

# **FOOD4KIDS HALTON**

Financial Statements  
For the year ended August 31, 2023  
and Independent Auditor's Report to the Board of Directors

**FOOD4KIDS HALTON**  
FINANCIAL STATEMENTS  
AUGUST 31, 2023

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CHARTERED  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Food4kids Halton:

### Qualified Opinion

We have audited the accompanying financial statements of Food4Kids Halton (the "Entity"), which comprise the statement of financial position as at August 31, 2023, and the statement of operations and changes in net assets and statement of 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 financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2023, 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 not-for-profit organizations, the Entity derives revenue from donations, in-kind donations, and fundraising activities 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donations, in-kind donations, and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at September 1 and August 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended August 31, 2022 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 Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity 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 in our audit 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

**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 judgement 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 Entity'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 '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 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.

*Durward Jones Barkwell + Company LLP*

**Durward Jones Barkwell & Company LLP**  
**Licensed Public Accountants**  
**Burlington, Ontario**  
**January 23, 2024**

**FOOD4KIDS HALTON**  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Donations	\$ 317,282	\$ 311,840
Fundraising	397,163	217,186
Grants	305,264	262,874
In-kind donations	100,317	109,522
	<u>1,120,026</u>	<u>901,422</u>
<b>EXPENDITURES</b>		
Administrative salaries	133,676	98,882
Advertising and promotion	6,230	4,898
Bank charges	8,453	7,131
Depreciation	5,406	4,780
Dues and fees	3,766	3,615
Fundraising	6,758	2,023
In-kind food costs	100,317	109,522
Insurance	2,258	2,328
Office supplies	12,665	12,055
Professional fees	12,191	19,355
Program costs	662,385	571,593
Rent - office	40,562	41,219
Travel	4,942	4,247
Utilities	4,817	4,471
	<u>1,004,426</u>	<u>886,119</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	115,600	15,303
<b>OTHER INCOME</b>	4,125	172
<b>EXCESS OF REVENUE OVER EXPENSES</b>	119,725	15,475
<b>NET ASSETS, BEGINNING OF YEAR</b>	465,659	450,184
<b>NET ASSETS, END OF YEAR</b>	\$ 585,384	\$ 465,659

The accompanying notes are an integral part of these financial statements.

**FOOD4KIDS HALTON**  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 381,350	\$ 211,229
Term deposits (Note 2)	234,840	230,715
Harmonized sales tax recoverable	9,820	9,511
Food inventory	11,041	34,237
Prepaid expenses	10,207	8,073
	<u>647,258</u>	493,765
<b>Equipment and leasehold improvements (Note 3)</b>	<u>10,744</u>	14,846
	<u>\$ 658,002</u>	<u>\$ 508,611</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 42,193	\$ 12,873
Current portion of deferred contributions	25,000	22,686
	<u>67,193</u>	35,559
<b>Long-term deferred contributions (Note 5)</b>	3,281	3,645
<b>Deferred lease inducement</b>	2,144	3,748
<b>Commitment (Note 6)</b>		
	<u>72,618</u>	42,952
<b>NET ASSETS</b>	<u>585,384</u>	465,659
	<u>\$ 658,002</u>	<u>\$ 508,611</u>

Approved by the Board:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

The accompanying notes are an integral part of these financial statements.

# FOOD4KIDS HALTON

STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 119,725	\$ 15,475
Depreciation, an item not affecting cash	5,406	4,780
	<u>125,131</u>	<u>20,255</u>
Changes in non-cash operating assets and liabilities		
Harmonized sales tax recoverable	(309)	5,366
Food inventory	23,196	(12,425)
Prepaid expenses	(2,134)	(2,182)
Accounts payable and accrued liabilities	29,321	(47)
Current portion of deferred contributions	2,314	(27,314)
Deferred lease inducement	(1,604)	(1,604)
	<u>175,915</u>	<u>(17,951)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on maturity of term deposits	230,715	30,420
Purchase of term deposits	(234,840)	(30,165)
Purchase of equipment and leasehold improvements	(1,669)	(4,472)
	<u>(5,794)</u>	<u>(4,217)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>170,121</b>	<b>(22,168)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>211,229</b>	<b>233,397</b>
<b>CASH, END OF YEAR</b>	<b>\$ 381,350</b>	<b>\$ 211,229</b>

The accompanying notes are an integral part of these financial statements.

# FOOD4KIDS HALTON

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED AUGUST 31, 2023

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#### 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### ***Basis of accounting***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

##### ***Nature of organization***

Food4Kids Halton was incorporated without share capital under the Ontario Business Corporations Act as a non-for-profit organization on February 23, 2018. The Entity became a Registered Charity effective September 1, 2018, and began its operations on September 1, 2018. The Entity's mission is to provide healthy food to elementary school students from at-risk, low-income or disadvantaged homes with limited or no food during weekend periods.

##### ***Revenue recognition***

The Entity follows the deferral method of accounting for donations and other contributions. Restricted donations are recognized as revenue in the year where 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.

Interest income is recognized as revenue when earned.

