

Nutrition for Learning Inc.
Financial Statements
August 31, 2014

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, 2014 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, 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, 2014 and its results of operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Waterloo, Ontario

November 25, 2014

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants



ACCOUNTING > CONSULTING > TAX

139 NORTHFIELD DRIVE WEST, 3RD FLOOR, WATERLOO, ON N2L 5A6
1.866.464.0740 P: 519.725.7700 F: 519.725.7708 **MNP.ca**

Nutrition for Learning Inc.
Statement of Financial Position

As at August 31, 2014

	2014	2013
Assets		
Current		
Cash	263,570	268,182
Accounts receivable	13,509	11,211
Prepaid expenses	3,082	2,461
	280,161	281,854
Capital assets (Note 3)	22,217	11,492
	302,378	293,346
Liabilities		
Current		
Accounts payable and accruals	20,642	7,955
Deferred contributions (Note 4)	195,614	188,715
	216,256	196,670
Net Assets	86,122	96,676
	302,378	293,346

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, 2014

	2014	2013
Revenues		
Ministry of Children and Youth Services	496,766	456,196
Kavelman-Fonn Foundation	100,000	125,000
Fundraising	96,755	103,852
Ontario Trillium Foundation	90,300	-
Donations	84,353	67,315
Tim Hortons	60,820	52,710
RBC Foundation / Royal Bank of Canada	58,305	37,000
Anchor Group	41,019	-
Breakfast Club of Canada	40,679	31,789
Breakfast for Learning	37,600	33,000
Manulife	18,500	23,449
The Kitchener and Waterloo Community Foundation	16,400	7,653
Catholic Community Foundation of Waterloo Region	10,000	10,500
Other foundations	2,916	300
BLM Transportation Group	1,921	24,052
Interest income	1,564	1,597
Kitchener Pioneer Lions Club	-	10,000
	1,157,898	984,413
Expenses		
Nutrition program costs (Schedule 1)	885,417	742,824
Wages and benefits, not included in nutrition program costs	153,558	164,511
Office and administration	41,806	48,563
Occupancy	48,293	28,819
Fundraising	15,471	18,292
Auditing and accounting fees	12,719	9,820
Interest and bank charges	3,679	3,274
Insurance	3,185	3,162
Amortization of capital assets	4,324	2,912
	1,168,452	1,022,177
Deficiency of revenues over expenses	(10,554)	(37,764)

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, 2014

	<i>2014</i>	<i>2013</i>
Net assets, beginning of year	96,676	134,440
Deficiency of revenues over expenses	(10,554)	(37,764)
Net assets, end of year	86,122	96,676

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, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenues over expenses	(10,554)	(37,764)
Amortization of capital assets	4,324	2,912
	(6,230)	(34,852)
Changes in working capital accounts		
Accounts receivable	(2,298)	(1,363)
Prepaid expenses	(621)	(2,211)
Accounts payable and accruals	12,687	(520)
Deferred contributions	6,899	(30,992)
	10,437	(69,938)
Investing		
Redemption of investments	-	200,000
Purchase of capital assets	(15,049)	(3,818)
	(15,049)	196,182
Increase (decrease) in cash resources	(4,612)	126,244
Cash resources, beginning of year	268,182	141,938
Cash resources, end of year	263,570	268,182

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 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.

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.

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.

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

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.

3. Capital assets

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Leasehold improvements	22,657	5,692	16,965	4,437
Computer equipment	14,524	11,787	2,737	3,911
Furniture and equipment	10,705	8,190	2,515	3,144
	47,886	25,669	22,217	11,492

Nutrition for Learning Inc.
Notes to the Financial Statements
For the year ended August 31, 2014

4. Deferred contributions

	2014	2013
Ministry of Children and Youth Services	194,040	188,207
Miscellaneous	1,574	508
	195,614	188,715

Grants received from the Ministry of Children and Youth Services for nutrition program and infrastructure costs totalled \$502,599 during the year, of which \$194,040 has been deferred to offset future costs.

5. 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.

6. Commitments

The Organization has entered into the following lease commitments: a lease for its premises requiring monthly rental payments of \$3,729 to September 2016, a vehicle lease agreement requiring monthly lease payments of \$113 to January 2016, and a truck lease with monthly lease payments of \$950 to June 2015.

7. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

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

For the year ended August 31, 2014

	2014	2013
Alpine Public School	3,600	5,025
Alternative Program Cambridge	1,200	1,261
AR Kaufman Public School	900	1,432
Avenue Road	1,800	2,025
Bethany Missionary Church/Suddaby Public School	1,000	1,514
Blair Road Public School	750	2,000
Blairview Public School	-	1,877
Blessed Sacrament School	2,002	3,283
Bluevale Collegiate Institute	2,764	5,053
Bridgeport Public School	2,037	4,089
Bridges North - Pinegrove	2,500	3,500
Calvin Presbyterian Church/Forest Hills	1,075	1,611
Cameron Heights Collegiate	2,143	3,799
Carizon Family and Community Services - (Chandler)	2,500	2,500
Carizon Family and Community Services - (Kingsdale)	2,500	3,500
Cedar Creek Public School	1,213	2,833
Cedarbrae Public School	1,751	3,741
Centennial Public School	1,250	3,018
Central Public School	6,046	9,500
Choices for Youth	3,850	7,511
Christ The King	5,159	2,111
Coronation Public School	1,250	2,797
Country Hills Public School	8,688	13,270
Courtland Public School	2,871	2,415
Crestview Public School	1,475	3,265
Doon Public School	4,050	4,713
Driftwood Park Public School	1,350	2,500
Eastwood Collegiate Institute	2,450	6,000
Ecole L'Harmonie	-	1,300
Elgin St Public School	1,050	3,500
Elmira District Secondary School	3,200	3,257
Floradale Public School	4,450	3,268
Forest Heights Secondary School	3,100	2,225
Franklin Public School	2,150	2,700
Galt Collegiate Institute	7,753	10,500
Glencairn Public School	586	995
Glenview Park Secondary School	13,763	10,986
Grand River Collegiate	2,997	3,382
Grand View Public School	12,479	7,885
Hespeler Public School	2,372	3,550
Highland Baptist Church/JF Carmichael Public School	450	100
Highland Public School	9,644	3,954
Subtotal	132,169	163,745

