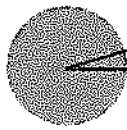


MANITOBA FOOD CHARTER INC.

Financial Statements

March 31, 2020



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, 2020, 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, 2020 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, 2020 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 is economically dependent on government grants, and individual and corporate donations to maintain its operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about 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 no 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
August 24, 2020

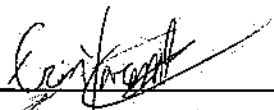
MANITOBA FOOD CHARTER INC.

Statement of Financial Position

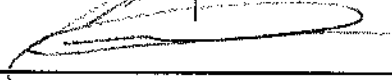
March 31, 2020

| | 2020 | 2019 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 238,468 | \$ 164,468 |
| Accounts receivable | 76,482 | 16,747 |
| Goods and services tax recoverable | 3,736 | 4,783 |
| Prepaid expenses | 2,132 | 2,677 |
| | <u>320,818</u> | <u>188,675</u> |
| | | |
| EQUIPMENT (Note 4) | <u>7,921</u> | <u>6,278</u> |
| | <u>\$ 328,739</u> | <u>\$ 194,953</u> |
| | | |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 53,071 | \$ 55,019 |
| Deferred contributions (Note 5) | <u>238,750</u> | <u>114,905</u> |
| | <u>291,821</u> | <u>169,924</u> |
| | | |
| NET ASSETS | <u>36,918</u> | <u>25,029</u> |
| | <u>\$ 328,739</u> | <u>\$ 194,953</u> |

APPROVED BY THE BOARD:



Director



Director

MANITOBA FOOD CHARTER INC.

Statement of Operations

Year Ended March 31, 2020

| | 2020 | 2019 |
|--|------------------|---------------------|
| REVENUES | | |
| Grants | \$ 716,999 | \$ 815,765 |
| Other income | 55,743 | 40,020 |
| Event income | - | 369 |
| Donations | 14,938 | 9,103 |
| | <u>787,680</u> | <u>865,257</u> |
| EXPENSES | | |
| Amortization | 2,854 | 2,547 |
| Personnel and contracts | 516,678 | 604,618 |
| Other program expenses | 47,922 | 82,512 |
| Materials & supplies | 83,161 | 139,467 |
| Travel, meals, accommodations | 53,429 | 102,929 |
| Meetings & workshops | 6,531 | 5,657 |
| Office expenses | 60,938 | 60,813 |
| Training | 4,278 | 7,675 |
| | <u>775,791</u> | <u>1,006,218</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ 11,889</u> | <u>\$ (140,961)</u> |

MANITOBA FOOD CHARTER INC.

Statement of Changes in Net Assets

Year Ended March 31, 2020

| | Internally | | 2020 | 2019 |
|---|------------|--------------|-----------|------------|
| | Restricted | Unrestricted | | |
| NET ASSETS - BEGINNING OF YEAR | \$ 130,000 | \$ (107,922) | \$ 25,029 | \$ 165,990 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | - | 11,889 | 11,889 | (140,961) |
| NET ASSETS - END OF YEAR | \$ 130,000 | \$ (96,033) | \$ 36,918 | \$ 25,029 |

MANITOBA FOOD CHARTER INC.

Statement of Cash Flows

Year Ended March 31, 2020

| | 2020 | 2019 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ 11,889 | \$ (140,961) |
| Items not affecting cash: | | |
| Amortization | 2,854 | 2,547 |
| | <u>14,743</u> | <u>(138,414)</u> |
| Changes in working capital accounts: | | |
| Accounts receivable | (59,735) | 47,330 |
| Goods and services tax recoverable | 1,047 | (1,126) |
| Prepaid expenses | 545 | 1,470 |
| Accounts payable and accrued liabilities | (1,948) | 20,259 |
| Deferred contributions | 123,845 | 57,947 |
| | <u>63,754</u> | <u>125,880</u> |
| Cash flows used by operating activities: | <u>78,497</u> | <u>(12,534)</u> |
| INVESTING ACTIVITY | | |
| Purchase of equipment | <u>(4,497)</u> | - |
| INCREASE (DECREASE) IN CASH | 74,000 | (12,534) |
| CASH - BEGINNING OF YEAR | <u>164,468</u> | <u>177,002</u> |
| CASH - END OF YEAR | \$ 238,468 | \$ 164,468 |

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2020

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. ECONOMIC DEPENDENCE

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. Management is of the opinion that sufficient working capital will be obtained from operations to meet the Organization's liabilities as they come due.

