

**FOOD SECURE CANADA
FINANCIAL STATEMENTS
AUGUST 31, 2023**

**FOOD SECURE CANADA
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AUGUST 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
FOOD SECURE CANADA

Qualified Opinion

I have audited the financial statements of Food Secure Canada, which comprise the balance sheet as at August 31, 2023, and the statements of financial position, operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2023, and its results of operations and its 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 non-profit organizations, the organization derives part of its revenue from donations, sponsorships, and promotions, the completeness of which were not susceptible to satisfactory audit verification. Accordingly, my audit of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I am not able to determine whether any adjustments might be necessary to these revenues, excess of revenue over expenditures, assets and net assets as at August 31, 2023.

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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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 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.

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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.

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¹ CPA auditor, public accountancy permit No. A120681

FOOD SECURE CANADA
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2023

| | <i>2023</i> | <i>2022</i> |
|----------------------------------------|----------------|----------------|
| | \$ | \$ |
| ASSETS | | |
| Current Assets | | |
| Cash | 82,966 | 140,061 |
| Temporary investments (note 3) | 5,520 | 5,428 |
| Government grants receivable | 73,948 | 12,623 |
| Prepaid expenses | 8,780 | 4,482 |
| Sales tax receivable | 7,409 | 6,872 |
| Total current assets | 178,623 | 169,466 |
| Capital assets (note 4) | 4,701 | 4,963 |
| Intangible assets (note 5) | 16,596 | 14,745 |
| | 199,920 | 189,174 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accruals (note 6) | 71,549 | 26,498 |
| Deferred contributions (note 7) | 121,992 | 137,652 |
| | 193,541 | 164,150 |
| NET ASSETS | | |
| Restricted (note 8) | 56,297 | 54,708 |
| Unrestricted | (49,918) | (29,684) |
| | 6,379 | 25,024 |
| | 199,920 | 189,174 |

ON BEHALF OF THE BOARD

Approved by:

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2023

| | <i>2023</i> | <i>2022</i> |
|-----------------------------------------------|--------------|---------------|
| | \$ | \$ |
| Balance, beginning of the year | 25,024 | 61,128 |
| Excess of expenses over revenues for the year | (18,645) | (36,104) |
| Balance, end of year | 6,379 | 25,024 |
| | | |
| Represented by: | | |
| Net assets invested in capital assets | 21,297 | 19,708 |
| Internally restricted net assets (note 8) | 35,000 | 35,000 |
| Unrestricted net assets | (49,918) | (29,684) |
| | 6,379 | 25,024 |

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

| | General | School Food | Food Sovereignities | Sustainable Development Goals | Sustainable Consumption | Total 2023 | Total 2022 |
|-----------------------------------|---------------|----------------|------------------------|-------------------------------------|----------------------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| REVENUES | | | | | | | |
| Foundations | | | | | | | |
| Interpares | 41,512 | - | - | - | - | 41,512 | 67,107 |
| Heart & Stroke | - | - | - | - | - | - | 12,750 |
| Show Kids You Care | - | 3,000 | - | - | - | 3,000 | 2,550 |
| Mazon | - | 7,125 | - | - | - | 7,125 | 6,768 |
| People's food Institute - Arrell | - | 277,064 | - | - | - | 277,064 | 95,094 |
| People's food Institute - Walmart | - | - | 172,574 | - | - | 172,574 | 51,523 |
| Government | | | | | | | |
| Federal | (6,050) | - | - | 395,474 | 6,145 | 395,569 | 310,585 |
| Donations | 27,577 | 1,500 | - | - | - | 29,077 | 7,119 |
| Sales and services | - | - | - | - | - | - | 2,500 |
| Memberships | 3,661 | 100 | - | - | - | 3,761 | 13,536 |
| Other income | 667 | 14,903 | - | - | - | 15,570 | 91,849 |
| | <u>67,367</u> | <u>303,692</u> | <u>172,574</u> | <u>395,474</u> | <u>6,145</u> | <u>945,252</u> | <u>661,381</u> |

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

| | General | School Food | Food Sovereignities | SDG | Sustainable Consumption | Total 2023 | Total 2022 |
|---------------------------------------------|-----------------|--------------------|--------------------------------|----------------|------------------------------------|-----------------------|-----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| EXPENSES | | | | | | | |
| Human resources support | 30,853 | 249,732 | 116,891 | 360,175 | - | 757,651 | 593,656 |
| Marketing & advertising | - | - | - | - | - | - | 387 |
| Professional services | 16,188 | - | - | - | - | 16,188 | 28,688 |
| Administrative | 3,978 | 37,885 | - | 2,365 | - | 44,228 | 15,035 |
| Office and program supplies | 12,444 | 16,075 | 409 | 15,321 | 6,145 | 50,394 | 17,412 |
| Insurance | - | - | - | - | - | - | 2,219 |
| Travel | 119 | - | 38,025 | 11,730 | - | 49,874 | 14,814 |
| Rent & utilities | 1,650 | - | 17,249 | 5,883 | - | 24,782 | 19,103 |
| Interest and bank fees | 15,456 | - | - | - | - | 15,456 | 1,244 |
| Amortization | 5,324 | - | - | - | - | 5,324 | 4,927 |
| | <u>86,012</u> | <u>303,692</u> | <u>172,574</u> | <u>395,474</u> | <u>6,145</u> | <u>963,897</u> | <u>697,485</u> |
| EXCESS OF EXPENSES OVER REVENUES | <u>(18,645)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(18,645)</u> | <u>(36,104)</u> |

