

***BRANT FOOD FOR THOUGHT***

***FINANCIAL STATEMENTS***

***MARCH 31, 2020***

# ***BRANT FOOD FOR THOUGHT***

*MARCH 31, 2020*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of:  
Brant Food For Thought

### **Qualified Opinion**

I have audited the financial statements of Brant Food For Thought, which comprise the statement of financial position as at March 31, 2020 and the statements of changes in net assets, 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, 2020 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 qualified opinion.

In common with many non-profit organizations, the organization derives its revenue from donations and fundraising, 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 restricted funds.

The Organization is required to capitalize and depreciate its capital assets purchases. The Organization expensed capital assets in the amount of \$2,504 (2019 - \$8,327) (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 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.

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 are 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.

September 23 2020  
Brantford, Ontario



CPA, Chartered Accountant, LPA

# BRANT FOOD FOR THOUGHT

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and bank	\$ 129,603	\$ 33,402
Investments (Note 2)	120,071	88,452
Accounts receivable	29,188	3,151
HST rebate recoverable	4,403	9,058
Prepaid expenses	<u>4,676</u>	<u>3,713</u>
<b>Total unrestricted assets</b>	<b><u>287,941</u></b>	<b><u>137,776</u></b>
Restricted savings (Note 3)	<u>-</u>	<u>1,201</u>
<b>Total Assets</b>	<b><u>\$ 287,941</u></b>	<b><u>\$ 138,977</u></b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 9,789	\$ 9,351
Government remittance	-	551
Deferred Revenue (Note 4)	<u>216,070</u>	<u>63,499</u>
	<b><u>225,859</u></b>	<b><u>73,401</u></b>
<b>NET ASSETS</b>		
Net assets - restricted externally	205	1,201
Net assets - unrestricted	<u>61,877</u>	<u>64,375</u>
	<b><u>62,082</u></b>	<b><u>65,576</u></b>
<b>Total Liabilities And Net Assets</b>	<b><u>\$ 287,941</u></b>	<b><u>\$ 138,977</u></b>

**Approved on Behalf of the Board**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See Independent Auditor's Report  
D.M. Austin, CPA, CA, LPA, Brantford, Ontario

# **BRANT FOOD FOR THOUGHT**

## **STATEMENT OF CHANGES IN NET ASSETS**

**MARCH 31, 2020**

<b>NET ASSETS</b>	<b>Restricted Externally</b>	<b>Unrestricted</b>	<b>Total 2020</b>	<b>Total 2019</b>
<i>Balance, beginning of year</i>	\$ 1,201	\$ 64,375	\$ 65,576	\$ 54,649
<i>Excess of Revenue over Expenditures</i>	-	(3,494)	(3,494)	10,927
<i>Interest</i>	1	(1)	-	-
<i>Funds used for nutrition program</i>	<u>(997)</u>	<u>997</u>	<u>-</u>	<u>-</u>
<b><i>Balance, end of year</i></b>	<b><u>\$ 205</u></b>	<b><u>\$ 61,877</u></b>	<b><u>\$ 62,082</u></b>	<b><u>\$ 65,576</u></b>

*See Independent Auditor's Report  
D.M. Austin, CPA, CA, LPA, Brantford, Ontario*

