

**Charitable Foundation Of Ontario
Grocery Industry**
(operating as The Grocery Foundation)

Financial Statements

For the Year Ended June 30, 2023



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Charitable Foundation Of Ontario Grocery Industry (operating as The Grocery Foundation)

Qualified Opinion

We have audited the financial statements of Charitable Foundation Of Ontario Grocery Industry (the "Foundation"), which comprise the statement of financial position as at June 30, 2023 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, 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 June 30, 2023, and 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 charitable organizations, the Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our 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 fundraising revenues, excess of revenues over expenses and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation in 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 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 qualified 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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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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
November 8, 2023
Toronto, Ontario

Charitable Foundation Of Ontario Grocery Industry
(operating as The Grocery Foundation)
Statement of Financial Position
As at June 30, 2023

	2023	2022
Assets		
Current		
Cash	\$ 1,031,502	\$ 1,190,476
Investments (Note 3)	6,260,390	4,530,663
Accounts receivable	397,962	2,401,439
Prepaid expenses	25,968	20,479
	7,715,822	8,143,057
Capital assets	-	3,193
	\$ 7,715,822	\$ 8,146,250

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued liabilities	\$ 788,276	\$ 1,237,969
Donation commitments (Schedule 3 and Note 4)	4,250,035	4,331,377
Deferred contributions	-	45,000
	5,038,311	5,614,346
Net assets	2,677,511	2,531,904
	\$ 7,715,822	\$ 8,146,250

Commitments (Notes 4 and 7)

Approved by the Board

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Charitable Foundation Of Ontario Grocery Industry
(operating as The Grocery Foundation)
Statement of Changes in Net Assets
Year Ended June 30, 2023

	2023	2022
Net assets, beginning of year	\$ 2,531,904	\$ 2,433,773
Excess of revenues over expenses	145,607	98,131
Net assets, end of year	\$ 2,677,511	\$ 2,531,904

Charitable Foundation Of Ontario Grocery Industry
(operating as The Grocery Foundation)
Statement of Operations
Year Ended June 30, 2023

	2024 Budget (Note 11)	2023	2022
Revenues			
Gala Dinner (Schedule 1) (Note 4)	\$ 4,015,000	\$ 3,964,325	\$ 2,455,284
Child Hunger			
Voucher Program (Schedule 2) (Note 5)	1,000,000	884,897	918,559
Toonies for Tummies (Schedule 2) (Note 6)	5,356,129	4,889,399	4,937,728
Investment income	70,000	93,960	11,538
Other income	-	16,826	80,742
	10,441,129	9,849,407	8,403,851
Program expenses			
Gala Dinner (Schedule 1)	1,885,469	1,856,195	532,846
Child Hunger			
Voucher Program (Schedule 2)	1,169,092	444,023	784,679
Toonies for Tummies (Schedule 2)	1,750,000	1,057,260	1,012,081
	4,804,561	3,357,478	2,329,606
Program contribution before general and administrative expenses	5,636,568	6,491,929	6,074,245
General and administrative expenses			
Amortization	7,700	3,193	6,586
Executive management (Note 8)	100,420	86,200	75,542
Marketing	7,000	6,846	201
Newsletter and website	35,000	20,474	12,879
Office	89,910	82,865	59,037
Professional fees	273,000	224,436	39,486
	513,030	424,014	193,731
Excess of revenues over expenses before donation commitments	5,123,538	6,067,915	5,880,514
Donation commitments (Schedule 3)	6,193,342	5,922,308	5,782,383
Excess of revenues over expenses	\$ (1,069,804)	\$ 145,607	\$ 98,131

Charitable Foundation Of Ontario Grocery Industry
 (operating as The Grocery Foundation)
Statement of Cash Flows
Year Ended June 30, 2023

