

**FOOD4KIDS NIAGARA
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022**

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, 2022, 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, 2022, 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, 2022, current assets and net assets as at August 31, 2022.

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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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 27, 2023


**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, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 230,390	\$ 199,340
Term deposits	203,097	201,114
Harmonized sales tax recoverable	8,612	3,600
Food inventory	671	3,142
Gift cards	6,165	7,000
Prepaid expenses	3,988	19,643
	\$ 452,923	\$ 433,839
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,277	\$ 7,753
Employee deductions payable	5,568	2,154
Deferred donations (Note 3)	75,744	101,149
	89,589	111,056
NET ASSETS		
GENERAL FUND	213,334	172,783
RESTRICTED FUND (Note 2)	150,000	150,000
	363,334	322,783
	\$ 452,923	\$ 433,839

APPROVED BY THE DIRECTOR

_____ Director

FOOD4KIDS NIAGARA
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2022

	General Fund	Restricted Fund	2022	2021
NET ASSETS - beginning of year	\$ 172,783	\$ 150,000	\$ 322,783	\$ 241,721
Excess of revenues over expenditures	40,551	-	40,551	81,062
NET ASSETS - end of year	\$ 213,334	\$ 150,000	\$ 363,334	\$ 322,783

FOOD4KIDS NIAGARA
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED AUGUST 31, 2022

	2022	2021
REVENUES		
Donations and fundraising	\$ 375,407	\$ 315,218
In-kind contributions	34,918	48,239
Interest earned	1,982	1,747
	412,307	365,204
EXPENDITURES		
Food expenses	208,264	140,720
Salaries and wages	101,063	92,232
Office and general	20,375	6,861
Rent and utilities	19,402	18,668
Professional fees	9,120	9,485
Fundraising	6,853	7,407
Program equipment and supplies	3,995	5,600
Insurance	1,274	1,235
Telephone and internet	1,163	1,446
Memberships	247	488
	371,756	284,142
EXCESS OF REVENUES OVER EXPENDITURES	\$ 40,551	\$ 81,062

FOOD4KIDS NIAGARA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 40,551	\$ 81,062
Item not affecting cash:		
Interest earned	(1,982)	(1,747)
	38,569	79,315
Changes in non-cash working capital:		
Harmonized sales tax recoverable	(5,012)	1,878
Gift cards	835	2,926
Food inventory	2,471	(2,122)
Prepaid expenses	15,655	(16,607)
Accounts payable and accrued liabilities	523	2,520
Employee deductions payable	3,414	412
Deferred donations	(25,405)	97,149
	(7,519)	86,156
	31,050	165,471
INVESTING ACTIVITY		
Additions to term deposits	-	(48,000)
INCREASE IN CASH	31,050	117,471
Cash - beginning of year	199,340	81,869
CASH - end of year	\$ 230,390	\$ 199,340

FOOD4KIDS NIAGARA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

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 are invested in a Guaranteed Investment Certificate (GIC) as a way to mitigate any future fiscal uncertainties given the ongoing COVID-19 pandemic (Note 7). The Reserve Fund recognizes transfers made to or from the Operating Fund. The GIC is included within the balance of term deposits.

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.

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, 2022

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.

	2022	2021
Balance, opening	\$ 101,149	\$ 4,000
Donations recognized during the year	(101,149)	(4,000)
Donations received for subsequent school year	75,744	101,149
Balance, closing	\$ 75,744	\$ 101,149

4. RELATED PARTY

Related party transactions

Food4Kids Ontario

The organization is a member agency of Food4Kids Ontario

	2022	2021
Funds and gift cards received	\$ -	\$ 60,000
Funds received and deferred to 2023 fiscal year	60,000	100,000
	60,000	160,000
	\$ 60,000	\$ 160,000

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.

FOOD4KIDS NIAGARA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

5. COMMITMENTS

The organization has committed to a lease for a period of five years, ending on October 31, 2022. As at August 31, 2022, the commitment up to October 31, 2022 in respect to this lease is \$14,831 per annum, including HST. Property tax and other common expenses are in addition to the lease.

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, 2022.

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.

7. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to impact Canada and the world.

The Provincial Government has enacted certain restrictions for COVID-19 safety, therefore the Organization has continued to operate in an adjusted capacity, which includes the distribution of food gift cards to families.

The Board of Directors anticipates increased dependence on the organization's services, thus establishing a reserve fund in 2020 to help with the potential increase in expenses (Note 2).