

**FOOD SECURE CANADA
FINANCIAL STATEMENTS
AUGUST 31, 2019**

**FOOD SECURE CANADA
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AUGUST 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
FOOD SECURE CANADA

Qualified Opinion

I have audited the financial statements of Food Secure Canada, which comprise the balance sheet as at August 31, 2019, and the statements of financial position, operations and 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2019, and its results of 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 non-profit organizations, the organization derives part of its revenue from donations, sponsorships, and promotions, the completeness of which were not susceptible to satisfactory audit verification. Accordingly, my audit of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I am not able to determine whether any adjustments might be necessary to these revenues, excess of revenue over expenditures, assets and net assets as at August 31, 2019.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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

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

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I 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 I identify during my audit.

FOOD SECURE CANADA
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2019

	<i>2019</i>	<i>2018</i>
	\$	\$
ASSETS		
Current Assets		
Cash	26,429	177,225
Temporary investments (note 3)	5,065	5,065
Government grants receivable	18,239	17,109
Accounts receivable	18,806	10,486
Sales tax receivable	2,512	-
Deferred costs (note 8)	-	60,215
Total current assets	71,051	270,100
Capital assets (note 4)	2,826	3,532
Intangible assets (note 5)	8,830	11,037
	82,707	284,669
LIABILITIES		
Current Liabilities		
Accounts payable and accruals (note 6)	12,038	16,713
Deferred partnership income (note 7)	-	127,984
Deferred assembly revenues (note 8)	-	75,097
Deferred contributions (note 9)	43,484	29,202
	55,522	248,996
NET ASSETS		
Restricted	11,656	14,569
Unrestricted	15,529	21,104
	27,185	35,673
	82,707	284,669

ON BEHALF OF THE BOARD



Melana Roberts, Chair of the Board



Ashley Jean-Marie, Treasurer of the Board

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2019

	<i>2019</i>	<i>2018</i>
	\$	\$
Balance, beginning of the year	35,673	54,009
Excess of expenses over revenues for the year	(8,488)	(18,336)
Balance, end of year	27,185	35,673
Represented by:		
Net assets invested in capital assets	11,656	14,569
Unrestricted net assets	15,529	2,768
	27,185	17,337

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

	PROGRAMS										
	Core	Assembly	School Food	HE Strategy	Eat Think Vote	Nourish	Industry Canada	CFICE	ISED	COP Food Security	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES											
Foundations											
McConnell	11,475	-	31,251	18,170	-	85,071	-	-	-	-	145,967
Interpares	23,119	-	-	24,381	-	-	-	-	-	-	47,500
Heart & Stroke	-	-	5,650	-	-	-	-	-	-	-	5,650
VON Canada	-	-	8,493	-	-	-	-	-	-	-	8,493
Foodshare	-	-	250	-	-	-	-	-	-	-	250
SPCS	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	25,000	-	-	-	-	47,889	72,889
Government											
Federal	31,523	-	-	-	-	-	70,276	18,471	10,629	-	130,899
Provincial	-	57,500	-	-	-	-	-	-	-	-	57,500
Sponsorships	-	126,767	-	-	-	-	-	-	-	-	126,767
Registration	-	174,233	-	-	-	-	-	-	-	-	174,233
Donations	9,322	-	25,634	-	-	-	-	-	-	-	34,956
Sales and services	14,522	4,989	-	-	-	-	-	-	-	-	19,511
Memberships	20,206	-	-	-	-	-	-	-	-	-	20,206
Other income	7,258	-	-	-	-	-	-	-	-	-	7,258
	117,425	363,489	71,278	18,170	49,381	85,071	70,276	18,471	10,629	47,889	852,079
											470,075

See notes to Financial Statements

**FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019**

	PROGRAMS												
	GENERAL	Core	Assembly	School Food	HE Strategy	Eat Think Vote	Nourish	Industry Canada	CFICE	ISED	COP Food Security	Total 2019	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENSES													
Human resources support	172,123	82,000	22,975	18,170	7,226	41,534	56,995	9,617	3,743	18,750	433,133	297,670	
AGM Forum/festin	-	52,491	-	-	-	-	-	-	-	-	52,491	10,255	
Marketing & advertising	18,480	2,052	-	-	13,921	-	-	-	-	2,500	36,953	5,612	
Professional services	20,565	16,058	1,000	-	1,553	-	200	-	4,088	-	43,464	36,525	
Administrative	2,118	2,175	1,702	-	34,131	5,572	-	-	-	5,626	51,324	47,284	
Program supplies and costs	4,498	1,584	43,300	-	-	33,479	6,495	6,254	-	4,254	99,864	42,036	
Office supplies & expenses	27,659	1,734	1,653	-	-	-	-	-	-	-	31,046	7,366	
Convening	947	-	-	-	-	-	-	2,600	-	13,911	17,458	17,613	
Insurance	2,974	-	-	-	-	-	-	-	-	-	2,974	2,463	
Travel	14,275	37,974	-	-	2,886	4,486	8,818	-	2,798	830	72,067	7,675	
Rent & utilities	15,530	-	-	-	-	-	1,350	-	-	-	16,880	9,746	
Amortization	2,913	-	-	-	-	-	-	-	-	-	2,913	4,166	
	282,082	196,068	70,630	18,170	59,717	85,071	73,858	18,471	10,629	45,871	860,567	488,411	
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUES)	(164,657)	167,421	648	-	(10,336)	-	(3,582)	-	-	2,018	(8,488)	(18,336)	

