

Brown Bagging for Calgary Street Kids Society

Financial Statements

August 31, 2023



Independent Auditors' Report

To the Members of
Brown Bagging for Calgary Street Kids Society

Qualified Opinion

We have audited the financial statements of Brown Bagging for Calgary Street Kids Society, which comprise the statement of financial position as at August 31, 2023 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 Brown Bagging for Calgary Street Kids Society as at August 31, 2023, 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 Society derives revenue from donations, 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 Society and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, current assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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.

Independent Auditors' Report (Continued)

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 these financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative to do so.

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

Auditors' 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 auditors' 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report (Continued)

- 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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.

Chow Connolly LLP

Chartered Professional Accountants

Calgary, Canada
January 31, 2024

Brown Bagging for Calgary Street Kids Society

Statement of Financial Position

August 31, 2023

	Note	2023	2022
Assets			
Current Assets			
Cash		\$ 2,061,136	\$ 1,075,683
Restricted casino cash	7.	17,064	51,490
Investments	3.	676,319	627,015
Gift cards		45,540	59,077
Accounts receivable	4.	158,077	11,465
Goods and services tax recoverable		13,181	13,179
Prepaid expenses		25,216	18,136
Total Current Assets		2,996,533	1,856,045
Property and equipment	5.	54,280	42,125
Total Assets		\$ 3,050,813	\$ 1,898,170
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	6.	\$ 84,086	\$ 83,508
Deferred contributions	7.	17,064	50,396
Total Current Liabilities		101,150	133,904
Deferred capital contributions		9,500	-
Total Liabilities		110,650	133,904
Net Assets			
Internally restricted	8.	50,000	50,000
Invested in property and equipment		44,780	42,125
Unrestricted		2,845,383	1,672,141
Total Net Assets		2,940,163	1,764,266
Total Liabilities and Net Assets		\$ 3,050,813	\$ 1,898,170

Commitments (Note 11)

Approved on Behalf of the Board:

M. Huys, Director

Dave Newby, Director

The accompanying notes are an integral part of these financial statements.

Brown Bagging for Calgary Street Kids Society

Statement of Operations

For the Year Ended August 31, 2023

	Note	2023	2022 (Unaudited)
Revenue			
Donations		\$ 3,475,865	\$ 2,962,169
Casino	7.	265,813	135,561
Grants		476,857	-
Government grants and subsidies	10.	450,828	100,058
Amortization of deferred capital contributions		500	-
Total Revenue		4,669,863	3,197,788
Expenses			
Kitchen costs		930,462	705,775
Community costs		1,298,331	761,742
Administrative costs		695,690	571,879
Fund development and marketing		562,585	412,705
Office		41,258	31,718
Amortization		15,935	16,743
Total Expenses		3,544,261	2,500,562
Excess of Revenue Over Expenses From Operations		1,125,602	697,226
Other Income and Expenses			
Unrealized gain (loss) on investments	3.	29,081	(32,250)
Gains on sale of investments		11,281	16,545
Dividend income		15,506	11,739
Interest income		4,270	3,616
Investment management fees	3.	(9,843)	(9,085)
Loss on disposal of property and equipment		-	(1,061)
Total Other Income and Expenses		50,295	(10,496)
Excess of Revenue Over Expenses		\$ 1,175,897	\$ 686,730

The accompanying notes are an integral part of these financial statements.

Brown Bagging for Calgary Street Kids Society

Statement of Changes in Net Assets

For the Year Ended August 31, 2023

	Unrestricted	Internally Restricted	Invested in Property and Equipment	2023	2022 (Unaudited)
Net Assets, Beginning of Year	\$ 1,672,141	\$ 50,000	\$ 42,125	\$ 1,764,266	\$ 1,077,536
Excess of revenue over expenses	1,191,332	-	(15,435)	1,175,897	686,730
Net additions to property and equipment	(18,090)	-	18,090	-	-
Net Assets, End of Year	\$ 2,845,383	\$ 50,000	\$ 44,780	\$ 2,940,163	\$ 1,764,266

The accompanying notes are an integral part of these financial statements.

