

Nutrition for Learning Inc.
Financial Statements
August 31, 2013

Independent Auditors' Report



To the Members of Nutrition for Learning Inc.:

We have audited the accompanying financial statements of Nutrition for Learning Inc., which comprise the statements of financial position as at August 31, 2013, August 31, 2012 and September 1, 2011 and the statements of operations, changes in net assets, and cash flows for the years ended August 31, 2013 and August 31, 2012, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' 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 purpose of expressing an opinion on 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many similar organizations, Nutrition for Learning Inc. derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from these sources was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Nutrition for Learning Inc. as at August 31, 2013, August 31, 2012 and September 1, 2011 and its results of operations, changes in net assets, and cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Waterloo, Ontario

November 26, 2013

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants



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Nutrition for Learning Inc. Statement of Financial Position

As at August 31, 2013

	<i>August 31 2013</i>	<i>August 31 2012</i>	<i>September 1 2011</i>
Assets			
Current			
Cash	268,182	141,938	46,046
HST receivable	11,211	9,848	10,009
Investments <i>(Note 4)</i>	-	200,000	350,000
Prepaid expenses	2,461	250	28,614
	281,854	352,036	434,669
Capital assets <i>(Note 5)</i>	11,492	10,586	13,244
	293,346	362,622	447,913
Liabilities			
Current			
Accounts payable and accruals	7,955	8,475	20,619
Deferred contributions <i>(Note 6)</i>	188,715	219,707	337,133
	196,670	228,182	357,752
Net Assets			
Net assets, end of year	96,676	134,440	90,161
	293,346	362,622	447,913

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Nutrition for Learning Inc.

Statement of Operations

For the year ended August 31, 2013

	2013	2012
Revenues		
Ministry of Youth and Childrens' Services	456,196	454,587
Kavelman-Fonn Foundation	125,000	50,000
Fundraising	103,852	158,207
Donations	66,815	66,811
Tim Hortons	52,710	61,550
RBC Foundation / Royal Bank of Canada	37,000	41,883
Breakfast for Learning	33,000	10,000
Breakfast Clubs of Canada	31,789	31,250
BLM Transportation Group	24,052	24,052
Manulife	23,449	4,500
Catholic Community Foundation of Waterloo Region	10,500	15,550
Kitchener Pioneer Lions Club	10,000	-
Other foundations	7,953	11,305
Interest income	1,597	1,398
Research in Motion	500	20,000
Ontario Trillium Foundation	-	42,800
	984,413	993,893
Expenses		
Nutrition program costs (Schedule 1)	742,824	650,329
Wages and benefits, not included in nutrition program costs	164,511	166,588
Office and administration	48,563	41,222
Occupancy	28,819	29,545
Fundraising	18,292	44,968
Auditing and accounting fees	9,820	9,198
Interest and bank charges	3,274	1,988
Insurance	3,162	3,118
Amortization of capital assets	2,912	2,658
	1,022,177	949,614
Excess (deficiency) of revenues over expenses	(37,764)	44,279

The accompanying notes are an integral part of these financial statements

Nutrition for Learning Inc.
Statement of Changes in Net Assets
For the year ended August 31, 2013

	2013	2012
Net assets, beginning of year	134,440	90,161
Excess (deficiency) of revenues over expenses	(37,764)	44,279
Net assets, end of year	96,676	134,440

The accompanying notes are an integral part of these financial statements

Nutrition for Learning Inc.
Statement of Cash Flows
For the year ended August 31, 2013

	2013	2012
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	(37,764)	44,279
Amortization of capital assets	2,912	2,658
	(34,852)	46,937
Changes in working capital accounts		
HST receivable	(1,363)	161
Prepaid expenses	(2,211)	28,364
Accounts payable and accruals	(520)	(12,144)
Deferred contributions	(30,992)	(117,426)
	(69,938)	(54,108)
Investing		
Purchase of investments	-	(400,000)
Redemption of investments	200,000	550,000
Purchase of capital assets	(3,818)	-
	196,182	150,000
Increase in cash resources	126,244	95,892
Cash resources, beginning of year	141,938	46,046
Cash resources, end of year	268,182	141,938

The accompanying notes are an integral part of these financial statements

1. Organization

Nutrition for Learning Inc. (the "Organization") is an organization dedicated to alleviating hunger and increasing the nutritional quality of food for children in Waterloo Region through the support of child nutrition programs, community development, and nutrition education. On November 1, 1997, the Organization became a registered charity under Section 149 of the Income Tax Act (Canada) and is, therefore, exempt from the payment of income taxes. On January 25, 2002 the Organization was incorporated under the laws of Ontario.

2. Impact of adopting accounting standards for not-for-profit organizations

These are the Organization's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended August 31, 2013, the comparative information for the year ended August 30, 2012, and the opening ASNPO balance sheet as at September 1, 2011 (the Organization's date of transition to ASNPO).

The transition to ASNPO has not affected the statement of financial position, statement of operations or statement of cash flows previously reported under Canadian generally accepted accounting principles (GAAP).

