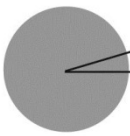


MANITOBA FOOD CHARTER INC.

Financial Statements

March 31, 2019



INDEPENDENT AUDITOR'S REPORT

**To the Members of
Manitoba Food Charter Inc.**

Qualified Opinion

We have audited the financial statements of Manitoba Food Charter Inc. (the Organization), which comprise the statement of financial position as at March 31, 2019, 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 March 31, 2019 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 not-for-profit organizations, the Organization 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 Organization and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation of 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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter

We draw your attention to Note 2 of the financial statements which indicates that the Organization incurred a net loss of \$140,961 during the year ended March 31, 2019. In addition, funding from the Government of Canada – Public Health Agency of Canada ends as of March 31, 2020. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

(continues)

Independent Auditor's Report to the Members of Manitoba Food Charter Inc. *(continued)*

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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 not realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 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 judgement 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.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg, MB R3B 0X3
September 23, 2019

MANITOBA FOOD CHARTER INC.

Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 164,468	\$ 177,002
Accounts receivable	16,747	64,077
Goods and services tax recoverable	4,783	3,657
Prepaid expenses	2,677	4,147
	<u>188,675</u>	<u>248,883</u>
EQUIPMENT (Note 4)	<u>6,278</u>	<u>8,825</u>
	<u>\$ 194,953</u>	<u>\$ 257,708</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 55,019	\$ 34,760
Deferred contributions (Note 5)	114,905	56,958
	<u>169,924</u>	<u>91,718</u>
NET ASSETS	<u>25,029</u>	<u>165,990</u>
	<u>\$ 194,953</u>	<u>\$ 257,708</u>

APPROVED BY THE BOARD:

Director

Director

MANITOBA FOOD CHARTER INC.

Statement of Operations

Year Ended March 31, 2019

	2019	2018
REVENUES		
Grants	\$ 815,765	\$ 1,151,287
Other income	40,020	75,172
Event income	369	1,025
Donations	9,103	35,883
	<u>865,257</u>	<u>1,263,367</u>
EXPENSES		
Amortization	2,547	1,580
Personnel and contracts	604,618	890,118
Other program expenses	82,512	157,988
Materials & supplies	139,467	183,415
Travel, meals, accommodations	102,929	103,802
Meetings & workshops	5,657	14,760
Office expenses	60,813	56,536
Training	7,675	15,459
	<u>1,006,218</u>	<u>1,423,658</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (140,961)</u>	<u>\$ (160,291)</u>

MANITOBA FOOD CHARTER INC.

Statement of Changes in Net Assets

Year Ended March 31, 2019

	Internally		2019	2018
	Restricted	Unrestricted		
NET ASSETS - BEGINNING OF YEAR	\$ 130,000	\$ 33,039	\$ 165,990	\$ 326,281
DEFICIENCY OF REVENUES OVER EXPENSES	-	(140,961)	(140,961)	(160,291)
NET ASSETS - END OF YEAR	\$ 130,000	\$ (107,922)	\$ 25,029	\$ 165,990

MANITOBA FOOD CHARTER INC.

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (140,961)	\$ (160,291)
Items not affecting cash:		
Amortization	2,547	1,580
	<u>(138,414)</u>	<u>(158,711)</u>
Changes in working capital accounts:		
Accounts receivable	47,330	127,258
Goods and services tax recoverable	(1,126)	2,160
Prepaid expenses	1,470	21,362
Accounts payable and accrued liabilities	20,259	17,492
Deferred contributions	57,947	(165,856)
	<u>125,880</u>	<u>2,416</u>
Cash flows used by operating activities	<u>(12,534)</u>	<u>(156,295)</u>
INVESTING ACTIVITY		
Purchase of equipment	-	(10,406)
DECREASE IN CASH	(12,534)	(166,701)
CASH - BEGINNING OF YEAR	<u>177,002</u>	<u>343,703</u>
CASH - END OF YEAR	\$ 164,468	\$ 177,002

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2019

1. DESCRIPTION OF THE ORGANIZATION

Manitoba Food Charter Inc. (operating as Food Matters Manitoba) is a registered charity that incorporated on April 1, 2008, and which works on over 35 projects helping newcomers, northerners, farmers and families to grow, share and prepare good food. It engages Manitobans toward healthy, fair, sustainable food for all, values healthy communities, access to nutritious food for all and values an economically viable, diverse and ecologically sustainable food system.

