

Nutrition for Learning Inc.
Financial Statements
August 31, 2016

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 statement of financial position as at August 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 (deficiency) 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, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Waterloo, Ontario

November 21, 2016

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Nutrition for Learning Inc.
Statement of Financial Position
As at August 31, 2016

| | 2016 | 2015 |
|---------------------------------|----------------|----------------|
| Assets | | |
| Current | | |
| Cash | 404,103 | 414,111 |
| Accounts receivable | 20,184 | 1,338 |
| Harmonized sales tax receivable | 7,725 | 33,639 |
| Prepaid expenses | 33,997 | 18,747 |
| Inventory (Note 3) | 11,706 | 3,674 |
| | 477,715 | 471,509 |
| Capital assets (Note 4) | 13,208 | 18,322 |
| | 490,923 | 489,831 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | 39,142 | 25,855 |
| Deferred contributions (Note 5) | 348,359 | 345,367 |
| | 387,501 | 371,222 |
| Net Assets | 103,422 | 118,609 |
| | 490,923 | 489,831 |

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, 2016

| | 2016 | 2015 |
|---|------------------|------------------|
| Revenues | | |
| Anchor Group | 3,729 | 3,729 |
| BLM Transportation Group / BLM Deck | 41,019 | 41,019 |
| Breakfast Club of Canada | 36,750 | 40,210 |
| Breakfast for Learning | 31,600 | 31,500 |
| Catholic Community Foundation of Waterloo Region | 10,000 | 10,000 |
| Donations | 176,003 | 141,402 |
| Fundraising | 240,187 | 107,973 |
| Interest income | 2,227 | 2,528 |
| Kavelman-Fonn Foundation | 100,000 | 100,000 |
| Lyle Hallman Foundation | 60,000 | 60,000 |
| Manulife | 18,000 | 18,000 |
| Ministry of Children and Youth Services | 622,492 | 551,676 |
| Newman's Own Foundation Fund | - | 11,796 |
| Ontario Trillium Foundation | - | 94,100 |
| Other foundations | 5,469 | 7,400 |
| RBC Foundation / Royal Bank of Canada | 35,500 | 35,000 |
| The Kitchener and Waterloo Community Foundation | 2,000 | 10,445 |
| Tim Hortons | 131,471 | 123,760 |
| | 1,516,447 | 1,390,538 |
| Expenses | | |
| Nutrition program costs (Schedule 1) | 1,205,540 | 1,001,114 |
| Wages and benefits, not included in nutrition program costs | 165,640 | 175,207 |
| Office and administration | 60,390 | 80,849 |
| Occupancy | 56,235 | 58,715 |
| Fundraising | 17,483 | 15,964 |
| Auditing and accounting fees | 8,770 | 13,870 |
| Consulting | 6,308 | - |
| Interest and bank charges | 3,427 | 3,782 |
| Insurance | 2,726 | 3,237 |
| Amortization | 5,115 | 5,313 |
| | 1,531,634 | 1,358,051 |
| Excess (deficiency) of revenues over expenses | (15,187) | 32,487 |

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, 2016

| | 2016 | 2015 |
|---|----------|---------|
| Net assets, beginning of year | 118,609 | 86,122 |
| Excess (deficiency) of revenues over expenses | (15,187) | 32,487 |
| Net assets, end of year | 103,422 | 118,609 |

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, 2016

| | 2016 | 2015 |
|---|-----------------|----------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess (deficiency) of revenues over expenses | (15,187) | 32,487 |
| Amortization | 5,115 | 5,313 |
| <hr/> | | |
| Changes in working capital accounts | (10,072) | 37,800 |
| Harmonized sales tax receivable | 25,914 | (20,789) |
| Accounts payable and accruals | 13,286 | 5,213 |
| Deferred contributions | 2,992 | 149,753 |
| Inventory | (8,032) | (3,674) |
| Prepaid expenses | (15,250) | (15,665) |
| Accounts receivable | (18,846) | (679) |
| <hr/> | | |
| | (10,008) | 151,959 |
| <hr/> | | |
| Investing | | |
| Purchase of capital assets | - | (1,418) |
| <hr/> | | |
| Increase (decrease) in cash resources | (10,008) | 150,541 |
| Cash resources, beginning of year | 414,111 | 263,570 |
| <hr/> | | |
| Cash resources, end of year | 404,103 | 414,111 |