	2023	2022
Cash provided by (used in)		
Operations		
Cash received from programs and investment income	\$ 11,778,138	\$ 4,327,617
Cash paid to suppliers	(4,233,482)	(2,276,959)
Donations paid (Schedule 3)	(6,003,650)	(5,573,854)
	1,541,006	(3,523,196)
Investing		
Proceeds from disposal of investments	2,243,000	572,000
Acquisition of investments	(3,942,980)	(619,813)
	(1,699,980)	(47,813)
Net change in cash	(158,974)	(3,571,009)
Cash, beginning of year	1,190,476	4,761,485
Cash, end of year	\$ 1,031,502	\$ 1,190,476

1. DESCRIPTION OF OPERATIONS

The Charitable Foundation of the Ontario Grocery Industry (the "Foundation") was incorporated by Letters Patent under the Corporations Act (Ontario) on August 2, 1989. The Foundation was awarded registered charity status on March 18, 1990. As a registered charitable public foundation, the Foundation is tax exempt under paragraph 149.1(1)(g) of the Income Tax Act.

Since its founding, the objective of the Foundation has been to support programs primarily for the benefit of children with intellectual and developmental disabilities. Principal annual activities are the child hunger program and the Gala Dinner.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Foundation.

Revenue Recognition

The Foundation follows the deferral method of accounting for restricted contributions whereby they are deferred and recognized as revenue in the periods the related expenses are incurred. Unrestricted contributions are recorded when received.

Gala Dinner

Revenue from admission tickets is recognized as the tickets are sold. Corporate sponsorship revenue is recognized when the collection of the contribution is reasonably assured. Revenue from the fundraising events related to the gala is recorded on a cash basis.

Child Hunger - Voucher Program

Voucher sales are recorded when cash is received from the school.

Child Hunger - Toonies for Tummies

Donation revenue is recorded when received from donor.

Donation Commitments

The Foundation recognizes the liability for the donation commitments when there is an obligation to pay the donee and there are no conditions or a future event that the commitment is contingent upon.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures its financial assets and financial liabilities at amortized cost, except for equity investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses.

Financial assets measured at amortized cost include accounts receivable, bond investments and guaranteed investment certificates. The Foundation's financial assets measured at fair value include cash and investments (excluding bond investments and guaranteed investment certificates). Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and donation commitments.

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the excess of revenues over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to 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 the excess of revenues over expenses.

Donated Goods

The Foundation receives donated goods in respect of the Gala Dinner. Where significant, these items are recorded in the financial statements when the fair market value is reasonably determinable and when the items would have been otherwise purchased.

Management's Estimates

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 amounts reported in the financial statements and accompanying notes. Significant estimates included in these financial statements are with respect to an accrued liability for the expected voucher redemptions in the subsequent period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates and the differences could be material.

Charitable Foundation Of Ontario Grocery Industry
 (operating as The Grocery Foundation)
 Notes to Financial Statements
 June 30, 2023

3. INVESTMENTS

Investments consist of the following:

	2023	2022
Mutual funds, at fair value	\$ 1,405,843	\$ 1,183,545
Equity investments, at fair value	372,018	376,519
Investments, at fair value	1,777,861	1,560,064
Bonds, at amortized cost	718,659	864,828
Guaranteed investment certificates, at cost	3,763,870	2,105,771
	\$ 6,260,390	\$ 4,530,663

4. DONATION COMMITMENTS

The Foundation and Kids Help Phone ("KHP") partnered to undertake the annual Gala Dinner. As part of this agreement, KHP receives as a contribution from the Foundation, 40% (2022 - 40%) of the net program income.

5. VOUCHER PROGRAM

Schedule 2 details the activity of the Voucher Program.

The Voucher Program detail in Schedule 2 summarizes the outreach activities of the program; providing the neediest schools with breakfast foods at a reduced price. The Voucher Program sales relate to the sales of vouchers, at a target price equal to 50% of the product's regular shelf price, to needy schools.

