

# **BRANT FOOD FOR THOUGHT**

## **FINANCIAL STATEMENTS**

**MARCH 31, 2016**

# BRANT FOOD FOR THOUGHT

March 31, 2016

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## Independent Auditors' Report

To the Board of Directors of:  
Brant Food For Thought

I have audited the accompanying financial statements of Brant Food For Thought, which comprise the statement of financial position as at March 31, 2016 and the statements of changes, funding and expenditures 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 the financial statements that are free from 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 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 purposes of expressing an opinion of 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.

### Basis for Qualified Opinion

In common with many non-profit organizations, the organization derives its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. I was not able to determine whether any adjustments might be necessary to donations received, excess of revenue over expenses, assets and net assets and special purpose funds.

### Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2016 and the results of its operations and changes in its' net assets for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Brantford, Ontario  
June 9, 2016

CPA, Chartered Accountant, LPA

# BRANT FOOD FOR THOUGHT

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 37,764	\$ -
Investment account	60,008	84,305
Goods and service tax rebate	5,287	5,313
Prepaid expenses	<u>3,529</u>	<u>4,256</u>
	<b><u>106,588</u></b>	<b><u>93,874</u></b>
<b>Restricted Reserve Investment</b>		
Investments - see Note 1 & 3	6,825	7,059
Due from unrestricted fund	-	733
Investments - Brant County Roads - see Note 3	<u>15,428</u>	<u>20,247</u>
	<b><u>22,253</u></b>	<b><u>28,039</u></b>
<b>Total Assets</b>	<b><u>\$ 128,841</u></b>	<b><u>\$ 121,913</u></b>
<b>LIABILITIES</b>		
<b>Current</b>		
Bank overdraft	\$ -	\$ 19,660
Accounts payable and accrued liabilities	8,609	3,164
Government remittances	2,216	-
Due from restricted reserve	-	733
Deferred Revenue (Note 3)	<u>61,311</u>	<u>29,882</u>
<b>Total Liabilities</b>	<b><u>72,136</u></b>	<b><u>53,439</u></b>
<b>NET ASSETS (Note 5)</b>		
Net assets - restricted	6,825	7,792
Net assets - unrestricted	<u>49,880</u>	<u>60,682</u>
<b>Total Net Assets</b>	<b><u>56,705</u></b>	<b><u>68,474</u></b>
<b>Total Liabilities And Net Assets</b>	<b><u>\$ 128,841</u></b>	<b><u>\$ 121,913</u></b>

Approved on Behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes  
Brian D. Cochrane , CPA, Chartered Accountant

**BRANT FOOD FOR THOUGHT**  
**BRANT FOOD FOR THOUGHT**

**MARCH 31, 2016**

<b>NET ASSETS</b>	<b>Externally Restricted</b>	<b>Unrestricted</b>	<b>Total 2016</b>	<b>Total 2015</b>
<u>Balance, beginning of year</u>	7,792	60,682	68,474	64,532
Excess of Revenue over Expenditures	-	(11,769)	(11,769)	3,942
Investment Income	67	(67)	-	-
Transfer to restricted reserve	<u>(1,034)</u>	<u>1,034</u>	<u>-</u>	<u>-</u>
<b><u>Balance, end of year</u></b>	<b><u>\$ 6,825</u></b>	<b><u>\$ 49,880</u></b>	<b><u>\$ 56,705</u></b>	<b><u>\$ 68,474</u></b>

