

**FOOD SECURE CANADA
FINANCIAL STATEMENTS
AUGUST 31, 2017**

**FOOD SECURE CANADA
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AUGUST 31, 2017**

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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, 2017, 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, 2017 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*¹

May 17, 2018
Pierrefonds, Québec

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

FOOD SECURE CANADA
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2017

	<i>2017</i>	<i>2016</i>
	\$	\$
ASSETS		
Current Assets		
Cash	51,884	65,768
Temporary investments (note 3)	5,065	5,065
Government grants receivable	6,300	658
Accounts receivable	43,470	29,491
Prepaid expenses	-	900
Deferred costs (note 8)	-	100,288
Total current assets	106,719	202,170
Capital assets (note 4)	4,508	5,054
Intangible assets (note 5)	13,797	17,246
	125,024	224,470
LIABILITIES		
Current Liabilities		
Accounts payable and accruals (note 6)	19,562	4,498
Deferred partnership income (note 7)	40,433	45,024
Deferred assembly revenues (note 8)	-	113,797
Deferred contributions (note 9)	11,020	5,000
	71,015	168,319
NET ASSETS		
Restricted	18,305	22,300
Unrestricted	35,704	33,851
	54,009	56,151
	125,024	224,470

ON BEHALF OF THE BOARD

See notes to Financial Statements

**FOOD SECURE CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2017**

	<i>2017</i>	<i>2016</i>
	\$	\$
Balance, beginning of the year	56,151	48,059
Excess of revenues over expenses (expenses over revenues) for the year	(2,142)	8,092
Balance, end of year	54,009	56,151
Represented by:		
Net assets invested in capital assets	18,305	22,300
Unrestricted net assets	35,704	33,851
	54,009	56,151

See notes to Financial Statements

**FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017**

	GENERAL			PROGRAMS							Total 2017	Total 2016
	Core	Assembly	School Food	Procurement	New Farmers	Northern	Indigenous	CFICE	National Food Policy	Campaigns		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES												
Foundations												
McConnell	53,419	-	97,607	86,567	-	-	-	-	-	-	237,593	292,939
Interpares	41,500	-	-	-	10,000	-	-	-	10,000	-	61,500	31,000
Heart & Stroke	-	-	2,800	-	-	-	-	-	-	-	2,800	10,000
VON Canada	-	-	-	-	-	-	-	-	-	-	-	10,000
Innoweave	-	-	-	-	-	-	-	-	-	-	-	10,000
Carrot Cache	-	-	-	-	-	-	-	-	-	-	-	7,500
Foodshare	-	-	4,000	-	-	-	-	-	-	-	4,000	5,000
Other	-	-	1,708	-	-	-	-	-	19,830	-	21,538	-
Government												
Federal	-	17,000	-	-	-	-	5,000	20,000	11,962	-	53,962	47,278
Provincial	20,823	-	-	-	-	-	-	-	-	-	20,823	19,489
Sponsorships	-	121,293	-	-	-	-	-	-	-	-	121,293	-
Registration	-	132,894	-	-	-	-	-	-	-	-	132,894	-
Donations	1,416	-	-	-	-	-	-	-	-	-	1,416	15,095
Sales and services	-	12,429	-	-	-	-	-	-	-	-	12,429	1,369
Memberships	43,455	-	-	-	-	-	-	-	-	-	43,455	45,031
Other income	-	4,555	-	-	-	-	-	-	-	-	4,555	2,250
	160,613	288,171	106,115	86,567	10,000	-	5,000	20,000	41,792	-	718,258	496,951

See notes to Financial Statements

**FOOD SECURE CANADA
STATEMENT OF REVENUES OVER EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017**

	GENERAL			PROGRAMS							Total 2017	Total 2016
	Core	Assembly	School Food	Procurement	New Farmers	Northern	Indigenous	CFICE	National Food Policy	Campaigns		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENSES												
Human resources support	176,733	85,215	61,000	57,743	10,675	613	5,000	18,694	38,675	-	454,348	250,457
Marketing & advertising	-	1,003	-	-	-	-	-	-	-	-	1,003	109
Professional services	13,608	6,035	13,708	4,200	2,432	-	-	-	-	-	39,983	89,862
Administrative	11,003	-	8,446	7,000	-	-	-	-	939	-	27,388	28,512
Program supplies	-	-	10,000	1,098	-	-	-	-	-	-	11,098	15,157
Office supplies & expenses	10,363	14,364	2,461	-	-	-	-	-	-	-	27,188	3,223
Convening	-	57,836	7,500	11,203	-	-	-	946	2,745	-	80,230	44,400
Insurance	2,896	-	-	-	-	-	-	-	-	-	2,896	2,856
Travel	4,508	38,973	-	2,073	-	-	-	-	717	-	46,271	30,076
Rent & utilities	18,850	-	3,000	3,250	-	-	-	-	-	-	25,100	19,075
Depreciation	4,895	-	-	-	-	-	-	-	-	-	4,895	5,131
	<u>242,856</u>	<u>203,426</u>	<u>106,115</u>	<u>86,567</u>	<u>13,107</u>	<u>613</u>	<u>5,000</u>	<u>19,640</u>	<u>43,076</u>	<u>-</u>	<u>720,400</u>	<u>488,859</u>
EXCESS OF REVENUE OVER EXPENSES												
(EXPENSES OVER REVENUES)	<u>(82,243)</u>	<u>84,745</u>	<u>-</u>	<u>-</u>	<u>(3,107)</u>	<u>(613)</u>	<u>-</u>	<u>360</u>	<u>(1,284)</u>	<u>-</u>	<u>(2,142)</u>	<u>8,092</u>

