

FINANCIAL STATEMENTS

FOOD FOR THE POOR OF CANADA, INC.

December 31, 2021

Food For The Poor Of Canada, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the directors of
Food For The Poor Of Canada, Inc.:

Opinion

We have audited the accompanying financial statements of **Food For The Poor Of Canada, Inc.** (the "Organization"), which comprise the statement of financial position as at December 31, 2021 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021 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 Opinion

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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

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INDEPENDENT AUDITOR'S REPORT (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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or 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 Responsibility for the Audit of 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 of assurance, but it 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 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 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

- 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.

Toronto, Ontario
March 8, 2022

Campbell Lawless LLP

Chartered Professional Accountants
Licensed Public Accountants

Food For The Poor Of Canada, Inc.
STATEMENT OF FINANCIAL POSITION

December 31	2021	2020
	\$	\$
ASSETS		
Current		
Cash	567,275	628,437
Donations receivable	47,311	6,043
Government assistance receivable	16,497	45,753
Harmonized sales tax recoverable	11,113	9,264
Inventory	29,638	39,567
Prepaid expenses	3,723	3,723
	<u>675,557</u>	<u>732,787</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	28,720	7,348
Deferred contributions [note 4]	<u>510,958</u>	<u>569,278</u>
	539,678	576,626
NET ASSETS		
Unrestricted	135,879	156,161
	<u>675,557</u>	<u>732,787</u>

see accompanying notes

On behalf of the Board:

Director

Director

Food For The Poor Of Canada, Inc.
STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31	2021	2020
	\$	\$
Balance , beginning of year	156,161	358,654
Deficiency of revenue over expenses for the year	(20,282)	(202,493)
Balance , end of year	135,879	156,161

see accompanying notes

Food For The Poor Of Canada, Inc.
STATEMENT OF OPERATIONS

Year ended December 31	2021 \$	2020 \$
Revenue		
In-kind donations of medical aid, educational and food supplies	1,960,199	8,862,054
Donations of funds [note 5]	<u>1,012,875</u>	<u>1,190,009</u>
	<u>2,973,074</u>	<u>10,052,063</u>
Expenses		
Program		
In-kind medical aid, educational and food supplies deliveries	1,960,199	8,862,054
Project funds for education, community development and housing [note 6]	509,813	626,534
Program salaries [note 7]	99,051	95,994
Shipping	81,151	98,899
Purchased food, building and health supplies	31,270	211,151
Programming funds towards medicine in partnership with HPIC	20,120	32,250
Program occupancy costs [note 7]	5,979	6,516
Travel	936	711
Foreign exchange (gain) loss	<u>(4,509)</u>	<u>23,088</u>
	<u>2,704,010</u>	<u>9,957,197</u>
Fundraising		
Fundraising salaries [note 7]	110,704	167,223
Consulting	43,017	33,312
Other	19,399	18,192
Marketing	12,510	14,065
Fundraising occupancy costs [note 7]	11,958	13,032
Events	<u>10,025</u>	<u>4,062</u>
	<u>207,613</u>	<u>249,886</u>
Administrative		
Administrative salaries [note 7]	101,721	93,214
Professional fees	22,559	18,186
Office and general	14,861	7,911
Administrative occupancy costs [note 7]	5,979	6,516
Government assistance [note 8]	<u>(63,387)</u>	<u>(78,354)</u>
	<u>81,733</u>	<u>47,473</u>
	2,993,356	10,254,556
Deficiency of revenue over expenses for the year	<u>(20,282)</u>	<u>(202,493)</u>

see accompanying notes

Food For The Poor Of Canada, Inc.
STATEMENT OF CASH FLOWS

Year ended December 31	2021 \$	2020 \$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(20,282)	(202,493)
Changes in non-cash working capital balances -		
(Increase) decrease in donations receivable	(41,268)	1,609
(Increase) decrease in government assistance receivable	29,256	(45,753)
(Increase) decrease in harmonized sales tax recoverable	(1,849)	2,260
(Increase) decrease in inventory	9,929	
Increase (decrease) in accounts payable and accrued liabilities	21,372	(4,696)
Increase (decrease) in deferred contributions	<u>(58,320)</u>	<u>(285,625)</u>
Net change in cash during the year	(61,162)	(534,698)
Cash, beginning of year	628,437	1,163,135
Cash, end of year	567,275	628,437

see accompanying notes

Food For The Poor Of Canada, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. PURPOSE OF THE ORGANIZATION