See accompanying notes  
 Brian D. Cochrane , CPA, Chartered Accountant

**BRANT FOOD FOR THOUGHT**  
**STATEMENT OF FUNDING AND EXPENDITURES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FUNDING</b>		
<b>Funding for Nutrition Programs</b>		
Provincial - Food Funding	\$ 242,687	\$ 189,545
Municipal - Food Funding	46,952	43,000
Donations - Food Funding	74,931	81,241
Grocery Foundation - food funding gift cards	23,575	-
Grocery Foundation - in-kind milk (Note 2)	10,000	-
Donation -Graham Bell-Victoria School Estate Fund -(Note 4)	1,034	1,078
Brant County Roads Association - Food Funding	5,000	5,000
First Ontario Credit Union - Food Funding	<u>11,125</u>	<u>22,624</u>
	<b><u>415,304</u></b>	<b><u>342,488</u></b>
<b>Funding for Program Support</b>		
Provincial - Community Development and Program Support	73,616	69,735
Municipal - Program Support	42,000	40,000
Provincial - Infrastructure Equipment and Food Distribution	-	12,806
Brant United Way - Program Support	25,560	26,590
First Ontario Credit Union - Program Support	<u>1,183</u>	<u>1,212</u>
	<b><u>142,359</u></b>	<b><u>150,343</u></b>
<b>Other Income</b>		
Fundraising for community projects ( Note 2)	22,629	27,852
Fundraising - donations in-kind (Note 2)	3,432	4,141
Interest income	922	1,267
Sale of Forklift	3,500	-
Other income	<u>455</u>	<u>-</u>
	<u>30,938</u>	<u>33,260</u>
	<b><u>588,601</u></b>	<b><u>526,091</u></b>
<b>EXPENDITURES</b>		
<b>Programs and Projects</b>		
Student nutrition programs	419,795	354,373
Community projects	<u>5,240</u>	<u>10,983</u>
	<b><u>425,035</u></b>	<b><u>365,356</u></b>
<b>EXCESS OF FUNDING OVER PROGRAM EXPENDITURES</b>	<b><u>163,566</u></b>	<b><u>160,735</u></b>
<b>Administration Costs</b>		
Administration charges	4,740	4,840
Advertising and promotion	1,525	1,921
Bank charges	800	428
Fundraising expense	3,557	4,593
Insurance	2,232	2,306
Mileage	1,366	1,715
Office and general	2,714	3,074
Postage and courier	297	538
Professional fees	2,910	2,919
Rent	17,305	17,305
Repairs and maintenance	1,156	1,033
Telephone	3,265	2,868
Volunteer management, meetings and training	7,175	7,548
Wages and benefits	125,635	105,395
Website management	<u>658</u>	<u>310</u>
	<u>175,335</u>	<u>156,793</u>
<b>EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES</b>	<b><u>\$ (11,769)</u></b>	<b><u>\$ 3,942</u></b>

**STATEMENT OF CASH FLOWS**

**MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>Cash Provided by Operating Activities</b>		
Excess (shortfall) of funding over expenditures	\$ (11,769)	\$ 3,942
<b>Changes in non-cash working capital:</b>		
HST/GST rebate	26	927
Prepaid expenses	725	3,703
Due from Unrestricted Funds	733	-
Accounts payable and accruals	7,662	(12,619)
Deferred revenue	31,429	(7,225)
Due to restricted reserve	<u>(733)</u>	<u>19</u>
	<b>39,842</b>	<b>(15,195)</b>
<b>Net Cash Provided by Operating Activities</b>	<u><b>28,073</b></u>	<u><b>(11,253)</b></u>
<b>Cash from Investing Activities</b>		
Investment account	24,297	(928)
Restricted investments	<u>5,054</u>	<u>(19,151)</u>
<b>Cash Flows provided by Investing Activities</b>	<u><b>29,351</b></u>	<u><b>(20,079)</b></u>
<b>Net Increase in Cash</b>	<b>57,424</b>	<b>(31,332)</b>
<b>Net Cash, beginning of year</b>	<u>(19,660)</u>	<u>11,672</u>
<b>Net Cash, end of year</b>	\$ <u>37,764</u>	\$ <u>(19,660)</u>
<b>Interest revenue earned</b>	<u>922</u>	<u>1,266</u>

# BRANT FOOD FOR THOUGHT

## Notes to the Financial Statements

MARCH 31, 2016

### PURPOSE OF THE ORGANIZATION

The organization was incorporated without share capital on March 12, 2004 under letters patent.

The Organization sponsors and promotes nutrition programs at schools and other qualifying organizations in Brantford and Brant County. They mandate that all children and youth will be supported in developing lifelong, healthy nutritional practices, which, in turn, will enhance the student's growth and development and the ability to work to their potential. They believe that the child's ability to learn will be enhanced if they attend school well nourished.

### 1. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant that are in addition to that note:

#### (a) Investments

The investments are guaranteed investment certificates. They are short term investments.

#### (b) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted Fund contributions are recognized as revenue in the year in which the related expenses are incurred.

