

Food For The Poor of Canada, Inc.

Financial Statements

December 31, 2017

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Independent Auditor's Report

To the Directors of
Food For The Poor of Canada, Inc.

We have audited the accompanying financial statements of Food For The Poor of Canada, Inc., which comprise the statement of financial position as at December 31, 2017, and the statements of operations and changes in net assets 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 entity'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 entity'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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Food For The Poor of Canada, Inc. as at December 31, 2017 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, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles.

Food For The Poor of Canada, Inc.
(incorporated under the laws of Canada)

Statement of Financial Position
December 31

2017 2016

Assets

Current assets		
Cash	\$ 366,466	\$ 162,556
Donations receivable	13,163	20,447
GST/HST recoverable	12,269	14,975
	<hr/>	<hr/>
	\$ 391,898	\$ 197,978

Liabilities


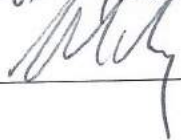
Current liabilities		
Accounts payable and accrued charges	\$ 6,194	\$ 12,131
Deferred contributions (Note 3)	145,889	89,414
	<hr/>	<hr/>
	152,083	101,545

Net Assets

Unrestricted net assets	239,815	96,433
	<hr/>	<hr/>
	\$ 391,898	\$ 197,978

See accompanying notes.

Approved by the Board

 _____ Director
 _____ Director

Food For The Poor of Canada, Inc.

Statement of Operations and Changes in Net Assets For the year ended December 31

	2017	2016
Revenue		
Donations	\$ 1,051,543	\$ 716,703
Grant from an international aid agency (Note 4)	80,000	100,000
Contributions of medical aid, educational and food supplies (Note 5)	1,166,823	3,256,973
	2,298,366	4,073,676
Expenses		
Administrative and fundraising		
Administrative support	2,160	7,695
Bank and credit card fees	1,142	963
Directors and officers insurance	837	794
Fundraising (Note 6)	109,571	66,939
Office and general	23,927	20,836
Professional fees	6,700	10,053
Administrative salaries (Note 7)	9,769	35,392
	154,106	142,672
Program		
Programming funds to HPIC	21,000	8,660
Project funds for education and housing initiatives (Note 8)	630,118	441,864
Medical aid, educational and food supplies delivered (Note 5)	1,166,823	3,256,973
Program salaries (Note 7)	86,843	64,195
Shipping	53,864	39,710
Travel	14,861	3,801
	1,973,509	3,815,203
	2,127,615	3,957,875
Excess of revenue over expenses before other item	170,751	115,801
Other item		
Foreign exchange loss	(27,369)	(7,023)
Excess of revenue over expenses	143,382	108,778
Net assets, beginning of year	96,433	(12,345)
Net assets, end of year	\$ 239,815	\$ 96,433

See accompanying notes.

Food For The Poor of Canada, Inc.

Statement of Cash Flows For the year ended December 31

	2017	2016
Cash flows from operating activities		
Excess of revenue over expenses	\$ 143,382	\$ 108,778
Changes in non-cash items related to operations		
Accounts receivable	7,284	(14,302)
GST/HST recoverable	2,706	(6,378)
Accounts payable and accrued charges	(5,937)	7,010
Deferred contributions	56,475	49,422
Increase in cash during the year	203,910	144,530
Cash, beginning of year	162,556	18,026
Cash, end of year	\$ 366,466	\$ 162,556

See accompanying notes.

Food For The Poor of Canada, Inc.

Notes to Financial Statements December 31, 2017

1. Nature of operations

Food for the Poor of Canada, Inc. ("FFPC") was incorporated under the laws of Canada on January 8, 1991 and is registered as a charitable organization under the Income Tax Act (Canada). As such, it is exempt from income tax and may issue charitable tax receipts.

FFPC works across the Caribbean and Latin America, building strong and prosperous communities through basic aid and sustainable community development through a community-led approach. FFPC asks communities to tell them what their needs are and then mobilizes to help. The Canadian affiliate of Food For The Poor international, FFPC empowers communities through five areas of programming: food, housing, education, health and livelihood. FFPC responds to urgent needs while building community and social infrastructure with the goal of creating prosperous communities where children and their families have what FFPC need to flourish. FFPC works within a strong network of partners, including government ministries, charitable partners, churches and community leaders, as well as other FFP affiliates, to distribute aid where it is needed the most, serving the poorest of the poor and strengthening infrastructure in high-need communities.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

Use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates were used in the determination of accrued liabilities and deferred contributions.

