

HALTON FOOD FOR THOUGHT
FINANCIAL STATEMENTS
AS AT AUGUST 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors
Halton Food for Thought

Qualified Opinion

We have audited the financial statements of Halton Food for Thought ("the Organization") which comprise the statement of financial position as at August 31, 2023, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Halton Food for Thought derived revenue from donations, donations in kind and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Halton Food for Thought. Consequently, we were not able to determine whether any adjustments might be necessary to donations, donations in kind and fundraising revenue, excess of revenue over expenditure and cash flows from operations for the years ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022 and net assets as at September 1 and August 31 for both 2023 and 2022. Our audit opinion on the financial statements for the year ended August 31, 2022 was modified because of the possible effects of this limitation in scope.

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

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.

INDEPENDENT AUDITORS' REPORT, continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

We 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 we identify during our audit.

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
December 7, 2023

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Statement of financial position
As at August 31, 2023

	Operating fund	Contingency fund	Total 2023	Total 2022
Assets				
Current assets				
Cash and cash equivalents	\$ 558,665	-	558,665	612,693
Short-term investments (Note 4)	-	119,625	119,625	118,000
Government remittances receivable	5,595	-	5,595	5,483
Prepaid expenses	879	-	879	879
	565,139	119,625	684,764	737,055
Property, plant and equipment (Note 5)	3,005	-	3,005	9,232
	\$ 568,144	119,625	687,769	746,287
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 14,846	-	14,846	18,230
Deferred revenue (Note 6)	493,389	-	493,389	489,801
	508,235	-	508,235	508,031
Net assets				
Internally restricted	-	119,625	119,625	118,000
Invested in property, plant and equipment	3,005	-	3,005	9,232
Unrestricted	56,904	-	56,904	111,024
	59,909	119,625	179,534	238,256
	\$ 568,144	119,625	687,769	746,287

Approved by the Board

Director

Director

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Statement of changes in net assets
For the year ended August 31, 2023

		Operating fund	Contingency fund	Total 2023	Total 2022
Net assets , beginning of year	\$	120,256	118,000	238,256	214,533
Excess of (expenditure over revenue) revenue over expenditure for year		(60,347)	1,625	(58,722)	23,723
Net assets , end of year	\$	59,909	119,625	179,534	238,256

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Statement of operations
For the year ended August 31, 2023

	Operating fund	Contingency fund	Total 2023	Total 2022
Revenue				
Community grants	\$ 287,099	-	287,099	313,433
Donations	215,414	-	215,414	172,323
Donations in kind	116,225	-	116,225	189,754
Fundraising	84,658	-	84,658	68,061
Interest	-	1,625	1,625	270
Provincial funding	603,708	-	603,708	877,043
	1,307,104	1,625	1,308,729	1,620,884
Expenditure				
Amortization	6,227	-	6,227	8,219
Fundraising	11,268	-	11,268	7,973
Gift card distribution	-	-	-	16,800
Insurance	4,463	-	4,463	4,235
Interest and bank charges	3,071	-	3,071	2,025
Office and general	16,216	-	16,216	16,442
Professional fees	12,060	-	12,060	13,787
Promotion	2,692	-	2,692	13,624
Rent	12,496	-	12,496	9,674
Salaries and benefits	308,203	-	308,203	260,382
School programs	982,701	-	982,701	1,239,637
Telephone	2,390	-	2,390	2,181
Travel	2,882	-	2,882	2,072
Volunteer training	2,782	-	2,782	110
	1,367,451	-	1,367,451	1,597,161
Excess of (expenditure over revenue)				
revenue over expenditure for year	\$ (60,347)	1,625	(58,722)	23,723

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Statement of cash flows
For the year ended August 31, 2023