# BRANT FOOD FOR THOUGHT

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
<b>RECEIPTS</b>		
<i>Nutrition Programs</i>		
Provincial - food funding	\$ 194,203	\$ 274,555
Municipal - food funding	34,033	58,109
Donations	45,242	35,930
Graham Bell Victoria School - Estate Donation	1,087	1,355
Brant County Roads Association	-	5,000
Aberdeen Foundation	-	20,000
First Ontario Food Programs	<u>20,118</u>	<u>14,215</u>
	<u><b>294,683</b></u>	<u><b>409,164</b></u>
<i>Program Support</i>		
Provincial - Community development and programs	77,792	74,544
Municipal - Program support	42,250	52,500
Provincial - Infrastructure Equipment and Food Distribution	934	7,648
Brant United Way	26,000	26,000
First Ontario Credit Union	1,200	1,200
Fundraising - program support	13,056	8,609
In-kind Donations	<u>4,740</u>	<u>3,044</u>
	<u><b>165,972</b></u>	<u><b>173,545</b></u>
<i>Other Income</i>		
Fundraising for community projects	20,449	29,585
Interest income	39	2,239
Other income	-	30
	<u><b>20,488</b></u>	<u><b>31,854</b></u>
<b>Total Receipts</b>	<u><b>481,143</b></u>	<u><b>614,563</b></u>
<b>EXPENDITURES</b>		
<i>Programs and Projects</i>		
Student nutrition programs	298,836	417,706
Community projects	5,306	6,131
In-kind expenses	<u>4,740</u>	<u>3,044</u>
	<u><b>308,882</b></u>	<u><b>426,881</b></u>
<b>Excess Of Funding Over Program Expenditures</b>	<u><b>172,261</b></u>	<u><b>187,682</b></u>
<i>Administration Costs</i>		
Administration charges	5,052	5,052
Advertising and promotion	2,180	2,336
Bank charges	588	241
Insurance	2,433	3,237
Travel	1,980	2,253
Office and general (Note 5)	4,387	4,085
Professional fees	3,239	3,222
Rental (Note 8)	18,406	17,674
Repairs and maintenance	1,343	1,246
Telephone	2,222	2,221
Volunteer management, meetings and training	7,616	6,367
Wages and benefits (Note 6)	<u>126,309</u>	<u>128,821</u>
	<u><b>175,755</b></u>	<u><b>176,755</b></u>
<b>Excess Of Funding Over Total Expenditures</b>	<u><b>\$ (3,494)</b></u>	<u><b>\$ 10,927</b></u>

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D.M. Austin, CPA, CA, LPA, Brantford, Ontario

# BRANT FOOD FOR THOUGHT

## STATEMENT OF CASH FLOWS

MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of funding over expenditures	\$ <u>(3,494)</u>	\$ <u>10,927</u>
<b>Changes in non-cash working capital:</b>		
HST rebate recoverable	4,655	537
Accounts receivable	(26,037)	(37)
Prepaid expenses	(963)	692
Interest receivable	1,405	(1,405)
Accounts payable and accruals	443	(33,827)
Government remittance	(551)	(6,230)
Deferred revenue	<u>152,571</u>	<u>(29,389)</u>
	<u><b>131,523</b></u>	<u><b>(69,659)</b></u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u><b>128,029</b></u>	<u><b>(58,732)</b></u>
<b>INVESTING ACTIVITIES</b>		
Cash investments received	88,202	107,000
Cash used to invest	(120,000)	(120,810)
Shares in credit union sold	5	-
Shares in credit union purchased	<u>(30)</u>	<u>-</u>
<b>Cash Flows Used in Investing Activities</b>	<u><b>(31,823)</b></u>	<u><b>(13,810)</b></u>
<b>Net Increase in Cash</b>	<b>96,206</b>	<b>(72,542)</b>
Net Cash, beginning of year	<u>33,402</u>	<u>105,944</u>
<b>Net Cash, end of year</b>	<u><b>\$ 129,608</b></u>	<u><b>\$ 33,402</b></u>
Cash Interest received during the year	<u><u>710</u></u>	<u><u>1,568</u></u>

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# **BRANT FOOD FOR THOUGHT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

### **PURPOSE OF THE ORGANIZATION**

*The organization was incorporated without share capital on March 12, 2004 under letters patent in Ontario. It has not-for-profit status and is a registered charity.*

*The Organization sponsors and promotes nutrition programs at schools and other qualifying organizations in Brantford and Brant County. Their mandate is 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 consist of guaranteed investment certificate, and savings accounts, shares in a credit union, and interest receivable. They are short term investments. All investments are recorded at cost.*

#### **(b) Revenue Recognition**

*The Organization follows the deferral method of accounting for contributions. Revenues are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.*

*The externally restricted fund contributions are recognized as revenue in the year in which the related expenses are incurred.*

*Investment income is recognized as revenue when earned in the related fund.*

#### **(c) Net Assets**

##### **Unrestricted Fund**

*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.*

##### **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.*

#### **(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*

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# BRANT FOOD FOR THOUGHT

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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) 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.

The Organization has not designated any financial asset or liability to be measured at fair value.

