

BRANT FOOD FOR THOUGHT

FINANCIAL STATEMENTS

MARCH 31, 2019

BRANT FOOD FOR THOUGHT

March 31, 2019

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Independent Auditors' Report

To the Board of Directors of:
Brant Food For Thought

Opinion

I have audited the financial statements of Brant Food For Thought, which comprise the statement of financial position as at March 31, 2019 and the statements of changes, funding and expenditures operations and cash flows for the year then ended and a summary of significant accounting policies.

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, 2019 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.

Basis for Qualified Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

The Organization is required to capitalize and amortize its capital asset purchases. The organization expensed capital assets in the amount of \$8,012 (2018 - \$3,081). (See Note 4.)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organization, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess 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 my opinion. The risk of not detecting a material misstatement resulting from fraud

is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that I deem of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Brantford, Ontario
September 11, 2019



CPA, Chartered Accountant, LPA

BRANT FOOD FOR THOUGHT

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Current		
Cash	\$ 33,407	\$ 105,949
Investment account	87,777	66,246
Goods and service tax rebate	12,879	12,709
Prepaid expenses	<u>3,713</u>	<u>4,404</u>
Total Current Assets	<u>137,776</u>	<u>189,308</u>
Restricted Reserve Investment		
Investments - see Note 1 & 5	1,201	2,552
Investments - Brant County Roads - see Note 5	<u>-</u>	<u>5,633</u>
Total Restricted Assets	<u>1,201</u>	<u>8,185</u>
Total Assets	<u>\$ 138,977</u>	<u>\$ 197,493</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 9,351	\$ 43,175
Government remittances	551	6,781
Deferred Revenue (Note 3)	<u>63,499</u>	<u>92,888</u>
Total Liabilities	<u>73,401</u>	<u>142,844</u>
NET ASSETS (Note 5)		
Net assets - restricted	1,201	2,441
Net assets - unrestricted	<u>64,375</u>	<u>52,208</u>
Total Net Assets	<u>65,576</u>	<u>54,649</u>
Total Liabilities And Net Assets	<u>\$ 138,977</u>	<u>\$ 197,493</u>

Approved on Behalf of the Board

_____ Director
_____ Director

BRANT FOOD FOR THOUGHT

Statement of Net Assets *MARCH 31, 2019*

<i>NET ASSETS</i>	<i>Externally Restricted</i>	<i>Unrestricted</i>	<i>Total 2019</i>	<i>Total 2018</i>
<u><i>Balance, beginning of year</i></u>	<i>2,441</i>	<i>52,208</i>	<i>54,649</i>	<i>56,791</i>
<i>Excess of Revenue over Expenditures</i>	<i>-</i>	<i>10,929</i>	<i>10,931</i>	<i>(2,142)</i>
<i>Investment Income</i>	<i>62</i>	<i>(62)</i>	<i>-</i>	<i>-</i>
<i>Funds used for nutritional program</i>	<u><i>(1,300)</i></u>	<u><i>1,300</i></u>	<u><i>-</i></u>	<u><i>-</i></u>
<u><i>Balance, end of year</i></u>	<u><i>\$ 1,203</i></u>	<u><i>\$ 64,375</i></u>	<u><i>\$ 65,580</i></u>	<u><i>\$ 54,649</i></u>

