FOOD4KIDS HAMILTON

FINANCIAL STATEMENTS

AUGUST 31, 2022

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, 2022, 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, 2022, 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, 2022 and 2021, current assets at August 31, 2022 and 2021 and net assets as at September 1 and August 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2021 was modified accordingly because of the possible effects of this limitiation 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.

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.

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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.

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 19, 2023

FOOD4KIDS HAMILTON

STATEMENT OF FINANCIAL POSITION

As at August 31

	2022 $	2021 $
ASSETS		
CURRENT		
Cash	**687,344**	918,186
Grants receivable	**-**	7,500
Short term investments (Note 3)	**391,751**	384,502
HST receivable	**5,608**	3,499
Prepaid expenses	**93,323**	43,803
	1,178,026	1,357,490
CAPITAL ASSETS (Note 4)	**7,243**	6,957
	1,185,269	1,364,447
LIABILITY		
CURRENT		
Accounts payable and accrued liabilities	**18,956**	50,795
UNRESTRICTED NET ASSETS	**1,166,313**	1,313,652
	1,185,269	1,364,447

(See accompanying Notes to Financial Statements)

ON BEHALF OF THE BOARD:

_____ **Director**

_____ **Director**

FOOD4KIDS HAMILTON

STATEMENT OF CHANGES IN NET ASSETS

	Year ended August 31	
	2022	**2021**
	$	**$**
NET ASSETS, BEGINNING OF YEAR	**1,313,652**	1,196,498
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(147,339)**	117,154
NET ASSETS, END OF YEAR	**1,166,313**	1,313,652

(See accompanying Notes to Financial Statements)

FOOD4KIDS HAMILTON

STATEMENT OF OPERATIONS

	Year ended August 31	
	2022	**2021**
	$	**$**
REVENUES		
Donations	**535,225**	635,065
Grants	**194,042**	267,900
In-kind food donations	**531**	34,203
Fundraising	**249,997**	171,135
Interest income	**10,460**	6,631
	990,255	1,114,934
EXPENDITURES		
Amortization	**3,819**	3,977
Bank charges and interest	**1,542**	1,496
Fundraising	**3,617**	-
In-kind food costs	**531**	34,203
Insurance	**1,652**	3,638
Office and general	**20,502**	20,238
Professional fees	**16,259**	12,262
Program costs	**778,930**	659,649
Promotion	**19,982**	11,290
Rent	**45,933**	39,544
Repairs and maintenance	**13,498**	2,421
Telephone and utilities	**5,087**	8,441
Travel	**2,949**	1,129
Wages and benefits	**223,293**	199,492
	1,137,594	997,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(147,339)**	117,154

(See accompanying Notes to Financial Statements)

FOOD4KIDS HAMILTON

STATEMENT OF CASH FLOWS

	Year ended August 31	
	2022	**2021**
	$	**$**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	**(147,339)**	117,154
Item not involving cash		
Amortization	**3,819**	3,977
	(143,520)	121,131
Changes in non-cash working capital (Note 5)	**(75,968)**	184,181
	(219,488)	305,312
FINANCING ACTIVITIES	**-**	-
INVESTING ACTIVITIES		
Increase in short term investments	**(7,249)**	(6,174)
Purchase of capital assets	**(4,105)**	**-**
	(11,354)	(6,174)
INCREASE (DECREASE) IN CASH	**(230,842)**	299,138
CASH, BEGINNING OF YEAR	**918,186**	619,048
CASH, END OF YEAR	**687,344**	918,186

(See accompanying Notes to Financial Statements)

1. 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 and short term 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets are recorded at cost. 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
Vehicle	30%	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.

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.

3. SHORT TERM INVESTMENTS

	2022 $
GIC #59, bearing interest at 3.90%, maturing November 30, 2024	**54,890**
GIC #60, bearing interest at 3.90%, maturing November 30, 2024	**103,285**
GIC #61, bearing interest at 3.90%, maturing November 30, 2024	**58,394**
GIC #62, bearing interest at 3.90%, maturing November 30, 2024	**58,394**
GIC #63, bearing interest at 3.90%, maturing November 30, 2024	**58,394**
GIC #64, bearing interest at 3.90%, maturing November 30, 2024	**58,394**
	391,751

The prior year balance was comprised of guaranteed investment certificates which matured during this fiscal year.

4. CAPITAL ASSETS

			2022	2021
	Cost $	Accumulated amortization $	Net $	Net $
Building improvements	**14,791**	**9,826**	**4,965**	3,363
Computers	**3,899**	**3,471**	**428**	951
Vehicle	**18,500**	**16,650**	**1,850**	2,643
	37,190	**29,947**	**7,243**	6,957

5. CHANGES IN NON-CASH WORKING CAPITAL

	2022 $	2021 $
Grants receivable	**7,500**	(7,500)
HST receivable	**(2,109)**	23,099
Prepaid expenses	**(49,520)**	136,347
Accounts payable and accrued liabilities	**(31,839)**	32,235
	(75,968)	184,181

6. COMMITMENTS

At August 31, 2022, future payments in respect of all operating leases were as follows:

	$
2023	44,300
2024	44,300
2025	44,300
2026	44,300
	177,200

7. COMPARATIVE FIGURES

Long-term investments of $101,133 have been reclassified as short-term investments in the statement of financial position. These investments are comprised of GICs that are capable of reasonably prompt liquidation even though their maturity dates extended beyond the next fiscal year.