

FOOD4KIDS HAMILTON

FINANCIAL STATEMENTS

AUGUST 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Directors of Food4Kids Hamilton

Qualified Opinion

We have audited the accompanying financial statements of Food4Kids Hamilton, which comprise the statement of financial position as at August 31, 2024, 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, 2024, 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 and fundraising revenues, excess of revenue over expenditures and cash flows from operations for the years ended August 31, 2024 and 2023, current assets at August 31, 2024 and 2023 and net assets as at September 1 and August 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended August 31, 2023 was modified accordingly because of the possible effects of this limitation 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.

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INDEPENDENT AUDITORS' REPORT (Continued)

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.

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.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

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

Licensed Public Accountants

Hamilton, Ontario
January 13, 2025

FOOD4KIDS HAMILTON
STATEMENT OF FINANCIAL POSITION

As at August 31

	2024	2023
	\$	\$
ASSETS		
CURRENT		
Cash	298,523	412,934
GIC investments (Note 3)	846,995	407,642
Grants receivable	4,600	-
HST receivable	17,024	4,852
Prepaid expenses	15,921	9,726
	1,183,063	835,154
GIC INVESTMENTS (Note 3)	-	406,986
CAPITAL ASSETS (Note 4)	42,120	4,276
	1,225,183	1,246,416
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	15,626	21,061
Deferred contributions	15,000	-
	30,626	21,061
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	37,520	-
	68,146	21,061
UNRESTRICTED NET ASSETS	1,157,037	1,225,355
	1,225,183	1,246,416

(See accompanying Notes to Financial Statements)

ON BEHALF OF THE BOARD:

_____ **Director**

_____ **Director**

FOOD4KIDS HAMILTON

STATEMENT OF CHANGES IN NET ASSETS

	<i>Year ended August 31</i>	
	2024	2023
	\$	\$
NET ASSETS, BEGINNING OF YEAR	1,225,355	1,166,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(68,318)	59,042
NET ASSETS, END OF YEAR	1,157,037	1,225,355

(See accompanying Notes to Financial Statements)

FOOD4KIDS HAMILTON

STATEMENT OF OPERATIONS

Year ended August 31

	2024	2023
	\$	\$
REVENUES		
Donations	634,098	549,802
Fundraising	209,744	419,139
Grants (including \$9,380 (2023 - \$Nil) amortization of deferred contributions relating to capital assets)	156,820	224,100
Interest income	36,820	25,888
In-kind food donations	-	2,827
Gain on sale of capital assets	-	2,150
	1,037,482	1,223,906
EXPENDITURES		
Amortization	11,468	2,917
Bank charges and interest	276	1,518
Fundraising	7,604	344
In-kind costs	-	2,827
Insurance	1,717	1,574
Office and general	4,199	13,755
Professional fees	14,135	14,146
Program costs	775,410	865,325
Promotion	5,723	10,086
Rent	46,069	46,536
Repairs and maintenance	5,184	4,578
Telephone and utilities	7,645	10,404
Travel	-	985
Wages and benefits	226,370	189,869
	1,105,800	1,164,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(68,318)	59,042

(See accompanying Notes to Financial Statements)

FOOD4KIDS HAMILTON
STATEMENT OF CASH FLOWS

Year ended August 31

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	(68,318)	59,042
Items not involving cash		
Amortization	11,468	2,917
Gain on sale of capital assets	-	(2,150)
Amortization of deferred capital contributions	(9,380)	-
	(66,230)	59,809
Changes in non-cash working capital (Note 6)	(28,402)	86,458
	(94,632)	146,267
FINANCING ACTIVITIES		
Increase in deferred contributions	15,000	-
Deferred capital contributions received	46,900	-
	61,900	-
INVESTING ACTIVITIES		
Increase in GIC investments	(32,367)	(422,877)
Purchase of capital assets	(49,312)	(1,800)
Proceeds on disposal of capital assets	-	4,000
	(81,679)	(420,677)
DECREASE IN CASH	(114,411)	(274,410)
CASH, BEGINNING OF YEAR	412,934	687,344
CASH, END OF YEAR	298,523	412,934

(See accompanying Notes to Financial Statements)

FOOD4KIDS HAMILTON**NOTES TO FINANCIAL STATEMENTS***Year ended August 31, 2024*

I. PURPOSE OF ORGANIZATION

The purpose of this organization is to provide packages of healthy food to elementary school students, kids aged 5-14 years, from at risk, low-income, or disadvantaged homes with limited or no access to food each weekend.

Food4Kids Hamilton is incorporated, 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. 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 cost less any allowance for impairment.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, grants receivable and GIC investments.

Financial liabilities measured at amortized cost 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:

- ◆ 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.

FOOD4KIDS HAMILTON

NOTES TO FINANCIAL STATEMENTS

Year ended August 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. An impairment loss is recognized when an asset no longer has any long-term service potential to the Organization or its carrying amount may not be recoverable. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Building improvements	5 years	Straight-line
Computers	55%	Diminishing balance

REVENUE RECOGNITION

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year 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.

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset.

Interest income is recognized as revenue when earned.

CONTRIBUTED SERVICES AND MATERIALS

Volunteers contribute their time during the year to assist Food4Kids Hamilton in carrying out its service delivery 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.

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

FOOD4KIDS HAMILTON

NOTES TO FINANCIAL STATEMENTS

Year ended August 31, 2024

3. GIC INVESTMENTS

	2024	2023
	\$	\$
GIC #59, bearing interest at 3.90%, maturing November 30, 2024	59,260	57,025
GIC #60, bearing interest at 3.90%, maturing November 30, 2024	111,510	107,301
GIC #61, bearing interest at 3.90%, maturing November 30, 2024	63,044	60,665
GIC #62, bearing interest at 3.90%, maturing November 30, 2024	63,044	60,665
GIC #63, bearing interest at 3.90%, maturing November 30, 2024	63,044	60,665
GIC #64, bearing interest at 3.90%, maturing November 30, 2024	63,044	60,665
GIC #66, bearing interest at 4.25%, maturing March 1, 2025	424,049	407,642
	846,995	814,628
Less: current portion	(846,995)	(406,986)
	-	407,642

4. CAPITAL ASSETS

	2024		2023	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
	\$	\$	\$	\$
Building improvements	63,529	22,896	40,633	2,463
Computers	6,274	4,787	1,487	1,813
	69,803	27,683	42,120	4,276

FOOD4KIDS HAMILTON**NOTES TO FINANCIAL STATEMENTS***Year ended August 31, 2024***5. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2024	2023
	\$	\$
Add: contributions received during the year	46,900	-
Less: amortization of deferred capital contributions	(9,380)	-
	37,520	-

6. CHANGES IN NON-CASH WORKING CAPITAL

	2024	2023
	\$	\$
Grants receivable	(4,600)	-
HST receivable	(12,172)	756
Prepaid expenses	(6,195)	83,597
Accounts payable and accrued liabilities	(5,435)	2,105
	(28,402)	86,458

7. COMMITMENTS

At August 31, 2024, future payments in respect of all operating leases were as follows:

	\$
2025	44,900
2026	44,900
	89,800