See notes to Financial Statements

FOOD SECURE CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019

	<i>2019</i>	<i>2018</i>
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operations		
Excess of expenses over revenues	(8,488)	(18,336)
Amortization of capital and intangible assets	2,913	4,166
	(5,575)	(14,170)
Net changes in non-cash working capital:		
Government grant receivable	(1,130)	(10,809)
Accounts receivable	(8,320)	32,984
Sales tax receivable	(2,512)	
Deferred costs	60,215	(60,215)
Accounts payable and accruals	(4,675)	(2,849)
Deferred contributions	14,282	18,182
Deferred partnership income	(127,984)	87,551
Deferred assembly revenues	(75,097)	75,097
	(150,796)	125,771
Investing activities		
Acquisition of capital assets	-	(430)
Increase (decrease) in cash and cash equivalents	(150,796)	125,341
Cash and cash equivalents, beginning of the year	177,225	51,884
Cash and cash equivalents, end of year	26,429	177,225
 <i>Represented by:</i>		
Cash	26,429	177,225

See notes to Financial Statements

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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 allocation of costs, deferred income revenues and contributions and the deferred costs 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, 2019

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%.

**FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. TEMPORARY INVESTMENTS

	2019	2018
One year non-redeemable investment, .85%, maturing in May 2020	\$ 5,065	\$ 5,065

4. CAPITAL ASSETS

	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 10,352	\$ 7,526	\$ 2,826	\$ 3,532

5. INTANGIBLE ASSETS

	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
Website	\$ 30,796	\$ 21,966	\$ 8,830	\$ 11,037

6. ACCOUNTS PAYABLE

	2019	2018
Trade accounts payable	\$ 9,392	\$ 14,067
Salaries	2,646	2,646
	\$ 12,038	\$ 16,713

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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:

	Children and Food	Core	Industry Canada	SPCS	Total 2019	Total 2018
Opening Balance	\$ 27,463	\$ 6,475	\$47,551	\$ 46,495	\$ 127,984	\$40,433
Less: amount recognized as revenue in the year	(27,463)	(6,475)	(47,551)	(46,495)	(127,984)	(40,433)
Plus: amount received related to the following year	---	---	---	---	---	127,984
Closing Balance	---	---	---	---	---	\$ 127,984

8. DEFERRED ASSEMBLY COSTS/REVENUES

The National Assembly is an event that takes place every 2 years. The Assembly gathers people and organizations from all over to address all the current issues that relate to FSC. Funds used to support projects involving Indigenous and Northern delegates are folded into the Assembly activities. The association defers all costs/revenues related to the assembly. The costs/revenues are recorded in the statement of earnings only when the event has taken place and the revenues are earned. The following schedule lists the costs and revenues that have been deferred relating to the assembly.

Schedule for costs:

	Registration	Grant	Sponsorship	Sales	Total 2019	Total 2018
Opening Balance	\$ 54,043	\$ 5,000	\$ 16,000	\$ 54	\$ 75,097	\$ ---
Less: amount recognized as costs in the year	(54,043)	(5,000)	(16,000)	(54)	(75,097)	---
Plus: amount received related to the following year	---	---	---	---	---	75,097
Closing Balance	---	---	---	---	---	\$ 75,097

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

8. DEFERRED ASSEMBLY COSTS / REVENUES (continued)

Schedule for revenues:

	Total 2019	Total 2018
Opening Balance	\$ 75,097	\$ ---
Less: amount recognized as revenue in the year	(75,097)	---
Plus: amount received related to the following year	---	75,097
Closing Balance	---	\$ 75,097

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:

	Children and Food Contributions	Eat Think Vote	Interpares	Total 2019	Total 2018
Opening Balance	\$ 22,702	\$ ---	\$ 6,500	\$ 29,202	\$ 11,020
Less: amount recognized as revenue in the year	(22,702)	---	(6,500)	(29,202)	(11,020)
Plus: amount received related to the following year	19,958	13,526	10,000	43,484	29,202
Closing Balance	19,958	13,526	10,000	43,484	\$ 29,202

10. 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.

FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

11. 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, 2019.

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.

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.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.