

**President's Choice Children's
Charity/La Fondation Pour
Les Enfants Le Choix Du Président**

Financial Statements
December 31, 2022



Independent auditor's report

To the Board of Directors of President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Our qualified opinion

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 President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président (the Organization) as at December 31, 2022 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2022;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenues from donations and contributions, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenue over expenses and cash flows provided by (used in) operating activities for the year ended December 31, 2022, current assets as at December 31, 2022 and net assets as at the beginning and the end of the year ended December 31, 2022. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2021 was modified because of the possible effects of a similar limitation on 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

PricewaterhouseCoopers LLP
200 Apple Mill Road, Vaughan, Ontario, Canada L4K 0J8
T: +1 905 326 6800, F: +1 905 326 5339, ca_vaughan_office_faxes@pwc.com



We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Comparative information

The financial statements of the Organization for the year ended December 31, 2021 were audited by another auditor who expressed a qualified opinion on those statements on June 16, 2022, due to a similar limitation on scope as outlined in the *Basis for qualified opinion* section.

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 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.

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 judgement 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
June 26, 2023



President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Statement of Financial Position

As at December 31, 2022

	2022 \$	2021 \$
Assets		
Current assets		
Cash	12,937,462	8,897,867
Accounts receivable (notes 2 and 3)	1,219,116	1,429,060
Prepaid expenses	6,957	17,836
	<u>14,163,535</u>	<u>10,344,763</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	295,484	256,503
Programming expenses payable	7,134	354,230
Deferred revenue	10,000	-
	<u>312,618</u>	<u>610,733</u>
Net assets (note 6)		
Unrestricted	8,679,621	4,931,665
Internally restricted	860,561	718,486
Restricted	<u>4,310,735</u>	<u>4,083,879</u>
	<u>13,850,917</u>	<u>9,734,030</u>
	<u>14,163,535</u>	<u>10,344,763</u>
Commitments (note 8)		

On behalf of the Board

 Director  Director

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

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Statement of Operations

For the year ended December 31, 2022

	2022			2021
	Unrestricted \$	Restricted \$	Total \$	Total \$
Revenue				
Donations				
National events and promotions – gross revenue (note 4)	3,070,862	-	3,070,862	2,695,146
Corporate donation (note 2)	2,000,000	-	2,000,000	2,000,000
Regional income	7,468,298	10,804,801	18,273,099	13,665,072
Interest	239,171	-	239,171	66,706
	12,778,331	10,804,801	23,583,132	18,426,924
Expenses				
Programming (note 6)	2,093,369	15,622,205	17,715,574	17,140,166
Administration	1,192,162	-	1,192,162	1,107,896
Fundraising (note 4)	399,995	96,172	496,167	418,349
Marketing	62,342	-	62,342	128,329
	3,747,868	15,718,377	19,466,245	18,794,740
Excess (deficiency) of revenue over expenses	9,030,463	(4,913,576)	4,116,887	(367,816)

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

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Statement of Changes in Net Assets

For the year ended December 31, 2022

	2022			2021
	Unrestricted \$	Internally restricted \$	Restricted \$	Total \$
Net assets – Beginning of year	4,931,665	718,486	4,083,879	9,734,030
Excess (deficiency) of revenue over expenses	9,030,463	-	(4,913,576)	4,116,887
Interfund transfers (note 5)	(5,282,507)	142,075	5,140,432	-
Net assets – End of year	8,679,621	860,561	4,310,735	13,850,917

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

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Statement of Cash Flows

For the year ended December 31, 2022

	2022 \$	2021 \$
Cash provided (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	4,116,887	(367,816)
Change in non-cash operating working capital	(77,292)	(194,599)
	<hr/>	<hr/>
Change in cash	4,039,595	(562,415)
Cash – Beginning of year	8,897,867	9,460,282
	<hr/>	<hr/>
Cash – End of year	12,937,462	8,897,867
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The accompanying notes are an integral part of these financial statements.

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Notes to Financial Statements

December 31, 2022

General information

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président (the "Organization") is a charity incorporated without share capital. The Organization was previously incorporated under Part II of the Canada Corporations Act on April 10, 2000 and was continued under the Canada Not-for-profit Corporations Act on September 29, 2014. The Organization is committed to helping Canadian children live life well with a focus to relieve childhood hunger through the support of food and food education programming.

The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1 Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

a) Fund accounting

i) Unrestricted fund

The purpose of the unrestricted fund is to record the day-to-day operations of the Organization, including the receipt and use of donations and interest with no external restrictions.

ii) Restricted fund

The Organization collects donations from four Canadian regions: Ontario, Western, Québec and Atlantic. Specific fundraising events stipulate that funds collected in these regions will be used for the benefit of children in these regions and have been recorded as restricted funds. This fund reports all spending in the Canadian regions.

b) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deferred revenue includes donations received for national events to be held in the next fiscal year and are recognized when the related expenses are incurred.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received.

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Notes to Financial Statements

December 31, 2022

c) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

d) Donated goods and services

The Organization receives donated goods that are used in fundraising events. The fair value of these goods has not been recognized in the financial statements as it is not determinable.

