



CHARTERED ACCOUNTANT

**Food for Life Canada  
Charitable Corporation  
Financial Statements**  
September 30, 2014

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CHARTERED ACCOUNTANT

## Independent Auditor's Report

To the Directors of  
Food for Life Canada Charitable Corporation

### Report on the Financial Statements

I have audited the accompanying financial statements of Food for Life Canada Charitable Corporation, which comprise the statement of financial position as at September 30, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, 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 of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, including the assessment of risks of material misstatements 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.



CHARTERED ACCOUNTANT

#### Basis for Qualified Opinion

In common with many charitable organizations, the corporation derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to amounts recorded in the records of the corporation. Therefore I was not able to determine whether, as at and for the years ended September 30, 2014 and September 30, 2013, any adjustments might be necessary to revenues, excess of expenditures over revenues, assets and net assets. This caused me to qualify my audit opinion on the financial statements as at and for the year ended September 30, 2013.

#### Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Food for Life Canada Charitable Corporation as at September 30, 2014 and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Charles Havill".

Oakville, Canada  
December 2, 2014

Chartered Professional Accountant  
Chartered Accountant  
Licensed Public Accountant

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## Food for Life Canada Charitable Corporation

### Statement of Operations

Year ended September 30,	2014	2013
<b>Revenues</b>		
Halton Region Community Investment Fund	\$ 134,375	\$ 125,000
United Way	103,016	101,149
Donations and fundraising	113,128	92,830
Amortization of deferred contributions (Note 6)	55,023	70,442
Ontario Trillium Foundation		8,182
Halton Region	20,000	20,000
Foundation grants	228,370	120,388
Other income	<u>17,926</u>	<u>30,260</u>
	<u>671,838</u>	<u>568,251</u>
<b>Expenditures</b>		
Salaries, benefits and contracts	390,271	313,903
Amortization	65,451	80,870
Warehouse rental	42,803	43,940
Vehicle operating costs	66,110	46,207
Warehousing and supplies	27,954	12,599
Professional fees	19,210	22,644
Administration	20,872	10,835
Travel and conferences	12,766	6,524
Utilities	13,040	12,872
Promotion	4,062	3,252
Telephone	5,251	4,158
Insurance	2,002	1,948
Fundraising	<u>8,003</u>	<u>2,823</u>
	<u>677,795</u>	<u>562,575</u>
Excess of (expenditures over revenues)		
revenues over expenditures	<u>\$ (5,957)</u>	<u>\$ 5,676</u>

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See accompanying notes to the financial statements.

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## Food for Life Canada Charitable Corporation

### Statement of Changes in Net Assets

Year ended September 30,	Invested in Capital Assets 2014	Stabilization Fund - Internally Restricted 2014	Unrestricted 2014	Total 2014	Total 2013
Net assets, beginning of year	\$ 20,848	\$ 40,000	\$ 67,429	\$ 128,277	\$ 122,601
Excess of (expenditures over revenues) revenues over expenditures	(10,427)	_____	4,470	(5,957)	5,676
Net assets, end of year	\$ 10,421	\$ 40,000	\$ 71,899	\$ 122,320	\$ 128,277

See accompanying notes to the financial statements

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**Food for Life Canada Charitable Corporation**  
**Statement of Financial Position**

September 30,	2014	2013
<b>Assets</b>		
Current		
Cash	\$ 251,640	\$ 70,834
Short term investments (Note 3)	104,180	216,243
Receivables	11,519	24,489
Prepays	<u>2,941</u>	<u>1,580</u>
	370,280	313,146
Capital assets (Note 4)	<u>168,778</u>	<u>221,058</u>
	<u>\$ 539,058</u>	<u>\$ 534,204</u>

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<b>Liabilities</b>		
Current		
Payables and accruals (Note 5)	\$ 29,928	\$ 27,917
Deferred contributions (Schedule 2)	<u>228,452</u>	<u>177,800</u>
	258,380	205,717
Deferred contributions related to capital assets (Note 6)	<u>158,358</u>	<u>200,210</u>
	<u>416,738</u>	<u>405,927</u>
<b>Net assets</b>		
Invested in capital assets	10,421	20,848
Internally restricted	40,000	40,000
Unrestricted	<u>71,899</u>	<u>67,429</u>
	<u>122,320</u>	<u>128,277</u>
	<u>\$ 539,058</u>	<u>\$ 534,204</u>

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Commitments (Note 7)

On behalf of the Board

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

See accompanying notes to the financial statements.