The accompanying notes are an integral part of these financial statements

1. Organization and operations

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. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, 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

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

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

| | Method | Rate |
|-------------------------|-------------------|-------------|
| Leasehold improvements | straight-line | 6 years |
| Computer equipment | declining balance | 30 % |
| Furniture and equipment | declining balance | 20 % |

Measurement uncertainty (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.

Accruals are estimated based on payments to be made subsequent to year end.

Deferred contributions are based on the terms of grant agreements.

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 unless a reliable basis exists for determining an appropriate amount to be recorded.

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 for allocating each component expense, and applying that basis consistently each year. Management allocates general support expenses to the programs when those costs are directly attributable to those programs.

Nutrition for Learning Inc.
Notes to the Financial Statements
For the year ended August 31, 2016

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

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. 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 cost or amortized 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.

3. **Inventory**

Inventory held at year end is carried at cost and consists of the following:

| | 2016 | 2015 |
|------|--------|-------|
| Food | 11,706 | 3,674 |

4. **Capital assets**

| | Cost | Accumulated amortization | 2016 Net book value | 2015 Net book value |
|-------------------------|--------|-----------------------------|---------------------------|---------------------------|
| Leasehold improvements | 22,657 | 13,244 | 9,413 | 13,189 |
| Computer equipment | 15,942 | 13,757 | 2,185 | 3,121 |
| Furniture and equipment | 10,705 | 9,095 | 1,610 | 2,012 |
| | 49,304 | 36,096 | 13,208 | 18,322 |

Nutrition for Learning Inc.
Notes to the Financial Statements
For the year ended August 31, 2016

5. Deferred contributions

| | 2016 | 2015 |
|---|---------|---------|
| Ministry of Children and Youth Services | 244,025 | 256,184 |
| Grocery cards | 12,150 | 16,925 |
| Ontario Trillium Foundation | 69,500 | - |
| The Grocery Foundation | 14,805 | - |
| Miscellaneous | 7,879 | 7,258 |
| RBC Foundation | - | 35,000 |
| Mercedes Corporation | - | 25,000 |
| MTE Consultants Inc. | - | 5,000 |
| | 348,359 | 345,367 |

6. 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.

7. Commitments

The Organization has entered into the following lease commitments: a lease for its premises requiring monthly rental payments of \$3,729 to September 2017, vehicle lease requiring monthly lease payments of \$113 to January 2021, and vehicle lease requiring monthly lease payments of \$1,730 to August 2021.

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs
For the year ended August 31, 2016

| | 2016 | 2015 |
|--------------------------------------|----------------|----------------|
| Alpine Public School | 2,044 | 4,450 |
| Alternative Program Cambridge | 609 | 665 |
| AR Kaufman Public School | 6,096 | 2,755 |
| Avenue Road | 2,294 | 100 |
| Ayr Public School | 3,398 | - |
| Blair Road Public School | 3,984 | 3,495 |
| Blessed Sacrament School | 2,280 | 2,052 |
| Bluevale Collegiate Institute | 7,211 | 2,815 |
| Bridgeport Public School | 3,495 | 2,235 |
| Bridges North | 406 | 1,945 |
| Cameron Heights Collegiate | 4,194 | 2,187 |
| Cedar Creek Public School | 300 | 1,013 |
| Cedarbrae Public School | 6,607 | 4,894 |
| Centennial Public School - Cambridge | 1,257 | 2,534 |
| Centennial Public School - Waterloo | 5,653 | - |
| Central Public School | 11,361 | 6,749 |
| Choices for Youth - Cambridge | 1,042 | 1,110 |
| Choices for Youth - KW | 3,855 | 5,265 |
| Christ The King | 9,272 | 11,542 |
| Coronation Public School | 4,681 | 1,500 |
| Chalmers Street Public School | 9,348 | 8,234 |
| Country Hills Public School | 10,597 | 14,378 |
| Courtland Public School | 2,018 | 720 |
| Crestview Public School | 2,935 | 2,268 |
| Doon Public School | 3,485 | 5,800 |
| Driftwood Park Public School | 3,055 | 950 |
| Eastwood Collegiate Institute | 8,947 | 1,345 |
| Ecole L'Harmonie | 4,000 | - |
| Elgin St Public School | 6,018 | 1,230 |
| Elmira District Secondary School | 3,124 | 1,568 |
| Floradale Public School | - | 875 |
| Forest Heights Secondary School | 4,033 | 500 |
| Forest Hill Public School | 12,051 | 11,478 |
| Franklin Public School | 2,878 | 2,256 |
| Galt Collegiate Institute | 3,499 | 6,300 |
| Glencairn Public School | 603 | 810 |
| Glenview Park Secondary School | 5,759 | 9,791 |
| Grand River Collegiate | 3,266 | 5,216 |
| Grand View Public School | 10,634 | 18,603 |
| Hespeler Public School | 3,036 | 2,595 |
| Subtotal | 179,325 | 152,223 |

