FOOD4KIDS HALTON

Financial Statements
for the Year Ended August 31, 2019
and Independent Auditor's Report to the Shareholder

FOOD4KIDS HALTON
FINANCIAL STATEMENTS
AUGUST 31, 2019

CONTENTS

DJB CHARTERED PROFESSIONAL ACCOUNTANTS

DURWARD JONES BARKWELL
& COMPANY LLP

Big enough to know. SMALL ENOUGH TO CARE.

5045 South Service Road
Suite 300
Burlington, ON L7L 5Y7

T. 905.681.6900
TF. 866.407.5318
F. 905.681.6874

INDEPENDENT AUDITOR'S REPORT

To the 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, 2019 and the statements of operations and changes in net assets and 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 possible 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, 2019, 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.

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, 2019, current assets as at August 31, 2019, and net assets as at August 31 for the 2019 year.

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 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 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 Entity'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 Entity 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

January 2, 2020

FOOD4KIDS HALTON

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2019

REVENUES	
Donations	$ 107,691
Fundraising	260,303
Grants	94,885
In-kind donations	59,290
	522,169
EXPENSES	
Administrative salaries	65,367
Advertising and promotion	2,699
Bank charges	2,381
Dues and fees	1,014
Fundraising	14,293
In-kind food costs	59,290
Insurance	1,607
Office supplies	4,502
Professional fees	10,229
Program costs	252,132
Rent - office	9,426
Travel	6,536
Utilities	3,102
	432,578
EXCESS OF REVENUES OVER EXPENSES AND NET ASSETS, END OF YEAR	$ 89,591

FOOD4KIDS HALTON

STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS	
Current assets	
Cash	**$ 116,761**
Term deposit (Note 2)	**10,000**
Sales tax recoverable	**3,387**
	$ 130,148
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities (Note 3)	**$ 11,657**
Deferred contributions (Note 4)	**28,900**
	40,557
Commitment (Note 5)	
NET ASSETS	**89,591**
	$ 130,148

Approved by the Board:

.... Director .... Director

FOOD4KIDS HALTON

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2019

OPERATING ACTIVITIES	
Excess of revenues over expenses	**$ 89,591**
Changes in non-cash operating assets and liabilities	
Sales tax recoverable	**(3,387)**
Accounts payable and accrued liabilities	**11,657**
Deferred contributions	**28,900**
	126,761
INVESTING ACTIVITY	
Purchase of term deposit	**(10,000)**
INCREASE IN CASH AND CASH, END OF YEAR	**$ 116,761**

FOOD4KIDS HALTON

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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 not-for-profit organization on February 23, 2018. The Organization became a Registered Charity effective September 1, 2018, and began its operations on September 1, 2018. The Organization'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 Organization 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.

Financial instruments

(a) Measurement of financial instruments

The Company initially measures its financial assets and financial liabilities at their 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 attributed to the instrument.

The Company subsequently measures all its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

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

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

(b) 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 write-down reflects the difference between the carrying amount and the higher of:

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

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

FOOD4KIDS HALTON

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION - CONTINUED

Contributed services and materials
Some of the work of the Organization is dependent on the services of volunteers. Since these services are not normally purchased by the Organization 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 Organization is eligible for the GST/HST Public Service Bodies' Rebate, which allows for a percentage of HST paid to be recovered.

Income taxes
The Organization is exempt from corporate income taxes by virtue of section 149(1)(l) of the Income Tax Act as a not-for-profit organization except on investment income over $2,000.

Use of 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 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 impairment of long-lived assets, revenue recognition, and accrued liabilities.

2. TERM DEPOSIT

The term deposit was purchased to secure the credit card, which has a limit of $10,000. It earns interest at a rate of 1.427% per annum, and matures on April 11, 2020.

As at August 31, 2019, the credit card liability was $584.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable	
Credit card payable	**$ 584**
Employee payroll deductions	**4,073**
Accrued charges	**7,000**
	$ 11,657

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for specific purposes that were received during the current year, that were not spent by year end. As this was the first year of operations, the change during the year represents funds received of $28,900, which is also the ending balance.

FOOD4KIDS HALTON

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

5. COMMITMENT

On September 25, 2019, the Company entered into an agreement to lease property, which expires December 31, 2024. The lease requires monthly payments of $1,581 starting in October 2019. Minimum lease payments under the lease are as follows:

Years ending August 31,	2020	$ 17,389
	2021	19,873
	2022	20,325
	2023	21,172
	2024 and thereafter	28,795
		$ 107,554

6. FINANCIAL RISK MANAGEMENT

The Organization 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.

(a) 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 interest rate risk since changes in interest rates may impact the Organization's borrowing costs. The Organization does not use any derivative instrument to reduce its exposure to interest rate risk.

(b) Liquidity risk:
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization expects positive cash flows from operations in the coming year, which will be sufficient to fund requirements for 2020.

It is management's opinion that the Company is not exposed to significant currency risk, market risk, and credit risk arising from its financial instruments.