

FINANCIAL STATEMENTS OF

CLARINGTON EAST ECONOMIC SUPPORT
(operating as Clarington East Food Bank)

December 31, 2025

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of
Clarington East Economic Support

We have reviewed the accompanying financial statements of Clarington East Economic Support (operating as Clarington East Food Bank) that comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Clarington East Economic Support derives revenue from donations and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we consider necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Clarington East Economic Support. Therefore, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, current assets, and net assets for the year ended December 31, 2025. As noted in the Other Matter paragraph, the qualified conclusion on the financial statements for the year ended December 31, 2024, was modified accordingly because of the possible effects of this limitation of scope.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Clarington East Economic Support as at December 31, 2025, 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.

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Other Matter

The financial statements of Clarington East Economic Support for the year ended December 31, 2024 were reviewed by another practitioner who expressed a qualified conclusion on those financial statements on August 15, 2025 for the reasons described in the Basis for Qualified Conclusion paragraph.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Courtice, Ontario
May 20, 2026

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)

STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	2025	2024
	\$	\$
ASSETS		
Current assets		
Cash	189,564	121,898
Short term investments (note 4)	300,633	289,369
Accounts receivable	3,977	-
Inventory	49,416	25,793
Gift cards donated	12,083	15,517
Harmonized sales taxes recoverable	1,207	2,874
Prepaid expenditures	10,480	11,897
	<u>567,360</u>	<u>467,348</u>
Tangible capital assets (note 5)	<u>31,331</u>	<u>21,849</u>
	<u>598,691</u>	<u>489,197</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	8,499	9,447
Employer source deductions payable	1,291	852
	<u>9,790</u>	<u>10,299</u>
Deferred capital contributions (note 6)	<u>21,924</u>	<u>14,700</u>
	<u>31,714</u>	<u>24,999</u>
Net assets (note 7)	<u>566,977</u>	<u>464,198</u>
	<u>598,691</u>	<u>489,197</u>

Approved on behalf of the Board

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)
STATEMENT OF CHANGES IN NET ASSETS
 For the year ended December 31, 2025

	Total 2025 \$	Total 2024 \$
Balance - beginning of year		
As previously stated	478,898	449,907
Prior period adjustment (note 2)	(14,700)	-
As restated	464,198	449,907
Excess of revenue over expenditures for the year	102,779	14,291
Balance - end of year	566,977	464,198

The accompanying notes are an integral part of these financial statements



CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)

STATEMENT OF OPERATIONS

For the year ended December 31, 2025

	2025	2024
	\$	\$
Revenue		
Donations	293,398	259,681
Food donations	256,741	272,121
Fundraising	11,959	5,467
Grant contributions	2,777	19,753
	564,875	557,022
Expenditures		
Donated food	233,117	272,121
Food purchases	91,205	113,893
Salaries and wages	57,562	57,161
Rent	30,400	30,000
Professional fees	14,410	16,186
Office and general	9,557	7,622
Dues and fees	6,082	5,150
Amortization	5,909	2,428
Utilities	5,062	8,282
Repairs and maintenance	4,319	4,229
Training	4,262	2,203
Program expenditures	4,207	27,068
Insurance	3,002	2,101
Food transportation	2,310	2,235
Subcontract	1,667	1,958
Interest and bank charges	210	103
Advertising and promotion	79	102
	473,360	552,842
Excess of revenue over expenditures before undernoted item	91,515	4,180
Other income		
Interest income	11,264	10,111
Excess of revenue over expenditures for the year	102,779	14,291