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs
For the year ended August 31, 2016

| | 2016 | 2015 |
|--|----------------|-------------|
| Amount carried forward | 179,325 | 152,223 |
| Highland Baptist Church/JF Carmichael Public School | 3,810 | 1,100 |
| Highland Public School | 13,041 | 8,279 |
| Hillcrest Public School | 685 | 888 |
| Holy Rosary Catholic School | 8,107 | 7,463 |
| Holy Spirit | 367 | - |
| Howard Robertson School | 42,766 | 14,265 |
| Huron Heights Secondary School | 1,786 | 1,915 |
| Immanuel Church | 2,707 | 1,310 |
| Jacob Hespler Secondary School | - | 4,900 |
| Jean Steckle Public School | 15,764 | 18,623 |
| JF Carmichael Public School | 19,411 | 19,664 |
| Kidslink (Carizon) Front Door | 1,473 | 2,702 |
| Kinbridge Comm - Southwood Res | - | 45 |
| King Edward Public School | 12,285 | 10,289 |
| Knox Preston Presbyterian Church/Preston Public School | 439 | 624 |
| Kitchener-Waterloo Collegiate | 3,745 | 3,600 |
| Langs Farm Village Ass'n | 965 | 831 |
| Lincoln Heights Public School | 14,438 | 6,160 |
| Linwood Public School | 1,643 | 1,040 |
| Lutherwood Alternative | 967 | 3,500 |
| MacGregor Senior Public School | 3,809 | 3,335 |
| Manchester Public School (Bulk/Non-Bulk) | 6,152 | 4,633 |
| Margaret Ave Public School | 3,432 | 2,090 |
| Mary Johnston Public School | 8,984 | 9,100 |
| Moffat Creek Public School | 3,287 | 325 |
| Monsignor Doyle C.S.S. | 5,070 | 7,040 |
| Monsignor Haller School | 20,626 | 8,485 |
| New Dawn | 1,218 | 1,065 |
| Our Lady of Grace Catholic School | 12,416 | 12,163 |
| Parkway Public School | 9,166 | 6,821 |
| Pioneer Park Public School | 7,322 | 2,700 |
| Preston Alternative | - | 395 |
| Preston High School | - | 2,214 |
| Prueter Public School | 7,153 | 7,716 |
| Queen Elizabeth Public School | 1,742 | 1,948 |
| Queensmount Senior Public School | 8,743 | 2,804 |
| Resurrection C.S.S. | 7,327 | 9,702 |
| Rockway Public School | 10,920 | 12,421 |
| Rosemount School | 607 | 1,000 |
| Subtotal | 441,698 | 355,377 |

