

Financial Statements

**Breakfast for Learning/
Dejeuner pour Apprendre**

Toronto, Ontario

June 30, 2016

Contents

Independent Auditors' Report.....	3 - 4
Statement of Financial Position.....	5
Statement of Changes in Net Assets.....	6
Statement of Operations.....	7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9 - 12

Independent Auditors' Report

To the Members of Breakfast for Learning/Dejeuner pour Apprendre:

We have audited the accompanying financial statements of Breakfast for Learning/Dejeuner pour Apprendre, which comprise the statement of financial position as at June 30, 2016 and the statements of changes in net assets, operations 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 Corporation'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 Corporation'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Independent Auditors' Report - continued

Basis for Qualified Opinion

In common with many charitable organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the corporation and we are not able to determine whether any adjustments might be necessary to contributions, deficit, current assets and net assets.

Qualified Opinion

In our opinion, except for the 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 Breakfast for Learning/Dejeuner pour Apprendre as at June 30, 2016 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.

Toronto, Ontario
November 8, 2016



Chartered Professional Accountants, Licensed Public Accountants

Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2016

Statement of Financial Position	2016	2015
Current Assets		
Cash	\$ 491,307	\$ 872,254
Banker's acceptances	1,672,981	2,308,018
Accounts receivable	35,926	45,911
Prepaid expenses	18,888	24,011
Gift card inventory, Note 8	5,555	1,900
	2,224,657	3,252,094
Total Current		
Capital Assets , Note 3	4,096	22,614
	2,228,753	3,274,708
Total Assets		
Current Liabilities		
Accounts payable and accrued liabilities	39,216	154,003
Deferred revenue - donations, Note 6	439,092	2,302,550
	478,308	2,456,553
Total Liabilities		
Net Assets Available	1,750,445	818,155
Represented By		
Net Assets , per statement		
Internally restricted, Note 7	490,000	490,000
Unrestricted	1,260,445	328,155
	1,750,445	818,155

Approved by The Board

Felix Wu

Treasurer and Director

Bob Chant

Chair

The notes on pages 9 to 12 form an integral part of these financial statements.

Breakfast for Learning/Dejeuner pour Apprendre

Year ended June 30, 2016

Statement of Changes in Net Assets

	Note 7		2016	2015
	Internally Restricted	Unrestricted	Total	Total
Balance beginning	\$ 490,000	\$ 328,155	\$ 818,155	\$ 735,130
Surplus	-	932,290	932,290	83,025
<i>Balance June 30</i>	490,000	1,260,445	1,750,445	818,155

Breakfast for Learning/Dejeuner pour Apprendre

Year ended June 30, 2016

Statement of Operations	2016	2015
Revenues		
Donations and grants	\$ 6,448,810	\$ 5,521,747
Programs	261,727	243,685
Investment income	15,260	20,736
Total Revenues	6,725,797	5,786,168
Expenses		
Charitable grants	4,640,574	4,233,471
Charitable programs	374,416	862,226
Fundraising	236,755	231,048
Management/administrative	439,733	353,807
Marketing and communication	83,512	-
Amortization of capital assets	18,517	22,591
Total Expenses	5,793,507	5,703,143
Surplus	932,290	83,025

Breakfast for Learning/Dejeuner pour Apprendre

Year ended June 30, 2016

Statement of Cash Flows	2016	2015
Operating Activities		
Surplus	\$ 932,290	\$ 83,025
Non-Cash Items		
Amortization of capital assets	18,517	22,591
	950,807	105,616
Changes in Non-Cash Working Capital		
Accounts receivable	9,985	62,600
Prepaid expenses	5,123	30,866
Gift card inventory	(3,655)	31,119
Accounts payable and accrued liabilities	(114,786)	89,029
Deferred revenue - donations	(1,863,458)	(75,888)
	(1,966,791)	137,726
<i>Cash (Used In) Provided By Operating Activities</i>	(1,015,984)	243,342
Investing Activities		
Decrease (increase) in temporary investments	635,037	(208,018)
Purchase of capital assets	-	(3,711)
<i>Cash Provided By (Used In) Investing Activities</i>	635,037	(211,729)
Net cash increase (decrease) during the year	(380,947)	31,613
Cash position beginning of year	872,254	840,641
<i>Cash Position End of Year</i>	491,307	872,254

Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2016

Notes to Financial Statements

Status and Nature of Activities

Breakfast for Learning/Dejeuner pour Apprendre (BFL) is a registered charity incorporated without share capital under the laws of Canada on June 5, 1992 as The Holly Street Foundation for Families, the original name of BFL, and was continued under the Canada Not-for-Profit Corporations Act on December 19, 2013. BFL is a charitable organization within the meaning of the Income Tax Act.