Food For The Poor of Canada, Inc. (the "Organization") works across the Caribbean and Latin America, building strong and prosperous communities through basic aid and sustainable community development. The Organization's community-led approach is important, as they ask communities to tell them what their needs are and then they mobilize to help. The Canadian affiliate of Food For The Poor International (FFP) empowers communities through five areas of programming: food, housing, education, health, and livelihood. The Organization responds to urgent needs of communities by providing food, clean water, and access to healthcare and build social infrastructure such as homes, medical clinics, schools, income-generating projects and community centers. The Organization's goal is to create sustainable and prosperous communities where children and their families have what they need to flourish. The Organization works with a strong network of partners including government ministries and charitable partners, as well as churches and community leaders to distribute food and medical aid where it is needed the most, serving the poorest of the poor, and strengthening infrastructure in high-need communities. The Organization leverages the scale and reach of other FFP affiliates, and responds to hurricanes and other emergencies across the region, both in immediate disaster response and post-disaster in the form of rebuilding efforts.

The Organization was incorporated on January 8, 1991 under the Canada Corporations Act as an organization without share capital, and has since continued under the Canada Not-for-profit Corporation Act. The Organization is classified as a charitable organization under subsection 149.1(1) of the Income Tax Act (Canada) [the "Act"] and, therefore, is exempt from income tax providing that it complies with donation and certain other requirements of the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Donations of medical aid, educational and food supplies

The Organization receives donations of medical supplies, educational material and food for distribution. These items are recognized as revenue and associated cost at their fair value where they can be reasonably estimated and where ownership has transferred to the Organization.

Food For The Poor Of Canada, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

In fulfilling its objects, the Organization receives contributions of services from various members and other parties. Due to the difficulty in determining their value, contributed services are not recorded in these financial statements.

Cash

Cash includes cash on hand and bank balances that fluctuate between being positive and negative.

Inventory

Inventory consists of water purification tablets and is recorded at the lower of cost or current replacement cost. Cost is determined on a first-in, first-out basis.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Financial assets and liabilities measured at amortized cost include cash, donations receivable and accounts payable and accrued liabilities.

The Organization has no financial assets or liabilities measured at fair value.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Revenue and expenses denominated in a foreign currency are translated at the average exchange rate. Exchange gains or losses are included in the statement of operations.

Allocation of salaries and occupancy costs

Salaries and occupancy costs are allocated between fundraising, administrative and program expenses in accordance with management's best estimate of the utilization of such resources of the Organization.

Food For The Poor Of Canada, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant items subject to such management estimates and assumptions include the revenue and expenses relating to donations of medical aid, educational material and food supplies, and the allocation of salaries and occupancy costs. Actual results could differ from the estimates.

3. RELATED PARTY TRANSACTIONS

The Organization operates under congruent objectives with Food For The Poor ("FFP-US"), an established charitable organization headquartered in the United States. In 2021, FFP-US entered into a service agreement with an international fundraising and marketing provider to develop a multi-year growth and fundraising plan for the Organization. All costs under this agreement are borne by FFP-US. There have been no transactions related to this agreement recorded in the financial statements of the Organization.