Brown Bagging for Calgary Street Kids Society

Statement of Cash Flows

For the Year Ended August 31, 2023

	2023	2022 (Unaudited)
Operating Activities		
Excess of revenue over expenses	\$ 1,175,897	\$ 686,730
Items Not Affecting Cash:		
Amortization of property and equipment	15,935	16,743
Amortization of deferred contributions related to property and equipment	(500)	-
Unrealized (gain) loss on investments	(29,081)	32,250
	1,162,251	735,723
Changes In Non-Cash Working Capital:		
Accounts receivable	(146,612)	(11,465)
Gift cards	13,537	(9,418)
Prepaid expenses	(7,080)	1,383
Accounts payable and accrued liabilities	578	4,463
Goods and services tax recoverable	(2)	(8,585)
Deferred contributions	(33,332)	37,306
Cash From Operating Activities	989,340	749,407
Investing Activities		
Purchases of property and equipment	(28,090)	(24,127)
Deferred contributions received related to property and equipment	10,000	-
Net re-investment of earnings into investments	(20,223)	(1,010)
Cash contribution into investments	-	(170,650)
Cash Used by Investing Activities	(38,313)	(195,787)
Increase in Cash and Cash Equivalents	951,027	553,620
Cash and cash equivalents, beginning of year	1,127,173	573,553
Cash and Cash Equivalents, End of Year	\$ 2,078,200	\$ 1,127,173
Cash and cash equivalents consist of the following:		
Cash	\$ 2,061,136	\$ 1,075,683
Restricted casino cash	17,064	51,490
Total Cash and Cash Equivalents	\$ 2,078,200	\$ 1,127,173

The accompanying notes are an integral part of these financial statements.

Brown Bagging for Calgary Street Kids Society

Notes to the Financial Statements

For the Year Ended August 31, 2023

1. Nature of Operations

Brown Bagging for Calgary Street Kids Society (the "Society") is a not-for-profit organization incorporated provincially on September 22, 2000 under the Societies Act of Alberta. As a registered charity, the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society received approval from Canada Revenue Agency to change the year end from December 31 to August 31 starting in 2022.

The mission of the Society is to offer children in need, hope and opportunity through the provision of essential nutrients necessary for healthy growth and development, and to act as a catalyst in the development of community based solutions to break down barriers caused by malnutrition.

2. Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit organizations (ASNPO) in Part III of the CPA Canada Handbook. The Society's significant accounting policies are summarized below:

a. Cash and Cash Equivalents

Cash and cash equivalents includes balances with banks and short-term investments with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value. There were no cash equivalents at August 31, 2023 or August 31, 2022.

b. Restricted Cash

The Society receives contributions for specific expenditures. As a result, this cash is restricted for use on certain operational expenditures and is not available for general use.

c. Property and Equipment

Property and equipment is recorded at cost less accumulated amortization and contributed property and equipment is recorded at fair market value at the date of the contribution. Amortization is calculated using the following methods and rates:

Kitchen equipment	10% declining balance
Office equipment	20% declining balance
Computer equipment	30% to 55% declining balance
System software	5 year straight-line method

When conditions indicate property and equipment is impaired, the carrying value of the property and equipment is written down to the asset's fair value or replacement cost. The write-down of property and equipment is recorded as an expense in the statement of operations. A write-down shall not be reversed.

Brown Bagging for Calgary Street Kids Society

Notes to the Financial Statements

For the Year Ended August 31, 2023

2. Significant Accounting Policies (Continued)

d. Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable or if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and investment income are recorded as income is earned.

e. Government Assistance

Government assistance is recognized as income in the year the related qualifying expenses are incurred and the amount can be reasonably estimated and collection is reasonably assured.

f. Contributed and Volunteer Services

Volunteers contribute their time to assist the Society in carrying out its operating activities (food preparation volunteers, delivery volunteers, Board of Directors and other volunteers). As it is difficult to determine the fair value of the services provided, these services have not been recorded within these financial statements.

g. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Changes in fair value are recognized in the statement of operations. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, restricted casino cash, gift cards, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The investments are measured at fair market value.

Brown Bagging for Calgary Street Kids Society

Notes to the Financial Statements

For the Year Ended August 31, 2023

2. Significant Accounting Policies (Continued)

h. Measurement Uncertainty

The preparation of financial statements in conformity with ASNPO 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. Actual results could differ from these estimates and may have impact on future periods. Significant estimates in the financial statements are the collectability of accounts receivable, fair market value of investments, estimated useful lives of property and equipment, and accrual of liabilities.

