

I CAN FOR KIDS FOUNDATION
Financial Statements
Year Ended December 31, 2022



INDEPENDENT AUDITOR'S REPORT

To the Members of I Can for Kids Foundation

Qualified Opinion

We have audited the financial statements of I Can for Kids Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2022, 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 Foundation as at December 31, 2022, and the results of its operations and 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 Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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 Foundation in accordance with 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 qualified audit opinion.

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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of I Can for Kids Foundation (*continued*)

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 of 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 judgment 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 Foundation'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 Foundation'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 Foundation 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.

Edmonton, Alberta
March 22, 2023



Chartered Professional Accountants

I CAN FOR KIDS FOUNDATION**Statement of Financial Position****December 31, 2022**

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,066,100	\$ 636,943
Accounts receivable	15,825	30,088
Goods and services tax recoverable	1,903	1,310
Prepaid expenses	13,362	4,640
	<u>1,097,190</u>	672,981
EQUIPMENT <i>(Note 4)</i>	<u>5,113</u>	6,435
	<u>\$ 1,102,303</u>	<u>\$ 679,416</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,732	\$ 8,969
Deferred contributions <i>(Note 5)</i>	-	25,000
	<u>6,732</u>	33,969
NET ASSETS - UNRESTRICTED		
General Operating	582,385	424,509
Food Program	513,186	220,938
	<u>1,095,571</u>	645,447
	<u>\$ 1,102,303</u>	<u>\$ 679,416</u>

COMMITMENTS *(Note 7)*SUBSEQUENT EVENT *(Note 8)***ON BEHALF OF THE BOARD**

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Director

Director

I CAN FOR KIDS FOUNDATION

Statement of Operations

Year Ended December 31, 2022

	General Operating 2022	Food Program 2022	Total 2022	General Operating 2021	Food Program 2021	Total 2021
REVENUE						
Gifts in kind <i>(Note 6)</i>	\$ -	\$ 79,467	\$ 79,467	\$ -	\$ 196,911	\$ 196,911
Donations	372,189	935,507	1,307,696	255,378	339,900	595,278
Grants	-	40,000	40,000	81,350	107,214	188,564
	372,189	1,054,974	1,427,163	336,728	644,025	980,753
EXPENSES						
Administrative						
Amortization	1,714	-	1,714	1,381	267	1,648
Insurance	1,892	1,298	3,190	2,138	-	2,138
Marketing and communications	24,249	-	24,249	36,474	700	37,174
Marketing and communications - in kind	-	25,200	25,200	-	40,000	40,000
Non-profit organizational expense	1,163	-	1,163	1,478	54	1,532
Office supplies	3,522	-	3,522	8,699	16	8,715
Professional fees	85,400	-	85,400	74,453	-	74,453
Rent	19,534	-	19,534	1,824	-	1,824
Rent - in kind	-	-	-	-	72,000	72,000
Salaries and payroll expense	66,577	42,973	109,550	49,797	36,904	86,701
Service fees	4,158	6,540	10,698	3,695	2,989	6,684
Stewardship	2,305	57	2,362	1,893	-	1,893
Travel and meals	1,340	779	2,119	1,819	499	2,318
Utilities	2,459	-	2,459	6,018	-	6,018
	214,313	76,847	291,160	189,669	153,429	343,098
Charitable program						
Contracted services	-	-	-	-	30,203	30,203
Food and supplies	-	-	-	-	45,549	45,549
Food and supplies - in kind	-	-	-	-	67,291	67,291
Gift cards <i>(Note 6)</i>	-	631,612	631,612	-	526,865	526,865
Gift cards - in kind <i>(Note 6)</i>	-	54,267	54,267	-	17,620	17,620
Research and development	-	-	-	-	5,011	5,011
Warehouse	-	-	-	-	209	209
	-	685,879	685,879	-	692,748	692,748
	214,313	762,726	977,039	189,669	846,177	1,035,846
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES						
	\$ 157,876	\$ 292,248	\$ 450,124	\$ 147,059	\$ (202,152)	\$ (55,093)

I CAN FOR KIDS FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2022

	General Operating 2022	Food Program 2022	Total 2022	General Operating 2021	Food Program 2021	Total 2021
NET ASSETS - BEGINNING OF YEAR	\$ 424,509	\$ 220,938	\$ 645,447	\$ 277,450	\$ 423,090	\$ 700,540
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	157,876	292,248	450,124	147,059	(202,152)	(55,093)
NET ASSETS - END OF YEAR	\$ 582,385	\$ 513,186	\$ 1,095,571	\$ 424,509	\$ 220,938	\$ 645,447

