

# **Financial Statements**

## **Breakfast for Learning/ Dejeuner pour Apprendre**

Toronto, Ontario

*June 30, 2014*

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## 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, 2014 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 generally accepted accounting principles, 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.

continued...

## 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
October 27, 2014



Chartered Accountants, Licensed Public Accountants

## Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2014

<b>Statement of Financial Position</b>	2014	2013
<b>Current Assets</b>		
Cash	\$ 840,641	\$ 354,124
Banker's acceptances	2,100,000	1,800,000
Accounts receivable	108,511	129,929
Prepaid expenses	54,877	43,249
Gift card inventory, Note 7	33,019	294
	<b>3,137,048</b>	<b>2,327,596</b>
<b>Capital Assets</b> , Note 3	41,493	61,986
	<b>3,178,541</b>	<b>2,389,582</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	64,973	92,011
Government remittances	-	2,416
Deferred revenue - donations, Note 5	2,378,438	1,626,943
Deferred revenue	-	4,343
	<b>2,443,411</b>	<b>1,725,713</b>
<b>Net Assets Available</b>	<b>735,130</b>	<b>663,869</b>
<b>Represented By</b>		
<b>Net Assets</b> , per statement		
Internally restricted, Note 6	490,000	490,000
Unrestricted	245,130	173,869
	<b>735,130</b>	<b>663,869</b>

### Approved by The Board

 <hr style="border: 0.5px solid black;"/>	Treasurer
 <hr style="border: 0.5px solid black;"/>	Director, Finance and Administration

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, 2014*

**Statement of Changes in Net Assets**

			2014			2013
	Note 6					
	Internally Restricted	Unrestricted	\$	\$	Total	Total
Balance, beginning of period	\$ 490,000	\$ 173,869	\$	\$	663,869	\$ 663,086
Surplus	-	71,261			71,261	783
<b><i>Balance June 30</i></b>	490,000	245,130			735,130	663,869

## Breakfast for Learning/Dejeuner pour Apprendre

Year ended June 30, 2014

<b>Statement of Operations</b>	2014	2013
<b>Revenues</b>		
Donations and grants	\$ 7,370,770	\$ 6,221,909
Programs	233,132	876,926
Investment income	16,238	13,239
<b>Total Revenues</b>	<b>7,620,140</b>	<b>7,112,074</b>
<b>Expenses</b>		
Charitable grants	5,662,852	4,558,350
Charitable programs	1,116,682	1,742,280
Fundraising	254,905	257,069
Management/administrative	476,869	431,393
Amortization of capital assets	37,571	29,115
Write-off of capital assets	-	93,084
<b>Total Expenses</b>	<b>7,548,879</b>	<b>7,111,291</b>
<b>Surplus</b>	<b>71,261</b>	<b>783</b>

## Breakfast for Learning/Dejeuner pour Apprendre

Year ended June 30, 2014

<b>Statement of Cash Flows</b>	2014	2013
<b>Operating Activities</b>		
Surplus	\$ 71,261	\$ 783
<b>Non-Cash Items</b>		
Amortization of capital assets	37,571	29,115
Write-off of capital asset	-	93,084
	108,832	122,982
<b>Changes in Non-Cash Working Capital</b>		
Accounts receivable	21,418	(59,820)
Prepaid expenses	(11,628)	(5,110)
Gift card inventory	(32,725)	6,847
Accounts payable and accrued liabilities	(27,038)	(128,867)
Government remittances	(2,416)	543
Deferred revenue - donations	751,495	(954,224)
Deferred revenue	(4,343)	(6,874)
	694,763	(1,147,505)
<b>Cash Provided By (Used In) Operating Activities</b>	803,595	(1,024,523)
<b>Investing Activities</b>		
Purchase of capital assets	(17,078)	(40,309)
<b>Cash Used In Investing Activities</b>	(17,078)	(40,309)
Net cash increase (decrease) during the period	786,517	(1,064,832)
Cash position beginning of period	2,154,124	3,218,956
<b>Cash Position End Of Period</b>	2,940,641	2,154,124

# Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2014

## Notes to Financial Statements

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### **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. 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, 2014.

**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, 2014

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### 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 0.64% (2013, 0.49%).

#### (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

			2014	2013
	Cost	Accumulated Amortization	Net	Net
Office furniture and equipment	\$ 69,008	\$ (69,008)	-	\$ 2,140
Computer equipment	120,813	(106,950)	13,863	10,866
Computer software	146,926	(145,656)	1,270	7,454
Website	115,226	(88,866)	26,360	41,526
	451,973	(410,480)	41,493	61,986

During the period \$17,078 (2013 - \$40,309) was spent on capital asset acquisitions.

## **Breakfast for Learning/Dejeuner pour Apprendre**

*June 30, 2014*

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### **Note 4 Lease Commitments**

The Corporation is committed to the rental of office premises at \$4,461 per month to April 30, 2019.

During the term, BFL is required to pay to the landlord as additional rent, its proportionate share of the operating costs and taxes incurred by the landlord during the lease year.

### **Note 5 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 \$2,378,438 (2013 - \$1,626,943) are recorded as deferred revenue and will be recognized as revenue during the 2015 fiscal year.

### **Note 6 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 7 Gift Card Inventory**

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