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

The Organization uses the deferral method of accounting for revenues, whereby undesignated receipts are reflected as revenue when received or receivable, and designated receipts are reflected as deferred contributions until the related designated expenditures are made.

Capital assets

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be the fair value at the date of contribution.

Amortization is provided using the following methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Method</i>	<i>Rate</i>
Leasehold improvements	straight-line	6 years
Computer equipment	declining balance	30 %
Furniture and equipment	declining balance	20 %

Use of estimates

The preparation of 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.

Amortization is based on the estimated useful lives of capital assets and accruals are estimated based on payments made subsequent to year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

Contributed materials and services

A large number of people have contributed significant amounts of time to the activities of the Organization without compensation, and from time to time goods are contributed. The financial statements do not reflect the value of those contributed services and goods because, although clearly substantial, no reliable basis exists for determining an appropriate amount to be recorded.

3. Significant accounting policies *(Continued from previous page)*

Allocation of expenses

The Organization engages in programs to provide school children with food they require for learning while at school. The cost of each program includes costs that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs

The Organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Management allocates general support expenses to the programs when those costs are directly attributable to those programs.

Financial instruments

The Organization recognizes its financial instruments when it becomes party to the contractual provisions of them. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its net assets, and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost and groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining if objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is recorded in current year operations.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in operations in the year the reversal occurs.

4. Investments

Investments consist of RBC guaranteed investment certificates as follows:

	2013	2012
GIC, Maturing August 31, 2013 with interest at 0.80%	-	100,000
GIC, Maturing August 31, 2013 with interest at 0.80%	-	100,000
	-	200,000

Nutrition for Learning Inc.
Notes to the Financial Statements
For the year ended August 31, 2013

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2013 Net book value</i>	<i>2012 Net book value</i>
Leasehold improvements	7,607	3,170	4,437	5,705
Computer equipment	14,524	10,613	3,911	951
Furniture and equipment	10,705	7,561	3,144	3,930
	32,836	21,344	11,492	10,586

6. Deferred contributions

	<i>2013</i>	<i>2012</i>
Kavelman-Fonn Foundation	-	25,000
Ministry of Youth and Children's Services	188,207	188,207
Toyota Tsusho Canada Inc.	-	6,500
Miscellaneous	508	-
	188,715	219,707

Grants received from the Ministry of Youth and Children's Services for nutrition program and infrastructure costs totalled \$459,091 during the year, of which \$188,207 has been deferred to offset future costs.

7. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

The operations of the Organization necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet anticipated daily financial obligations and fund future operational requirements. The Organization's objective is to ensure that it faces limited risk exposure in this area through requirements placed on the types and amounts of liquid assets that are required to be maintained in order to meet its current and future obligations. The Organization achieves this objective through the preparation and monitoring of annual operational budgets to assess current and future funding requirements. As well, the Organization holds its funds with reputable financial institutions. There has been no change in this risk exposure or the above objective, and policies and procedures used to manage this exposure during the year.

8. Commitments

The Organization has entered into a commitment for its premises requiring monthly rental payments of \$3,729 from October 2013 to September 2016, and a vehicle lease agreement requiring monthly lease payments of \$113 from February 2011 to January 2016.

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs

For the year ended August 31, 2013

	2013	2012
Alison Park Public School	-	3,959
Alpine Public School	5,025	5,000
Alternative Program Cambridge	1,261	1,524
AR Kaufman Public School	1,432	3,800
Avenue Road	2,025	1,551
Bethany Missionary Church/Suddaby Public School	1,514	2,000
Blair Road Public School	2,000	1,150
Blairview Public School	1,877	-
Blessed Sacrament School	3,283	1,367
Bluevale Collegiate Institute	5,053	4,000
Bridgeport Public School	4,089	2,910
Bridges North - Pinegrove	3,500	2,250
Calvin Presbyterian Church/Forest Hills	1,611	1,500
Cameron Heights Collegiate	3,799	3,626
Carizon Family and Community Services - (Chandler)	2,500	3,500
Carizon Family and Community Services - (Kingsdale)	3,500	4,500
Cedar Creek Public School	2,833	1,500
Cedarbrae Public School	3,741	3,500
Centennial Public School	3,018	3,096
Central Public School	9,500	8,000
Choices for Youth	7,511	12,600
Christ The King	2,111	2,300
Coronation Public School	2,797	6,500
Country Hills Public School	13,270	6,052
Courtland Public School	2,415	3,500
Crestview Public School	3,265	-
Dickson Public School	-	(4,699)
Doon Public School	4,713	5,479
Driftwood Park Public School	2,500	1,500
Eastwood Collegiate Institute	6,000	5,800
E'cole L'Harmonie	1,300	2,000
Elgin St Public School	3,500	4,500
Elmira District Secondary School	3,257	7,025
Floradale Public School	3,268	1,850
Forest Heights Secondary School	2,225	9,500
Franklin Public School	2,700	3,000
Galt Collegiate Institute	10,500	9,100
Glencairn Public School	995	1,500
Glenview Park Secondary School	10,986	10,646
Grand River Collegiate	3,382	4,612
Grand View Public School	7,885	3,848
Hespeler Public School	3,550	5,994
Highland Baptist Church/JF Carmichael Public School	100	1,500
Highland Public School	3,954	4,289
Subtotal	163,745	167,129