6. TOONIES FOR TUMMIES

Schedule 2 details the activity of the Toonies For Tummies Program. The Toonies for Tummies Program detail summarizes the fundraising activities of the program, as follows:

- (a) Donation revenue represents the donations received from grocery shoppers at the retailer point of sale.
- (b) Manufacturer participation represents fees charged to sponsors for printing and program costs.

Charitable Foundation Of Ontario Grocery Industry
 (operating as The Grocery Foundation)
 Notes to Financial Statements
 June 30, 2023

7. COMMITMENTS

As at June 30, 2023, the Foundation is committed under operating leases for printers/copying equipment and annual minimum premises lease commitments as follows:

2024	\$	3,438
		\$ 3,438

Additional charges are levied for realty tax, utilities and maintenance.

8. ALLOCATION OF GENERAL SUPPORT EXPENDITURES

During the year the Foundation incurred \$438,966 (2022 - \$406,053) of common expenses that are reported in the Statements of Operations, which include items such as management fees, administration fees and consulting fees. The table below sets out how these expenses have been allocated by program. The allocation is based on management's estimate of labour time spent by program.

	2023	2022
Gala Dinner	\$ 134,110	\$ 125,111
Voucher Program	55,535	51,737
Toonies for Tummys	163,121	153,663
General and administrative	86,200	75,542
	\$ 438,966	\$ 406,053

9. FINANCIAL INSTRUMENTS

Credit Risk

The Foundation is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

The Foundation is also exposed to credit risk on the accounts receivable from its customers. Management has adopted credit policies in an effort to minimize those risks.

Market Risk

Market risk is the risk that changes in market prices of investments carried at fair value will fluctuate because of changes in market prices. The investments held by the Foundation are subject to normal fluctuations and the risks inherent in investment in financial markets. These risks are generally outside the control of the Foundation. The objective of the Foundation is to mitigate market risk exposures within acceptable limits, while maximizing returns.

Charitable Foundation Of Ontario Grocery Industry
(operating as The Grocery Foundation)
Notes to Financial Statements
June 30, 2023

10. BANKING FACILITIES

The Foundation has the following banking facilities:

- (a) Credit card facility, to a maximum of \$50,000.

The Foundation has not drawn upon these facilities during the year and as of June 30, 2023.

11. 2024 BUDGET

Budgeted figures for 2024 have been presented in these financial statements and are subject to approval by the Board of Directors. These figures have been prepared by management and have not been audited or reviewed.

Charitable Foundation Of Ontario Grocery Industry
 (operating as The Grocery Foundation)
 Schedule 1 - Gala Dinner
 Year Ended June 30, 2023

	2024 Budget (Note 11)	2023	2022
Revenue			
Admission tickets issued	\$ 2,820,000	\$ 2,711,700	\$ 1,040,000
Corporate sponsorship	957,000	987,872	1,245,000
Raffle, casino & auction	238,000	139,243	71,674
Donations and other	-	125,510	98,610
	4,015,000	3,964,325	2,455,284
Expenses			
Operating	1,840,469	1,814,403	529,780
Raffle, casino & auction	45,000	41,792	3,066
	1,885,469	1,856,195	532,846
Net program income	\$ 2,129,531	\$ 2,108,130	\$ 1,922,438
Number of tickets	3,000	3,041	1,245
Information per ticket			
Admission price	\$ 940	\$ 892	\$ 835
Operating expenses	613	597	426
Net contribution from ticket sales	\$ 327	\$ 295	\$ 409

Charitable Foundation Of Ontario Grocery Industry
 (operating as The Grocery Foundation)
 Schedule 2 - Child Hunger Program
 Year Ended June 30, 2023

