Nutrition for Learning Inc.
Financial Statements
August 31, 2023

To the Members of Nutrition for Learning Inc.:

Qualified 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, 2023, 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2023, 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 (deficiency) of revenues over expenses and cash flows from operations for the years ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at September 1 and August 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended August 31, 2022 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.

MNP LLP
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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.

MNP LLP

Waterloo, Ontario

Chartered Professional Accountants

November 23, 2023

Licensed Public Accountants

Nutrition for Learning Inc.
Statement of Financial Position
As at August 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents *(Note 3)*	**727,772**	1,056,509
Internally restricted cash *(Note 3)*	**1,011,000**	1,011,000
Accounts receivable	**25,433**	22,063
Harmonized sales tax receivable	**18,631**	14,715
Prepaid expenses	**63,166**	124,331
Inventory *(Note 4)*	**32,634**	77,201
	1,878,636	2,305,819
Capital assets *(Note 5)*	**108,680**	110,152
	1,987,316	2,415,971
Liabilities		
Current		
Accounts payable and accruals	**183,516**	190,099
Deferred contributions *(Note 6)*	**166,602**	332,377
	350,118	522,476
Deferred contributions related to capital assets *(Note 7)*	**45,523**	65,033
	395,641	587,509
Net Assets	**1,591,675**	1,828,462
	1,987,316	2,415,971

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, 2023

	2023	*2022*
Revenues		
Breakfast Club of Canada	**187,057**	142,785
Donations	**441,241**	390,289
External sales	**173**	81
Fundraising	**61,129**	36,931
Interest income	**67,228**	29,305
Ministry of Children, Community and Social Services	**615,508**	918,348
Ontario Trillium Foundation	**11,749**	16,784
Other foundations	**385,337**	241,555
Supplier rebates	**32,506**	5,372
Tim Hortons	**374,057**	155,975
	2,175,985	1,937,425
Expenses		
Nutrition program costs	**1,646,215**	945,798
Wages, contracts and benefits, not included in nutrition program costs	**499,337**	326,106
Occupancy	**104,311**	65,659
Office and administration	**62,646**	47,680
Amortization	**36,420**	40,100
Auditing and accounting fees	**27,140**	23,579
Fundraising	**17,419**	-
Insurance	**11,157**	9,223
Interest and bank charges	**8,127**	5,510
	2,412,772	1,463,655
Excess (deficiency) of revenues over expenses	**(236,787)**	473,770

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, 2023

	2023	*2022*
Net assets, beginning of year	**1,828,462**	1,354,692
Excess (deficiency) of revenues over expenses	**(236,787)**	473,770
Net assets, end of year	**1,591,675**	1,828,462

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, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	**(236,787)**	473,770
Amortization	**36,420**	40,100
Amortization of deferred contributions related to capital assets	**(19,510)**	(27,872)
	(219,877)	485,998
Changes in working capital accounts		
Harmonized sales tax receivable	**(3,916)**	8,221
Accounts payable and accruals	**(6,583)**	(69,380)
Deferred contributions	**(165,775)**	21,208
Inventory	**44,567**	(18,919)
Prepaid expenses	**61,165**	(111,575)
Accounts receivable	**(3,370)**	(1,822)
	(293,789)	313,731
Investing		
Purchase of capital assets	**(34,948)**	(14,443)
Increase (decrease) in cash resources	**(328,737)**	299,288
Cash and cash equivalents, beginning of year	**2,067,509**	1,768,221
Cash and cash equivalents, end of year	**1,738,772**	2,067,509
Cash and cash equivalents are composed of:		
Cash	**202,772**	156,509
Guaranteed investment certificates *(Note 3)*	**525,000**	900,000
Internally restricted cash - term deposit *(Note 3)*	**1,011,000**	1,011,000
	1,738,772	2,067,509

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 as a not-for-profit corporation without share capital 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 recognized 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.

Internally restricted cash

Internally restricted cash includes balances with banks and short-term investments with maturities of twelve months or less that have been internally restricted by the Board of Directors to be used for the stabilization of operations.

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.

	Method	Rate
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 Organization’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 and the goods or services would otherwise have been purchased.

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 Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization’s performance or value of its equity 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 excess (deficiency) of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization 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 whether 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.

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 at the statement of financial position date; 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 included in current year excess (deficiency) of revenues over expenses.

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 excess (deficiency) of revenues over expenses in the year the reversal occurs.

3. Guaranteed investment certificates and term deposits

Included in cash and cash equivalents are guaranteed investment certificates totalling $525,000 bearing interest at 4.00% and maturing August 18, 2024 (2022 - $500,000 bearing interest at 2.25% and maturing August 4, 2023, and $400,000 bearing interest at 3.50% and maturing January 31, 2023).

Internally restricted cash represents a term deposit of $1,011,000 bearing interest at 4.55% and maturing May 5, 2024 (2022 - $1,011,000 bearing interest at 3.25% and maturing May 5, 2023).

4. Inventory

	2023	*2022*
Food	**26,318**	70,885
Mugs	**6,316**	6,316
	32,634	77,201

The cost of inventory recognized as an expense during the year amounted to $1,429,325 (2022 - $769,718).

5. Capital assets

	Cost	***Accumulated amortization***	***2023 Net book value***	*2022 Net book value*
Leasehold improvements	**38,132**	**25,238**	**12,894**	-
Automotive	**143,246**	**97,707**	**45,539**	65,056
Computer equipment	**41,565**	**30,184**	**11,381**	13,608
Computer software	**14,463**	**7,925**	**6,538**	1,274
Furniture and equipment	**69,290**	**36,962**	**32,328**	30,214
	306,696	**198,016**	**108,680**	110,152

6. Deferred contributions

Deferred contributions consist of funding received that is externally restricted for specified expenditures. Recognition of these amounts as revenue is deferred to periods when the related expenditures are made.

	2023	*2022*
Deferred contributions consist of the following:		
Ministry of Children, Community and Social Services	**124,908**	153,867
Breakfast Club of Canada	**-**	144,760
Ontario Trillium Foundation	**41,200**	-
Miscellaneous	**494**	33,750
	166,602	332,377

Changes in the deferred contributions balance are as follows:		
Balance, beginning of year	**332,377**	311,169
Amounts received during the year	**670,540**	764,228
Less: Amounts recognized as revenue during the year	**(836,315)**	(743,020)
Balance, end of year	**166,602**	332,377

7. 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:

	2023	*2022*
Balance, beginning of year	**65,033**	92,905
Less: Amounts recognized as revenue during the year	**(19,510)**	(27,872)
Balance, end of year	**45,523**	65,033

8. Commitments

The Organization has entered into various lease agreements with estimated minimum annual payments as follows:

2024	178,267
2025	179,151
2026	175,389
2027	175,370
2028	184,213
	892,390

9. 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 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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate price risk on the guaranteed investment certificates and term deposits disclosed in Note 3 as they are at fixed rates. During the year, the Organization's exposure to interest rate risk increased due to increases in market rates of interest.