

**FOOD4KIDS NIAGARA
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

INDEPENDENT AUDITOR'S REPORT

To the Members of Food4Kids Niagara

Qualified Opinion

We have audited the financial statements of Food4Kids Niagara (the Organization), which comprise the statement of financial position as at August 31, 2023, and the statements of changes in net assets, revenues and expenditures 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 possible 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Additionally, the Organization distributes gift cards, the occurrence and timing of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues and expenditures was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, food expenses, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2023, current assets and net assets as at August 31, 2023.

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 Organization in accordance with 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

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Independent Auditor's Report to the Members of Food4Kids Niagara (*continued*)

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 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.

St. Catharines, Ontario
February 26, 2024

Bridgman & Durksen

**CHARTERED PROFESSIONAL ACCOUNTANTS
PROFESSIONAL CORPORATION**

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

FOOD4KIDS NIAGARA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 155,331	\$ 230,390
Term deposits	210,678	203,097
Harmonized sales tax recoverable	17,641	8,612
Food inventory	9,931	671
Gift cards	6,116	6,165
Prepaid expenses	3,485	3,988
	\$ 403,182	\$ 452,923
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,885	\$ 8,276
Employee deductions payable	1,985	5,568
Deferred donations (Note 3)	23,500	75,744
	35,370	89,588
NET ASSETS		
GENERAL FUND	217,812	213,335
RESTRICTED FUND (Note 2)	150,000	150,000
	367,812	363,335
	\$ 403,182	\$ 452,923

APPROVED BY THE DIRECTOR

_____ Director

FOOD4KIDS NIAGARA
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2023

	General Fund	Restricted Fund	2023	2022
NET ASSETS - beginning of year	\$ 213,335	\$ 150,000	\$ 363,335	\$ 322,784
Excess of revenues over expenditures	4,477	-	4,477	40,551
NET ASSETS - end of year	\$ 217,812	\$ 150,000	\$ 367,812	\$ 363,335

FOOD4KIDS NIAGARA
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED AUGUST 31, 2023

	2023	2022
REVENUES		
Donations and fundraising	\$ 363,634	\$ 375,407
In-kind contributions	34,983	34,918
Interest earned	7,581	1,982
	406,198	412,307
EXPENDITURES		
Food expenses	202,700	208,264
Salaries and wages	96,010	101,063
Vehicle (<i>Note 2</i>)	46,768	-
Rent and utilities	19,507	19,402
Professional fees	14,208	9,120
Fundraising	11,368	6,853
Office and general	4,478	20,375
Program equipment and supplies	2,625	3,995
Insurance	1,723	1,274
Telephone and internet	1,703	1,163
Memberships	631	247
	401,721	371,756
EXCESS OF REVENUES OVER EXPENDITURES	\$ 4,477	\$ 40,551

FOOD4KIDS NIAGARA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 4,477	\$ 40,551
Item not affecting cash:		
Interest earned	(7,581)	(1,982)
	(3,104)	38,569
Changes in non-cash working capital:		
Harmonized sales tax recoverable	(9,029)	(5,012)
Food inventory	(9,260)	2,471
Gift cards	49	835
Prepaid expenses	503	15,655
Accounts payable and accrued liabilities	1,609	523
Employee deductions payable	(3,583)	3,414
Deferred donations	(52,244)	(25,405)
	(71,955)	(7,519)
INCREASE (DECREASE) IN CASH	(75,059)	31,050
Cash - beginning of year	230,390	199,340
CASH - end of year	\$ 155,331	\$ 230,390

FOOD4KIDS NIAGARA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

1. PURPOSE OF THE ORGANIZATION

Food4Kids Niagara (the "organization") is a not-for-profit organization incorporated provincially under the Business Corporations Act of Ontario on May 30, 2017. As a registered charity the organization is exempt from the payment of income tax under Section 149(1)(f) of the Income Tax Act.

The Organization operates to provide packages of healthy food for kids aged 4-14 years with limited or no access to food each weekend.

The organization is a member agency of Food4Kids Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Food4Kids Niagara follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in Unrestricted Net Assets. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

The internally restricted Reserve Fund represents funds set aside as a way to mitigate any future fiscal uncertainties. The Reserve Fund recognizes transfers made to or from the Operating Fund.

Cash and cash equivalents

Cash is defined as cash in operating and savings bank accounts net of outstanding cheques and deposits, and gift cards on hand.

Food inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

Capital assets are recorded as expenses in the year they are acquired. During the year, the organization purchased a vehicle to be used for operations. The total cost of the vehicle amounted to \$46,768 net of refundable taxes. The organization received \$40,000 in total donations to put towards the vehicle purchase and the organization funded the remainder of the purchase price.

Donated services and materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements. Donated materials in-kind that would have otherwise been purchased are recorded at their fair value on the date of contribution.

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FOOD4KIDS NIAGARA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. DEFERRED DONATIONS

Deferred donations consists of donations received that are to be utilized in the following fiscal year.

	2023	2022
Balance, opening	\$ 75,744	\$ 101,149
Donations recognized during the year	(75,744)	(101,149)
Donations received for subsequent school year	23,500	75,744
Balance, closing	\$ 23,500	\$ 75,744

4. RELATED PARTY

	2023	2022
<u>Related party transactions</u>		
Food4Kids Ontario		
<i>The organization is a member agency of Food4Kids Ontario</i>		
Funds received and deferred to the following fiscal year	\$ 21,000	\$ 60,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. COMMITMENTS

The organization has committed to a lease for a period of three years ending on December 31, 2026. As at August 31, 2023, the commitment in respect to this lease is \$17,032 per annum, including HST. Property tax and other common expenses are in addition to the lease.

FOOD4KIDS NIAGARA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023

6. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of August 31, 2023.

Industry risk (donation risk)

The organization relies off the continued support from the community in donations and time for its operations.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.