



CHARTERED ACCOUNTANT

**Food for Life Canada  
Charitable Corporation  
Financial Statements**  
September 30, 2015

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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, 2015, 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 monetary donations, donated food 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, 2015 and September 30, 2014, 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, 2014.

#### 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, 2015 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 11, 2015

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,	2015	Restated 2014
<b>Revenues</b>		
Halton Region Community Investment Fund	\$ 135,624	\$ 154,375
United Way	106,546	103,016
Donations and fundraising	128,623	113,128
Amortization of deferred contributions (Note 6)	47,895	55,023
Foundation grants	210,666	228,370
Other income	10,264	17,926
Gain on disposal of vehicle	15,236	
Donated food	<u>5,406,564</u>	<u>5,190,533</u>
	<u>6,061,418</u>	<u>5,862,371</u>
<b>Expenditures</b>		
Salaries, benefits and contracts	391,504	390,271
Amortization	53,071	65,451
Warehouse rental	46,913	42,803
Vehicle operating costs	63,166	66,110
Warehousing and supplies	10,549	27,954
Professional fees	21,331	19,210
Administration	17,756	20,872
Travel and conferences	9,583	12,766
Utilities	14,791	13,040
Promotion	20,215	4,062
Telephone	6,378	5,251
Insurance	4,646	2,002
Fundraising	2,225	8,003
Distribution of donated food	<u>5,406,564</u>	<u>5,190,533</u>
	<u>6,068,692</u>	<u>5,868,328</u>
 Excess of expenditures over revenues	 <u>\$ (7,274)</u>	 <u>\$ (5,957)</u>

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See accompanying notes to the financial statements.

**Food for Life Canada Charitable Corporation**  
**Statement of Changes in Net Assets**

Year ended September 30,	Invested in Capital Assets 2015	Stabilization Fund - Internally Restricted 2015	Unrestricted 2015	Total 2015	Restated Total 2014
Net assets, beginning of year	\$ 10,421	\$ 40,000	\$ 71,899	\$ 122,320	\$ 128,277
Excess of expenditures over revenues	<u>(1,693)</u>	<u>_____</u>	<u>(5,581)</u>	<u>(7,274)</u>	<u>(5,957)</u>
Net assets, end of year	<u>\$ 8,728</u>	<u>\$ 40,000</u>	<u>\$ 66,318</u>	<u>\$ 115,046</u>	<u>\$ 122,320</u>

See accompanying notes to the financial statements

# Food for Life Canada Charitable Corporation

## Statement of Financial Position

September 30,	2015	Restated 2014
<b>Assets</b>		
Current		
Cash	\$ 47,550	\$ 251,640
Short term investments (Note 3)	260,000	104,180
Receivables	24,647	11,519
Prepays	<u>4,054</u>	<u>2,941</u>
	336,251	370,280
Capital assets (Note 4)	<u>273,718</u>	<u>168,778</u>
	<u>\$ 609,969</u>	<u>\$ 539,058</u>
<hr/>		
<b>Liabilities</b>		
Current		
Payables and accruals (Note 5)	\$ 14,409	\$ 29,928
Deferred contributions (Schedule 1)	<u>215,524</u>	<u>228,452</u>
	229,933	258,380
Deferred contributions related to capital assets (Note 6)	<u>264,990</u>	<u>158,358</u>
	<u>494,923</u>	<u>416,738</u>
<b>Net assets</b>		
Invested in capital assets	8,728	10,421
Internally restricted	40,000	40,000
Unrestricted	<u>66,318</u>	<u>71,899</u>
	<u>115,046</u>	<u>122,320</u>
	<u>\$ 609,969</u>	<u>\$ 539,058</u>

Commitments (Note 7)

On behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes to the financial statements.

## Food for Life Canada Charitable Corporation

### Statement of Cash Flows

Year ended September 30,	2015	Restated 2014
Cash derived from (applied to)		
<b>Operating</b>		
Excess of expenditures over revenues	\$ (7,274)	\$ (5,957)
Amortization of deferred contributions	(47,895)	(55,023)
Amortization	53,071	65,451
Gain on sale of vehicle	<u>(15,236)</u>	<u>        </u>
	(17,334)	4,471
Change in non-cash operating working capital		
Receivables	(13,128)	12,970
Prepays	(1,113)	(1,361)
Payables and accruals	(15,519)	2,011
Deferred contributions	<u>(12,928)</u>	<u>50,652</u>
	<u>(60,022)</u>	<u>68,743</u>
<b>Investing</b>		
Proceeds on sale of vehicle	24,778	
Short term investments	(155,820)	112,063
Purchases of capital assets	<u>(167,553)</u>	<u>(13,171)</u>
	<u>(298,595)</u>	<u>98,892</u>
<b>Financing</b>		
Deferred contributions related to capital assets	<u>154,527</u>	<u>13,171</u>
Net (decrease) increase in cash	(204,090)	180,806
Cash, beginning of year	<u>251,640</u>	<u>70,834</u>
Cash, end of year	<u>\$ 47,550</u>	<u>\$ 251,640</u>

See accompanying notes to the financial statements.