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

For the year ended August 31, 2014

	2014	2013
Amount carried forward	132,169	163,745
Hillcrest Public School	500	120
Holy Rosary Catholic School	6,556	8,108
Howard Robertson School	16,480	7,184
Huron Heights Secondary School	931	5,691
Immanuel Church	4,356	-
Jacob Hespler Secondary School	7,977	5,847
Jean Steckle Public School	14,947	-
JF Carmichael Public School	12,229	5,898
Keatsway Public School	3,516	8,489
Kinbridge Comm - Chalmers Public School	8,936	3,144
Kinbridge Comm - Southwood Res	700	1,785
Kinbridge Comm - Stewart Ave Public School	5,886	7,803
King Edward Public School	7,700	7,539
Knox Preston Presbyterian Church/Preston Public School	625	1,707
Kitchener-Waterloo Collegiate	2,980	4,339
Langs Farm Village Ass'n	2,650	4,261
Lincoln Avenue Public School	(159)	1,700
Lincoln Heights Public School	3,049	2,321
Linwood Public School	2,235	930
MacGregor Senior Public School	4,208	4,425
Manchester Public School	6,439	6,718
Margaret Ave Public School	100	100
Mary Johnston Public School	14,296	9,570
Moffit Creek Public School	4,660	12,540
Monsignor Doyle C.S.S.	5,480	6,850
Monsignor Haller School	1,240	1,222
New Dawn	1,600	4,304
Our Lady of Grace Catholic School	12,014	-
Parkway Public School	7,404	4,467
Pioneer Park Public School	8,083	1,818
Popcorn House	-	400
Popcorn House/Centennial	-	2,000
Preston High School	5,200	6,218
Prueter Public School	5,125	2,961
Queen Elizabeth Public School	1,000	1,101
Queensmount Senior Public School	3,200	1,417
Resurrection C.S.S.	6,850	5,500
Rockway Public School	5,023	8,335
Sandowne Public School	10,027	-
Sheppard Public School	3,740	3,010
Sir John A MacDonald Secondary School	3,295	5,900
Smithson Public School	1,236	1,642
Subtotal	344,483	331,109

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

For the year ended August 31, 2014

	<i>2014</i>	<i>2013</i>
Amount carried forward	344,483	331,109
Southridge Public School	12,926	9,330
Southwood Secondary School	1,540	1,671
St. Agatha Catholic Elementary School	5,400	-
St. Agnes School	10,900	14,943
St. Aloysius School	15,722	8,594
St. Ambrose School	4,770	2,033
St. Andrews Public School	2,293	4,114
St. Anne School - Cambridge	8,187	6,102
St. Anne School - Kitchener	9,021	12,357
St. Benedict C.S.S.	11,277	9,684
St. Bernadette School	11,226	9,721
St. Clement School	6,332	-
St. Daniel School	6,618	5,178
St. David C.S.S.	2,275	2,000
St. Dominic Savio School	18,177	-
St. Don Bosco - Cambridge	1,200	3,018
St. Don Bosco - Kitchener	4,700	9,128
St. Elizabeth School	1,700	2,445
St. Francis School	1,150	2,545
St. Gregory School	7,175	9,210
St. John School	6,460	4,518
St. Joseph Catholic School	3,720	1,250
St. Luke's Church/Franklin Public School	1,225	2,736
St. Mary's High School	12,201	6,170
St. Paul School	4,500	6,318
St. Peter School	10,309	6,106
St. Teresa School-Elmira	4,225	3,923
St. Teresa School-Kitchener	1,200	2,275
St. Timothy School	17,896	11,349
Sunnyside Public School	1,300	3,635
Trillium Public School	2,500	14,003
U-Turn Program Cambridge	7,470	12,907
U-Turn Program Waterloo	7,737	11,014
Waterloo Collegiate Institute	8,953	3,557
Waterloo Oxford District Secondary School	1,511	4,000
Wellesley Public School	13,501	5,198
Westvale Public School	1,140	6,230
William G. Davis Public School	2,100	3,571
Wilson Ave Public School @ Holy Trinity	600	611
Wilson Avenue Public School	772	2,731
Winston Churchill Public School	4,689	6,210
W.T. Townshend	3,793	4,000
Subtotal	604,875	565,494

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

For the year ended August 31, 2014

	2014	2013
Amount carried forward	604,875	565,494
Various Schools	501	9,300
Returned Program Funds	-	(4,642)
Direct Program related - Bulk Program Supplies	6,173	-
Direct Program related - Infrastructure	30,894	6,797
Direct Program related - Wages	203,011	134,177
Direct Program related - Volunteer Costs	24,360	25,677
Direct Program related - Food Delivery Costs	15,603	6,021
Total nutrition program costs	885,417	742,824

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