

Neighbour to Neighbour Centre (Hamilton)

Financial Statements

Year ended March 31, 2025

DRAFT

Independent Auditor's Report

To the Board of Directors of Neighbour to Neighbour Centre (Hamilton)

Opinion

We have audited the financial statements of Neighbour to Neighbour Centre (Hamilton) (the "Organization"), which comprise the statement of financial position as at March 31, 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, the accompanying financial statements present fairly, in all material respects, the financial position of Neighbour to Neighbour Centre (Hamilton) as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1, Basis of Accounting.

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.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization to meet its established financial reporting requirements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Organization and its Board of Directors and as such may not be suitable for use by other parties.

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 the basis of accounting described in Note 1, 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.

Independent Auditor's Report, continued

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 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.

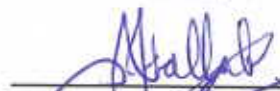
Neighbour to Neighbour Centre (Hamilton)

Statement of Financial Position

	March 31	
	2025	2024
Assets		
Current assets		
Cash	\$ 577,998	\$ 963,546
Short-term investments (Note 2)	763,502	1,124,087
Accounts receivable	148,085	122,816
HST receivable	39,369	31,099
Prepaid expenses and deposits (Note 3)	221,907	29,695
	<u>1,750,861</u>	<u>2,271,243</u>
Restricted cash	-	484,308
Long-term investments (Note 2)	912,434	-
Capital assets (Note 3)	805,929	872,431
	<u>\$ 3,469,224</u>	<u>\$ 3,627,982</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 226,317	\$ 77,787
Current portion of deferred revenue (Note 5)	396,951	587,767
	<u>623,268</u>	<u>665,554</u>
Deferred revenue (Note 5)	24,434	24,434
Deferred capital contributions (Note 6)	531,407	551,843
	<u>1,179,109</u>	<u>1,241,831</u>
Fund balances		
General Fund	105,180	186,002
Invested in Capital Assets (Note 7)	425,915	455,588
Capital Reserve Fund	908,724	908,724
Reserve fund	400,000	400,000
Bequest Fund	450,296	435,837
	<u>2,290,115</u>	<u>2,386,151</u>
	<u>\$ 3,469,224</u>	<u>\$ 3,627,982</u>

See accompanying notes to the financial statements.

APPROVED BY THE BOARD:

 Director

 Director

Neighbour to Neighbour Centre (Hamilton)

Statement of Operations

	Year ended March 31	
	2025	2024
Revenues		
Gifts in Kind (Note 9)	\$ 4,120,578	\$ 3,714,061
Donations - unrestricted	810,953	929,499
Donations - restricted	702,390	486,494
Fundraising events	336,007	372,223
Grants - Municipal	331,149	323,817
Grants - other	231,542	289,950
Interest and other income (Note 2)	86,480	52,422
Utility subsidy programs	73,908	59,973
Grants - Federal	66,856	113,629
Sale of books and cards	55,028	64,628
Grants - Provincial	31,667	-
Bequests	14,459	58,888
	<u>6,861,017</u>	<u>6,465,584</u>
Expenditures		
Emergency food (Note 9)	4,542,801	4,109,218
Community food centre	817,264	724,904
Administration	408,909	502,038
Marketing and development	405,709	406,991
Family services	204,279	176,364
Education	191,015	185,632
Volunteer services	184,425	79,658
Buildings and grounds	156,536	117,938
	<u>6,910,938</u>	<u>6,302,743</u>
(Deficiency) excess of revenues over expenditures from operations	<u>(49,921)</u>	<u>162,841</u>
Other income (expenses)		
Amortization of deferred capital contributions	118,275	123,543
Amortization	(162,481)	(169,844)
Loss on disposal of capital assets	(1,909)	-
	<u>(46,115)</u>	<u>(46,301)</u>
(Deficiency) excess of revenues over expenditures for the year	<u>\$ (96,036)</u>	<u>\$ 116,540</u>

See accompanying notes to the financial statements.