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## Food for Life Canada Charitable Corporation

### Statement of Cash Flows

Year ended September 30, 2014 2013

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Cash derived from (applied to)

#### Operating

Excess of (expenditures over revenues) revenues over expenditures	\$ (5,957)	\$ 5,676
Amortization of deferred contributions	(55,023)	(70,442)
Amortization	65,451	80,870
	4,471	16,104
Change in non-cash operating working capital		
Receivables	12,970	4,848
Prepays	(1,361)	2,326
Payables and accruals	2,011	(3,042)
Deferred contributions	50,652	6,664
	68,743	26,900

#### Investing

Short term investments	112,063	(30,458)
Purchases of capital assets	(13,171)	(109,845)
	98,892	(140,303)

#### Financing

Deferred contributions related to capital assets	13,171	109,845
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Net increase (decrease) in cash	180,806	(3,558)
Cash, beginning of year	70,834	74,392
Cash, end of year	\$ 251,640	\$ 70,834

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See accompanying notes to the financial statements.



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# Food for Life Canada Charitable Corporation

## Notes to the Financial Statements

September 30, 2014

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### 1. Form of organization

Food for Life Canada Charitable Corporation was incorporated without share capital under the laws of Ontario on November 6, 2002 for the purpose of providing a sustainable, perishable food network that is able to supplement the nutritional needs of individuals in need. Prior to incorporation, the organization operated as Food for Life Canada. The corporation is a registered charity under the Income Tax Act.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

#### Accrual basis of accounting

Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

#### Revenue recognition

The corporation follows the deferral method of accounting for contributions which include donations and grants.

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 are recognized as revenue in the year in which the related expenses are recognized.

#### Financial instruments

The Corporation's financial instruments are initially measured at fair value. All financial instruments are subsequently measured at amortized cost, adjusted by transaction costs, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in revenue as investment income.

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# Food for Life Canada Charitable Corporation

## Notes to the Financial Statements

September 30, 2014

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### 2. Summary of significant accounting policies (continued)

#### Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset; otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statements of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

Capital assets, consisting of vehicles, refrigeration equipment and leasehold improvements, are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for on a straight-line basis at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Vehicles	5 years
Refrigeration Equipment	10 years
Leasehold improvements	5 years

#### Deferred contributions related to capital assets

Contributions restricted for the purchase of capital assets are deferred and amortized in to revenue on a straight-line basis, at a rate corresponding with the amortization rate of the related asset.

#### Deferred contributions

Deferred contributions consist of funds from grants or donations received relating to expenditures arising in the next fiscal year or future years.

#### Use of estimates

The preparation of the financial statements in conformity 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, revenues and expenditures and disclosure of contingent assets and liabilities. Significant areas requiring the use of significant judgement include the amounts in receivables, prepaids, payables and accruals and deferred revenue. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in the future periods could be significant.

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## Food for Life Canada Charitable Corporation

### Notes to the Financial Statements

September 30, 2014

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#### 3. Short term investments

Short term investments consist of cashable guaranteed investment certificates with a rates of return ranging from 1.05% to 1.075% and having maturity dates up to March 15, 2015.

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#### 4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Vehicles	\$ 328,053	\$ 247,460	\$ 80,593	\$ 125,293
Refrigeration equipment	118,850	48,369	70,481	82,366
Leasehold improvements	<u>56,066</u>	<u>38,362</u>	<u>17,704</u>	<u>13,399</u>
	<u>\$ 502,969</u>	<u>\$ 334,191</u>	<u>\$ 168,778</u>	<u>\$ 221,058</u>

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#### 5. Payables and accruals

	<u>2014</u>	<u>2013</u>
Payables and accruals	\$ 21,454	\$ 21,708
Government remittances	<u>8,474</u>	<u>6,209</u>
	<u>\$ 29,928</u>	<u>\$ 27,917</u>

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#### 6. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount of donations received for the purchase of capital assets. The amortization of the deferred contributions is recorded as revenue in the statement of operations as the related expenses are incurred. The change in the deferred contributions related to capital assets balance during the year is as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 200,210	\$ 160,807
Contributions received	13,171	109,845
Amount amortized to revenues	<u>(55,023)</u>	<u>(70,442)</u>
Balance, end of year	<u>\$ 158,358</u>	<u>\$ 200,210</u>

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## Food for Life Canada Charitable Corporation

### Notes to the Financial Statements

September 30, 2014

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#### 7. Commitments

The corporation has entered into a lease for warehouse and office premises. The lease expires October 31, 2022. Minimum future rental payments under the terms of the lease are as follows:

2015	\$ 48,400
2016	\$ 48,600
2017	\$ 48,600
2018	\$ 51,500
2019	\$ 51,800
Thereafter	\$ 172,700

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#### 8. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the company's financial instruments.