**(g) 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).

**(h) HST Rebate recoverable**

As a charity, the organization is entitled to claim a rebate of 50% of the federal portion and 82% of the provincial portion of the HST paid on purchases.

**(i) Capital Assets**

Expenditures with capital nature are charged to current operations the year of acquisition.

**2. Investments**

	<u>2020</u>	<u>2019</u>
Savings account - 0.15% interest	\$ 90,041	\$ 57,042
Shares	30	5
GIC maturing Feb. 13, 2021 with 1.6% interest	30,000	30,735
Accrued interest	-	670
<b>Total</b>	<b>\$ <u>120,071</u></b>	<b>\$ <u>88,452</u></b>

**3. Restricted Savings**

Savings bank account with 0.1% interest, externally restricted funds to use for Graham Bell Victoria School.

# BRANT FOOD FOR THOUGHT

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

### 4. Deferred Revenue

	<u>Beginning</u>	<u>Additions</u>	<u>Expenditures</u>	<u>Ending</u>
Graham Bell School				
Fund	\$ 1,086	\$ -	\$ (997)	\$ 89
Breakfast for Champions	5,205	5,025	(5,205)	5,025
Municipal Food				
Funding	14,693	46,253	(34,033)	26,913
Provincial food funding	-	240,807	(158,352)	82,455
Fundraising	37,930	101,897	(41,416)	98,411
First Ontario Credit				
Union fund	<u>4,585</u>	<u>20,000</u>	<u>(21,317)</u>	<u>3,268</u>
	<u>\$ 63,499</u>	<u>\$ 413,982</u>	<u>\$ (261,320)</u>	<u>\$ 216,161</u>

### 5. Capital Assets

The Canadian accounting standards for not-for-profit organizations requires capitalization of capital purchases if total average revenue for current and preceding year is over than \$500,000. The management considers that it would be difficult and costly to change the accounting policy and has chosen only to follow the disclosure requirements.

During the year, the Organization expensed \$2,504 (2019 - \$8,327) for furniture and equipment.

### 6. Related Parties

The Organization remunerates the executive director with a salary of \$50,419 (2019 - \$49,437). The reimbursement of expenses is in the normal course of business.

### 7. Economic Dependence

Economic dependence exists for an organization, when a customer, supplier or other group with which it conducts business is more than 10% of the balance of that related account.

During the year, the organization received receipts from two grantors and a fundraising agent representing 85% (2019 - two grantors at 75%).

During the year, the organization paid three organizations 69% (2019 - three at 56%) of total expenses.

### 8. Commitment

The lease for the premises was renewed for a three year term, expiring on November 30, 2021, with monthly payments of \$1,533 net of tax rebate. The future payments are as follows:

2021	\$	18,396
2022		<u>12,264</u>
	\$	<u><u>30,660</u></u>

See Independent Auditor's Report  
D.M. Austin, CPA, CA, LPA, Brantford, Ontario

# **BRANT FOOD FOR THOUGHT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

### **9. Donations in-kind**

*During the year, total of \$4,740 (2019 - \$3,044) donations in-kind were received and recorded. The amounts are determined only when there is readily available retail value.*

### **10. 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.*

#### **Credit Risk**

*Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments potentially exposed to credit risk include bank, 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 credit union. Accounts receivable are concentrated with two organizations representing 93% (2019 - one organization representing 100%) of total receivable. The carrying amount of the maximum credit risk exposure is \$283,264 (2019 - \$135,264).*

#### **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. The Organization is exposed to credit risk in its accounts payable and accrued liabilities with a carrying amount of \$9,789 (2019 - \$9,898).*

### **11. 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 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.*

### **12. Prior Year's Figures**

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

# ***BRANT FOOD FOR THOUGHT***

## ***NOTES TO THE FINANCIAL STATEMENTS***

***MARCH 31, 2020***

### ***13. Subsequent Event***

*Subsequent to the year end, the COVID-19 pandemic caused significant financial and social dislocation. Local, provincial and federal governments have implemented emergency measures designed to mitigate the spread of the virus and its effect on businesses. The governments and central bank have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Management is closely evaluating the impact of COVID-19 on the Organization's operations. At this time, it is not possible to reliably estimate the length of these developments and the impact on the liquidity, financial results and condition of the Organization in future periods.*