

**FOOD SECURE CANADA
FINANCIAL STATEMENTS
AUGUST 31, 2016**

**FOOD SECURE CANADA
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AUGUST 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
FOOD SECURE CANADA

I have audited the accompanying financial statements of Food Secure Canada, which comprise the statement of financial position as at August 31, 2016, and the statements of operations and 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.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many non-profit and charitable organizations, Food Secure Canada derives part of its revenue from memberships, donations and other activities, the completeness of which is not susceptible to complete audit examination. Accordingly, my verification of these revenues was limited to the amounts recorded in the accounts of the organization and I was not able to determine whether any adjustments might be necessary to revenue from voluntary contributions and other activities, the excess of revenue over expenditures and net assets.

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Qualified Opinion

In my 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 Food Secure Canada as at August 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Christopher Schreindorfer, CPA

April 20, 2017
Pierrefonds, Québec


¹ CPA auditor, CA, public accountancy permit No. A120681

**FOOD SECURE CANADA
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2016**

	<i>2016</i>	<i>2015</i>
ASSETS		
Current Assets		
Cash	\$ 65,768	\$ 65,675
Temporary investments	5,065	5,065
Government grant receivable	658	25,841
Accounts receivable	29,491	35,791
Prepaid expenses	900	931
Deferred costs	100,288	-
Total current assets	202,170	133,303
Capital assets (note 4)	5,054	3,471
Intangible assets (note 5)	17,246	21,558
	224,470	158,332
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	4,498	26,418
Deferred grants	5,000	44,331
Deferred partnership income	45,024	39,524
Deferred assembly revenues	113,797	-
NET ASSETS		
Restricted	22,300	25,029
Unrestricted	33,851	23,030
	56,151	48,059
	224,470	158,332

ON BEHALF OF THE BOARD

Wendy Ryscoe, CPA, CA



See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 48,059	\$ 38,138
Excess of revenues over expenses for the year	<u>8,092</u>	<u>9,921</u>
Balance, end of year	<u>56,151</u>	<u>48,059</u>
Represented by:		
Net assets invested in capital assets	22,300	25,029
Unrestricted net assets	<u>33,851</u>	<u>23,030</u>
	<u>56,151</u>	<u>48,059</u>

See notes to Financial Statements

**FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2016**

	GENERAL		PROGRAMS									Total 2016	Total 2015
	ADMIN	CORE	Assembly	School Food	Procurement	New Farmers	Northern	Indigenous	CFICE	Food Policy	Campaigns		
REVENUES													
Foundations													
McConnell	-	84,700	-	96,227	99,868	-	-	-	-	12,144	-	292,939	277,007
Interpares	-	16,000	-	-	-	15,000	-	-	-	-	-	31,000	25,000
Heart & Stroke	-	-	-	10,000	-	-	-	-	-	-	-	10,000	-
VON Canada	-	-	-	5,000	-	-	-	-	-	-	5,000	10,000	-
Innoweave	-	10,000	-	-	-	-	-	-	-	-	-	10,000	-
Carrot Cache	-	7,500	-	-	-	-	-	-	-	-	-	7,500	-
Foodshare	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-
Government													
Federal	-	-	-	-	-	-	26,037	-	21,241	-	-	47,278	158,956
Provincial	-	19,489	-	-	-	-	-	-	-	-	-	19,489	8,072
Sponsorships	-	-	-	-	-	-	-	-	-	-	-	-	57,245
Donations	-	15,095	-	-	-	-	-	-	-	-	-	15,095	22,734
Sales and services	-	1,369	-	-	-	-	-	-	-	-	-	1,369	121,033
Memberships	-	44,531	-	500	-	-	-	-	-	-	-	45,031	39,859
Other income	626	1,624	-	-	-	-	-	-	-	-	-	2,250	11,030
	626	200,307	-	116,727	99,868	15,000	26,037	-	21,241	12,144	5,000	496,951	720,936

