

MARY'S MEALS CANADA
Financial Statements
Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Mary's Meals Canada

Opinion

We have audited the financial statements of Mary's Meals Canada (the Organization), which comprise the statement of financial position as at December 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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 (ASNPO).

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 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 the financial statements in accordance with ASNPO, 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 to 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.

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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 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 the 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.

Calgary, Alberta
June 19, 2020


LOCKHART LLP
Chartered Professional Accountants

MARY'S MEALS CANADA
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 390,543	\$ 307,718
Goods and services tax recoverable	986	838
Inventory	5,015	1,396
Prepaid expenses	1,361	1,124
	<u>397,905</u>	311,076
EQUIPMENT (Note 2)	<u>852</u>	-
	<u>\$ 398,757</u>	<u>\$ 311,076</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 292,818	\$ 266,480
NET ASSETS	<u>105,939</u>	44,596
LIABILITIES AND NET ASSETS	<u>\$ 398,757</u>	<u>\$ 311,076</u>

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

MARY'S MEALS CANADA
Statement of Operations
Year Ended December 31, 2019

	2019	2018
RECEIPTS		
Donation Revenue	\$ 702,251	\$ 574,405
Sale of goods	594	1,077
	<u>702,845</u>	<u>575,482</u>
DISBURSEMENTS		
Program delivery	601,600	525,550
Professional fees	13,920	12,744
Administration	13,418	12,071
Interest and bank charges	8,162	7,069
Travel	3,038	7,025
Governance expense	1,226	1,226
Amortization	138	-
	<u>641,502</u>	<u>565,685</u>
INTEREST INCOME	-	32
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 61,343</u>	<u>\$ 9,829</u>

MARY'S MEALS CANADA
Statement of Changes in Net Assets
Year Ended December 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 44,596	\$ 34,767
EXCESS OF RECEIPTS OVER DISBURSEMENTS	61,343	9,829
NET ASSETS - END OF YEAR	\$ 105,939	\$ 44,596

MARY'S MEALS CANADA
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of receipts over disbursements	\$ 61,343	\$ 9,829
Item not affecting cash:		
Amortization of equipment	138	-
	<u>61,481</u>	<u>9,829</u>
Changes in non-cash working capital:		
Goods and services tax recoverable	(148)	1,634
Inventory	(3,619)	876
Prepaid expenses	(237)	-
Accounts payable and accrued liabilities	<u>26,338</u>	<u>(8,131)</u>
	<u>22,334</u>	<u>(5,621)</u>
Cash flow from operating activities	<u>83,815</u>	<u>4,208</u>
INVESTING ACTIVITY		
Purchase of equipment	<u>(990)</u>	<u>-</u>
INCREASE IN CASH FLOW	<u>82,825</u>	<u>4,208</u>
Cash - beginning of year	<u>307,718</u>	<u>303,510</u>
CASH - END OF YEAR	<u>\$ 390,543</u>	<u>\$ 307,718</u>

MARY'S MEALS CANADA
Notes to Financial Statements
Year Ended December 31, 2019

NATURE OF OPERATIONS

Mary's Meals Canada (the "Organization") is a charitable and not-for-profit organization, incorporated on October 10, 2012 under the Canada Not-for-Profit Corporations Act (Canada) and began operations on January 1, 2013. The Organization's principal mandate is to promote education by providing daily meals to schools in impoverished countries.

The Organization is exempt from federal income taxes in Canada as a registered charity pursuant to paragraph 149(1)(f) of the Income Tax Act (Canada). The Organization is designated as a charitable organization for charity tax purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at amortized cost.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding initial carrying value.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life of three years on a straight-line basis.

The Organization regularly reviews its equipment to eliminate obsolete items.

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

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MARY'S MEALS CANADA
Notes to Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Mary's Meals Canada follows the deferral method of accounting for contributions.

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

Investment income is recognized as revenue when earned.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Such estimates include expected useful lives of long lived assets and 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.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

2. EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 990	\$ 138	\$ 852	\$ -

3. ECONOMIC DEPENDENCE

The Organization has entered into a contract for services with Mary's Meals International (MMI). The Organization paid MMI \$601,600 (2018 - \$525,550) for program delivery services.

Mary's Meals Canada
Year End: December 31, 2019
Adjusting Journal Entries
Date: 1/1/2019 To 12/31/2019

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
AJE 1	12/31/2019	RBC Main Account	1050		132,372.71			
AJE 1	12/31/2019	RBC Visa	1070		33.68			
AJE 1	12/31/2019	Accrued Donations	1105			49,547.75		
AJE 1	12/31/2019	GST Recoverable	1110		199.44			
AJE 1	12/31/2019	HST Recoverable	1111			51.30		
AJE 1	12/31/2019	Book	1210		3,515.07			
AJE 1	12/31/2019	Christmas Cards	1220		155.00			
AJE 1	12/31/2019	Inventory - Donated Goods	1230			51.66		
AJE 1	12/31/2019	Property and Equipment	1500		990.31			
AJE 1	12/31/2019	Prepaid Expenses	1700		236.82			
AJE 1	12/31/2019	Accumulated Amortization - P&E	1800			137.55		
AJE 1	12/31/2019	Accounts Payable	2000			111.21		
AJE 1	12/31/2019	Accruals	2700			26,260.20		
AJE 1	12/31/2019	General Donations	4000			687,091.79		
AJE 1	12/31/2019	Other Qualified Donees	4002			15,159.31		
AJE 1	12/31/2019	Sale of Goods	4050			594.05		
AJE 1	12/31/2019	Mary's Meals Project Delivery	5000		601,600.00			
AJE 1	12/31/2019	Rent or Lease	6000					
AJE 1	12/31/2019	Business Travel & Subsistence	6100		2,731.78			
AJE 1	12/31/2019	Volunteer Travel & Subsistence	6105		306.00			
AJE 1	12/31/2019	Volunteer Expenses	6110		45.24			
AJE 1	12/31/2019	Bank Fees and Interest	6200		1,336.27			
AJE 1	12/31/2019	Postage	6300		1,981.62			
AJE 1	12/31/2019	Office Supplies	6310		10.23			
AJE 1	12/31/2019	Printing & Copying	6320		3,230.72			
AJE 1	12/31/2019	Venue Hire & Events	6340		1,615.94			
AJE 1	12/31/2019	Telephones & Internet	6350		1,417.23			
AJE 1	12/31/2019	Payment Facility Charges	6360		6,825.44			
AJE 1	12/31/2019	Cost of Sales	6370		1,336.09			
AJE 1	12/31/2019	IT Hardware	6410		134.15			
AJE 1	12/31/2019	IT Website, Software & Licences	6420		396.67			
AJE 1	12/31/2019	IT Blackbaud eTapestry	6430		3,249.56			
AJE 1	12/31/2019	Legal and Professional	6510		13,920.49			
AJE 1	12/31/2019	Director's Insurance	6530		1,226.41			
AJE 1	12/31/2019	Amortization Expense	7300		137.55			
To update trial balance for changes in account balances per PBC "trial balance".								
AJE 2	12/31/2019	Accumulated Net Assets	3000			9,828.96		
AJE 2	12/31/2019	Retained Earnings	3560		9,828.96			
To close PY income to accumulated net assets								
					788,833.78	788,833.78		
Net Income (Loss)			61,343.36					

Signature

Date

6/23/2020
10:10 AM

Prepared by	Detail review	Partner review
AJC 6/5/2020	KC 6/8/2020	CI 6/11/2020

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