital campaign - Thrive	445,071	183,575
Clothing sales - boutique	160,961	160,855
Collective teaching	32,657	20,798
Community garden	2,921	982
School supplies	12,792	12,140
	<u>688,635</u>	<u>411,976</u>
EXPENSES		
Angel Tree	42,546	21,307
Capital campaign - Thrive	445,071	3,893
Boutique expenses	140,562	135,084
Collective teaching	60,917	56,572
Community garden	7,694	4,895
School supplies	10,683	14,814
	<u>707,473</u>	<u>236,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (18,838)</u>	<u>\$ 175,411</u>