Neighbour to Neighbour Centre (Hamilton)

Statement of Changes in Net Assets

For the year ended March 31, 2025

	General Fund	Invested in Capital Assets	Capital Reserve Fund	Reserve Fund	Bequest Fund	Total
Balance at beginning of the year	\$ 186,002	\$ 455,588	\$ 908,724	\$ 400,000	\$ 435,837	\$ 2,386,151
Deficiency of revenues over expenditures	(49,921)	(46,115)	-	-	-	(96,036)
Investment in capital assets (Note 7)	(16,442)	16,442	-	-	-	-
Fund transfers (Note 8)	(14,459)	-	-	-	14,459	-
Balance at end of the year	\$ 105,180	\$ 425,915	\$ 908,724	\$ 400,000	\$ 450,296	\$ 2,290,115

For the year ended March 31, 2024

	General Fund	Invested in Capital Assets	Capital Reserve Fund	Reserve Fund	Bequest Fund	Total
Balance at beginning of the year	\$ 181,360	\$ 477,578	\$ 833,724	\$ 400,000	\$ 376,949	\$ 2,269,611
Excess (deficiency) of revenues over expenditures	162,841	(46,301)	-	-	-	116,540
Investment in capital assets (Note 7)	(24,311)	24,311	-	-	-	-
Fund transfers (Note 8)	(133,888)	-	75,000	-	58,888	-
Balance at end of the year	\$ 186,002	\$ 455,588	\$ 908,724	\$ 400,000	\$ 435,837	\$ 2,386,151

See accompanying notes to the financial statements.

Neighbour to Neighbour Centre (Hamilton)

Statement of Cash Flows

	Year ended March 31	
	2025	2024
Cash flows from (used in) operating activities		
(Deficiency) excess of revenues over expenditures for the year	\$ (96,036)	\$ 116,540
Items not involving cash		
Amortization	162,481	169,844
Amortization of deferred capital contributions	(118,275)	(123,543)
Loss on disposal of capital assets	1,909	-
Accrued interest on short-term and long-term investments	(64,045)	(24,087)
	<u>(113,966)</u>	<u>138,754</u>
Net change in non-cash working capital balances relating to operations		
(Increase) decrease in accounts receivable	(25,269)	55,222
(Increase) decrease in HST receivable	(8,270)	2,992
(Increase) decrease in prepaid expenses	(192,212)	(441)
Increase (decrease) in accounts payable and accrued liabilities	148,530	(98,931)
Decrease in deferred revenue	(190,816)	(149,546)
	<u>(268,037)</u>	<u>(190,704)</u>
	<u>(382,003)</u>	<u>(51,950)</u>
Cash flows from (used in) investing activities		
Purchase of short-term investments	(752,330)	(1,100,000)
Purchase of long-term investments	(900,000)	-
Proceeds on maturity of short-term investments	1,164,526	-
Purchase of capital assets	(97,888)	(6,470)
	<u>(585,692)</u>	<u>(1,106,470)</u>
Cash flows used in financing activities		
Repayment of mortgage payable	-	(17,841)
Receipt of deferred capital contributions, net of transfers	97,839	135,000
	<u>97,839</u>	<u>117,159</u>
Net decrease in cash during the year	(869,856)	(1,041,261)
Cash at beginning of the year	1,447,854	2,489,115
Cash at end of the year	<u>\$ 577,998</u>	<u>\$ 1,447,854</u>
Cash consists of:		
Cash	\$ 577,998	\$ 963,546
Restricted cash	-	484,308
	<u>\$ 577,998</u>	<u>\$ 1,447,854</u>

See accompanying notes to the financial statements.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

Nature of operations

Neighbour to Neighbour Centre (Hamilton) (the "Organization") was founded in 1986 with the purpose to alleviate and prevent poverty by supporting neighbours at risk. The Organization was incorporated as a corporation without share capital by letters patent issued under the Ontario Corporation Act on June 26, 1997. The Organization is a registered Canadian charity and is therefore exempt from payment of income taxes as provided under the Income Tax Act.

1. Basis of accounting and significant accounting policies

These financial statements are prepared by management using Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook except that contributed food inventory held at year-end has not been recorded in the statement of financial position as required in Section 3032, Inventories held by not-for-profit organizations. Instead, food inventory has been expensed as received.

The Organization's significant accounting policies are as follows:

Cash

Cash includes cash on hand and held with financial institutions, net of outstanding cheques and deposits. Cash also includes cash equivalent investments with original maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk of change in their fair value.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	4% Straight-line
Building improvements	10% Straight-line
Cooler	7% Straight-line
Furniture and equipment	20% Straight-line
Computer equipment	33% Straight-line
Vehicles	20% Straight-line

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Expenditures for repairs and maintenance are charged to excess (deficiency) of revenues over expenditures as incurred.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

1. Basis of accounting and significant accounting policies, continued

Impairment of capital assets

Capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the capital assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Contributions from donations, bequests and fundraising events that are unrestricted are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions in the form of donations, grants, utility subsidies and other are recognized as revenue in the period in which the related expenses are incurred.