3. Investments

The Society opened an investment account with The Calgary Foundation and the Society retains control over amounts invested with The Calgary Foundation.

	2023	2022 (Unaudited)
Fair value, beginning of year	\$ 627,015	\$ 487,605
Contributions	-	170,650
Investment income	30,066	10,095
Investment management fees	(9,843)	(9,085)
Subtotal	647,238	659,265
Unrealized gain (loss)	29,081	(32,250)
Fair value, end of year	\$ 676,319	\$ 627,015

4. Accounts Receivable

	2023	2022
Donations	\$ 149,138	\$ 8,191
Trade	-	990
Vendor rebates	8,939	2,284
Total	\$ 158,077	\$ 11,465

Brown Bagging for Calgary Street Kids Society

Notes to the Financial Statements

For the Year Ended August 31, 2023

5. Property and Equipment

			2023	2022
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Kitchen equipment	\$ 51,211	\$ (17,845)	\$ 33,366	\$ 19,777
Office equipment	18,866	(14,809)	4,057	5,072
Computer equipment	47,026	(35,797)	11,229	6,094
System software	27,766	(22,138)	5,628	11,182
Total	\$ 144,869	\$ (90,589)	\$ 54,280	\$ 42,125

6. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts payable and accrued liabilities	\$ 52,878	\$ 68,220
Vacation payable	27,885	15,288
Payroll liabilities	3,323	-
Total	\$ 84,086	\$ 83,508

7. Deferred Contributions

	2023	2022
Restricted casino cash	\$ 17,064	\$ 51,490
Total	\$ 17,064	\$ 51,490

	2023	2022 (Unaudited)
Balance, beginning of year	\$ 50,396	\$ 13,090
Additions - casino	232,481	172,867
Amounts recognized as revenue in the year - casino	(265,813)	(135,561)
Balance, end of year	\$ 17,064	\$ 50,396

Brown Bagging for Calgary Street Kids Society

Notes to the Financial Statements

For the Year Ended August 31, 2023

8. Internally Restricted Funds

The Internally Restricted Fund is to ensure the short-term sustainability of the Society during times of liquidity difficulties. These internally restricted funds are not available for any other purpose without the prior approval of the Board of Directors.

9. Financial Instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as at August 31, 2023.

a. Credit Risk

Credit risk is the risk of financial loss to the Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Society is not exposed to significant credit risk as it only records revenues from its activities when received or when collectability is reasonably assured.

b. Liquidity Risk

Liquidity risk is the risk that the Society will incur difficulties meeting its financial obligations as they are due. The Society's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Society's reputation.

The Society has accumulated net assets and continuously monitors its financial results to ensure it can fund its financial liabilities through its existing working capital.

c. Market Risk

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investments. The Society mitigates this risk by placing its investments with a well established and reputable registered charity and has reviewed the registered charity's investment objectives and asset mix policy of the related fund.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

Brown Bagging for Calgary Street Kids Society

Notes to the Financial Statements

For the Year Ended August 31, 2023

10. Government Assistance

The Society received the Canada Emergency Wage Subsidy as part of the COVID-19 relief initiatives provided by the Federal government. During the year ended August 31, 2023, the Society was entitled to and received \$Nil (August 31, 2022 - \$94,514). The Society maintained compliance with all requirements under the Canada Emergency Wage Subsidy program to be eligible to receive payments.

During the year ended August 31, 2023, the Society received the Alberta Jobs Now Grant of \$5,544 (August 31, 2022 - \$5,544).

The Society also received and spent a \$445,284 grant from the Alberta Government for the school nutrition program during the year ended August 31, 2023 (August 31, 2022 - \$Nil).

11. Commitments

The Society occupies office space in Calgary under a lease agreement ending August 31, 2026 and has engaged external consultants to August 31, 2024. Under the terms of the lease agreement, future minimum lease payments, exclusive of occupancy costs, and consulting fees are as follows for each fiscal year:

2024	\$	39,394
2025		4,556
2026		4,556
Total	\$	48,506