See notes to Financial Statements

**FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2016**

	GENERAL		PROGRAMS								Total 2016	Total 2015	
	Admin	Core	Assembly	School Food	Procurement	New Farmers	Northern	Indigenous	CFICE	Food Policy			Campaigns
EXPENSES													
Human resources support	-	67,621	-	70,000	64,682	19,950	4,623	1,178	10,260	12,144	-	250,457	430,438
Marketing & advertising	-	71	-	-	-	-	-	-	-	-	38	109	5,630
Professional services	10,184	8,842	-	4,662	5,537	12,050	19,992	-	-	-	28,596	89,862	49,894
Administrative	-	11,442	-	7,070	10,000	-	-	-	-	-	-	28,512	12,733
Program supplies	-	-	-	13,883	1,274	-	-	-	-	-	-	15,157	23,413
Office supplies & expenses	1,303	-	-	-	-	-	-	-	-	-	1,920	3,223	13,389
Convening	-	22,224	-	8,500	576	-	500	-	12,600	-	-	44,400	84,167
Insurance	2,856	-	-	-	-	-	-	-	-	-	-	2,856	2,863
Travel	-	9,565	-	-	16,699	-	3,011	-	-	-	801	30,076	63,660
Rent & utilities	14,516	-	-	2,111	1,100	-	1,347	-	-	-	-	19,075	17,598
Depreciation	5,131	-	-	-	-	-	-	-	-	-	-	5,131	7,230
	<u>33,990</u>	<u>119,764</u>	<u>-</u>	<u>106,227</u>	<u>99,869</u>	<u>32,000</u>	<u>29,474</u>	<u>1,178</u>	<u>22,860</u>	<u>12,144</u>	<u>31,355</u>	<u>488,859</u>	<u>711,015</u>
EXCESS OF REVENUE OVER EXPENSES													
(EXPENSES OVER REVENUES)	(33,364)	80,543	-	10,500	-	(17,000)	(3,437)	(1,178)	(1,619)	-	(26,355)	8,092	9,921

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
CASH PROVIDED FROM (USED FOR)		
Operations		
Excess of revenues over expenses	\$ 8,092	\$ 9,921
Amortization	5,131	7,230
	<u>13,223</u>	<u>17,151</u>
Net changes in non-cash working capital:		
Government grant receivable	25,183	(603)
Accounts receivable	6,300	(3,835)
Prepaid expenses	31	(931)
Deferred costs	(100,288)	-
Accounts payable and accruals	(21,920)	(35,335)
Deferred grants	(39,331)	32,998
Deferred partnership income	5,500	(80,552)
Deferred assembly revenues	113,797	(19,930)
	<u>2,495</u>	<u>(91,037)</u>
Investing activities		
Cashed term deposit	-	5,000
Acquisition of term deposit	-	(5,065)
Acquisition of capital assets	(2,402)	(1,378)
	<u>(2,402)</u>	<u>(1,443)</u>
Increase (decrease) in cash and cash equivalents	93	(92,480)
Cash and cash equivalents, beginning of the year	<u>65,675</u>	<u>158,155</u>
Cash and cash equivalents, end of year	<u>65,768</u>	<u>65,675</u>
 <i>Represented by:</i>	 <i>Cash</i>	 <i>65,768</i>
		<i>77,161</i>

See notes to Financial Statements

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

1. STATUS AND PURPOSE OF THE ORGANIZATION

Food Secure Canada incorporated as a not-for-profit organization under the Canada Corporations Act in October 2006. Food Secure Canada is a Canada-wide alliance of civil society organizations and individuals collaborating to advance dialogue and cooperation for policies and programs that improve food security and food sovereignty in Canada and globally.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of these financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and adjustments are made to income as appropriate in the year they become known.

The most significant estimates relate to the accrued liabilities and the useful life of capital assets.

Revenue recognition

The Organization follows the deferral method of accounting for contributions and partnership income. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized as revenue when the service is rendered.

Contributed services and material

Volunteers contribute an amount of their time each year. Because of the difficulty of determining their fair value, these hours are not recognized in these financial statements.

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, and temporary investments with a maturity period of three months or less from the date of acquisition. Temporary investments that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include trade accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated using the straight-line method at the rate that varies 3 to 5 years.

Intangible assets

Intangible assets are accounted for at cost. Amortization is calculated on its estimated useful life using the straight-line method at the rate of 20%.

