

**Food4Kids Mississauga**  
**Financial Statements**  
**For the year ended December 31, 2019**

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For the year ended December 31, 2019**

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## Independent Auditor's Report

To the Directors of  
Food4Kids Mississauga

### Qualified Opinion

We have audited the accompanying financial statements of Food4Kids Mississauga, which comprise the statement of financial position as at December 31, 2019 and December 31, 2018, and the statement of changes in net assets, statement of operations and statement of cash flows for the year ended December 31, 2019 and period ended December 31, 2018 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 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 Food4Kids Mississauga as of December 31, 2019 and December 31, 2018, and the results of its operations and its cash flows for the year ended December 31, 2019 and period ended December 31, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Food4Kids Mississauga derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the Organization's records. The Organization also does not maintain an inventory for food purchases and for food received as contributed materials, which are recognized in these financial statements. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 01, 2019 and December 31 for both the 2019 and 2018 years.

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 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 audit 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 of 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 relating 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 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:

1. Identify and access 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. 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.

*Asad Dean, CPA Professional Corp.*

Chartered Professional Accountants

Authorized to practise public accounting by

the Chartered Professional Accountants of Ontario

Mississauga, Ontario

January 21, 2021

**FOOD4KIDS MISSISSAUGA  
STATEMENT OF FINANCIAL POSITION**

December 31	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash in bank	\$ 83,027	\$ 20,900
Prepaid expenses (Note 2)	1,221	-
	84,248	20,900
<b>Non-current assets</b>		
Capital assets (net of accum. amortization of \$959) (Note 1)	5,327	-
	\$ 89,575	\$ 20,900
<b>Total assets</b>		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable (Note 3)	\$ 101	\$ -
	101	-
<b>Net Assets</b>		
General fund	89,474	20,900
	\$ 89,575	\$ 20,900
<b>Total liabilities and net assets</b>		

Approved on behalf of the Board of Directors:

\_\_\_\_\_ Director                      \_\_\_\_\_ Director

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

**FOOD4KIDS MISSISSAUGA  
STATEMENT OF CHANGES IN NET ASSETS**

<b>For the year/period ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>General fund, beginning of the year/period</b>	\$ 20,900	\$ -
<b>Excess of revenues over expenses for the year/period</b>	<u>68,574</u>	<u>20,900</u>
<b>General fund, end of year/period</b>	<u>\$ 89,474</u>	<u>\$ 20,900</u>

**FOOD4KIDS MISSISSAUGA  
STATEMENT OF OPERATIONS**

<b>For the year/period ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Funds allocation-Food4Kids ON	\$ 34,000	\$ 8,254
Donations	46,806	12,200
Contributed materials and services (Note 4)	42,689	5,000
Fundraising events	960	2,730
	<u>124,455</u>	<u>28,184</u>
<b>Expenses</b>		
Program services		
Food purchases	19,348	-
Holiday gifts for program participants	1,676	-
Holiday grocery store gift cards	700	-
Professional fees	125	-
Staff transportation	561	-
Supplies-program	708	-
Support services		
Management	32,291	5,018
Fundraising	472	2,266
	<u>55,881</u>	<u>7,284</u>
<b>Excess of revenues over expenses for the year/period</b>	<u>\$ 68,574</u>	<u>\$ 20,900</u>



**FOOD4KIDS MISSISSAUGA  
STATEMENT OF CASH FLOWS**

<b>For the year/period ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 68,574	\$ 20,900
Non-cash items:		
Amortization	959	-
Changes in non-cash working capital balances		
Increase in prepaid expenses	(1,221)	-
Increase in accounts payable	101	-
	<hr/>	<hr/>
Cash flows from operating activities	68,413	20,900
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of capital assets	(6,286)	-
	<hr/>	<hr/>
Cash flows used in investing activities	(6,286)	-
	<hr/>	<hr/>
<b>Increase (decrease) in cash and cash equivalents during the year/period</b>	62,127	20,900
<b>Cash and cash equivalents, beginning of year/period</b>	20,900	-
	<hr/>	<hr/>
<b>Cash and cash equivalents, end of year/period</b>	\$ 83,027	\$ 20,900

**Food4Kids Mississauga**  
**Summary of Significant Accounting Policies**

**December 31, 2019**

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**Nature of Operations**

Food4Kids Mississauga incorporated on May 18, 2018 in Ontario as a not-for-profit organization pursuant to Section 149 of the Income Tax Act (Canada). As of January 01, 2019, the Organization was granted tax-exempt status as a registered charity under the Income Tax Act. The Organization's objective is to provide healthy weekend meals to elementary students between the ages of 5-14 who have been identified as at risk for poor nutrition by a participating school and whose parents have registered for the program. The Organization began its program in February 2019 at one participating school, Brian W. Fleming Public School in Mississauga, Ontario, with 59 participants and provided 1,180 bags of weekend meals from February-June 2019 and, with 39 participants at the beginning of the 2019/2020 school year, provided 312 bags of weekend meals for November and December 2019. In March 2020 the Organization added another school, reaching 8 schools and a total of 233 children in 2020. At the start of the 2020 pandemic the Organization has provided curbside pickup of bags of weekend meals, transitioning to online access to \$15 weekly grocery gift cards for participants. The Organization relies on funds allocated by Food4Kids ON, donations from businesses, organizations and individuals and contributed materials and services to fund its program.