Externally restricted contributions for the purchase of property, equipment or other capital expenditures are initially deferred and amortized into revenue at a rate consistent with the amortization rate of the related capital asset.

Revenue from the sale of books and cards and interest and other income are recognized in the period in which they are earned.

Gifts in kind of contributed food is recognized as revenue when received.

Contributed goods and services

Volunteers contribute a significant amount of their time each year to the Organization. Due to the difficulty in determining the fair value, this contributed time and service is not recognized in the financial statements. Contributed goods and materials are only recognized when the asset is used in the normal course of the Organization's operations, would otherwise have been purchased and the fair value can be reasonably estimated.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

1. Basis of accounting and significant accounting policies, continued

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with principals of fund accounting. The Organization's available resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. The assets, liabilities and net assets of the Organization are reported in self-balancing funds as follows:

General Fund

The General Fund accounts for the Organization's unrestricted resources and revenue and expenses related to program delivery and administrative activities.

Capital Reserve Fund

The Capital Reserve Fund reports allocations from the General Fund that are internally restricted for the purpose of funding future capital repairs and replacements.

Reserve Fund

The Reserve Fund has been established as an internally restricted working capital reserve.

Bequest Fund

The Bequest Fund reports allocations from the General Fund of bequests received that are internally restricted for purposes to be specified at a future date.

Invested in Capital Assets

Invested in Capital Assets reports the assets, liabilities, revenue and expenses related to the Organization's capital assets. Invested in Capital Assets represents amounts invested in land, building, equipment and other capital assets net of accumulated amortization less deferred capital contributions and debt directly related to capital assets.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

1. Basis of accounting and significant accounting policies, continued

Financial instruments

(i) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures in the period incurred. The Organization has not elected to carry any financial instruments at fair value.

Financial assets measured at cost or amortized cost include cash and accounts receivable. The Organization carries guaranteed investment certificates in short-term and long-term investments at cost plus accrued interest, which approximates fair value.

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

1. Basis of accounting and significant accounting policies, continued

Financial instruments, continued

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in excess (deficiency) of revenues over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in excess (deficiency) of revenues over expenditures over the life of the instrument using the straight-line method.

Use of estimates

The preparation of financial statements in conformity with the basis of accounting 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 statement of financial position date and the reported amounts of revenues and expenses during the year. Significant items subject to estimates and assumptions include the valuation of gifts in kind and useful lives of capital assets. Actual results could differ from those estimates.

The amount recorded for gifts in kind is based on management's best estimate and notional valuation reports. This estimate is subject to measurement uncertainty, and the effect on the gifts in kind revenue and emergency food expense reported on the statement of operations could be significant.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

2. Short-term and long-term investments

	March 31	
	2025	2024
Guaranteed investment certificate with a principal investment of \$452,330, effective interest rate of 3.95% and maturing August 2025	\$ 459,002	\$ -
Guaranteed investment certificate with a principal investment of \$300,000, effective interest rate of 4.00% and maturing November 2025	304,500	-
Guaranteed investment certificate with a principal investment of \$1,100,000, effective interest rate of 5.85% and matured November 2024	-	1,124,087
Short-term investment balance at end of the year	763,502	1,124,087
Guaranteed investment certificate with a principal investment of \$300,000, effective interest rate of 3.75% and maturing November 2026	304,219	-
Guaranteed investment certificate with a principal investment of \$300,000, effective interest rate of 3.65% and maturing November 2027	304,106	-
Guaranteed investment certificate with a principal investment of \$300,000, effective interest rate of 3.65% and maturing November 2028	304,109	-
Long-term investment balance at end of the year	912,434	-
	\$ 1,675,936	\$ 1,124,087

Accrued interest income included in the balances of guaranteed investment certificates (GICs) as at the year-end date totaled \$23,606 (2024 - \$24,087) and has been included in interest and other income on the statement of operations.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

3. Capital assets

	March 31			
	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Land	\$ 167,412	\$ -	\$ 167,412	\$ 167,412
Buildings	724,573	498,154	226,419	248,513
Leasehold improvements	730,043	588,214	141,829	210,891
Building improvements	191,967	68,590	123,377	106,531
Cooler	107,140	54,512	52,628	58,362
Furniture and equipment	206,727	159,981	46,746	69,644
Computer equipment	225,479	187,185	38,294	8,492
Vehicles	70,915	61,691	9,224	2,586
	<u>\$ 2,424,256</u>	<u>\$ 1,618,327</u>	<u>\$ 805,929</u>	<u>\$ 872,431</u>

Included in the year-end balance of vehicles are assets with a carrying amount of \$5,706 (2024 - \$Nil) which have not yet been amortized as they were not yet put to use as of the year-end date.

