

# **Financial Statements**

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

Toronto, Ontario

*June 30, 2015*

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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, 2015 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, 2015 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 14, 2015



Chartered Professional Accountants, Licensed Public Accountants

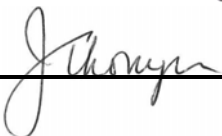
## Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2015

<b>Statement of Financial Position</b>	2015	2014
<b>Current Assets</b>		
Cash	\$ 872,254	\$ 840,641
Banker's acceptances	2,308,018	2,100,000
Accounts receivable	45,911	108,511
Prepaid expenses	24,011	54,877
Gift card inventory, Note 7	1,900	33,019
	3,252,094	3,137,048
<b>Total Current</b>		
<b>Capital Assets</b> , Note 3	22,614	41,493
	3,274,708	3,178,541
<b>Total Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	154,003	64,973
Deferred revenue - donations, Note 5	2,302,550	2,378,438
	2,456,553	2,443,411
<b>Total Liabilities</b>		
<b>Net Assets Available</b>	818,155	735,130
<b>Represented By</b>		
<b>Net Assets</b> , per statement		
Internally restricted, Note 6	490,000	490,000
Unrestricted	328,155	245,130
	818,155	735,130

### Approved by The Board

  
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 Treasurer and Director

  
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 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, 2015*

**Statement of Changes in Net Assets**

	2015		2014	
	Note 6			
	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of period	\$ 490,000	\$ 245,130	\$ 735,130	\$ 663,869
Surplus	-	83,025	83,025	71,261
<b><i>Balance June 30</i></b>	490,000	328,155	818,155	735,130

## Breakfast for Learning/Dejeuner pour Apprendre

Year ended June 30, 2015

<b>Statement of Operations</b>	2015	2014
<b>Revenues</b>		
Donations and grants	\$ 5,521,747	\$ 7,370,770
Programs	243,685	233,132
Investment income	20,736	16,238
<b>Total Revenues</b>	<b>5,786,168</b>	<b>7,620,140</b>
<b>Expenses</b>		
Charitable grants	4,233,471	5,662,852
Charitable programs	862,226	1,116,682
Fundraising	231,048	254,905
Management/administrative	353,807	476,869
Amortization of capital assets	22,591	37,571
<b>Total Expenses</b>	<b>5,703,143</b>	<b>7,548,879</b>
<b>Surplus</b>	<b>83,025</b>	<b>71,261</b>

## Breakfast for Learning/Dejeuner pour Apprendre

Year ended June 30, 2015

<b>Statement of Cash Flows</b>	2015	2014
<b>Operating Activities</b>		
Surplus	\$ 83,025	\$ 71,261
<b>Non-Cash Items</b>		
Amortization of capital assets	22,591	37,571
	105,616	108,832
<b>Changes in Non-Cash Working Capital</b>		
Accounts receivable	62,600	21,418
Prepaid expenses	30,866	(11,628)
Gift card inventory	31,119	(32,725)
Accounts payable and accrued liabilities	89,029	(27,038)
Government remittances	-	(2,416)
Deferred revenue - donations	(75,888)	751,495
Deferred revenue	-	(4,343)
	137,726	694,763
<b><i>Cash Provided By Operating Activities</i></b>	243,342	803,595
<b>Investing Activities</b>		
Purchase of capital assets	(3,711)	(17,078)
<b><i>Cash Used In Investing Activities</i></b>	(3,711)	(17,078)
Net cash increase during the period	239,631	786,517
Cash position beginning of period	2,940,641	2,154,124
<b><i>Cash Position End Of Period</i></b>	3,180,272	2,940,641



# Breakfast for Learning/Dejeuner pour Apprendre

June 30, 2015

## 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, 2015.

**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, 2015

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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 0.68% (2014, 0.64%).

#### (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

			2015	2014
	Cost	Accumulated Amortization	Net	Net
Office furniture and equipment	\$ 69,008	\$ (69,008)	-	\$ -
Computer equipment	120,813	(114,879)	5,934	13,863
Computer software	146,926	(146,926)	-	1,270
Website	118,937	(102,257)	16,680	26,360
	455,684	(433,070)	22,614	41,493

During the period \$3,711 (2014 - \$17,078) was spent on capital asset acquisitions.

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

*June 30, 2015*

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### **Note 4 Lease Commitments**

Breakfast for Learning is committed under the terms of operating leases for office premises.

During the year, Breakfast for Learning subleased its existing Toronto premises for the balance of the lease term, which expires April 30, 2019. Starting November 1, 2015, the subtenant will pay the monthly rent of \$4,461 at the related lease costs directly to the landlord.

Breakfast for Learning then entered into a new premises lease agreement commencing August 1, 2015 which expires January 31, 2016 with an option to renew until January 31, 2017 at a monthly rent of \$214.

### **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 \$2,302,550 (2014 - \$2,378,438) are recorded as deferred revenue and will be recognized as revenue during the 2016 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.