

Nutrition for Learning Inc.
Financial Statements
August 31, 2015

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, 2015 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, 2015 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 24, 2015

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Nutrition for Learning Inc.
Statement of Financial Position

As at August 31, 2015

	2015	2014
Assets		
Current		
Cash	414,111	263,570
Accounts receivable	1,338	659
Harmonized sales tax receivable	33,639	12,850
Prepaid expenses	18,747	3,082
Inventory (Note 3)	3,674	-
	471,509	280,161
Capital assets (Note 4)	18,322	22,217
	489,831	302,378
Liabilities		
Current		
Accounts payable and accruals	25,855	20,642
Deferred contributions	345,367	195,614
	371,222	216,256
Net Assets		
Net assets, end of year	118,609	86,122
	489,831	302,378

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, 2015

	2015	2014
Revenues		
Ministry of Children and Youth Services	551,676	496,766
Kavelman-Fonn Foundation	100,000	100,000
Fundraising	107,973	96,755
Ontario Trillium Foundation	94,100	90,300
Donations	141,402	84,353
Tim Hortons	123,760	60,820
RBC Foundation / Royal Bank of Canada	35,000	58,305
Anchor Group	3,729	41,019
Breakfast Club of Canada	40,210	40,679
Breakfast for Learning	31,500	37,600
Lyle Hallman Foundation	60,000	-
Newman's Own Foundation Fund	11,796	-
Manulife	18,000	18,500
The Kitchener and Waterloo Community Foundation	10,445	16,400
Catholic Community Foundation of Waterloo Region	10,000	10,000
Other foundations	7,400	2,916
BLM Transportation Group / BLM Deck	41,019	1,921
Interest income	2,528	1,564
	1,390,538	1,157,898
Expenses		
Nutrition program costs (Schedule 1)	1,001,114	885,417
Wages and benefits, not included in nutrition program costs	175,207	153,558
Office and administration	80,849	41,806
Occupancy	58,715	48,293
Fundraising	15,964	15,471
Auditing and accounting fees	13,870	12,719
Interest and bank charges	3,782	3,679
Insurance	3,237	3,185
Amortization of capital assets	5,313	4,324
	1,358,051	1,168,452
Excess (deficiency) of revenues over expenses	32,487	(10,554)

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, 2015

	<i>2015</i>	<i>2014</i>
Net assets, beginning of year	86,122	96,676
Excess (deficiency) of revenues over expenses	32,487	(10,554)
Net assets, end of year	118,609	86,122

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, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	32,487	(10,554)
Amortization of capital assets	5,313	4,324
	37,800	(6,230)
Changes in working capital accounts		
Accounts receivable	(679)	(659)
Harmonized sales tax receivable	(20,789)	(1,639)
Inventory	(3,674)	-
Prepaid expenses	(15,665)	(621)
Accounts payable and accruals	5,213	12,687
Deferred contributions	149,753	6,899
	151,959	10,437
Investing		
Purchase of capital assets	(1,418)	(15,049)
Increase (decrease) in cash resources	150,541	(4,612)
Cash resources, beginning of year	263,570	268,182
Cash resources, end of year	414,111	263,570

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 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.

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. Inventory

Inventory held at year end consists of the following:

	2015	2014
Food	3,674	-

4. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Leasehold improvements	22,657	9,468	13,189	16,965
Computer equipment	15,942	12,821	3,121	2,737
Furniture and equipment	10,705	8,693	2,012	2,515
	49,304	30,982	18,322	22,217

Nutrition for Learning Inc.
Notes to the Financial Statements
For the year ended August 31, 2015

5. Deferred contributions

	2015	2014
Ministry of Children and Youth Services	256,184	194,040
Grocery cards	16,925	-
RBC Foundation	35,000	-
Mercedes Corporation	25,000	-
MTE Consultants Inc.	5,000	-
Miscellaneous	7,258	1,574
	345,367	195,614

Grants received from the Ministry of Children and Youth Services for nutrition program and infrastructure costs totalled \$613,820 during the year, of which \$256,184 has been deferred to offset future costs.

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 2016, and a vehicle lease agreement requiring monthly lease payments of \$113 to January 2016.

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

For the year ended August 31, 2015

	2015	2014
Alpine Public School	4,450	3,600
Alternative Program Cambridge	665	1,200
AR Kaufman Public School	2,755	900
Avenue Road	100	1,800
Bethany Missionary Church/Suddaby Public School	-	1,000
Blair Road Public School	3,495	750
Blessed Sacrament School	2,052	2,002
Bluevale Collegiate Institute	2,815	2,764
Bridgeport Public School	2,235	2,037
Bridges North	1,945	2,500
Calvin Presbyterian Church/Forest Hills	-	1,075
Cameron Heights Collegiate	2,187	2,143
Carizon Family and Community Services - (Chandler)	-	2,500
Carizon Family and Community Services - (Kingsdale)	-	2,500
Cedar Creek Public School	1,013	1,213
Cedarbrae Public School	4,894	1,751
Centennial Public School	2,534	1,250
Central Public School	6,749	6,046
Choices for Youth - Cambridge	1,110	3,850
Choices for Youth - KW	5,265	-
Christ The King	11,542	5,159
Coronation Public School	1,500	1,250
Chalmers Street Public School	8,234	-
Country Hills Public School	14,378	8,688
Courtland Public School	720	2,871
Crestview Public School	2,268	1,475
Doon Public School	5,800	4,050
Driftwood Park Public School	950	1,350
Eastwood Collegiate Institute	1,345	2,450
Elgin St Public School	1,230	1,050
Elmira District Secondary School	1,568	3,200
Floradale Public School	875	4,450
Forest Heights Secondary School	500	3,100
Forest Hill Public School	11,478	-
Franklin Public School	2,256	2,150
Galt Collegiate Institute	6,300	7,753
Glencairn Public School	810	586
Glenview Park Secondary School	9,791	13,763
Grand River Collegiate	5,216	2,997
Grand View Public School	18,603	12,479
Hespeler Public School	2,595	2,372
Subtotal	152,223	122,075