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs

For the year ended August 31, 2013

	<i>2013</i>	<i>2012</i>
Amount carried forward	163,745	167,129
Hillcrest Public School	120	1,177
Holy Rosary Catholic School	8,108	6,500
Howard Robertson School	7,184	7,084
Huron Heights Secondary School	5,691	3,680
Jacob Hespler Secondary School	5,847	4,000
JF Carmichael Public School	5,898	-
John Mahood Public School	-	(2,119)
Keatsway Public School	8,489	12,962
Kinbridge Comm - Chalmers Public School	3,144	9,176
Kinbridge Comm - Southwood Res	1,785	1,000
Kinbridge Comm - Stewart Ave Public School	7,803	11,288
King Edward Public School	7,539	9,904
Knox Preston Presbyterian Church/Preston Public School	1,707	3,000
Kitchener-Waterloo Collegiate	4,339	4,375
Langs Farm Village Ass'n	1,511	1,020
Langs Farm Village Ass'n - 7th Inning Program	2,750	1,000
Laurentian Senior Public School	-	3,881
Lincoln Avenue Public School	1,700	5,096
Lincoln Heights Public School	2,321	5,719
Linwood Public School	930	6,000
MacGregor Senior Public School	4,425	5,267
Manchester Public School	6,718	7,103
Margaret Ave Public School	100	1,000
Mary Johnston Public School	9,570	-
Moffit Creek Public School	12,540	-
Monsignor Doyle C.S.S.	6,850	4,550
Monsignor Haller School	1,222	1,910
New Dawn	4,304	4,000
Parkway Public School	4,467	3,750
Pioneer Park Public School	1,818	6,000
Popcorn House	400	3,096
Popcorn House/Centennial	2,000	850
Preston High School	6,218	6,000
Prueter Public School	2,961	-
Queen Elizabeth Public School	1,101	7,000
Queensmount Senior Public School	1,417	3,000
Resurrection C.S.S.	5,500	3,800
Rockway Public School	8,335	4,500
Subtotal	320,557	323,698

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs

For the year ended August 31, 2013

	2013	2012
Amount carried forward	320,557	323,698
Sheppard Public School	3,010	-
Sir John A MacDonald Secondary School	5,900	7,798
Smithson Public School	1,642	1,742
Southridge Public School	9,330	-
Southwood Secondary School	1,671	1,950
St. Agnes School	14,943	9,569
St. Aloysius School	8,594	5,250
St. Ambrose School	2,033	3,500
St. Andrews Public School	4,114	3,517
St. Anne School - Cambridge	6,102	4,250
St. Anne School - Kitchener	12,357	6,712
St. Benedict C.S.S.	9,684	10,680
St. Bernadette School	9,721	17,604
St. Daniel School	5,178	6,650
St. David C.S.S.	2,000	2,350
St. Don Bosco - Cambridge	3,018	5,500
St. Don Bosco - Kitchener	9,128	4,750
St. Elizabeth	2,445	1,500
St. Francis School	2,545	2,250
St. Gregory School	9,210	9,058
St. John School	4,518	4,374
St. Joseph Catholic School	1,250	2,100
St. Luke's Church/Franklin Public School	2,736	2,596
St. Mary's High School	6,170	4,500
St. Paul School	6,318	-
St. Peter School	6,106	5,800
St. Teresa School-Elmira	3,923	4,400
St. Teresa School-Kitchener	2,275	1,250
St. Timothy School	11,349	1,250
Suddaby Public School	-	123
Sunnyside Public School	3,635	2,500
Trillium Public School	14,003	1,000
U-Turn Program Cambridge	12,907	10,859
U-Turn Program Waterloo	11,014	12,830
Waterloo Collegiate Institute	3,557	7,118
Waterloo Oxford District Secondary School	4,000	1,525
Wellesley Public School	5,198	3,000
Westvale Public School	6,230	-
William G. Davis Public School	3,571	6,702
Wilson Ave Public School @ Holy Trinity	611	2,000
Wilson Avenue Public School	2,731	1,000
Winston Churchill Public School	6,210	2,900
W.T. Townshend	4,000	5,750
Subtotal	565,494	511,905

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs

For the year ended August 31, 2013

	<i>2013</i>	<i>2012</i>
Amount carried forward	565,494	511,905
Various Schools	9,300	472
Returned Program Funds	(4,642)	(16)
Direct Program related - Infrastructure	6,797	974
Direct Program related - Wages	134,177	106,740
Direct Program related - Volunteer Costs	25,677	25,599
Direct Program related - Food Delivery Costs	6,021	4,655
Total nutrition program costs	742,824	650,329

Some of the locations offer more than one type of program.