Some of its goals are to educate Manitobans about food security and the sustainability of food systems in Manitoba, provide a common focus for action for food system stakeholders through the Manitoba Food Charter, raise public awareness about food and food systems, strengthen networks and partnerships to work together to address local food security issues, strengthen the capacity of our organization and to advance food security work across Manitoba.

2. GOING CONCERN

The accompanying financial statements have been prepared on the going concern assumption that the Organization will be able to realize its assets and discharge its liabilities in the normal course of business.

In common with many registered charities, the Organization is economically dependent on government grants, and individual and corporate donations to maintain its operations. These financial statements have been prepared on a going concern basis which assumes the realization of assets and liquidation of liabilities in the normal course of business.

However, the Organization has incurred a net loss of \$140,961 during the year ended March 31, 2019 (2018 - \$160,291) as recent grant revenues have dropped. In addition, funding from the Government of Canada – Public Health Agency of Canada, a significant source of revenue, ends as of March 31, 2020. Therefore, the Organization's ability to continue as a going concern is dependent upon its ability to obtain other sources of funding sufficient to meet current and future obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Revenues and expenses related to projects are reported in the Unrestricted Fund.

The Organization has established an internal reserve to maintain an adequate level of net assets to support the day-to-day operations in the event of unforeseen shortfalls.

(continues)

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over the estimated useful life at the following rates and methods:

Computer equipment	55%	declining balance method
Furniture and fixtures	20%	declining balance method

The Organization regularly reviews its equipment to eliminate obsolete items.

Contributed services

Manitoba Food Charter Inc. acknowledges the substantial services provided by volunteers in assisting the Organization in carrying out its activities. Due to the difficulty in determining their value, these services are not reported in the financial statements.

Revenue recognition

Manitoba Food Charter Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received if the amount to be received can be reasonably estimated and collection can be reasonably assured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to any significant credit, interest or currency risks arising from their financial instruments.

The fair value of the Organization's financial instruments approximates carrying value due to the short-term maturity of these instruments.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2019

4. EQUIPMENT

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated Amortization
Computer equipment	\$ 3,083	\$ 2,050	\$ 3,083	\$ 732
Furniture and fixtures	7,323	2,078	7,323	849
	\$ 10,406	\$ 4,128	\$ 10,406	\$ 1,581
Net book value	\$ 6,278		\$ 8,825	

5. DEFERRED CONTRIBUTIONS

	2019	2018
Aboriginal and Northern Affairs – Grow North	4,888	15,804
Community Tables	3,915	3,915
CSA Funds (through Heifer project)	1,488	1,488
Donations for Northern Programming (NHFI)	-	2,450
Government of Canada – PHAC	67,739	-
NECRC	669	854
Newcomer Programming Donations	1,505	601
North End Revitalization Inc. fund	1,472	-
Northern Social Enterprise Profit from Market	450	450
Province of Manitoba – ANA	-	475
Province of Manitoba – ANA Northern Beekeeping	396	-
Province of Manitoba – WRHA	864	-
TD Friends of the Environment	-	2,038
TIDES – Bunibonibee Freezer Project	17,709	6,500
TIDES – Brochet	10,233	3,271
TIDES – Cross Lake Cooking	-	1,942
TIDES – Mooselake Garden	1,302	5,000
Thomas Sill Foundation	-	9,895
Whole Kids Foundation	2,275	2,275
	\$ 114,905	\$ 56,958

6. SUBSEQUENT EVENT

On April 9, 2019, the Organization received \$160,000 from an anonymous donor which will be used for transitional operational support in the next fiscal year.

MANITOBA FOOD CHARTER INC.

Schedule 1

FUNDING SOURCES March 31, 2019

	<u>\$</u> <i>(Unaudited)</i>
GRANTS	
Province of Manitoba	
Indigenous and Northern Relations	207,100
Neighborhoods Alive	126
WRAPP	150
Winnipeg Regional Health Authority	656
Government of Canada	
Employment Services and Development Canada	34,283
Public Health Agency of Canada	468,045
Other	
Programming Deferred Revenue	33,476
Assiniboine Credit Union	1,299
Kinosao Sipi Business Development Corporation	6,500
Manitoba Community Service Council	9,500
North End Revitalization Inc.	118
TIDES	54,466
United Way	46
	<u>815,765</u>
OTHER INCOME, EVENT INCOME, AND DONATIONS	
Recovery of overhead costs	33,172
Charitable donations	8,423
Interest	1,002
Other donations & gifts & small grants	6,895
	<u>49,492</u>
Total	<u>865,257</u>