

Financial Statements

Food For The Poor Of Canada, Inc.

December 31, 2022

Food For The Poor Of Canada, Inc.

Contents

December 31, 2022

	Page
Independent auditor's report	1
Financial statements	
Statement of financial position	4
Statement of changes in net assets	5
Statement of operations	6
Statement of cash flows	7
Notes to financial statements	8



Independent auditor's report

March 7, 2023

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, 2022 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, 2022 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.

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.
- 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.

The logo for Allay LP, featuring the company name in a blue, handwritten-style script.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



Food For The Poor Of Canada, Inc.
Statement Of Financial Position

December 31	2022	2021
	\$	\$
ASSETS		
Current		
Cash	390,792	567,275
Donations receivable	52,908	47,311
Government assistance receivable		16,497
Harmonized sales tax recoverable	12,082	11,113
Inventory		29,638
Prepaid expenses	3,723	3,723
	459,505	675,557
LIABILITIES		
Current		
Accounts payable and accrued liabilities	18,108	28,720
Deferred contributions [note 3]	<u>231,359</u>	<u>510,958</u>
	249,467	539,678
NET ASSETS		
Unrestricted	210,038	135,879
	459,505	675,557

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	2022	2021
	\$	\$
Balance , beginning of year	135,879	156,161
Excess (deficiency) of revenue over expenses for the year	74,159	(20,282)
Balance , end of year	210,038	135,879

see accompanying notes

Food For The Poor Of Canada, Inc.

Statement of Operations

Year ended December 31	2022	2021
	\$	\$
Revenue		
In-kind donations of medical aid, educational and food supplies	2,044,322	1,960,199
Donations of funds [note 4]	1,223,184	1,012,875
Grant from related party [note 5]	<u>67,500</u>	<u> </u>
	<u>3,335,006</u>	<u>2,973,074</u>
Expenses		
Program		
In-kind medical aid, educational and food supplies deliveries	2,044,322	1,960,199
Project funds for education, community development and housing [note 6]	636,424	509,813
Program salaries [note 7]	104,663	99,051
Shipping	49,254	81,151
Purchased food, building, health supplies and other	45,145	31,270
Program occupancy costs [note 7]	7,533	5,979
Travel	4,753	936
Programming funds towards medicine in partnership with HPIC	4,500	20,120
Foreign exchange (gain) loss	<u>(3,197)</u>	<u>(4,509)</u>
	<u>2,893,397</u>	<u>2,704,010</u>
Fundraising		
Fundraising salaries [note 7]	122,166	110,704
Consulting	52,398	43,017
Other	37,646	31,909
Events	16,663	10,025
Fundraising occupancy costs [note 7]	<u>5,022</u>	<u>11,958</u>
	<u>233,895</u>	<u>207,613</u>
Administrative		
Administrative salaries [note 7]	86,945	101,721
Professional fees	21,606	22,559
Administrative occupancy costs [note 7]	12,555	5,979
Office and general	12,449	14,861
Government assistance	<u> </u>	<u>(63,387)</u>
	<u>133,555</u>	<u>81,733</u>
	<u>3,260,847</u>	<u>2,993,356</u>
Excess (deficiency) of revenue over expenses for the year	<u>74,159</u>	<u>(20,282)</u>

see accompanying notes

Food For The Poor Of Canada, Inc.

Statement of Cash Flows

Year ended December 31	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	74,159	(20,282)
Changes in non-cash working capital balances -		
(Increase) decrease in donations receivable	(5,597)	(41,268)
(Increase) decrease in government assistance receivable	16,497	29,256
(Increase) decrease in harmonized sales tax recoverable	(970)	(1,849)
(Increase) decrease in inventory	29,638	9,929
Increase (decrease) in accounts payable and accrued liabilities	(10,611)	21,372
Increase (decrease) in deferred contributions	<u>(279,599)</u>	<u>(58,320)</u>
Net change in cash during the year	(176,483)	(61,162)
Cash , beginning of year	567,275	628,437
Cash , end of year	390,792	567,275

see accompanying notes

Food For The Poor Of Canada, Inc.
Notes to Financial Statements

December 31, 2022

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, 2022

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.

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.

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.

Food For The Poor Of Canada, Inc.
Notes to Financial Statements

December 31, 2022

3. 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
Jamaica	70,142	225,869	(165,207)	130,804
Guyana	48,700	41,235	(55,018)	34,917
Honduras	82,613	167,093	(223,119)	26,587
Haiti	309,503	-	(288,394)	21,109
Other	NIL	93,383	(75,441)	17,942
	510,958	527,580	(807,179)	231,359

4. DONATIONS OF FUNDS

Donations of funds includes contributions of publicly-traded securities from donors totalling \$63,975 (2021 - \$68,656).

5. 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 to which approximately \$225,000 U.S. dollars was paid in 2022. There have been no transactions related to this agreement recorded in the financial statements of the Organization.

During the year, the Organization received a grant of \$67,500 from FFP-US for operational costs.

Food For The Poor Of Canada, Inc.
Notes to Financial Statements

December 31, 2022

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:

	2022	2021
	%	%
Program	33.4	31.8
Fundraising	38.9	35.5
Administration	27.7	32.7

Occupancy costs have been allocated as follows:

	2022	2021
	%	%
Program	30.0	25.0
Fundraising	20.0	50.0
Administration	50.0	25.0

8. COMMITMENTS

The Organization is committed under the terms of a lease agreement for its office to January 31, 2023. The future minimum lease payments under this agreement total \$1,855. Effective February 1, 2023, the Organization will lease its office on a month-to-month basis.

Food For The Poor Of Canada, Inc.
Notes to Financial Statements

December 31, 2022

9. 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, 2022, cash of \$111,666 (2021 - \$322,073) and deferred contributions of \$170,820 (2021 - \$403,037) 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 a portion of the restricted Canadian dollar donations into U.S. dollars within 5 business days of receipt and retains the funds in U.S. dollars until expended.