Revenue recognition

FFPC follows the deferral method of accounting for contributions. Contributions are recognized as received or receivable if the amount to be collected can be reasonably estimated and collection is assured. Restricted contributions, such as donations made for specific projects, are recognized as revenues in the year in which the related expenses are incurred or activity takes place.

Translation of foreign currencies

The monetary assets and liabilities of the Institute denominated in foreign currencies are translated at the rates of exchange at the balance sheet date. Revenues and expenses are translated at the average exchange rate prevailing during the year. Exchange gains or losses are included in the results of operations.

Financial instruments

The Institute measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments in equity instruments (marketable securities) that are quoted in an active market and derivatives, which are measured at fair value. Changes in fair value are recognized in the statement of operations. Financial assets measured at amortized cost include cash and short-term deposits and amounts receivable. Financial liabilities measured at amortized cost include accounts payable. Transaction costs are recognized in the statement of operations in the period incurred.

Food For The Poor of Canada, Inc.

Notes to Financial Statements December 31, 2017

2. Summary of significant accounting policies (continued)

Donated medical aid and education and food supplies

FFPC receives medicines and medical supplies from a registered Canadian charity. These items are distributed free of charge by the organization to people in need in the Caribbean and Latin America.

These donated supplies are recognized in the statement of operations and changes in net assets as contributions and expenses, based on the fair value of such supplies, as determined by FFPC using their valuation policy based on fair market value.

Volunteer services

Because of the difficulty in determining their fair value, donated services are not recognized in the accounts.

The organization does not compensate members of the board of directors. Because of the difficulty in determining their fair value, such donated services are also not recognized in the accounts.

3. Deferred contributions

The deferred contribution balance is comprised of donations received from individuals and corporations for specific programs and projects to be completed after year end.

4. Grant from an international aid agency

Food For The Poor, Inc., a US-based organization, is related to FFPC as certain Board members of the organization are also directors of FFPC. During the year, FFPC received a total of \$80,000 (2016 - \$100,000) in grants from Food For The Poor, Inc.

5. Contributions of medical aid, educational and food supplies

FFPC receives contributions of medical supplies, educational material, and food for distribution. These items have been recognized as revenue and associated cost at their fair value where this can be reasonably estimated and where ownership has transferred to FFPC.

6. Fundraising

Fundraising expenses include the following:

	2017	2016
Allocated salaries	\$ 78,289	\$ 55,157
Consulting	17,150	3,508
Events	8,430	5,893
Other	5,702	2,381
	<u>\$ 109,571</u>	<u>\$ 66,939</u>

Food For The Poor of Canada, Inc.

Notes to Financial Statements December 31, 2017

7. Salaries

Salaries have been allocated as follows:

	Administration	Fundraising	Program	2017 Total
Executive Director	-	30%	70%	100%
Director of Programming	-	10%	90%	100%
Fund Development	-	100%	-	100%
Administrator	30%	20%	50%	100%

	Administration	Fundraising	Program	2016 Total
Executive Director	25%	25%	50%	100%
Director of Programming	-	-	-	-
Fund Development	20%	50%	30%	100%
Administrator	-	-	-	-

8. Project funds for education and housing initiatives

FFPC funds education 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.

9. Financial instruments

FFPC regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include credit risk, fair value risk, and foreign currency risk. The following analysis provides a measure of FFPC's risk exposure and concentrations at the statement of financial position date. There are no significant changes in the risk exposures from the prior period.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. FFPC is exposed to credit risk from 3rd party organizations collecting donations on their behalf. In order to reduce its credit risk, FFPC monitors the overall financial stability of organizations it works with in this capacity.

Fair value risk

The carrying values of the financial instruments cash, donations receivable and accounts payable and accrued liabilities approximates their fair values.

Currency risk

Currency risk is the risk to FFPC that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. FFPC is exposed to foreign currency exchange risk on cash held in U.S. dollars. They do not use derivative instruments to reduce exposure to foreign currency risk. Risk in this area is mitigated by the fact that many of FFPC's program expenditures are in U.S. dollars.