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.

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.

(continues)

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2020

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

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.

4. EQUIPMENT

| | 2020 | | 2019 | |
|------------------------|------------------|--------------------------|------------------|--------------------------|
| | Cost | Accumulated amortization | Cost | Accumulated Amortization |
| Computer equipment | \$ 7,579 | \$ 3,855 | \$ 3,083 | \$ 2,050 |
| Furniture and fixtures | 7,323 | 3,126 | 7,323 | 2,078 |
| | \$ 14,902 | \$ 6,981 | \$ 10,406 | \$ 4,128 |
| Net book value | \$ 7,921 | | \$ 6,278 | |

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2020

5. DEFERRED CONTRIBUTIONS

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Anonymous donor | \$ 120,000 | \$ - |
| Community Tables | - | 3,915 |
| CSA Manitoba Funds | 1,488 | 1,488 |
| Government of Canada - PHAC | - | 67,739 |
| Healthy Horizons | 7,000 | - |
| NECRC | - | 669 |
| Newcomer Programming Donations | - | 1,505 |
| North End Revitalization Inc. fund | 1,472 | 1,472 |
| Northern Social Enterprise Profit from Market | - | 450 |
| Province of Manitoba – ANA Grow North | 7,008 | 4,888 |
| Province of Manitoba – ANA Northern Beekeeping | 396 | 396 |
| Province of Manitoba – ANA Northern Healthy Foods Initiative | 21,487 | - |
| Province of Manitoba - Shamattawa | 4,044 | - |
| Province of Manitoba – WRHA | - | 864 |
| Sponsorships | 50 | - |
| TIDES – Bunibonibee Freezer Project | 16,209 | 17,709 |
| TIDES – Brochet Food Planning | 6,603 | 10,233 |
| TIDES – Mooselake Garden | 718 | 1,302 |
| Whole Kids Foundation | 2,275 | 2,275 |
| Winnipeg Foundation | 50,000 | - |
| | \$ 238,750 | \$ 114,905 |

6. SUBSEQUENT EVENT

Subsequent to year end, the corona virus (COVID-19) has created considerable uncertainty in business and in markets around the globe. The World Health Organization declared the situation a pandemic on March 11, 2020. The Organization has not experienced any significant costs related to the COVID-19 outbreak as of March 31, 2020. While the disruption caused by COVID-19 is expected to be temporary, there is considerable uncertainty around the duration of the disruption and the related financial impact cannot be reasonably estimated at this time.

MANITOBA FOOD CHARTER INC.

Schedule 1

FUNDING SOURCES

March 31, 2020

| | <u>\$</u> <i>(Unaudited)</i> |
|--|---------------------------------|
| GRANTS | |
| Province of Manitoba | |
| Healthy Together Now | 864 |
| Indigenous and Northern Relations | 124,117 |
| Manitoba Health, Seniors and Active Living | 30,100 |
| Neighborhoods Alive | 669 |
| Government of Canada | |
| Public Health Agency of Canada | 508,685 |
| Other | |
| Anonymous donor | 40,000 |
| TIDES | 11,064 |
| Winnipeg Foundation | 1,500 |
| | <u>716,999</u> |
| OTHER INCOME, EVENT INCOME, AND DONATIONS | |
| Recovery of overhead costs | 265 |
| Charitable donations | 14,938 |
| Interest | 1,953 |
| Fees for service | 52,875 |
| Other donations & gifts & small grants | 650 |
| | <u>70,681</u> |
| Total | <u>787,680</u> |