See accompanying notes
D.M. Austin, CPA, Chartered Accountant

BRANT FOOD FOR THOUGHT
STATEMENT OF FUNDING AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
FUNDING		
Funding for Nutrition Programs		
Provincial - Food Funding	\$ 274,555	\$ 255,100
Municipal - Food Funding	58,109	33,558
Donations - Food Funding	35,930	70,892
Donation -Graham Bell-Victoria School Estate Fund -(Note 5)	1,355	2,749
Brant County Roads Association - Food Funding	5,000	5,000
Aberdeen Foundation - Food Programs	20,000	-
First Ontario Credit Union - Food Funding	<u>14,215</u>	<u>20,615</u>
	<u>409,164</u>	<u>387,914</u>
Funding for Program Support		
Provincial - Community Development and Program Support	74,544	73,616
Municipal - Program Support	52,500	42,000
Provincial - Infrastructure Equipment and Food Distribution	7,648	-
Brant United Way - Program Support	26,000	25,500
First Ontario Credit Union - Program Support	1,200	1,153
Fundraising - Program Support	<u>8,609</u>	<u>10,545</u>
	<u>170,501</u>	<u>152,814</u>
Other Income		
Fundraising for community projects (Note 2)	29,585	29,994
Interest income	2,239	842
Other income	<u>30</u>	<u>100</u>
	<u>31,854</u>	<u>30,936</u>
	<u>611,519</u>	<u>571,664</u>
EXPENDITURES		
Programs and Projects		
Student nutrition programs	417,706	396,616
Community projects	<u>6,131</u>	<u>5,990</u>
	<u>423,837</u>	<u>402,606</u>
EXCESS OF FUNDING OVER PROGRAM EXPENDITURES		
	<u>187,682</u>	<u>169,058</u>
Administration Costs		
Administration charges	5,052	4,927
Advertising and promotion	1,595	1,253
Bank charges	241	355
Insurance	3,237	2,109
Mileage	2,253	2,557
Office and general	3,807	3,853
Postage and courier	279	313
Professional fees	3,222	3,249
Rent	17,674	17,305
Repairs and maintenance	1,246	1,986
Telephone	2,221	2,096
Volunteer management, meetings and training	6,367	4,618
Wages and benefits	128,821	125,783
Website management	<u>738</u>	<u>796</u>
	<u>176,753</u>	<u>171,200</u>
EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES		
	<u>\$ 10,929</u>	<u>\$ (2,142)</u>

STATEMENT OF CASH FLOWS

MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
<i>Cash Provided by Operating Activities</i>		
<i>Excess (shortfall) of funding over expenditures</i>	\$ <u>10,929</u>	\$ <u>(2,142)</u>
<i>Changes in non-cash working capital:</i>		
<i>HST/GST rebate</i>	(170)	(1,757)
<i>Prepaid expenses</i>	692	(782)
<i>Accounts payable and accruals</i>	(40,057)	41,697
<i>Deferred revenue</i>	<u>(29,389)</u>	<u>49,486</u>
	<u>(68,924)</u>	<u>88,644</u>
<i>Net Cash Provided by Operating Activities</i>	<u>(57,995)</u>	<u>86,502</u>
<i>Cash from Investing Activities</i>		
<i>Investment account</i>	(21,531)	(5,696)
<i>Restricted investments</i>	<u>6,984</u>	<u>7,630</u>
<i>Cash Flows provided by Investing Activities</i>	<u>(14,547)</u>	<u>1,934</u>
<i>Net Increase in Cash</i>	(72,542)	88,436
<i>Net Cash, beginning of year</i>	<u>105,949</u>	<u>17,513</u>
<i>Net Cash, end of year</i>	\$ <u>33,407</u>	\$ <u>105,949</u>

<i>Interest revenue earned</i>	<u>2,239</u>	<u>842</u>
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BRANT FOOD FOR THOUGHT

Notes to the Financial Statements

MARCH 31, 2019

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 and savings accounts. 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 organizations 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 Organization, 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.

(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.

BRANT FOOD FOR THOUGHT

Notes to the Financial Statements

MARCH 31, 2019

(h) Income tax

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

2. Gifts In-Kind

The organization received \$3,044 (2018 - \$852) of gifts in-kind, all of which was for 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. In-kind donations have not been recorded in the financial statements.

3. Deferred Revenue

	<u>Beginning</u>	<u>Additions</u>	<u>Expenditures</u>	<u>Ending</u>
Aberdeen Foundation	\$ 20,000	\$ -	\$ (20,000)	\$ -
Graham Bell School Fund	2,441	-	(1,355)	1,086
Breakfast for Champions	1,400	5,205	(1,400)	5,205
Brant County Roads Association	5,000	-	(5,000)	-
Municipal food funding - program	26,477	14,693	(26,477)	14,693
Municipal program support	10,500	-	(10,500)	-
Grocery Foundation	3,697	-	(3,697)	-
Fundraising	23,373	37,930	(23,373)	37,930
First Ontario Credit Union fund	-	4,585	-	4,585
	<u>\$ 92,888</u>	<u>\$ 62,413</u>	<u>\$ (91,802)</u>	<u>\$ 63,499</u>

4. Capital Assets

The organization expensed \$8,012 (2018 - \$3,081) for items of a capital nature, such as a computer.

Since receipts exceed \$500,000, the organization is required to capitalize asset purchases and amortize them over the asset's useful life. They have chosen not to capitalize and amortize capital assets.

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, 2019

Restricted Funds

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. All funds were disbursed this year.

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 organization 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.

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 2018 for a 3 year term, expiring on December 1, 2021. Minimum lease payments for the balance of the lease are \$ 20,010.00 per year. (This excludes common area costs as they are variable).