The accompanying notes are an integral part of these financial statements

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025	2024
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess of revenue over expenditures for the year	102,779	14,291
Items not affecting cash		
Amortization of tangible capital assets	5,909	2,428
Amortization of deferred capital contributions (note 6)	(2,776)	(1,452)
Accrued interest on short term investments	(3,703)	(5,068)
	102,209	10,199
Change in non-cash working capital items		
Increase in accounts receivable	(3,977)	-
Decrease (increase) in inventory	(23,623)	11,277
Decrease (increase) in gift cards donated	3,434	(4,551)
Decrease (increase) in harmonized sales taxes recoverable	1,667	(2,375)
Decrease (increase) in prepaid expenditures	1,417	(6,866)
Increase (decrease) in accounts payable and accrued liabilities	(948)	1,538
Increase (decrease) in employer source deductions payable	439	(9,383)
	80,618	(161)
Investing activities		
Purchase of tangible capital assets	(15,391)	(24,277)
Redemption of short term investments	289,369	129,258
Purchase of short term investments	(296,930)	(284,301)
Deferred capital contributions	10,000	14,517
	(12,952)	(164,803)
Increase (decrease) in cash	67,666	(164,964)
Cash - beginning of year	121,898	286,862
Cash - end of year	189,564	121,898

The accompanying notes are an integral part of these financial statements

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. NATURE OF OPERATIONS

Clarington East Economic Support (operating as Clarington East Food Bank) ("the Organization") was incorporated under the laws of the Province of Ontario, as a not-for-profit organization, on November 20, 1995.

As a registered charity the Organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements of the Act.

The Organization's objective is to provide food and personal necessities to the residents of Clarington. This is accomplished through solicitation, purchase and distribution of food to those in need via volunteers that serve clients.

Historically funding has been derived through contributions and grants from members of the public, corporations, government and charitable foundations.

2. RESTATEMENT OF PRIOR YEAR FIGURES

During the year, management identified an error in the accounting treatment of certain grant funding received for the acquisition of capital assets in prior periods. In the prior years, this funding was recognized directly as revenue upon receipt. Under ASNPO 4410 - Contributions, these grants meet the definition of restricted contributions for capital purposes and should have been recorded as deferred capital contributions and recognized in revenue over the useful life of the related capital assets, consistent with the amortization of those assets.

Accordingly, the prior year comparative financial statements have been restated to correct these errors.

	Previously reported \$	Error correction \$	As restated \$
Statement of Financial Position			
As at December 31, 2024			
Deferred capital contributions	-	14,700	14,700
Net assets	478,898	(14,700)	464,198
Statement of Operations			
Year ended December 31, 2024			
Grant contributions	34,453	(14,700)	19,753
Excess of revenues over expenditures	28,991	(14,700)	14,291

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

3. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations.

(a) *Tangible capital assets*

Tangible capital assets are recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rate is as follows:

Equipment	20%
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The Organization regularly reviews its tangible capital assets to eliminate obsolete items. Upon retirement or disposition of tangible capital assets, the capitalized cost and related accumulated amortization are removed from the balance sheet and any resulting gain or loss is recognized in the statement of operations.

(b) *Revenue recognition*

The Organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of capital assets are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related capital assets.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Gift cards received as donations are considered unrestricted contributions and recognized accordingly.

Donated food is recognized as revenue in the Statement of Operations when received. 70,533.19 pounds of donated food (2024 - 76,011.65) has been valued based on independently obtained, national standards recommended by Food Banks Canada at \$3.64 per pound (2024 - \$3.58). Management and the Board of Directors believe that this valuation is a reasonable reflection of fair market value.

Grants are recognized as income in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deferred contributions relates to grants received in advance for programs taking place in the next fiscal year for those which do not have a specific externally restricted fund established.

Interest income is accounted for as earned.

CLARINGTON EAST ECONOMIC SUPPORT

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) *Financial instruments*

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable and short term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(d) *Inventory*

Inventory is consists of food and is valued at national standard value recommended by Food Banks Canada on first in-first out basis.

(e) *Cloud computing arrangements*

The Organization applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are expensed as incurred.

(f) *Volunteer services*

Volunteers contribute time throughout the year to assist the food bank in carrying out its programs and services. Since these services are not purchased by the Organization, and a reasonable fair value cannot be estimated, they are not recorded in the financial statements.