Included in prepaid expenses and deposits on the statement of financial position is a deposit of \$150,000 for a vehicle acquired in the subsequent fiscal year with a cost of approximately \$220,000.

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$9,928 (2024 - \$6,687), which includes amounts payable for payroll related taxes.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

5. Deferred revenue

Deferred revenue relates to expenses of future periods and is comprised of unspent externally restricted donations, grants and subsidies. The change in the deferred revenue balance is as follows:

	March 31	
	2025	2024
Balance at beginning of the year	\$ 612,201	\$ 761,747
Add: Received donations, grants and subsidies	214,621	96,267
Less: Amounts recognized as revenue during the year	(389,044)	(245,813)
Less: Amounts transferred to deferred capital contributions	(16,393)	-
Balance at end of the year	<u>\$ 421,385</u>	<u>\$ 612,201</u>

The balance of deferred revenue is comprised of the following:

	March 31	
	2025	2024
Current portion of deferred revenue	\$ 396,951	\$ 587,767
Long-term portion of deferred revenue	<u>24,434</u>	<u>24,434</u>
Balance at end of the year	<u>\$ 421,385</u>	<u>\$ 612,201</u>

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for capital expenditures. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The change in the balance of deferred capital contributions is as follows:

	March 31	
	2025	2024
Balance at beginning of the year	\$ 551,843	\$ 540,386
Add: Capital contributions received during the year	81,446	135,000
Add: Amounts transferred from deferred revenue	16,393	-
Less: Amortization of deferred capital contributions	(118,275)	(123,543)
	<u>\$ 531,407</u>	<u>\$ 551,843</u>

The balance of deferred capital contributions is comprised of the following:

	2025	2024
Unamortized capital contributions used to purchase capital assets	\$ 530,014	\$ 416,843
Unspent deferred capital contributions	<u>1,393</u>	<u>135,000</u>
	<u>\$ 531,407</u>	<u>\$ 551,843</u>

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

7. Invested in Capital Assets

(a) Invested in Capital Assets is determined as follows:

	March 31	
	2025	2024
Capital assets, net of accumulated amortization	\$ 805,929	\$ 872,431
Unspent deferred capital contributions	1,393	135,000
Deposits on capital assets (Note 3)	150,000	-
Amounts financed by deferred capital contributions	(531,407)	(551,843)
	<u>\$ 425,915</u>	<u>\$ 455,588</u>

(b) Change in net assets Invested in Capital Assets is determined as follows:

	2025	2024
Amortization of deferred capital contributions	\$ 118,275	\$ 123,543
Amortization	(162,481)	(169,844)
Loss on disposal of capital assets	(1,909)	-
Deficiency of revenues over expenditures	(46,115)	(46,301)
Purchase of capital assets internally financed	16,442	6,470
Repayment of mortgage payable	-	17,841
Interfund transfers and other changes	16,442	24,311
Change in net assets Invested in Capital Assets	<u>\$ (29,673)</u>	<u>\$ (21,990)</u>

8. Fund transfers

During the year, the Board approved transfers of \$14,459 (2024 - \$58,888) from the General Fund to the Bequest Fund and \$Nil (2024 - \$75,000) from the General Fund to the Capital Reserve Fund.

Neighbour to Neighbour Centre (Hamilton)

Notes to Financial Statements

March 31, 2025

9. Contributed food

Contributions of food have been estimated at an approximate fair value of \$4,068,934 (2024 - \$3,645,488), based on an average price per pound of \$3.52 (2024 - \$3.52) based on the Food Banks of Canada national valuation standard most recently updated in June 2023. In 2025, management estimates that approximately 1,155,193 (2024 - 1,035,650) pounds of food were received and distributed. These amounts are included in gifts in kind revenue with an offsetting amount in emergency food expense on the statement of operations.

10. Financial instruments risks and uncertainties

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization's financial instrument that is primarily exposed to credit risk is accounts receivable. There has been no change to the risk exposure from 2024.

(b) Interest rate risk

Interest rate risk is the risk that the Organization has exposure to changes in the interest rates which could effect its future cash flows or the fair values of its financial instruments. The Organization is exposed to interest rate risk on its fixed interest rate investments. Fixed interest rate investments subject the Organization to fair value risk since fair value fluctuates inversely to changes in market interest rates. The Organization's primary objective is to ensure the security of principal amounts invested and provide a high degree of liquidity, while achieving a satisfactory return. The Organization does not deem its risk associated with interest rates to be significant.