Allocation of expenses

The Organization records a number of its expenses by program and activity. The expenses are allocated based on direct cost or management estimate as to the program they relate to.

**FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of expenses (continued)

Personnel are allocated on the following basis : proportionally by the estimated hours worked for each program and activity.

3. TEMPORARY INVESTMENTS

	2016	2015
One year non-redeemable investment, .85%, maturing in May 2017	5,065	5,065

4. CAPITAL ASSETS

	Cost	2016 Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 9,021	3,967	5,054	3,471

5. INTANGIBLE ASSETS

	Cost	2016 Accumulated amortization	2016 Net book value	2015 Net book value
Website	\$ 30,797	13,551	17,246	21,558

6. ACCOUNTS PAYABLE

	2016	2015
Trade accounts payable	3,418	15,514
Due wages	1,080	10,107
Sales tax payable	-	797
	4,498	26,418

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NOTES TO THE FINANCIAL STATEMENTS
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7. DEFERRED PARTNERSHIP INCOME

The deferred partnership income from the J.W. McConnell Family Foundation represents unrendered services for which the organization has already been paid during the year. The amount shall be considered as income when services will be rendered. Changes in deferred partnership income are:

	<u>2016</u>	<u>2015</u>
Opening Balance	\$ 39,524	\$ 120,076
Less: amount recognized as revenue in the year	(39,524)	(120,076)
Plus: amount received related to the following year	45,024	39,524
Closing Balance	<u>\$ 45,024</u>	<u>\$ 39,524</u>

8. DEFERRED PARTNERSHIP INCOME

Deferred partnership income from the J.W. McConnell Family Foundation is detailed as follows:

	<u>2016</u>	<u>2015</u>
Sustainable and Local Food Network	\$ -	\$ 12,144
Children and Food	7,523	-
Core	975	-
Institutional Food Program	36,526	27,380
	<u>\$ 45,024</u>	<u>\$ 39,524</u>

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
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9. DEFERRED CONTRIBUTIONS

The deferred contributions represent unused resources received during the year for specific activities. The amount shall be considered as income in the following year. Changes in deferred contributions are:

	<u>2016</u>	<u>2015</u>
Opening Balance	\$ 44,331	\$ 11,333
Less: amount recognized as revenue in the year	(44,331)	(11,333)
Plus: amount received related to the following year	5,000	44,331
Closing Balance	<u>\$ 5,000</u>	<u>\$ 44,331</u>

10. DEFERRED CONTRIBUTIONS

Deferred contributions are detailed as follows:

	<u>2016</u>	<u>2015</u>
Industry Canada - Paying for Nutrition North	\$ -	\$ 4,331
Heritage Canada - Assistance for Interpretation & Translation	5,000	-
Victorian Order of Nurses - School Food Project	-	10,000
Inter Pares - Institutional Development	-	30,000
Amount received related to the following year	<u>\$ 5,000</u>	<u>\$ 44,331</u>

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

11. ALLOCATION OF COSTS

The allocation of personnel salaries are on time and effort related to the program or activity and in the absence of tangible cost drivers the salaries are based on management's best estimate as to the time and effort required to be allocated to the program and activity. All direct cost are charged to the program as incurred and all other costs that are not specifically identifiable to a program or activity are allocated based on management's best estimate.

12. FINANCIAL INSTRUMENTS

Risk and concentrations

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Organization's risk exposure as at August 31, 2016.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Organization does not normally require a guarantee.

The Organization is exposed to credit risk through its cash, and temporary investments in excess of deposit insurance are kept in the same recognized financial institution.

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

12. FINANCIAL INSTRUMENTS (continued)

For the other receivables, the Organization determines, on a continuing basis, the probable losses, and sets up a provision for losses based on the estimated realizable value.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Risk exposure change

Since last year, the Organization's risk exposure hasn't changed.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current years financial statement presentation.

14. CHANGE IN AUDITOR

The 2015 financial statements were audited by Dagenais, Lapierre, Simard et associé, S.E.N.C.R.L. who issued an unqualified audit opinion on February 21, 2016.