(g) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenditures during the year. Actual results could differ from those estimates.

During the year ended December 31, 2025, the Organization implemented a new inventory management system designed to provide more accurate and timely tracking of inventory quantities, usage, and valuation. As a result of improved information obtained from this system, management revised its estimate of inventory valuation.

This change represents a change in accounting estimate, as additional information became available that affected management's assessment of inventory values. The change has been applied prospectively, in accordance with ASNPO Section 1506 - Accounting Changes.

CLARINGTON EAST ECONOMIC SUPPORT

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

4. SHORT TERM INVESTMENTS

	2025	2024
	\$	\$
Internally restricted		
CIBC GIC, bears interest at 2.70%, maturing July 7, 2026	24,009	23,220
DUCA GIC, bears interest at 3.05%, maturing December 3, 2026	115,496	-
	139,505	23,220
Unrestricted		
DUCA GIC, bears interest at 3.20%, maturing May 21, 2026	161,128	266,149
	300,633	289,369

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
	\$	\$	\$	\$
Equipment	39,668	8,337	31,331	21,849

6. DEFERRED CAPITAL CONTRIBUTIONS

	2025	2024
	\$	\$
Balance, beginning of year	14,700	1,635
Externally restricted capital contributions received	10,000	14,517
Amortization of deferred capital contributions to revenue	(2,776)	(1,452)
Balance, end of year	21,924	14,700

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

7. NET ASSETS

From time to time, the Board of Directors ("Directors") may internally restrict portions of unrestricted net assets to address potential emergencies, unforeseen financial shortfalls, or increased demand for services. These internally restricted amounts are not available for other purposes without the approval of the Directors and do not represent externally imposed restrictions. Internally restricted amounts continue to be invested and managed in accordance with the Organization's overall investment and risk management policies.

In 2025, the Directors have allocated \$139,505 (2024 - \$23,220) to the internally restricted fund. These funds are contained within two GICs shown in note 4 and generate a portion of the interest income. Interest income generated from the restricted funds is invested back into the GIC upon maturity, unless the Directors approve otherwise. In 2025, \$1,068 (2024 - \$906) of the total interest income is related to the internally restricted GICs.

8. LEASE COMMITMENTS

During the year, the Organization renewed a three year lease with respect to its premises. The lease expires on August 31, 2028, with no further option to renew.

The Organization's total commitment under the property lease agreement, exclusive of other occupancy costs, is as follows:

	\$
2026	31,616
2027	32,880
2028	22,496
	<hr/> 86,992

9. FINANCIAL INSTRUMENTS

(a) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. This risk includes the possibility that, as a result of operational cash flow requirements, the Organization will not have sufficient funds to settle a transaction on its due date, may be forced to sell financial assets at amounts less than their fair value, or may be unable to settle or recover a financial asset. Liquidity risk arises primarily from the Organization's accounts payable and accrued liabilities and lease commitments.

The Organization manages its liquidity risk by maintaining adequate cash balances and monitoring forecasted and actual cash flows. Cash funds are internally designated to support the sustainability of programmatic activities in alignment with its long-term strategic objectives.

CLARINGTON EAST ECONOMIC SUPPORT

(operating as Clarington East Food Bank)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

9. FINANCIAL INSTRUMENTS, continued

(b) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its cash, short term investments and accounts receivable.

Credit risk associated with cash and short term investments is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

With respect to accounts receivable, the Organization does not grant credit to its customers in the normal course of business and therefore normally does not have a risk with accounts receivable. In the current year, however, the Organization was owed amounts for an overpayment of expenditures in prior years, which resulted in an account receivable balance at year end.

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to this risk mainly in respect of its short term investments.

The Organization is exposed to interest rate risk through its short term investments of \$300,633 (2024 - \$289,369). The exposure level is low, as investments are in held in secured GICs with minimal risk of fluctuation.

10. COMPARATIVE FIGURES

Certain figures in the 2024 financial statements have been reclassified to conform with the basis of presentation used in 2025.