

**FOOD FOR LIFE CANADA  
CHARITABLE CORPORATION**

**FINANCIAL STATEMENTS**

**AS AT SEPTEMBER 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Directors  
Food for Life Canada Charitable Corporation

We have audited the accompanying financial statements of Food for Life Canada Charitable Corporation which comprise the statement of financial position as at September 30, 2018, 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 from material misstatement, whether due to fraud or error.

### *Auditors' 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 auditors' 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 auditors consider 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 charitable organizations, the organization derived revenues from fundraising and donations, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these 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 fundraising and donation revenue, general fund or net assets for the years ended September 30, 2018 and September 30, 2017.

### *Qualified Opinion*

In our opinion, except for the effect of the matters 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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Glenn Graydon Wright LLP*

Chartered Accountants  
Licensed Public Accountants  
Oakville, Ontario  
December 11, 2018

**FOOD FOR LIFE CANADA CHARITABLE CORPORATION**

(Incorporated without share capital)

Statement of financial position

As at September 30, 2018

	2018	2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 360,888	621,217
Accounts receivable	77,349	12,682
Prepaid expenses	6,611	9,054
	444,848	642,953
<b>Property, plant and equipment (Note 4)</b>	373,617	152,266
	\$ 818,465	795,219
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 26,096	37,716
Deferred contributions (Note 5)	309,040	489,666
	335,136	527,382
<b>Deferred contributions related to property, plant and equipment (Note 6)</b>	360,612	144,577
	695,748	671,959
<b>Net assets</b>		
Invested in property, plant and equipment	13,006	7,690
Internally restricted	75,000	75,000
Unrestricted	34,711	40,570
	122,717	123,260
	\$ 818,465	795,219

Approved by the Board

Sue Van Natto  
Director and Treasurer

Catherine Potechin  
Chair of the Board of Directors



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**FOOD FOR LIFE CANADA CHARITABLE CORPORATION**

(Incorporated without share capital)

Statement of changes in net assets

For the year ended September 30, 2018

	Invested in property, plant and equipment	Stabilization fund Internally restricted	Unrestricted	Total 2018	Total 2017
<b>Fund balances, beginning of year</b>	\$ 7,690	75,000	40,570	123,260	111,680
Excess of (expenditure over revenue) revenue over expenditure for year	-	-	(543)	(543)	11,580
Amortization of deferred contributions (Note 6)	83,565	-	(83,565)	-	-
Amortization of property, plant and equipment	(86,480)	-	86,480	-	-
Purchase of property, plant and equipment	307,831	-	(307,831)	-	-
Deferred contributions related to property, plant and equipment	(299,600)	-	299,600	-	-
<b>Fund balances, end of the year</b>	\$ 13,006	75,000	34,711	122,717	123,260



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**FOOD FOR LIFE CANADA CHARITABLE CORPORATION**

(Incorporated without share capital)

**Statement of operations****For the year ended September 30, 2018**

	2018	2017
<b>Revenue</b>		
Amortization of deferred contributions (Note 6)	\$ 83,565	69,386
Donated food	9,389,762	7,781,762
Donations and fundraising	302,301	266,141
The Regional Municipality of Halton grant	161,531	162,733
Other grants	353,349	296,406
Other income	6,711	10,737
United Way	101,936	108,143
	<b>10,399,155</b>	<b>8,695,308</b>
<b>Expenditure</b>		
Administration	31,991	27,539
Amortization	86,480	71,837
Distribution of donated food	9,389,762	7,781,762
Fundraising	17,667	4,301
Insurance	5,019	4,747
Other agencies' support	28,448	25,353
Professional fees	26,706	26,130
Promotion	32,211	23,010
Salaries, benefits and contracts	592,313	518,749
Telephone	6,984	6,745
Travel and conferences	5,694	8,335
Utilities	12,316	14,697
Vehicle operating costs	77,316	80,834
Warehouse rental	53,286	46,216
Warehousing and supplies	40,705	43,473
	<b>10,406,898</b>	<b>8,683,728</b>
<b>Excess of (expenditure over revenue)</b>		
<b>revenue over expenditure, before other</b>	<b>(7,743)</b>	<b>11,580</b>
<b>Other</b>		
Gain on disposal of property, plant and equipment	7,200	-
<b>Excess of (expenditure over revenue)</b>		
<b>revenue over expenditure for year</b>	<b>\$ (543)</b>	<b>11,580</b>



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**FOOD FOR LIFE CANADA CHARITABLE CORPORATION**

(Incorporated without share capital)

**Statement of cash flows****For the year ended September 30, 2018**

	2018	2017
<b>Cash flows from (used in) operating activities</b>		
Excess of (expenditure over revenue)		
revenue over expenditure for year	\$ (543)	11,580
Amortization of deferred contributions	(83,565)	(69,386)
Adjustments for		
Amortization of property, plant and equipment	86,480	71,837
Gain on disposal of property, plant and equipment	(7,200)	-
	(4,828)	14,031
Changes in non-cash working capital		
Increase in accounts receivable	(64,667)	(2,925)
Decrease (increase) in prepaid expenses	2,443	(5,000)
Decrease in accounts payable and accrued liabilities	(11,620)	(8,726)
(Decrease) increase in deferred contributions	(180,626)	149,022
<b>Cash flows (used in) from operating activities</b>	<b>(259,298)</b>	<b>146,402</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of property, plant and equipment	(307,831)	(11,553)
Proceeds on disposal of property, plant and equipment	7,200	-
<b>Cash flows used in investing activities</b>	<b>(300,631)</b>	<b>(11,553)</b>
<b>Cash flows from (used in) financing activities</b>		
Deferred contributions related to property, plant and equipment	299,600	8,045
<b>Cash flows from financing activities</b>	<b>299,600</b>	<b>8,045</b>
<b>Net (decrease) increase in cash and cash equivalents during year</b>	<b>(260,329)</b>	<b>142,894</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>621,217</b>	<b>478,323</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 360,888</b>	<b>621,217</b>



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## FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at September 30, 2018

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### 1. Purpose of the corporation

Food for Life Canada Charitable Corporation (the "corporation") was incorporated without share capital under the laws of the Province 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 corporation operated as Food for Life Canada.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

#### a) Management 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

#### b) Basis of accounting

The corporation follows the deferral method of accounting for contributions for financial statement reporting purposes. The accounts have been classified into the following funds:

##### (i) Invested in property, plant and equipment fund

The invested in property, plant and equipment fund reports the accounts for assets, liabilities, revenues and expenditures relating to property, plant and equipment.