#### (c) Income Recognition

Revenues are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

#### (d) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available. Differences are not expected to be material.

#### (e) Contributed Services

The work of the Organization is dependent on the voluntary service of many members. Since these services are not normally purchased by the Organization and while these services benefit the corporation, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

#### (f) Harmonized Sales Tax / Good and Services Tax

The organization is a qualifying not-for-profit organization and therefore is entitled to claim a rebate of 50% of the federal portion and 82% of the provincial portion of the HST paid on purchases.



# BRANT FOOD FOR THOUGHT

## Notes to the Financial Statements

MARCH 31, 2016

### (g) Financial Instruments

All assets and liabilities, with the exception of prepaid expenses, are financial instruments and are initially recorded at fair market value and are subsequently recorded at amortized cost.

### (h) Income tax

The corporation is a not-for-profit organization and is exempt from income taxes under the Income Tax Act of Canada subsection 149(1) (f).

### (i) Capital Assets

In accordance with the CPA Handbook, expenditures on capital assets are charged to current expenditures the year of acquisition. Capital assets expenses by the organization are categorized as office furniture and fixtures, unless otherwise specified.

## 2. Gifts In-Kind

The organization recognized \$13,432 of gifts in-kind, of which \$3,432 was for fundraising activities and \$10,000 for in-kind milk (**2015** \$4,141 fundraising activities). Since the gift in-kind revenue amount is offset in expenses at the same amount there is no impact to designated reserves or excess of funding over expenditures.

## 3. Deferred Revenue

	<u>Beginning</u>	<u>Additions</u>	<u>Expenditures</u>	<u>Ending</u>
Graham Bell School Fund	\$ 7,792	\$ 67	\$ 1,034	\$ 6,825
Breakfast for Champions	2,090	1,250	-	3,340
Brant County Roads Association	20,000	-	5,000	15,000
Municipal food funding - program	-	10,750	-	10,750
Municipal program support	-	10,500	-	10,500
Fundraising	-	14,896	-	14,896
	<u>\$ 29,882</u>	<u>\$ 37,463</u>	<u>\$ 6,034</u>	<u>\$ 61,311</u>

## 4. Capital Assets

The organization expensed \$ 431 (2014 - \$9,428 for computers, refrigeration, food preparation equipment and other types of kitchen necessities) for items of a capital nature, such as a computer.

## 5. Net Assets

### Unrestricted Fund

The net assets are to be used to meet the organization's purpose and objectives and are subject to any external restrictions. However, any and all surplus will be committed to future nutritional programs.

# BRANT FOOD FOR THOUGHT

## Notes to the Financial Statements

MARCH 31, 2016

### **Graham Bell Victoria School Fund**

All monies in this fund are to be spent on milk and other milk related items for Graham Bell School.

### **Brant County Roads Association**

This fund is to be in the amount of \$5,000 per year, until all funds are disbursed. It was a five (5) year program.

## **6. Risk Management**

The Organization may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Organization's risk management processes is to minimize any adverse effects on financial performance.

The Organization's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. In the opinion of management the interest rate risk, credit risk, liquidity risk and the price risk are low and immaterial. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the corporation is a going concern and thus expects to fully repay the outstanding amounts.

### **Credit Risk**

Financial instruments potentially exposed to credit risk include cash, accounts receivable and investments. Management considers its exposure to credit risk over cash and cash equivalents to be remote as the Organization holds cash deposits at a major Canadian Chartered bank. Accounts receivable are not concentrated and the carrying amount of accounts receivable represents the maximum credit risk exposure.

### **Interest rate risk**

The Organization has cash balances and investments. Management has assessed its exposure to significant interest rate risk arising from fluctuations in interest rates as not material and is unchanged from the prior year.

### **Liquidity Risk**

Liquidity risk is the risk the Organization will not be able to meet its financial obligations as they come due. They have assessed their liquidity risk as not material and is unchanged from the prior year.

# BRANT FOOD FOR THOUGHT

## Notes to the Financial Statements

MARCH 31, 2016

### 7. Allocation of Expenses

The organization maintains its accounts and records in a manner that displays its reliance on the funding it receives from various sources. The organization incurs a number of general support expenses that are common to the administration of the organization and each of its programs. These costs are specifically allocated to individual programs as required to ensure specific contract terms are adhered to when reports to funders are required.

### 8. Commitments and Contingencies

The lease for the office was renewed in November 2015 a 3 year term, expiring on November 30, 2018. Minimum lease payments for the balance of the lease are \$17,153 per year. (This excludes common area costs as they are variable).

### 9. Prior Year's Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.