The objectives of BFL are to develop, provide and sponsor nutrition programs for children and provide a dietary knowledge designed to promote the well-being of Canadian families.

Note 1

Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and money market instruments.

Revenue Recognition

BFL uses the deferral method of accounting for restricted donations and grants. Restricted contributions related to general operations are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes interest earned on cash balances and short-term interest bearing securities. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which is five years for office furniture and equipment and three years for computer equipment, computer software and the website.

Note 1 Significant Accounting Policies - continued

Financial Instruments

Measurement of Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable.

Use of Estimates

The preparation of financial statements requires management to make assumptions about future events 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. Actual results could differ from these estimates.

Note 2 Financial Instruments

Risk Management Policy

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at June 30, 2016:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Corporation is subject to concentrations of credit risk through its cash accounts. The Corporation maintains all of its cash at a single Canadian financial institution. The maximum credit risk is equivalent to the carrying value. The Corporation manages its credit risk by following a Board approved investment policy and invests in interest bearing securities with approved institutions.

The Corporation is subject to concentrations of credit risk through its accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages liquidity risk through regular monitoring of forecast and actual cash flows.

Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2016

Note 2 Financial Instruments - continued

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange and commodity prices. These fluctuations may be significant. The Corporation manages its market risk by following a Board approved investment policy and invests in interest bearing securities with approved financial institutions. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

(i) Interest Rate Risk

The Corporation manages its cash and interest bearing investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in low risk guaranteed investments as the means for managing its interest rate risk.

The average interest rate earned on investments during the year was 0.57% (2015, 0.68%).

(ii) Foreign Exchange Risk

The Corporation's functional currency is the Canadian dollar. The Corporation does not engage in a significant amount of foreign currency transactions and as a result it is the opinion of management that the Corporation is not exposed to significant foreign currency risk.

(iii) Commodity Price Risk

The Corporation is subject to normal price risk associated with consumer products.

Note 3 Capital Assets

	Cost	Accumulated Amortization	2016 Net	2015 Net
Office furniture and equipment	\$ 69,008	\$ (69,008)	\$ -	\$ -
Computer equipment	120,813	(119,741)	1,072	5,934
Computer software	146,926	(146,926)	-	-
Website	118,937	(115,913)	3,024	16,680
	<u>455,684</u>	<u>(451,588)</u>	<u>4,096</u>	<u>22,614</u>

During the period \$0 (2015 - \$3,711) was spent on capital asset acquisitions.

Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2016

Note 4 Commitment

BFL is committed to an operating lease for its offices until January 31, 2017 at a monthly rent of \$214 plus operating costs.

Note 5 Contingency

BFL has assigned an operating lease for office space on Eglinton Avenue in Toronto to another organization. The assignee is responsible for the monthly rent of \$4,461 and the related lease costs. The lease expires April 30, 2019 at which point BFL will be released from any obligations under the lease.

Note 6 Deferred Revenue

BFL receives restricted donations from a number of donors in the current fiscal year to fund the following year's programs. At June 30, these donations totalling \$439,092 (2015 - \$2,302,550) are recorded as deferred revenue and will be recognized as revenue during the 2017 fiscal year.

Note 7 Restrictions on Net Assets

The internally restricted net assets have been designated by the Board of Directors to be used to cover three months of estimated operating expenses in the eventual case of a wind down of the organization. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

Note 8 Gift Card Inventory

BFL purchases gift cards from Loblaws to be granted to targeted community based in-school breakfast programs.

Note 9 Subsequent Event

Effective August 31, 2016, the Corporation entered into an agreement with President's Choice Children's Charity (PCCC) to effect a change in the board of directors and the members of BFL, such that the members and board of directors of BFL would be comprised of certain nominees of PCCC.