The financial instruments of the Corporation and the nature of the risks to which it may be subject are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash	X				
Short term investment	X				
Accounts receivable	X				
Accounts payable		X			

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# Food for Life Canada Charitable Corporation

## Notes to the Financial Statements

September 30, 2014

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### 8. Financial instruments (continued)

#### Credit risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Corporation could incur a financial loss. The Corporation does not hold directly any collateral as security for financial obligations of counterparties. In the opinion of management, credit risk is low. The cash and short term investments are on deposit at a large Canadian financial institution. Credit risk with respect to accounts receivable is limited due to the credit quality of the parties to which credit has been extended.

The maximum exposures of the Corporation to credit risk are as follows:

	<u>2014</u>	<u>2013</u>
Cash	\$ 251,640	\$ 70,834
Short term investments	104,180	216,243
Accounts receivable	<u>11,519</u>	<u>24,489</u>
	<u>\$ 367,339</u>	<u>\$ 311,566</u>

#### Liquidity risk

Liquidity risk is the risk that the Corporation 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 Corporation not being able to liquidate assets in a timely manner at a reasonable price.

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

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. In the opinion of management, the Corporation is not exposed to market risk.

#### Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. In the opinion of management, the Corporation is not exposed to currency risk.

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## **Food for Life Canada Charitable Corporation**

### **Notes to the Financial Statements**

September 30, 2014

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#### **8. Financial instruments (continued)**

##### **Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the organization to interest rate risk arises from its inherent bearing assets. In the opinion of management the interest risk exposure to the Corporation that is associated with their short term GIC investment is low and is not material.

##### **Price risk**

Price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments 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 similar instruments traded in the market.

##### **Changes in risk**

There have been no changes in the Corporation's risk exposures from the prior year.

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## Food for Life Canada Charitable Corporation

### Schedule 1 – Refresh Foods

Year ended September 30, 2014

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The corporation receives funding for the Refresh Foods program. Amounts included in the corporation's statement of operations related to this program are as follows:

	<u>2014</u>	<u>2013</u>
Revenues	<u>\$ 198,542</u>	<u>\$ 208,120</u>
Expenditures		
Salaries, benefits and contracts	\$ 172,040	\$ 157,615
Amortization	16,896	16,896
Warehouse rental	38,348	39,971
Vehicle operating costs	24,655	18,251
Warehousing and supplies	3,245	3,299
Professional fees	8,004	9,375
Administration	7,220	3,549
Travel and conferences	5,186	2,222
Promotion	1,463	936
Telephone	3,144	2,954
Insurance	662	1,364
Utilities	<u>11,735</u>	<u>11,580</u>
	<u>\$ 292,598</u>	<u>\$ 268,012</u>

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See accompanying notes to the financial statements.

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## Food for Life Canada Charitable Corporation

### Schedule 2 – Deferred Contributions

Year ended September 30, 2014

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Deferred contributions represent amounts received which have been restricted for the funding of expenditures to be incurred in the future. The change in deferred contributions balance during the year is as follows:

	Halton Region <u>2014</u>	Private Foundation <u>2014</u>	Other <u>2014</u>	Total <u>2014</u>	Total <u>2013</u>
Balance, beginning of year		\$ 171,825	\$ 5,975	\$ 177,800	\$ 171,136
Contributions received	\$ 227,500	150,000	22,000	399,500	158,900
Utilized for capital purchases			(13,171)	(13,171)	(70,844)
Donor designated expenditures	<u>(154,375)</u>	<u>(171,825)</u>	<u>(9,477)</u>	<u>(335,677)</u>	<u>(81,392)</u>
Balance, end of year	<u>\$ 73,125</u>	<u>\$ 150,000</u>	<u>\$ 5,327</u>	<u>\$ 228,452</u>	<u>\$ 177,800</u>

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See accompanying notes to the financial statements.