	2023	2022
Cash flows from (used in) operating activities		
Excess of (expenditure over revenue) revenue over expenditure for year		
Operating fund	\$ (60,347)	23,453
Contingency fund	1,625	270
Adjustment for		
Amortization of property, plant and equipment	6,227	8,219
	(52,495)	31,942
Changes in non-cash working capital		
Increase in short-term investments	(1,625)	-
Decrease in accounts receivable	-	8,924
Increase in government remittances receivable	(112)	(1,798)
Decrease in prepaid expenses	-	63,121
(Decrease) increase in accounts payable and accrued liabilities	(3,384)	10,412
Increase in deferred revenue	3,588	26,519
Cash flows (used in) from operating activities	(54,028)	139,120
Net (decrease) increase in cash and cash equivalents during year	(54,028)	139,120
Cash and cash equivalents, beginning of year	612,693	473,573
Cash and cash equivalents, end of year	\$ 558,665	612,693

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Notes to financial statements
As at August 31, 2023

1. Purpose of the Organization

The purpose of Halton Food for Thought (the “Organization”) is to promote the connection between healthy food choices and improved learning within the Halton school boards.

The Organization is a registered charity and was incorporated without share capital on June 29, 2007 under the laws of Ontario.

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 Organization follows the deferral method of accounting for contributions whereby revenue and expenditure are reflected in the accounts in the period in which they have been earned and incurred, respectively.

The Operating fund reports the Organization’s operational and administrative activities.

The Contingency fund was established for the purpose of safeguarding the Organization against unexpected expenditures or loss in revenues. Transfers to the Contingency fund are at the discretion of the Board of Directors.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

d) Short-term investments

Short-term investments are recorded at fair market value.

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Notes to financial statements
As at August 31, 2023

2. Significant accounting policies – continued

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 lives. Methods and rates used are:

Kitchen equipment
 20% straight-line basis

Computer equipment
 30% straight-line basis

Computer software
 33% straight-line basis

f) Deferred revenue

Deferred revenue represents funding received during the year which is designated for the subsequent school year's programs.

g) Revenue recognition

The Organization recognizes donations and fundraising as revenue when it is realized or realizable and earned. The Organization considers donations and fundraising realized or realizable and earned when it has persuasive evidence of an arrangement, the value is fixed or determinable and collectability is reasonably assured.

The Organization receives donations in-kind, which are recognized as received, and are recorded at fair market value when a fair value can be reasonably estimated and are used in the normal course of operations.

The Organization receives grants which are recognized as revenue when received or deferred to next fiscal year when related expenses are incurred.

The Organization receives provincial funding which is recognized as revenue when related expenses are incurred.

h) Contributed materials and services

The value of contributed materials and services and volunteer time is not reflected in these financial statements.

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Notes to financial statements
As at August 31, 2023

3. Financial instruments

a) Fair value

The Organization 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 Organization is exposed to interest rate risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Organization is exposed to interest rate risk as the interest rate on its Guaranteed Investment Certificates fluctuates in accordance with fluctuation in interest rates. The risk did not change significantly during the year.

c) Liquidity risk

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

4. Short-term investments

Short-term investments consist of Guaranteed Investment Certificates maturing on various dates up to March 2024, bearing interest at rates varying from 3.0% to 4.25% per annum.

HALTON FOOD FOR THOUGHT
(Incorporated without share capital)
Notes to financial statements
As at August 31, 2023

5. Property, plant and equipment

		2023		2022
	Cost	Accumulated amortization	Net	Net
Kitchen equipment	\$ 119,315	116,310	3,005	8,627
Computer equipment	17,164	17,164	-	285
Computer software	44,292	44,292	-	320
	<u>\$ 180,771</u>	<u>177,766</u>	<u>3,005</u>	<u>9,232</u>

Amortization recorded during the year amounted to \$6,227.

6. Deferred revenue

Deferred revenue results from community grants, donations and Provincial funding and pertains to Organization activities expected to take place after fiscal year end.

		2023	2022
Balance, beginning of year	\$	489,801	463,282
Amount received in the year		1,109,809	1,389,318
Revenue recognized in the year		<u>(1,106,221)</u>	<u>(1,362,799)</u>
Balance, end of year	\$	<u>493,389</u>	<u>489,801</u>

7. Income tax status

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

8. Economic dependence

The Organization is dependent on the operating grants provided by the YMCAs of Cambridge & Kitchener-Waterloo and the United Way Halton & Hamilton.