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023

| | 2023 | 2022 |
|--------------------------------------------------|---------------|----------------|
| | \$ | \$ |
| CASH PROVIDED FROM (USED FOR) | | |
| Operations | | |
| Excess of expenses over revenues | (18,645) | (36,104) |
| Amortization of capital and intangible assets | 5,324 | 4,927 |
| | (13,321) | (31,177) |
| Net changes in non-cash working capital: | | |
| Government grant receivable | (61,325) | 34,207 |
| Accounts receivable | - | 21,874 |
| Temporary investments | (92) | (25) |
| Prepaid expenses | (4,298) | (4,482) |
| Sales tax receivable | (537) | (2,220) |
| Accounts payable and accruals | 45,051 | (9,611) |
| Deferred contributions | (15,660) | 44,698 |
| | (50,182) | 53,264 |
| Investing | | |
| Acquisition of capital assets | (6,913) | (17,174) |
| Increase (decrease) in cash and cash equivalents | (57,095) | 36,090 |
| Cash and cash equivalents, beginning of the year | 140,061 | 103,971 |
| Cash and cash equivalents, end of year | 82,966 | 140,061 |
| <i>Represented by:</i> | | |
| Cash | 82,966 | 140,061 |

See notes to Financial Statements

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

1. STATUS AND PURPOSE OF THE ORGANIZATION

Food Secure Canada incorporated as a not-for-profit organization under the Canada Corporations Act in October 2006. Food Secure Canada is a pan-Canadian alliance of organizations and individuals working together to advance food security and food sovereignty. The organization is a not-for-profit organization under the income tax act, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook –Accounting.

Use of estimates

The preparation of these financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and adjustments are made to income as appropriate in the year as they become known.

The most significant estimates relate to the allocation of costs, deferred income revenues and contributions and the deferred costs of capital assets.

Revenue recognition

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

Other revenues are recognized as revenue when the service is rendered.

Contributed services and material

Volunteers contribute an amount of their time each year. Because of the difficulty of determining their fair value, these hours are not recognized in these financial statements.

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, and temporary investments with a maturity period of three months or less from the date of acquisition. Temporary investments that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include trade accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated using the straight-line method at the rate that varies 3 to 5 years.

Intangible assets

Intangible assets are accounted for at cost. Amortization is calculated on its estimated useful life using the straight-line method at the rate of 20%.

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of expenses

The Organization records a number of its expenses by program and activity. The expenses are allocated based on direct cost or management estimate as to the program they relate to. Personnel are allocated on the following basis: proportionally by the estimated hours worked for each program and activity.

3. TEMPORARY INVESTMENTS

| | 2023 | 2022 |
|-----------------------------------------------------------------------------|----------|----------|
| One year non-redeemable investment, 3% (2022; 1.25%), maturing in May 2024. | \$ 5,520 | \$ 5,428 |

4. CAPITAL ASSETS

| | 2023 | | | 2022 |
|--------------------|-----------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Computer equipment | \$ 14,747 | \$ 10,959 | \$ 4,701 | \$ 4,963 |

5. INTANGIBLE ASSETS

| | 2023 | | | 2022 |
|---------|-----------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Website | \$ 49,577 | \$ 32,980 | \$ 16,596 | \$ 14,745 |

6. ACCOUNTS PAYABLE AND ACCRUALS

| | 2023 | 2022 |
|------------------------|------------------|------------------|
| Trade accounts payable | \$ 56,769 | \$ 19,573 |
| Salaries | 14,780 | 6,925 |
| | \$ 71,549 | \$ 26,498 |

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

7. DEFERRED CONTRIBUTIONS/REVENUES

The deferred contributions represent unused resources received during the year for specific activities. The amount shall be considered as income in the following year. Changes in deferred contributions are:

| | Children and Food Contribut- ions | SDG 2 | CCED NET | Food Soverei- gnty | Sust. Consu- mption | CHSF – PFI | Total 2023 | Total 2022 |
|-----------------------------------------------------------|--------------------------------------------|--------------|---------------|--------------------------|---------------------------|----------------|----------------|------------------|
| Opening Balance | \$ --- | \$69,716 | \$ --- | \$ 48,477 | \$ 1,177 | \$ 18,282 | \$ 137,652 | \$ 92,954 |
| Less: amount recognized as revenue in the year | --- | (69,716) | --- | (48,477) | (1,177) | (18,282) | (92,954) | (92,954) |
| Plus: amount received related to the following year | ---- | 3,263 | 17,442 | 319 | --- | 100,968 | 121,992 | 137,652 |
| Closing Balance | ---- | 3,263 | 17,442 | 319 | --- | 100,968 | 121,992 | \$137,652 |

8. NET ASSETS

The Board of directors have approved to internally restrict an amount of \$35,000 for future operating cash flow. Any use of these funds requires explicit approval by the Board of Directors.

9. ALLOCATION OF COSTS

The allocation of personnel salaries is based on time and effort related to the program or activity and in the absence of tangible cost drivers the salaries are based on management's best estimate. All direct cost is charged to the program as incurred and all other costs that are not specifically identifiable to a program or activity are allocated based on management's best estimate.

10. FINANCIAL INSTRUMENTS

Risk and concentrations

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Organization's risk exposure as at August 31, 2023.

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

10. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Organization does not normally require a guarantee.

The Organization is exposed to credit risk through its cash, and temporary investments in excess of deposit insurance are kept in the same recognized financial institution.

For the other receivables, the Organization determines, on a continuing basis, the probable losses, and sets up a provision for losses based on the estimated realizable value.

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 on its fixed-interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Risk exposure change

Since last year, the Organization's risk exposure hasn't changed.