

**Nutrition for Learning Inc.**  
**Financial Statements**  
*August 31, 2021*

## Independent Auditor's Report

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To the Members of Nutrition for Learning Inc.:

### Opinion

We have audited the financial statements of Nutrition for Learning Inc. (the "Organization"), which comprise the statement of financial position as at August 31, 2021, and the statements of operations, 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 our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2021, and the results of its 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 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows from operations for the years ended August 31, 2021 and 2020, current assets as at August 31, 2021 and 2020, and net assets as at September 1 and August 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended August 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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's 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

Waterloo, Ontario

November 25, 2021

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**Nutrition for Learning Inc.**  
**Statement of Financial Position**

*As at August 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash	1,768,221	1,046,543
Accounts receivable	20,241	24,388
Harmonized sales tax receivable	22,936	15,229
Prepaid expenses	12,756	24,883
Inventory (Note 3)	58,282	59,035
	<b>1,882,436</b>	<b>1,170,078</b>
<b>Capital assets (Note 4)</b>	<b>135,809</b>	<b>75,499</b>
	<b>2,018,245</b>	<b>1,245,577</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	259,479	237,976
Deferred contributions (Note 5)	311,169	132,328
	<b>570,648</b>	<b>370,304</b>
<b>Deferred contributions related to capital assets (Note 6)</b>	<b>92,905</b>	<b>52,799</b>
	<b>663,553</b>	<b>423,103</b>
<b>Subsequent event (Note 10)</b>		
<b>Net Assets</b>	<b>1,354,692</b>	<b>822,474</b>
	<b>2,018,245</b>	<b>1,245,577</b>

Approved on behalf of the Board of Directors

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 Director

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 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, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
BLM Transportation Group / BLM Deck	3,729	44,748
Breakfast Club of Canada	38,587	105,387
Donations	276,457	342,120
External sales	65,776	-
Fundraising	15,144	43,484
Grocery cards	13,571	40,196
Interest income	9,345	6,583
Ministry of Children and Youth Services	645,405	866,281
Ministry of Children, Community and Social Services - COVID-19 funding	244,743	-
Ontario Trillium Foundation	88,255	-
Other foundations	154,027	226,206
Supplier rebates	5,456	5,375
The Kitchener and Waterloo Community Foundation	27,060	25,406
Tim Hortons	142,918	158,246
	<b>1,730,473</b>	1,864,032
<b>Expenses</b>		
Nutrition program costs	829,163	826,895
Wages, contracts and benefits, not included in nutrition program costs	187,983	181,480
Occupancy	63,614	55,791
Office and administration	45,517	39,346
Amortization	35,268	29,452
Auditing and accounting fees	23,477	10,484
Interest and bank charges	5,771	7,003
Insurance	7,426	3,970
Fundraising	36	1,816
	<b>1,198,255</b>	1,156,237
<b>Excess of revenues over expenses</b>	<b>532,218</b>	707,795

*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, 2021*

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	<i>2021</i>	<i>2020</i>
<b>Net assets, beginning of year</b>	<b>822,474</b>	114,679
<b>Excess of revenues over expenses</b>	<b>532,218</b>	707,795
<b>Net assets, end of year</b>	<b>1,354,692</b>	822,474

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*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, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenues over expenses	532,218	707,795
Amortization	35,268	29,452
Amortization of deferred contributions related to capital assets	(25,712)	(24,324)
	<b>541,774</b>	712,923
Changes in working capital accounts		
Harmonized sales tax receivable	(7,707)	7,991
Accounts payable and accruals	21,503	147,034
Deferred contributions	178,841	(159,381)
Inventory	753	(32,254)
Prepaid expenses	12,127	(9,748)
Accounts receivable	4,147	(13,276)
	<b>751,438</b>	653,289
<b>Investing</b>		
Purchase of capital assets	(95,578)	(4,937)
Contributions received related to purchase of capital assets	65,818	-
	<b>(29,760)</b>	(4,937)
<b>Increase in cash resources</b>	<b>721,678</b>	648,352
<b>Cash resources, beginning of year</b>	<b>1,046,543</b>	398,191
<b>Cash resources, end of year</b>	<b>1,768,221</b>	1,046,543
<b>Cash resources are composed of:</b>		
Cash	153,221	141,168
Guaranteed Investment Certificate	615,000	905,375
Term deposit	1,000,000	-
	<b>1,768,221</b>	1,046,543

*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 the Province 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.