##### ***Food inventory***

Inventory consists of food inventory in the current year. Inventory was all received from in-kind donations and is valued at the time of donation. The cost of inventory is the cost of purchases and in-kind donation value. The amount of inventory expensed during the year was \$647,026 (2022 - \$583,540).

##### ***Equipment and leasehold improvements***

Equipment and leasehold improvements are recorded at acquisition cost. Leasehold improvements are being depreciated on a straight-line basis over a period of five years. Depreciation on the equipment is calculated using the diminishing-balance method at the following rates:

Equipment	20%
Computer equipment	55%

One-half the normal rate of depreciation is recorded in the year of acquisition.

##### ***Long-lived assets***

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.



**FOOD4KIDS HALTON**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

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**1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued**

***Financial instruments***

**(a) *Measurement of financial instruments***

**(i) *Initial measurement***

The Entity initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Entity 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. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Entity in the transaction.

**(ii) *Subsequent measurement***

The Entity subsequently measures all its financial assets and 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 income in the period incurred.

Financial assets measured at amortized cost include cash and term deposits.

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

**(b) *Transaction costs***

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

**(c) *Impairment***

For financial assets measured at cost or amortized cost, the Entity determines whether there are indications of possible impairment. When there are, and the Entity 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 income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no 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 income.

# FOOD4KIDS HALTON

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED AUGUST 31, 2023

#### 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued

##### ***Contributed services and materials***

Some of the work of the Entity is dependent on the services of volunteers. Since these services are not normally purchased by the Entity and because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials such as donated food supplies used in the normal course of operations that would have been purchased are recorded as in-kind food donations at their fair value at the date of contribution.

##### ***Goods and Services Tax - Harmonized Sales Tax***

As a registered charity, the Entity is eligible for the GST/HST Public Service Bodies' Rebate, which allows for a percentage of HST paid to be recovered.

##### ***Income taxes***

No provision for income taxes is required as the Entity is exempt from income taxes.

##### ***Use of estimates***

The preparation of financial statements in accordance with Canadian accounting standards for non-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as useful lives of equipment and leasehold improvements, impairment of long-lived assets, revenue recognition and accrued liabilities.

#### 2. TERM DEPOSITS

	<u>2023</u>	<u>2022</u>
Tandia GIC Term 1 - 1.50%, matured September, 2022	\$ -	\$ 100,000
Tandia GIC Term 2 - 1.50%, matured November, 2022	-	100,550
RBC - Redeemable GIC - 1.15%, matured May, 2023	-	30,165
Tandia GIC Term 4 - 4.20%, maturing October, 2023	<b>101,884</b>	-
Tandia GIC Term 7 - 4.75%, maturing June, 2024	<b>102,444</b>	-
RBC - Redeemable GIC - 2.75%, maturing May, 2024	<b>30,512</b>	-
	<b>\$ 234,840</b>	<b>\$ 230,715</b>

**FOOD4KIDS HALTON**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

**3. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

	2023		2022	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Equipment	\$ 5,197	\$ 1,515	\$ 5,197	\$ 1,050
Computer equipment	8,341	5,430	6,672	2,891
Leasehold improvements	13,837	9,686	13,837	6,919
	27,375	16,631	25,706	10,860
<b>Net book value</b>		<b>\$ 10,744</b>		<b>\$ 14,846</b>

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2023	2022
Credit card payable	\$ 28,026	\$ 1,315
Employee payroll deductions	5,167	4,558
Accrued liabilities	9,000	7,000
	<b>\$ 42,193</b>	<b>\$ 12,873</b>

**5. DEFERRED CONTRIBUTIONS**

Current deferred contributions represent unspent resources externally restricted for specific purposes that were received during the current year, that were not spent by year end. The change during the year represents funds received of \$25,000 and funds spent of \$23,050.

	2023	2022
Beginning balance	\$ 26,331	\$ 54,050
Add: Amounts received during the year	25,000	30,900
Less: Amounts spent during the year	(23,050)	(58,619)
	28,281	26,331
Less: Current portion of deferred contribution	(25,000)	(22,686)
Long-term deferred contribution	<b>\$ 3,281</b>	<b>\$ 3,645</b>

Long-term deferred contribution represents the in-kind donation of refrigeration equipment with a cost of \$4,500, donated by Food4Kids Ontario. At August 31, 2023, the net book value was \$3,281.

**FOOD4KIDS HALTON**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

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## 6. COMMITMENT

On September 25, 2019, the Entity entered into an agreement to lease property which expires December 31, 2024. The lease requires monthly payments of base rent plus common area expenses which started in January 2020.

Minimum lease payments under the lease are as follows:

Years ending August 31,	2024	\$ 21,596
	2025	<u>7,199</u>
		<u>\$ 28,795</u>

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## 7. FINANCIAL RISK MANAGEMENT

The Entity has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

It is management's opinion that the Entity is not exposed to significant interest rate risk, market risk, current risk, liquidity risk and credit risk arising from its financial instruments.

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## 8. IMPACT OF COVID-19

As the pandemic continues to evolve with the emergence of new variants, entities may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an entity's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting companies in different industries to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Entity for future periods.

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