I CAN FOR KIDS FOUNDATION**Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Cash received from contributors	\$ 1,296,367	\$ 647,482
Cash received from grants	40,000	127,000
Cash paid for expenses	<u>(906,818)</u>	<u>(838,718)</u>
Cash flow from (used by) operating activities	<u>429,549</u>	<u>(64,236)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(392)	(10,076)
Proceeds on disposal of equipment	<u>-</u>	<u>6,343</u>
Cash flow used by investing activities	<u>(392)</u>	<u>(3,733)</u>
INCREASE (DECREASE) IN CASH FLOW	429,157	(67,969)
Cash - beginning of year	<u>636,943</u>	<u>704,912</u>
CASH - END OF YEAR	<u>\$ 1,066,100</u>	<u>\$ 636,943</u>

I CAN FOR KIDS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2022

1. DESCRIPTION OF OPERATIONS

I Can for Kids Foundation (the Foundation) is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act. The Foundation is a registered charitable organization and is exempt from income taxes under the Income Tax Act.

The Foundation provides nutritional support to food insecure children and youth in Calgary through the provision of food and grocery gift cards. In collaboration with a network of frontline social service agencies and community partners along with hundreds of volunteers, the Foundation supports the health and wellbeing of thousands of kids every year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises 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. In addition, the impact of the COVID-19 pandemic has increased the challenges encountered throughout the estimation process. 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.

Estimates made by management include accounts receivable as stated after evaluation as to its collectability and an approximate allowance for doubtful accounts is provided where considered necessary.

Financial instruments

Measurement

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Foundation recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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I CAN FOR KIDS FOUNDATION**Notes to Financial Statements****Year Ended December 31, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Cash and cash equivalents

Cash consists of funds held on deposit with financial institutions.

Equipment

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

Equipment	20%	declining balance method
Computer equipment	30%	declining balance method

Equipment acquired during the year but not placed into use is not amortized until they are placed into use.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which includes grants and donations. Restricted contributions, including grants received to fund future capital acquisitions, are recognized as revenue in the year in which the related expenses are incurred. Any amounts received but not utilized are classified as deferred 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.

Revenues from gifts in kind and sponsorship are recognized when the services are provided.

Contributed services

The Foundation records the fair market value of contributed goods and services only in the circumstances where the fair market value is reasonably determinable and where the goods and services would otherwise be purchased by the Foundation.

Volunteers contribute many hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services of the volunteers are not recognized in these financial statements.

3. FINANCIAL INSTRUMENTS

The entity is exposed to various risks through its financial instruments. The following analysis provides information about the entity's risk exposure and concentration as of December 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from contributors. The Foundation has mitigated this risk by only scaling operations in relation to cash on hand. The Foundation only initiates programming once the required funding has been secured.

I CAN FOR KIDS FOUNDATION**Notes to Financial Statements****Year Ended December 31, 2022****4. EQUIPMENT**

	Cost	Accumulated amortization	2022 Net book value
Equipment	\$ 2,896	\$ 695	\$ 2,201
Computer equipment	4,726	1,814	2,912
	<u>\$ 7,622</u>	<u>\$ 2,509</u>	<u>\$ 5,113</u>

	Cost	Accumulated amortization	2021 Net book value
Equipment	\$ 2,896	\$ 145	\$ 2,751
Computer equipment	4,334	650	3,684
	<u>\$ 7,230</u>	<u>\$ 795</u>	<u>\$ 6,435</u>

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent amounts received for which the specific expenditures have not been incurred. The amounts will be recognized as revenue when the specific expenditures are incurred.

	2022	2021
<u>Hunter Family Foundation</u>		
Opening balance	\$ 25,000	\$ -
Funds received	-	25,000
Less: authorized expenditures	(25,000)	-
	<u>\$ -</u>	<u>\$ 25,000</u>

6. DONATIONS

During the year, the Foundation received in-kind donated materials and services with a value of \$79,467 (2021 - \$196,911). The materials and services related primarily to marketing, communications, materials and supplies.

The Foundation purchased bulk grocery gift cards using donated funds. The bulk purchases resulted in discounts enabling the organization to purchase a higher value of gift cards than the amount of donated funds. The value of any discounts received is not recorded in these financial statements.

I CAN FOR KIDS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2022

7. COMMITMENTS

The Foundation has a lease commitment with respect to its premises. The lease agreement expires December 31, 2023 and has an option for renewal. Future minimum lease payments as at December 31, 2022, are \$14,113.

The Foundation is also required to make monthly payments for its proportionate share of operating costs on the leased premise.

8. SUBSEQUENT EVENT

Subsequent to year end, the Foundation purchased a one-year guaranteed investment certificate in the amount of \$400,000 bearing interest at 5.30% per annum.
