

FOOD4KIDS ONTARIO

FINANCIAL STATEMENTS

AUGUST 31, 2021



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To the Directors of
Food4Kids Ontario

Qualified Opinion

We have audited the accompanying financial statements of Food4Kids Ontario, which comprise the statement of financial position as at August 31, 2021, 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, except for the 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 August 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we are not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenditures and cash flows from operations for the years ended August 31, 2021 and 2020, current assets as at August 31, 2021 and 2020 and net assets at August 31, 2021 and 2020 and September 1, 2020 and 2019. Our audit opinion on the financial statements for the year ended August 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

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 AUDITORS' REPORT (Continued)

Auditor's Responsibility 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.

Paylor Leibow LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Hamilton, Ontario
December 1, 2021

FOOD4KIDS ONTARIO**STATEMENT OF FINANCIAL POSITION**

	2021	2020
	\$	\$
ASSETS		
CURRENT		
Cash	83,029	178,975
Short-term investments (Note 4)	300,000	100,000
Prepaid expenses	16,950	-
	399,979	278,975
LIABILITY		
CURRENT		
Accounts payable and accrued liabilities	8,452	6,157
NET ASSETS	391,527	272,818
	399,979	278,975

(See accompanying Notes to Financial Statements)

ON BEHALF OF THE BOARD:

_____ Director

_____ Director

FOOD4KIDS ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

Year ended August 31

	2021	2020
	\$	\$
NET ASSETS (NET DEFICIENCY), BEGINNING OF YEAR	272,818	93,666
EXCESS OF REVENUES OVER EXPENDITURES	118,709	179,152
NET ASSETS, END OF YEAR	391,527	272,818

(See accompanying Notes to Financial Statements)

FOOD4KIDS ONTARIO**STATEMENT OF OPERATIONS***Year ended August 31*

	2021	2020
	\$	\$
DONATION REVENUE		
Donations	1,075,070	818,384
Government Grants	-	13,054
	1,075,070	831,438
EXPENDITURES		
Bank charges	126	557
Funds to partner agencies (Note 6)	807,290	551,849
Insurance	1,639	1,656
Marketing, promotion and fundraising	52,175	20,662
Office and general	13,013	6,560
Professional fees	8,436	6,741
Rent	3,000	3,000
Travel	919	722
Wages and benefits	69,763	60,539
	956,361	652,286
EXCESS OF REVENUES OVER EXPENDITURES	118,709	179,152

(See accompanying Notes to Financial Statements)

FOOD4KIDS ONTARIO**STATEMENT OF CASH FLOWS***Year ended August 31*

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	118,709	179,152
Changes in non-cash working capital (Note 5)	(14,655)	539
	104,054	179,691
INVESTING ACTIVITY		
Increase in short-term investments	(200,000)	(100,000)
INCREASE (DECREASE) IN CASH	(95,946)	79,691
CASH, BEGINNING OF YEAR	178,975	99,284
CASH, END OF YEAR	83,029	178,975

(See accompanying Notes to Financial Statements)

NOTES TO FINANCIAL STATEMENTS

1. PURPOSE OF ORGANIZATION

Year ended August 31, 2021

The purpose of this organization is to oversee the development of new and emerging Food4Kids programs within Ontario, provide resource and support to existing Food4Kids programs in Ontario and develop and execute accountabilities for partner agencies that includes program implementation and best practices, financial management, metrics and evidence-based outcome as well as community outreach and engagement.

Food4Kids Ontario was incorporated and commenced operations on September 28, 2016, without share capital, under the Ontario Business Corporations Act as a not-for-profit organization and is a Canadian registered charity under the Income Tax Act and is exempt from income taxes.

2. COVID-19

The outbreak of the Coronavirus Disease 2019 (“COVID-19”) has spread across the globe and is impacting worldwide economic activity. Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from COVID-19. The Organization continues to operate and navigate the challenges created by the pandemic. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on operations cannot be reasonably estimated at this time.

3. SIGNIFICANT ACCOUNTING POLICIES

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

FINANCIAL INSTRUMENTS

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.

Financial assets measured at amortized cost include cash and short-term investments.

Financial assets include accounts payable and accrued liabilities.

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 excess of revenues over expenditures. The write down reflects the difference between the carrying amount and the higher of:

NOTES TO FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FINANCIAL INSTRUMENTS (Continued)

Year ended August 31, 2021

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenue over expenditures up to the amount of the previously recognized impairment.

REVENUE RECOGNITION

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. 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.

CONTRIBUTED SERVICES

Volunteers contribute their time during the year to assist Food4Kids Ontario in carrying out its administrative activities. However, because of the difficulty of determining the exact number of volunteer hours and their fair value, contributed services are not recognized in the financial statements.

4. SHORT-TERM INVESTMENT

The short-term investments bear interest at 1% and 1.5% and mature on August 31, 2022 and November 23, 2022 respectively.

5. CHANGES IN NON-CASH WORKING CAPITAL

	2021 \$	2020 \$
Prepaid expenses	(16,950)	-
Accounts payable and accrued liabilities	2,295	539
	(14,655)	539

NOTES TO FINANCIAL STATEMENTS

6. FUNDS TO PARTNER AGENCIES

Year ended August 31, 2021

During the year, the Organization provided resources to assist partner agencies in the implementation of Food4Kids locations in other geographic locations. These entities are separate organizations from Food4Kids Ontario.