##### (ii) Internally restricted fund

The internally restricted fund represents funds available for purposes specified by the Board of Directors from time-to-time. Any use of these funds requires approval by the Board of Directors.

##### (iii) Unrestricted fund

The unrestricted fund accounts for the corporation's program delivery and administrative activities.



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## FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at September 30, 2018

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### 2. Significant accounting policies – continued

#### c) Cash and cash equivalents

Cash and cash equivalents are defined as cash and highly liquid investments. These consist primarily of cash held for operating purposes in demand current accounts and term deposits with terms to maturity of three months or less at the date of purchase.

#### d) Revenue recognition

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 incurred and in the year specified in the terms and conditions of each respective agreement.

Donated food is valued at the average price per pound of food established by the Nielsen Market Track of \$2.60 per pound. These donated food products are reflected in the statement of operations and changes in net assets as donated food offsetting distribution of donated food. The corporation recognizes the donated food in the period in which they are received and distributed. In 2018, management estimates that approximately 3,611,447 pounds of food (2017 - 3,112,705) were received and donated. Based on the valuation, the total amount received and donated during the year was \$9,389,762 (2017 - \$7,781,762).

#### e) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. Methods and rates are:

Furniture and equipment  
5 years straight-line basis

Vehicles  
5 years straight-line basis

Refrigeration equipment  
10 years straight-line basis

Leasehold improvements  
5 years straight-line basis



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# FOOD FOR LIFE CANADA CHARITABLE CORPORATION

(Incorporated without share capital)

Notes to financial statements

As at September 30, 2018

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## 2. Significant accounting policies – continued

### f) Deferred contributions

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

### g) Deferred contributions related to property, plant and equipment

Contributions restricted for the purchase of property, plant and equipment are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the related assets.

### h) Contributed materials and services

The corporation recognizes contributed materials and services if the determination of fair value is readily available. The value of volunteer time is not reflected in these financial statements.

## 3. Financial instruments

### a) Fair value

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

### b) 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 underlying market factors. The corporation is not exposed to any market risk.

### c) Liquidity risk

Liquidity risk is the risk that the corporation cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the corporation is not subject to significant liquidity risk. The corporation manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.



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**FOOD FOR LIFE CANADA CHARITABLE CORPORATION**

(Incorporated without share capital)

Notes to financial statements

As at September 30, 2018

**4. Property, plant and equipment**

		2018		2017
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 20,805	6,138	14,667	7,048
Vehicles	565,227	236,076	329,151	98,808
Refrigeration equipment	118,850	95,912	22,938	34,825
Leasehold improvements	66,616	59,755	6,861	11,585
	<u>\$ 771,498</u>	<u>397,881</u>	<u>373,617</u>	<u>152,266</u>

Amortization recorded during the year amounted to \$86,480 (2017 - \$71,837).

During the year, the aggregate cost of \$8,231 (2017 - \$3,508) of property, plant and equipment were acquired for cash and the aggregate cost of \$299,600 (2017 - \$8,045) were acquired from contributions received.

During the year, property, plant and equipment were disposed of for cash proceeds of \$7,200.

**5. Deferred contributions**

	The Regional Municipality of Halton	Other grants	Total 2018	Total 2017
Balance, beginning of year	\$ 58,916	430,750	489,666	340,644
Contributions received	138,175	458,600	596,775	616,206
Utilized for capital purchases	-	(279,800)	(279,800)	(8,045)
Donor designated expenditures	(144,252)	(353,349)	(497,601)	(459,139)
Balance, end of year	<u>\$ 52,839</u>	<u>256,201</u>	<u>309,040</u>	<u>489,666</u>

**6. Deferred contributions related to property, plant and equipment**

Deferred contributions related to property, plant and equipment represent the unamortized amount of donations received for the purchase of property, plant and equipment. The amortization of the deferred contributions is recorded as revenue in the statement of operations as the related expenses are incurred. The changes in the deferred contributions related to property, plant and equipment balances during the year are as follows:

	2018	2017
Balance, beginning of year	\$ 144,577	205,918
Contributions received	299,600	8,045
Amount amortized to revenue	(83,565)	(69,386)
Balance, end of year	<u>\$ 360,612</u>	<u>144,577</u>



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**FOOD FOR LIFE CANADA CHARITABLE CORPORATION**

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Notes to financial statements

As at September 30, 2018

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**7. Operating lease commitments**

Future minimum rental payments required under operating leases that have initial or remaining terms in excess of one year are:

2019	\$	51,800
2020		51,800
2021		51,800
2022		51,800
2023		<u>17,500</u>
	\$	<u>224,700</u>

**8. Income taxes**

The corporation is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

**9. Economic dependence**

The corporation is dependent on the operating grants provided by The Regional Municipality of Halton, Ontario Trillium Foundation, The Sprott Foundation and the United Way.

**10. Comparative figures**

Certain figures in the 2017 financial statements have been reclassified to conform with the basis of presentation used in 2018.



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