	2024 Budget (Note 11)	2023	2022
VOUCHER PROGRAM			
Revenue			
Voucher sales	\$ 1,000,000	\$ 884,897	\$ 918,559
Expenses			
Payments to sponsors	1,035,975	773,127	686,795
Recovery of a prior accrual	-	(437,607)	-
Printing	22,000	19,945	16,648
Management and administration	111,117	88,558	81,236
	1,169,092	444,023	784,679
Net program income (loss)	\$ (169,092)	\$ 440,874	\$ 133,880
TOONIES FOR TUMMIES PROGRAM			
Revenue			
Donation	\$ 3,606,129	\$ 3,469,399	\$ 3,557,728
Manufacturer participation	1,750,000	1,420,000	1,380,000
	5,356,129	4,889,399	4,937,728
Expenses			
Media	765,500	649,887	627,671
Marketing	765,500	195,860	205,875
Production	50,000	34,970	20,897
Management and administration	169,000	176,543	157,638
	1,750,000	1,057,260	1,012,081
Net program income	\$ 3,606,129	\$ 3,832,139	\$ 3,925,647

Charitable Foundation Of Ontario Grocery Industry
(operating as The Grocery Foundation)
Schedule 3 - Donation Commitments
Year ended June 30, 2023

	Budget 2024 (Note 11)	Outstanding June 30, 2022	Committed in 2023	Paid in 2023	Outstanding June 30, 2023
Core					
Kids Help Phone (Note 4)	\$ 851,813	\$ 107,301	\$ 843,252	\$ (816,044)	\$ 134,509
Toonies for Tummies	3,941,129	4,204,076	3,812,656	(3,911,206)	4,105,526
	4,792,942	4,311,377	4,655,908	(4,727,250)	4,240,035
Community Investment Partners					
Algoma Family Services	-	-	10,906	(10,906)	-
BCC (Atlantic Canada)	40,000	20,000	-	(20,000)	-
BCC (Sxoxomic School)	10,000	-	10,000	-	10,000
Backpack Buddies	80,000	-	80,000	(80,000)	-
Better Beginnings Better Futures	-	-	14,394	(14,394)	-
Breakfast Clubs of Canada	-	-	20,000	(20,000)	-
Breakfast2Music	10,000	-	10,000	(10,000)	-
Canadian Red Cross -Thunder Bay	-	-	10,798	(10,798)	-
Canadian Red Cross -Timmins	-	-	11,132	(11,132)	-
Community Donations	32,000	-	-	-	-
Community Living North Bay	-	-	12,302	(12,302)	-
Food 4 Kids	320,000	-	320,000	(320,000)	-
Haldimand - Norfolk REACH (REACH)	-	-	36,408	(36,408)	-
Hope for the Nations	50,000	-	50,000	(50,000)	-
I Can for Kids Foundation	80,000	-	80,000	(80,000)	-
Langley School District Foundation	-	-	50,000	(50,000)	-
MakeWay Charitable Society for summerlunch+	16,400	-	16,400	(16,400)	-
Northwestern Health Unit	-	-	8,690	(8,690)	-
Ottawa Network for Education	-	-	18,134	(18,134)	-
Peterborough Family Resource Centre	-	-	92,925	(92,925)	-
Regina Food for Learning	10,000	-	10,000	(10,000)	-
SNO - 14 Lead Agencies	700,000	-	-	-	-
TFT Orphan schools (West, Atlantic)	32,000	-	-	-	-
The Children's Breakfast Club	10,000	-	10,000	(10,000)	-
The Hastings & Prince Edward Learning Foundation	-	-	18,146	(18,146)	-
Toronto Foundation for Students Success	-	-	168,327	(168,327)	-
Upper Canada Leger Centre for Ed & Training	-	-	40,416	(40,416)	-
VON Southwest	-	-	107,726	(107,726)	-
Victoria Rainbow Kitchen Society	10,000	-	10,000	(10,000)	-
YMCA of Three Rivers	-	-	49,696	(49,696)	-
	1,400,400	20,000	1,266,400	(1,276,400)	10,000
	\$ 6,193,342	\$ 4,331,377	\$ 5,922,308	\$ (6,003,650)	\$ 4,250,035