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# Food for Life Canada Charitable Corporation

## Notes to the Financial Statements

September 30, 2015

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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.

Food donations are recognized when delivered to an agency. Donated food is valued at the average price per pound of food established by the Nielsen Market Track of \$2.50 per pound. As donated food on hand at year-end has no net realizable value, it is not disclosed as inventory.

#### 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, 2015

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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, 2015

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

#### Donated goods and services

The value of volunteer time is not recorded in the financial statements due to the difficulty in determining fair value.

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### 3. Short term investments

Short term investments consist of cashable guaranteed investment certificates with a rates of return ranging from 0.85% to 1.21% and having maturity dates up to August 25, 2016.

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### 4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net Book Value</u>	<u>2014 Net Book Value</u>
Vehicles	\$ 402,654	\$ 202,372	\$ 200,282	\$ 80,593
Refrigeration equipment	118,850	60,254	58,596	70,481
Leasehold improvements	<u>61,435</u>	<u>46,595</u>	<u>14,840</u>	<u>17,704</u>
	<u>\$ 582,939</u>	<u>\$ 309,221</u>	<u>\$ 273,718</u>	<u>\$ 168,778</u>

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### 5. Payables and accruals

	<u>2015</u>	<u>2014</u>
Payables and accruals	\$ 14,409	\$ 21,454
Government remittances	<u>          </u>	<u>8,474</u>
	<u>\$ 14,409</u>	<u>\$ 29,928</u>

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# Food for Life Canada Charitable Corporation

## Notes to the Financial Statements

September 30, 2015

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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>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 158,358	\$ 200,210
Contributions received	154,527	13,171
Amount amortized to revenues	<u>(47,895)</u>	<u>(55,023)</u>
Balance, end of year	<u>\$ 264,990</u>	<u>\$ 158,358</u>

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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:

2016	\$ 48,600
2017	\$ 48,600
2018	\$ 51,500
2019	\$ 51,800
2020	\$ 51,800
Thereafter	\$ 120,900

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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.

#### Credit Risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. This risk is primarily attributable to accounts receivable and short term investments, however given the credit quality of the relevant counterparties and noting all short-term investments and cash are with large financial institutions, management believes this risk is very low.

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# Food for Life Canada Charitable Corporation

## Notes to the Financial Statements

September 30, 2015

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### 8. Financial instruments (continued)

#### 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.

#### 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 interest 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.

#### 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

## Notes to the Financial Statements

September 30, 2015

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### 9. Voluntary accounting policy change

During the year, the Corporation recorded the value of donated food and distributions of food as noted in the accounting policies in note 2. This change in policy was instituted retrospectively as it was felt that it would provide more relevant information concerning the Corporation's purposes. The change was done voluntarily and results in no change to the previously reported assets, liabilities and net assets of the corporation. Accordingly there has been no restatement of previously reported amounts as at the date of the change being August 1, 2013 other than the amount of donated food and distributed food which is equivalent in accordance with the accounting policy. During the year the Corporation donated from food received 2,162,626 pounds of food (2014 - 2,076,213) which was valued at \$2.50 in accordance with the accounting policy for donated food. Based on this valuation the total amount received and donated during the year was \$5,406,564 (2014 - \$5,190,533).

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## Food for Life Canada Charitable Corporation

### Schedule 1 – Deferred Contributions

Year ended September 30, 2015

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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>2015</u>	Private Foundation <u>2015</u>	Other <u>2015</u>	Total <u>2015</u>	Total <u>2014</u>
Balance, beginning of year	\$ 73,125	\$ 150,000	\$ 5,327	\$ 228,452	\$ 177,800
Contributions received	62,500	200,000	177,100	439,600	399,500
Utilized for capital purchases			(154,527)	(154,527)	(13,171)
Donor designated expenditures	<u>(135,625)</u>	<u>(153,863)</u>	<u>(8,513)</u>	<u>(298,001)</u>	<u>(335,677)</u>
Balance, end of year	<u>\$ Nil</u>	<u>\$ 196,137</u>	<u>\$ 19,387</u>	<u>\$ 215,524</u>	<u>\$ 228,452</u>

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See accompanying notes to the financial statements.