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Accounting and administrative time is donated by Loblaw Companies Limited (Loblaw). This donation of salary has been included in the financial statements, on a cost recovery basis.

e) Programming expenses

Program delivery expenses are recorded as payable in the year in which they are approved. Multi-year funding is recorded as payable in the year to which the funding relates.

f) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2 Loblaw

Loblaw made a corporate donation of \$2,000,000 (2021 – \$2,000,000), which is recognized in the financial statements, to fund the cost of all administrative and some operational expenses of the Organization. Loblaw also pays certain administrative expenses on behalf of the Organization; included in accounts payable and accrued liabilities is \$286,848 (2021 – \$224,491).

Included in accounts receivable is \$75,000 (2021 – \$60,000) of pledges receivable from Loblaw.

3 Accounts receivable

Accounts receivable include \$1,197,665 (2021 – \$1,394,587) of pledges receivable, the majority of which has been received subsequent to year-end.

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Notes to Financial Statements

December 31, 2022

4 Unrestricted national events and promotions

The Organization holds annual national fundraising events and promotions. The contributions from national events are recorded as unrestricted funds and the net proceeds are allocated to the various regions.

The financial results of these events were as follows:

	2022		2021
	Revenue \$	Expenses \$	Net \$
Bowlerama	1,018,854	53,763	965,091
Golf tournament	2,052,008	346,232	1,705,776
	3,070,862	399,995	2,670,867
			2,387,482

5 Internally restricted funds

Internally restricted funds represent the transfer of net proceeds allocated from the unrestricted fund to the regions, for the purpose of assisting them in funding for charitable programming. The amount allocated for the year ended December 31, 2022 totalled \$5,282,507 (2021 – \$4,981,786). Of the available funds, \$5,140,432 (2021 – \$5,514,507) was transferred to offset regional restricted fund deficiencies.

Interfund transfers are summarized as follows:

	Unrestricted \$	Internally restricted \$	Restricted \$
National events allocation	(5,282,507)	5,282,507	-
Offset regional restricted fund deficiencies	-	(5,140,432)	5,140,432
	(5,282,507)	142,075	5,140,432

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

Notes to Financial Statements

December 31, 2022

6 Regional results

The financial results by region are summarized as follows:

	2022					
	National \$	Ontario \$	Western \$	Québec \$	Atlantic \$	Total \$
Revenue						
National events – net	2,670,867	-	-	-	-	2,670,867
Other	9,707,469	4,566,202	3,108,621	1,853,005	1,276,973	20,512,270
	12,378,336	4,566,202	3,108,621	1,853,005	1,276,973	23,183,137
Expenses						
Program Delivery	2,093,369	8,398,775	4,363,879	802,798	2,056,753	17,715,574
Program Development	1,254,504	-	-	96,172	-	1,350,676
	3,347,873	8,398,775	4,363,879	898,970	2,056,753	19,066,250
Excess (deficiency) of revenue over expenses	9,030,463	(3,832,573)	(1,255,258)	954,035	(779,780)	4,116,887
Interfund transfers	(5,282,507)	3,832,573	670,154	-	779,780	-
	3,747,956	-	(585,104)	954,035	-	4,116,887
Net assets – Beginning of year	4,931,665	-	2,358,982	2,443,383	-	9,734,030
Net assets – End of year	8,679,621	-	1,773,878	3,397,418	-	13,850,917
Allocated as follows						
Unrestricted	8,679,621	-	-	-	-	8,679,621
Internally restricted	-	-	860,561	-	-	860,561
Restricted	-	-	913,317	3,397,418	-	4,310,735
	8,679,621	-	1,773,878	3,397,418	-	13,850,917

President's Choice Children's Charity/La Fondation Pour Les Enfants Le Choix Du Président

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December 31, 2022

	2021					
	National \$	Ontario \$	Western \$	Québec \$	Atlantic \$	Total \$
Revenue						
National events – net	2,387,481	-	-	-	-	2,387,481
Other	6,317,301	4,121,432	2,617,484	1,439,480	1,236,082	15,731,779
	8,704,782	4,121,432	2,617,484	1,439,480	1,236,082	18,119,260
Expenses						
Program Delivery	2,137,927	7,520,035	3,900,370	1,137,874	2,443,960	17,140,166
Other	1,236,225	-	-	110,685	-	1,346,910
	3,374,152	7,520,035	3,900,370	1,248,559	2,443,960	18,487,076
Excess (deficiency) of revenue over expenses	5,330,630	(3,398,603)	(1,282,886)	190,921	(1,207,878)	(367,816)
Interfund transfers	(4,981,786)	2,874,778	899,130	-	1,207,878	-
	348,844	(523,825)	(383,756)	190,921	-	(367,816)
Net assets – Beginning of year	4,582,821	523,825	2,742,738	2,252,462	-	10,101,846
Net assets – End of year	4,931,665	-	2,358,982	2,443,383	-	9,734,030
Allocated as follows						
Unrestricted	4,931,665	-	-	-	-	4,931,665
Internally restricted	-	-	718,486	-	-	718,486
Restricted	-	-	1,640,496	2,443,383	-	4,083,879
	4,931,665	-	2,358,982	2,443,383	-	9,734,030

7 Financial risks

In the normal course of business, the Organization manages risks that arise as a result of its use of financial instruments. These risks include market, liquidity and credit risks. Accounts receivable consist of pledges receivable from suppliers and Loblaw stores. It is management's opinion that the Organization is not exposed to significant interest or credit risks arising from these financial instruments.

There have been no changes to the risk exposure since 2021, inclusive of COVID-19 pandemic considerations.

8 Commitments

The Organization has made commitments to various organizations to provide them with funding in future years as follows:

2023

\$500,000