

**FINANCIAL STATEMENTS OF
THE SEASONED SPOON CAFE INC.**

August 31, 2023

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Baker Tilly KDN LLP
272 Charlotte Street
Peterborough, ON
K9J 2V4

D: 705.742.3418
F: 705.742.9775
peterborough@bakertilly.ca
www.bakertilly.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors and Members of
The Seasoned Spoon Cafe Inc.

We have reviewed the accompanying financial statements of The Seasoned Spoon Cafe Inc. that comprise the statement of financial position as at August 31, 2023 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.

Conclusion

Based on our review, 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 The Seasoned Spoon Cafe Inc. as at August 31, 2023, 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.

Other Matter

The financial statements of The Seasoned Spoon Cafe Inc. for the year ended August 31, 2022 were neither audited nor reviewed. Prior year figures have been included with these financial statements for comparative purposes only.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 5, 2024

ASSURANCE • TAX • ADVISORY

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THE SEASONED SPOON CAFE INC.
STATEMENT OF FINANCIAL POSITION
As at August 31, 2023

	2023	2022
	\$	\$
ASSETS		
Current assets		
Cash	49,494	77,653
Short term investment (note 3)	111,296	107,714
Accounts receivable (note 4)	29,417	41,946
Inventory (note 5)	6,072	5,155
Prepaid expenses	1,108	968
	197,387	233,436
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	13,443	13,780
Deferred revenue	837	-
	14,280	13,780
Long-term liabilities		
Canada Emergency Business Account (CEBA) (note 7)	40,000	40,000
	54,280	53,780
Net Assets		
Operating Fund	94,509	132,427
Rainy Day Fund	48,598	47,229
	143,107	179,656
	197,387	233,436

Approved on behalf of the Board

_____ Directors

_____ Directors

The accompanying notes are an integral part of these financial statements

THE SEASONED SPOON CAFE INC.
STATEMENT OF CHANGES IN NET ASSETS
For the year ended August 31, 2023

	Operating Fund \$	Rainy Day Fund \$	Total 2023 \$	Total 2022 \$
Balance - beginning of year	132,427	47,229	179,656	164,442
Excess (deficiency) of revenues over expenses for the year	(37,918)	1,369	(36,549)	15,214
Balance - end of year	94,509	48,598	143,107	179,656

The accompanying notes are an integral part of these financial statements

THE SEASONED SPOON CAFE INC.

STATEMENT OF OPERATIONS

For the year ended August 31, 2023

	2023	2022
	\$	\$
Revenues		
Food	65,192	49,914
Catering	10,842	3,823
Baked goods	8,732	4,954
Beverage	5,689	3,867
Merchandise	956	334
	<u>91,411</u>	<u>62,892</u>
Cost of sales		
Food	19,295	14,039
Beverage	3,469	2,684
Baked goods	2,324	705
	<u>25,088</u>	<u>17,428</u>
Gross profit	<u>66,323</u>	<u>45,464</u>
Expenses		
Wages and benefits	235,754	170,281
Professional fees	11,914	6,858
Office	8,474	7,232
Repairs and maintenance	3,328	4,531
Insurance	1,741	1,834
Advertising and events	3,527	2,780
Interest and bank charges	557	633
Donations	160	-
Bad debts	-	49
	<u>265,455</u>	<u>194,198</u>
Deficiency of revenues over expenses before undernoted items	<u>(199,132)</u>	<u>(148,734)</u>
Other income		
Grants and subsidies	153,929	158,703
Membership income	4,460	3,373
Interest	3,582	1,219
Events	612	653
	<u>162,583</u>	<u>163,948</u>
Excess (deficiency) of revenues over expenses for the year	<u>(36,549)</u>	<u>15,214</u>

The accompanying notes are an integral part of these financial statements

THE SEASONED SPOON CAFE INC.
STATEMENT OF CASH FLOWS
For the year ended August 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	(36,549)	15,214
Change in non-cash working capital items		
Increase in short term investment	(3,582)	(6,468)
Decrease in accounts receivable	12,529	6,354
Increase in inventory	(917)	(480)
Increase in prepaid expenses	(140)	(45)
Increase (decrease) in accounts payable and accrued liabilities	(337)	4,941
Increase in deferred revenue	837	-
Increase (decrease) in cash	(28,159)	19,516
Cash - beginning of year	77,653	58,137
Cash - end of year	49,494	77,653

The accompanying notes are an integral part of these financial statements

THE SEASONED SPOON CAFE INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2023

1. NATURE OF OPERATIONS

The Seasoned Spoon Cafe Inc. was incorporated on December 3, 2008 without share capital under the provisions of the Ontario Business Corporations Act. Its primary activity as a not-for-profit organization is to provide healthy, ethically sourced meals to Trent students, along with educating the public on sustainable farming practices and other ecological matters as relate to agriculture.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

Revenue from the sale of goods is recognized when the goods have been accepted by the customer and reasonable assurance exists regarding the consideration to be received and ultimate collection.