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unexpended, externally-restricted contributions. The continuity of deferred contributions for ongoing projects that are incomplete and cross multiple years is as follows:

Country	Balance, beginning of year	Contributions received	Contributions recognized as revenue	Balance, end of year
Haiti	492,062	145,079	(327,638)	309,503
Honduras	17,285	171,225	(105,897)	82,613
Jamaica	40,574	310,360	(280,792)	70,142
Guyana	19,357	47,463	(18,120)	48,700
Saint Vincent	-	10,711	(10,711)	-
Bahamas	-	8,004	(8,004)	-
	569,278	692,842	(751,162)	510,958

Food For The Poor Of Canada, Inc.
NOTES TO FINANCIAL STATEMENTS

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5. DONATIONS OF FUNDS

Donations of funds includes contributions of publicly-traded securities from donors totalling \$68,656 (2020 - \$43,032).

6. PROJECT FUNDS FOR EDUCATION, COMMUNITY DEVELOPMENT AND HOUSING

The Organization funds education, community development and housing initiatives according to its mandate either directly or indirectly. Indirect funding is provided through agency relationships with community organizations, international FFP affiliates and others.

7. ALLOCATION OF SALARIES AND OCCUPANCY COSTS

Salaries have been allocated as follows:

	2021	2020
	%	%
Program	31.8	26.9
Fundraising	35.5	46.9
Administration	32.7	26.2

Occupancy costs have been allocated as follows:

	2021	2020
	%	%
Program	25.0	25.0
Fundraising	50.0	50.0
Administration	25.0	25.0

Food For The Poor Of Canada, Inc.
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

8. GOVERNMENT ASSISTANCE

During the year, the Organization applied for \$58,571 (2020 - \$74,770) of Canada Emergency Wage Subsidy ("CEWS") from the federal government in response to the outbreak of the novel coronavirus ("COVID-19") [note 11]. The Organization is entitled to CEWS based on its drop in revenue beginning March 15, 2020.

During the year, the Organization also applied for \$4,816 (2020 - \$3,585) of Canada Emergency Rent Subsidy ("CERS") from the federal government in response to COVID-19. The Organization is entitled to CERS based on its drop in revenue beginning September 27, 2020. CERS is recognized as government assistance in the statement of operations.

The Organization has recognized the aggregate government assistance of \$63,387 (2020 - \$78,355) as a reduction of expenses in the statement of operations. The statement of financial position includes a balance of government assistance receivable in relation to CEWS of \$16,497 (2020 - \$45,753) as at December 31, 2021. The Organization is in compliance with the requirements of the CEWS and CERS programs and no repayment is required.

9. COMMITMENTS

The Organization is committed under the terms of a lease agreement for its office. The future minimum annual lease payments under the operating lease that has an initial non-cancellable lease term are approximately as follows:

	\$
2022	22,260
2023	1,855
	24,115

Food For The Poor Of Canada, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

10. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Organization is exposed to liquidity risk and market risk through its financial instruments. The Organization is not exposed to significant credit risk. The Organization has no changes in its risk exposure from the previous period.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization is exposed to liquidity risk primarily rising from its working capital requirements. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Market risk

The Organization is exposed to market risk which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is primarily exposed to currency risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to currency risk through its U.S. dollar denominated activities. As at December 31, 2021, cash of \$408,324 (2020 - \$329,978) and deferred contributions of \$403,027 (2020 - \$421,688) are recorded in U.S. dollars and converted into Canadian dollars. Primarily all of the Organization's program expenses are incurred in U.S. dollars. As a measure of mitigating downside risk, the Organization converts all restricted Canadian dollar donations into U.S. dollars within 5 business days of receipt.

11. SUBSEQUENT EVENTS

The Organization is continuously monitoring COVID-19 and its potential impact on the Organization's operations. While the extent and duration of the impact of COVID-19 on local economies are uncertain at this point, the outbreak has the potential to affect the Organization's operations. To mitigate the potential impact of COVID-19, the Organization has applied for government assistance [note 8]. Management is unable to estimate the potential impact on the Organization's operations as at the date of these financial statements.