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs
For the year ended August 31, 2016

| | 2016 | 2015 |
|--|----------------|-------------|
| Amount carried forward | 441,698 | 355,377 |
| Sandowne Public School | 8,369 | 7,926 |
| Sheppard Public School | 2,292 | 7,025 |
| Silverheights | 2,028 | - |
| Sir Edgar Bauer Catholic School | 21,018 | - |
| Sir John A MacDonald Secondary School | 2,950 | 3,965 |
| Smithson Public School | 3,839 | 1,248 |
| Southridge Public School | 10,483 | 11,145 |
| Southwood Secondary School | 2,588 | 830 |
| St. Agatha Catholic Elementary School | 3,216 | 2,355 |
| St. Agnes School | 11,754 | 12,425 |
| St. Aloysius School | 17,164 | 18,552 |
| St. Ambrose School | - | 3,510 |
| St. Andrews Public School | 5,676 | 3,490 |
| St. Anne School - Cambridge | 15,538 | 6,266 |
| St. Anne School - Kitchener | 10,533 | 14,873 |
| St. Benedict C.S.S. | 5,835 | 10,690 |
| St. Bernadette School | 15,746 | 13,675 |
| St. Clement School | 9,238 | 12,045 |
| St. Daniel School | 9,222 | 9,283 |
| St. David C.S.S. | 8,325 | 2,460 |
| St. Dominic Savio School | 15,416 | 14,056 |
| St. Don Bosco - Cambridge | 2,229 | 2,935 |
| St. Don Bosco - Kitchener | 3,214 | 5,833 |
| St. Elizabeth School | 691 | 1,868 |
| St. Francis School | 2,621 | 2,852 |
| St. Gabriel Catholic School | 2,896 | 6,080 |
| St. Gregory School | 10,562 | 9,335 |
| St. John School | 5,308 | 2,452 |
| St. Joseph Catholic School | 10,629 | 2,512 |
| St. Luke's Church/Franklin Public School | 2,145 | 1,930 |
| St. Mary's High School | 14,222 | 2,850 |
| St. Michael Catholic School | 15,441 | 7,534 |
| St. Paul School | 7,517 | 7,125 |
| St. Peter School | 17,126 | 12,923 |
| St. Teresa School-Elmira | 2,667 | 730 |
| St. Teresa School-Kitchener | 6,336 | 735 |
| St. Timothy School | 15,473 | 19,804 |
| St. Vincent de Paul School | 10,135 | 3,510 |
| Suddaby Public School | 19,550 | 13,993 |
| Subtotal | 771,690 | 616,197 |

Nutrition for Learning Inc.
Schedule 1 - Schedule of Nutrition program costs
For the year ended August 31, 2016

| | 2016 | 2015 |
|--|------------------|-------------|
| Amount carried forward | 771,690 | 616,197 |
| Sunnyside Public School | 2,087 | 1,310 |
| Stewart Avenue Public School | 7,477 | 5,547 |
| Tait Public School | 2,095 | 7,223 |
| Trillium Public School | 1,733 | 4,050 |
| U-Turn Program Cambridge | 11,526 | 9,851 |
| U-Turn Program Waterloo | 7,743 | 10,070 |
| W.T. Townshend | 4,081 | 3,315 |
| Waterloo Collegiate Institute | 10,148 | 8,065 |
| Waterloo Oxford District Secondary School | 4,803 | 1,711 |
| Wellesley Public School | 5,688 | 11,411 |
| Westvale Public School | 9,157 | 10,053 |
| William G. Davis Public School | 3,609 | 2,231 |
| Wilson Ave Public School @ Holy Trinity | 1,276 | 1,585 |
| Wilson Avenue Public School | 33,715 | 2,610 |
| Winston Churchill Public School | 12,069 | 1,975 |
| Woodland Park Public School | 8,044 | - |
| Various Schools | - | 340 |
| Returned Program Funds | (2,746) | (6,728) |
| Direct Program related - Bulk Program Supplies | 4,999 | 3,293 |
| Direct Program related - Infrastructure | 22,269 | 25,572 |
| Direct Program related - Wages | 221,149 | 214,165 |
| Direct Program related - Volunteer Costs | 31,307 | 29,488 |
| Direct Program related - Forklift | 12,480 | 12,480 |
| Direct Program related - Food Delivery Costs | 19,141 | 25,300 |
| Total nutrition program costs | 1,205,540 | 1,001,114 |

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

Some of the schools offered a summer school program.