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

For the year ended August 31, 2015

	2015	2014
Amount carried forward	152,223	122,075
Highland Baptist Church/JF Carmichael Public School	1,100	450
Highland Public School	8,279	9,644
Hillcrest Public School	888	500
Holy Rosary Catholic School	7,463	6,556
Howard Robertson School	14,265	16,480
Huron Heights Secondary School	1,915	931
Immanuel Church	1,310	4,356
Jacob Hespler Secondary School	4,900	7,977
Jean Steckle Public School	18,623	14,947
JF Carmichael Public School	19,664	12,229
Keatsway Public School	-	3,516
Kidslink	2,702	-
Kinbridge Comm - Chalmers Public School	-	8,936
Kinbridge Comm - Southwood Res	45	700
Kinbridge Comm - Stewart Ave Public School	-	5,886
King Edward Public School	10,289	7,700
Knox Preston Presbyterian Church/Preston Public School	624	625
Kitchener-Waterloo Collegiate	3,600	2,980
Langs Farm Village Ass'n	831	2,650
Lincoln Avenue Public School	-	(159)
Lincoln Heights Public School	6,160	3,049
Linwood Public School	1,040	2,235
Lutherwood Alternative	3,500	-
MacGregor Senior Public School	3,335	4,208
Manchester Public School (Bulk/Non-Bulk)	4,633	6,439
Margaret Ave Public School	2,090	100
Mary Johnston Public School	9,100	14,296
Moffat Creek Public School	325	4,660
Monsignor Doyle C.S.S.	7,040	5,480
Monsignor Haller School	8,485	1,240
New Dawn	1,065	1,600
Our Lady of Grace Catholic School	12,163	12,014
Parkway Public School	6,821	7,404
Pioneer Park Public School	2,700	8,083
Preston Alternative	395	-
Preston High School	2,214	5,200
Prueter Public School	7,716	5,125
Queen Elizabeth Public School	1,948	1,000
Queensmount Senior Public School	2,804	3,200
Resurrection C.S.S.	9,702	6,850
Subtotal	341,956	321,163

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

For the year ended August 31, 2015

	2015	2014
Amount carried forward	341,956	321,163
Rockway Public School (Bulk/Non-Bulk)	12,421	5,023
Rosemount School	1,000	-
Sandowne Public School	7,926	10,027
Sheppard Public School	7,025	3,740
Sir John A MacDonald Secondary School	3,965	3,295
Smithson Public School	1,248	1,236
Southridge Public School	11,145	12,926
Southwood Secondary School	830	1,540
St. Agatha Catholic Elementary School	2,355	5,400
St. Agnes School	12,425	10,900
St. Aloysius School	18,552	15,722
St. Ambrose School	3,510	4,770
St. Andrews Public School	3,490	2,293
St. Anne School - Cambridge	6,266	8,187
St. Anne School - Kitchener	14,873	9,021
St. Benedict C.S.S.	10,690	11,277
St. Bernadette School	13,675	11,226
St. Clement School	12,045	6,332
St. Daniel School	9,283	6,618
St. David C.S.S.	2,460	2,275
St. Dominic Savio School	14,056	18,177
St. Don Bosco - Cambridge	2,935	1,200
St. Don Bosco - Kitchener	5,833	4,700
St. Elizabeth School	1,868	1,700
St. Francis School	2,852	1,150
St. Gabriel Catholic School	6,080	-
St. Gregory School	9,335	7,175
St. John School	2,452	6,460
St. Joseph Catholic School	2,512	3,720
St. Luke's Church/Franklin Public School	1,930	1,225
St. Mary's High School	2,850	12,201
St. Michael Catholic School	7,534	-
St. Paul School	7,125	4,500
St. Peter School (Bulk/Non-Bulk)	12,923	10,309
St. Teresa School-Elmira	730	4,225
St. Teresa School-Kitchener	735	1,200
St. Timothy School (Bulk/Non-Bulk)	19,804	17,896
St. Vincent de Paul School	3,510	-
Suddaby Public School	13,993	-
Sunnyside Public School	1,310	1,300
Subtotal	617,507	550,109

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

For the year ended August 31, 2015

	2015	2014
Amount carried forward	617,507	550,109
Stewart Avenue Public School	5,547	-
Tait Public School	7,223	-
Trillium Public School	4,050	2,500
U-Turn Program Cambridge	9,851	7,470
U-Turn Program Waterloo	10,070	7,737
W.T. Townshend	3,315	3,793
Waterloo Collegiate Institute	8,065	8,953
Waterloo Oxford District Secondary School	1,711	1,511
Wellesley Public School	11,411	13,501
Westvale Public School	10,053	1,140
William G. Davis Public School	2,231	2,100
Wilson Ave Public School @ Holy Trinity	1,585	600
Wilson Avenue Public School	2,610	772
Winston Churchill Public School	1,975	4,689
Various Schools	340	501
Returned Program Funds	(6,728)	-
Direct Program related - Bulk Program Supplies	3,293	6,173
Direct Program related - Infrastructure	25,572	30,894
Direct Program related - Wages	214,165	203,011
Direct Program related - Volunteer Costs	29,488	24,360
Direct Program related - Forklift	12,480	-
Direct Program related - Food Delivery Costs	25,300	15,603
Total nutrition program costs	1,001,114	885,417

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