See notes to Financial Statements

**FOOD SECURE CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2017**

	<i>2017</i>	<i>2016</i>
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operations		
Excess of revenues over expenses (expenses over revenues)	(2,142)	8,092
Amortization	4,895	5,131
	2,753	13,223
Net changes in non-cash working capital:		
Government grant receivable	(5,642)	25,183
Accounts receivable	(13,979)	6,300
Prepaid expenses	900	31
Deferred costs	100,288	(100,288)
Accounts payable and accruals	15,064	(21,920)
Deferred contributions	6,020	(39,331)
Deferred partnership income	(4,591)	5,500
Deferred assembly revenues	(113,797)	113,797
	(12,984)	2,495
Investing activities		
Acquisition of capital assets	(900)	(2,402)
	(900)	(2,402)
Increase (decrease) in cash and cash equivalents	(13,884)	93
Cash and cash equivalents, beginning of the year	65,768	65,675
Cash and cash equivalents, end of year	51,884	65,768
 <i>Represented by:</i>	<i>Cash</i>	
	51,884	65,768

See notes to Financial Statements

**FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2017**

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, 2017

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, 2017**

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

	2017	2016
One year non-redeemable investment, .85%, maturing in May 2018	\$ 5,065	\$ 5,065

4. CAPITAL ASSETS

	2017 Cost	2017 Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 9,021	\$ 4,513	\$ 4,508	\$ 5,054

5. INTANGIBLE ASSETS

	2017 Cost	2017 Accumulated amortization	2017 Net book value	2016 Net book value
Website	\$ 30,797	\$ 17,000	\$ 13,797	\$ 17,246

6. ACCOUNTS PAYABLE

	2017	2016
Trade accounts payable	\$ 14,660	\$ 3,418
Salaries	4,903	1,080
	\$ 19,562	\$ 4,498

FOOD SECURE CANADA
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:

	Children and Food	Core	NFP Governance	Institutional Food Program	Total 2017	Total 2016
Opening Balance	\$ 7,523	\$ 975	\$ -	\$ 36,526	\$ 45,024	\$ 39,524
Less: amount recognized as revenue in the year	(6,370)	(975)	-	(36,526)	(45,024)	(39,524)
Plus: amount received related to the following year	9,762	8,556	10,000	10,962	28,318	45,024
Closing Balance	\$ 10,915	\$ 8,556	\$ 10,000	\$ 10,962	\$ 40,433	\$ 45,024

8. DEFERRED ASSEMBLY COSTS/REVENUES

The General 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:

	Salaries	Administration	Planning	Translation	Total 2017	Total 2016
Opening Balance	\$71,783	\$ 6,525	\$ 18,480	\$ 3,500	\$ 100,288	\$ -
Less: amount recognized as costs in the year	(71,783)	(6,525)	(18,480)	(3,500)	(100,288)	-
Plus: amount received related to the following year	-	-	-	-	-	100,288
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,288

**FOOD SECURE CANADA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2017**

8. DEFERRED ASSEMBLY COSTS/REVENUES (continued)

Schedule for revenues:

	Total 2017	Total 2016
Opening Balance	\$ 113,797	\$ -
Less: amount recognized as revenue in the year	(113,797)	-
Plus: amount received related to the following year	-	113,797
Closing Balance	\$ -	\$ 113,797

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:

	University of Guelph – NFP Governance	Children and Food Contributions	Heritage Canada - Assistance for Interpretation & Translation	Total 2017	Total 2016
Opening Balance	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 44,331
Less: amount recognized as revenue in the year	-	-	(5,000)	(5,000)	(44,331)
Plus: amount received related to the following year	2,728	8,292	-	11,020	5,000
Closing Balance	\$ 2,728	\$ 8,292	\$ -	\$ 11,020	\$ 5,000

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, 2017

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, 2017.

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 with the current year's financial statement presentation.