Interest income is recorded as it is earned.

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of twelve months or less.

***Inventory***

Inventory is valued at cost. Cost is determined by the first in, first out method.

***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.

	<b>Method</b>	<b>Rate</b>
Leasehold improvements	straight-line	6 years
Automotive	declining balance	30 %
Computer equipment	declining balance	30 %
Computer software	declining balance	55 %
Furniture and equipment	declining balance	20 %

***Deferred contributions related to capital assets***

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Charity's refrigerated truck and delivery truck. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.



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

***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.

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.

***Financial instruments***

The Charity recognizes its financial instruments when the Charity 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 Charity may irrevocably elect to subsequently measure any financial instrument at fair value. The Charity 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.

**Nutrition for Learning Inc.**  
**Notes to the Financial Statements**  
*For the year ended August 31, 2021*

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

**Financial asset impairment** (Continued from previous page)

The Charity 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:

	<b>2021</b>	<b>2020</b>
Food	<b>51,448</b>	52,104
Mugs	<b>6,834</b>	6,931
	<b>58,282</b>	59,035

The cost of inventory recognized as an expense during the year amounted to \$477,783 (2020 - \$598,515).

**4. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2021 Net book value</b>	<b>2020 Net book value</b>
Leasehold improvements	<b>22,657</b>	<b>22,657</b>	-	-
Automotive	<b>143,246</b>	<b>50,309</b>	<b>92,937</b>	52,845
Computer equipment	<b>29,091</b>	<b>22,147</b>	<b>6,944</b>	3,955
Computer software	<b>6,236</b>	<b>3,405</b>	<b>2,831</b>	2,943
Furniture and equipment	<b>56,075</b>	<b>22,978</b>	<b>33,097</b>	15,756
	<b>257,305</b>	<b>121,496</b>	<b>135,809</b>	75,499

**5. Deferred contributions**

	<b>2021</b>	<b>2020</b>
Deferred contributions consist of the following:		
Ministry of Children and Youth Services	<b>153,867</b>	102,578
Breakfast Club of Canada	<b>104,189</b>	-
Miscellaneous	<b>53,113</b>	29,750
	<b>311,169</b>	132,328

Changes in the deferred contributions balance are as follows:

Balance, beginning of year	<b>132,328</b>	291,709
Amounts received during the year	<b>281,419</b>	658,894
Less: Amounts recognized as revenue during the year	<b>(102,578)</b>	(818,275)
Balance, end of year	<b>311,169</b>	132,328

**6. Deferred contributions related to capital assets**

Deferred contributions related to capital assets consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2021	2020
Balance, beginning of year	52,799	77,123
Amount received during the year	65,818	-
Less: Amounts recognized as revenue during the year	(25,712)	(24,324)
Balance, end of year	92,905	52,799

**7. Financial instruments**

The Charity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Charity 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 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 the following lease commitments, inclusive of harmonized sales tax: a lease for its premises requiring monthly rental payments of \$4,791 to September 2022, and a vehicle lease requiring monthly lease payments of \$1,672 to February 2026.

**9. Significant event**

There was a global outbreak of COVID-19 (coronavirus) in 2020, which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Schools within the Organization's region were forced to close at different points throughout the current fiscal year end. Despite the closures, the Organization was able to continue operating throughout the pandemic through pop-up distribution centres in close proximity to school locations, and as a result it was able to mitigate any significant financial impact that could have potentially occurred.

At this time, it is unknown what impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Management does not believe that there is any significant doubt about the Organization's ability to continue as a going concern; however, management believes there is uncertainty surrounding the reliability of future donations.

**10. Subsequent event**

Subsequent to year end, the Board of Directors passed a motion to restrict \$1,600,000 of cash to be used for the stabilization of operations.