**Basis of Presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Fund Accounting**

The organization uses one operating fund, the general fund, to record assets, liabilities, net assets, revenues and expenses in accordance with fund accounting.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of one chequing account. The Organization's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

**Revenue Recognition**

The Organization follows the deferral method of 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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. For the years ended December 31, 2019 and December 31, 2018 the Organization received only unrestricted contributions and had no receivables as at December 31, 2019 and December 31, 2018.

**Food4Kids Mississauga  
Summary of Significant Accounting Policies**

**December 31, 2019**

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**Contributed Materials and Services**

The Organization recognizes contributions of materials and services at fair value as of the date of contribution.

Because of the difficulty in determining fair value, contributions of volunteer hours are not recognized in the financial statements.

**Financial Instruments**

Financial instruments are financial assets or liabilities. The Organization's financial instruments consist of cash in bank and accounts payable. The Organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Estimates have been made by management with regard to these financial statements primarily in relation to prepayments and accounts payable.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are recorded in the periods in which they become known.

**Capital Assets**

Capital assets are recorded at cost if purchased or fair value at the time of contribution. Capital assets are amortized on the basis of their useful life using the appropriate Capital Cost Allowance (CCA) Class declining balance method for the rate as follows:

Class 50 computer hardware- 55%

Class 8 appliances 20%

**Allocation of Expenses**

A number of general support expenses which are not directly allocable to activities of the Organization have been recorded as management or fundraising expenses based on information provided by management.

**December 31, 2019**

**1. Capital Assets**

Capital assets consisting of computer equipment of \$1,888 with accumulated amortization of \$519 and appliances of \$4,398 with accumulated amortization of \$440 reflected in these financial statements are as follows:

<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Carrying Amount</u>	<u>2018 Net Carrying Amount</u>
<u>\$6,286</u>	<u>\$ 959</u>	<u>\$ 5,327</u>	<u>\$ 0</u>

**2. Prepaid Expenses**

Prepaid expenses consist of four Giant Tiger gift cards received as contributed materials (see Note 4) and not expended as at December 31, 2019 and a prepaid invoice for the organization's website.

**3. Accounts Payable**

Accounts payable as at December 31, 2019 consist of the monthly billing for the credit card processor.

**4. Contributed Materials and Services**

Contributed materials and services reflected in these financial statements are as follows:

	<u>2019</u>	<u>2018</u>
Pallet Valo LLP-legal services for incorporation		\$ 5,000
Trican Masonry Contractors Inc.-office rent for 2019	\$ 25,200	
Electrolux Canada-2 refrigerators	4,398	
Electrolux Canada-food drive	500	
Genpack Canada- food drive	788	
Food4Kids ON- food purchases	6,058	
10 President's Choice gift cards	500	
1 Petrocan gas card	50	
4 Giant Tiger gift cards	1,000	
3 trolleys	480	
Breadko Bakery- pita bread for 2019 weekend bags	<u>3,715</u>	-
Total	<u>\$ 42,689</u>	<u>\$ 5,000</u>

The two refrigerators are recorded as capital assets and the four Giant Tiger gift cards are included in prepaid expenses, since they were on hand at December 31, 2019. The other contributions of materials and services are recorded as expenses in the Statement of Operations.

The Organization benefitted from the significant hours of services provided by volunteers whose services allowed the Organization to operate without employees in 2018 and 2019, which are estimated at 1,718 hours in 2019 and 267 hours in 2018. The services in 2019 included the volunteer Executive Director's 884 hours and an additional 834 hours for food packing, food

**December 31, 2019**

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**4. Contributed Materials and Services (continued)**

delivery, pamphlet distribution and fundraising activities. The services in 2018 included the volunteer Executive Director's 120 hours and 147 hours for start-up and fundraising activities.

**5. Leases**

The Organization benefitted from a rent-free office lease for the twelve months of 2019 inclusive of utilities valued at \$2,100 per month, or \$25,200 for the year ended December 31,2019.

**6. Financial Instruments**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure as at December 31, 2019.

**Credit Risk**

Credit risk arises from the potential that a counter party will fail to perform its obligation. The Organization is exposed to credit risk from its chequing account. The Organization minimizes its credit risk from cash by maintaining its account with a credit worthy and reputable financial institution.

**Liquidity Risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with the settlement of its financial obligations. The Organization is exposed to liquidity risk with respect to its accounts payable. Management has assessed liquidity risk as low since the Organization has a range of alternatives to meet its obligations as they come due including maintaining significant cash on hand and cash flow provided by operations due to donors and funds allocation from Food4Kids ON.

**Market Risk**

The Organization is not exposed to market risk which arises from the possibility that changes in market prices will affect the value of the financial instruments of the Organization.

**Interest Rate Risk**

The Organization is not exposed to interest rate risk.

**7. Subsequent Events**

Due to the Covid-19 health threat resulting in the closure of schools, the Organization has changed its delivery of meal bags to children participating in its program to curbside pickup and then to grocery gift cards available online to participating families. The Organization does not anticipate that the health crisis will impact its financial stability since it has sufficient working capital.