

**FOOD4KIDS WATERLOO
WELLINGTON INC.**

FINANCIAL STATEMENTS

**FOR THE PERIOD FROM SEPTEMBER 15, 2016 (DATE OF
INCORPORATION) TO JUNE 30, 2017**

CONTENTS

	Page
Independent auditor's report	1
Statement of financial position	2
Statement of operations and net assets	3
Statement of cash flows	4
Notes to financial statements	5 - 7



INDEPENDENT AUDITOR'S REPORT

To the directors of Food4Kids Waterloo Wellington Inc.:

We have audited the accompanying financial statements of Food4Kids Waterloo Wellington Inc. which comprise the statement of financial position as at June 30, 2017, and the statements of operations and net assets and cash flows for the period ended June 30, 2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenues from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for possible the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Food4Kids Waterloo Wellington Inc. as at June 30, 2017, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Guelph, Ontario
September 27, 2017

Embree & Co. LLP

Embree & Co. LLP
Chartered Professional Accountants
Licensed Public Accountants

(page 1)

FOOD4KIDS WATERLOO WELLINGTON INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

CURRENT

Cash	\$	19,068
Government remittances recoverable		1,354
Prepaid expenses and deposits		<u>8,220</u>
	\$	<u>28,642</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities (note 2)	\$	24,660
Government remittances payable		<u>3,769</u>
		<u>28,429</u>

COMMITMENTS (note 3)

NET ASSETS

NET ASSETS		<u>213</u>
	\$	<u>28,642</u>

APPROVED ON BEHALF OF THE BOARD:

Director

Director

(See accompanying notes to financial statements)

(page 2)

FOOD4KIDS WATERLOO WELLINGTON INC.
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2017

	ten months ended
REVENUES	
Donations (note 2)	\$ 80,665
Fundraising	<u>33,219</u>
	<u>113,884</u>
EXPENSES	
Advertising and promotion	1,093
Fundraising	1,808
Insurance	664
Interest and bank charges	300
Occupancy and related costs	6,397
Office	3,847
Professional fees	5,067
Program costs (note 4)	75,644
Telephone	1,590
Travel	2,396
Volunteer	1,882
Wages and benefits	<u>12,983</u>
	<u>113,671</u>
EXCESS OF REVENUES OVER EXPENSES BEING THE NET ASSETS, ending	\$ <u>213</u>

(See accompanying notes to financial statements)

FOOD4KIDS WATERLOO WELLINGTON INC.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2017

	ten months ended
CASH FLOWS FROM OPERATING ACTIVITIES	
Excess of revenues over expenses	\$ 213
CHANGES IN NON-CASH WORKING CAPITAL	
Increase in government remittances recoverable	(1,354)
Increase in prepaid expenses and deposits	(8,220)
Increase in accounts payable and accrued liabilities	24,660
Increase in government remittances payable	<u>3,769</u>
Cash from operating activities	19,068
CASH, beginning	<u>-</u>
CASH, ending	<u><u>\$ 19,068</u></u>

(See accompanying notes to financial statements)

FOOD4KIDS WATERLOO WELLINGTON INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Food4Kids Waterloo Wellington Inc. is a tax exempt not-for-profit charitable organization incorporated without share capital under the Business Corporations Act of Ontario and its primary business activity is providing weekend packages of healthy food to elementary students, aged 5-14 years, from at risk, low-income or disadvantaged homes with limited or no access to food each weekend.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

(a) Cash

Cash includes deposits at a financial institution net of outstanding deposits and cheques.

(b) Financial instruments

The organization initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to financial instruments measured at amortized cost are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Transaction costs related to financial instruments measured at amortized cost are recognized in net earnings over the term of the underlying financial instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment and any write-down is recognized in net earnings in the period when such impairment occurs. In subsequent periods, any previously recognized impairment loss may be reversed, provided that the reversal is no greater than the amount of impairment previously recognized. The amount of any reversal is recognized in net earnings.

(c) Revenue recognition

The organization follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed goods and services are recorded as revenue if the fair market value is determinable and the goods and services are used in the normal course of operations.

(d) Volunteer services

The organization derives a benefit from members acting as volunteers and directors. Since these activities are not normally purchased by the organization and due to the difficulty of determining its fair value, the value of these services are not recognized in the financial statements.

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FOOD4KIDS WATERLOO WELLINGTON INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. There are no items material to the financial statements that require the use of estimates.

2. RELATED PARTIES TRANSACTIONS

The organization is related to Food4Kids Ontario by virtue of economic interest. During the year, \$68,970 in donations was received, and collected on behalf of this organization, from this related party.

The organization received \$1,069 in donations from directors and management.

Included in accounts payable and accrued liabilities is \$20,216 due to the Executive Director of the organization. The liability represents unpaid wages.

These related party transactions were made 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.

3. COMMITMENTS

The organization has entered into a non-capital lease for rent of its office space. The minimum annual lease payments for the next three years are as follows:

2018	\$	12,500
2019		13,200
2020		<u>7,700</u>
	\$	<u><u>33,400</u></u>

4. PROGRAM COSTS

Program costs includes the following:

Food purchases	\$	23,712
Wages and benefits		<u>51,932</u>
	\$	<u><u>75,644</u></u>

5. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its cash.

Credit risk associated with cash is minimized substantially by ensuring that the assets are invested with a major financial institution.

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FOOD4KIDS WATERLOO WELLINGTON INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

5. FINANCIAL INSTRUMENT RISKS - continued

(b) Liquidity risk

Liquidity risk refers to the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the organization not being able to liquidate assets in a timely manner at a reasonable price.

The organization meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

(c) Currency risk

Currency risk refers to the risk that the fair value of financial instruments will fluctuate in value relative to the Canadian dollar due to changes in foreign exchange rates.

The organization is not exposed to significant currency risk.

(d) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments will fluctuate due to changes in market interest rates.

The organization is not exposed to significant interest rate risk.

(e) Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The organization is not exposed to significant other price risk.

(f) Market risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The organization is not exposed to significant market risk.

The extent of the organization's exposure to the above risks did not change significantly during the period.