Grants, subsidies and membership revenue are recognized as revenue in the period to which they relate.

(b) Contributed goods

During their harvest season, the Trent Vegetable Gardens contributes goods to the organization. While these goods benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed goods are not recognized in the financial statements.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(d) Tangible capital assets

The annual revenue of the organization is less than \$500,000 and, as a result, the organization is not required to record tangible capital assets and amortize the cost over the estimated useful life. Purchased tangible capital assets are recorded as expenditures in the statement of operations and changes in fund balances in the year of acquisition. The tangible capital assets of the organization are kitchen equipment and appliances.

THE SEASONED SPOON CAFE INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2023

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) *Fund accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the organization, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified.

These funds are classified as follows:

Revenue and expenditures for operations of the organization are reported in the operating fund.

Investments and the interest they earn are held and reported in the Rainy Day Fund. This fund is restricted by the Board of Directors to be a source of funding for general operations should other sources of income be reduced. The Board has set standards for what would constitute an acceptable reduction in income.

(f) *Management estimates*

The preparation of financial statements in accordance 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, inventory provisions; allowance for doubtful accounts; and grants and subsidies. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

THE SEASONED SPOON CAFE INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2023

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(g) *Financial instruments*

(i) *Measurement of financial instruments*

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and CEBA loan payable.

Financial assets measured at cost plus accrued interest include short-term investments.

(ii) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income.

THE SEASONED SPOON CAFE INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2023

3. SHORT TERM INVESTMENT

Short term investments consist of:

	2023 \$	2022 \$
GIC, interest at 2.25% maturing August 4, 2024	24,670	-
GIC, interest at 4.75% maturing April 27, 2024	20,968	-
GIC, interest at 4.75% maturing April 27, 2024	20,968	-
GIC, interest at 4.00% maturing August 25, 2024	20,763	-
GIC, interest at 4.00% maturing August 4, 2024	7,546	-
GIC, interest at 4.75% maturing April 27, 2024	5,551	-
GIC, interest at 4.75% maturing April 27, 2024	5,551	-
GIC, interest at 4.75% maturing December 14, 2023	5,279	-
GIC, interest at 1.85% maturing June 25, 2023	-	20,305
GIC, interest at 2.55% maturing April 27, 2023	-	20,294
GIC, interest at 2.55% maturing April 27, 2023	-	20,294
GIC, interest at 4.10% maturing August 4, 2023	-	7,249
GIC, interest at 4.10% maturing August 4, 2023	-	5,933
GIC, interest at 4.10% maturing August 4, 2023	-	5,933
GIC, interest at 4.10% maturing August 4, 2023	-	5,933
GIC, interest at 4.10% maturing August 4, 2023	-	5,933
GIC, interest at 4.10% maturing August 4, 2023	-	5,933
GIC, interest at 2.55% maturing April 27, 2023	-	5,373
GIC, interest at 2.55% maturing April 27, 2023	-	5,373
GIC, interest at 0.75% maturing December 14, 2022	-	5,094
	111,296	107,714

4. ACCOUNTS RECEIVABLE

	2023 \$	2022 \$
Trent Vegetable Garden	28,078	20,066
Trent University	1,227	17,380
Receiver General	112	-
Eco - Canada	-	4,500
	29,417	41,946

THE SEASONED SPOON CAFE INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2023

5. **INVENTORY**

	2023	2022
	\$	\$
Food	5,218	4,595
Beverage	854	560
	6,072	5,155

6. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2023	2022
	\$	\$
Accrued liabilities	5,759	7,283
Professional development fund	3,000	2,990
Source deduction payable	2,951	2,010
Trade payables	1,108	591
VISA payable	316	618
Gift certificates	309	288
	13,443	13,780

7. **CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)**

The amount of \$40,000 represents the unforgivable balance of the \$60,000 interest-free loan received under the Government of Canada COVID response programs. 33% of the loan will be eligible for loan forgiveness, up to \$20,000, if the loan is fully repaid on or before January 18, 2024. The \$20,000 forgivable portion was recognized as revenue in a prior year. The loan has been fully repaid subsequent to the year-end date and prior to January 18, 2024.