

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

Financial Statements
December 31, 2023



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, 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- 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, 2023, current assets as at December 31, 2023 and net assets as at the beginning and the end of the year ended December 31, 2023.

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.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Independence

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.

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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
June 27, 2024

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

Statement of Financial Position

As at December 31, 2023

	2023 \$	2022 \$
Assets		
Current assets		
Cash	8,368,424	12,937,462
Accounts receivable (notes 2 and 3)	1,598,893	1,219,116
Prepaid expenses	3,638	6,957
	9,970,955	14,163,535
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	476,169	295,484
Programming grants payable	125,179	7,134
Deferred revenue	-	10,000
	601,348	312,618
Net Assets (note 6)		
Unrestricted	3,405,067	8,679,621
Internally restricted	1,515,091	860,561
Restricted	4,449,449	4,310,735
	9,369,607	13,850,917
	9,970,955	14,163,535

On behalf of the Board

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Marsha Lindsay

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Director

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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, 2023

	2023			2022
	Unrestricted \$	Restricted \$	Total \$	Total \$
Revenue				
Donations				
National events and promotions – gross revenue (note 4)	3,207,539	-	3,207,539	3,070,862
Corporate donation (note 2)	2,000,000	-	2,000,000	2,000,000
Regional income	6,884,721	10,464,626	17,349,347	18,273,099
Interest	662,478	-	662,478	239,171
	12,754,738	10,464,626	23,219,364	23,583,132
Expenses				
Programming delivery (note 6)	3,101,430	22,652,014	25,753,444	17,715,574
Administration	1,203,960	-	1,203,960	1,192,162
Fundraising (note 4)	413,254	-	413,254	496,167
Marketing	330,016	-	330,016	62,342
	5,048,660	22,652,014	27,700,674	19,466,245
(Deficiency) excess of revenue over expenses	7,706,078	(12,187,388)	(4,481,310)	4,116,887

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, 2023

	2023			2022	
	Unrestricted \$	Internally restricted \$	Restricted \$	Total \$	Total \$
Net assets – Beginning of year	8,679,620	860,561	4,310,736	13,850,917	9,734,030
(Deficiency) excess of revenue over expenses	7,706,078	-	(12,187,388)	(4,481,310)	4,116,887
Interfund transfers (note 5)	(12,980,631)	654,530	12,326,101	-	-
Net assets – End of year	3,405,067	1,515,091	4,449,449	9,369,607	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, 2023

	2023 \$	2022 \$
Cash provided (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses	(4,481,310)	4,116,887
Change in non-cash operating working capital	(87,728)	(77,292)
	<hr/>	<hr/>
Change in cash during the year	(4,569,038)	4,039,595
Cash – Beginning of year	12,937,462	8,897,867
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Cash – End of year	8,368,424	12,937,462
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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, 2023

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 the fight against childhood hunger and partners directly with schools to nourish students, remove hunger as a barrier to education and empower Canadian children with the skills to grow, cook and thrive.

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, 2023

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 (2022 – \$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 \$289,495 (2022 – \$286,848) owing to Loblaw for such expenses.

Included in accounts receivable is \$198,000 (2022 – \$75,000) of pledges receivable from Loblaw.

3 Accounts receivable

Accounts receivable include \$1,579,251 (2022 – \$1,197,665) 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, 2023

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:

			2023	2022
	Revenue	Expenses	Net	Net
	\$	\$	\$	\$
Bowlerama	1,104,910	41,244	1,063,666	965,091
Golf tournament	2,102,629	372,010	1,730,619	1,705,776
	<u>3,207,539</u>	<u>413,254</u>	<u>2,794,285</u>	<u>2,670,867</u>

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, 2023 totalled \$12,980,631 (2022 – \$5,282,507). Of the available funds, \$12,326,101 (2022 – \$5,140,432) was transferred to offset regional restricted fund deficiencies.

Interfund transfers are summarized as follows:

	Unrestricted	Internally	Restricted
	\$	restricted	\$
	\$	\$	\$
National events allocation	(12,980,631)	12,980,631	-
Offset regional restricted fund deficiencies	-	(12,326,101)	12,326,101
	<u>(12,980,631)</u>	<u>654,530</u>	<u>12,326,101</u>

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

Notes to Financial Statements

December 31, 2023

6 Regional results

The financial results by region are summarized as follows:

	2023					
	National	Ontario	Western	Québec	Atlantic	Total
	\$	\$	\$	\$	\$	\$
Revenue						
National events – net	2,794,285	-	-	-	-	2,794,285
Other	9,547,200	4,208,582	3,172,898	1,839,388	1,243,757	20,011,825
	<u>12,341,485</u>	<u>4,208,582</u>	<u>3,172,898</u>	<u>1,839,388</u>	<u>1,243,757</u>	<u>22,806,110</u>
Expenses						
Programming delivery	3,101,431	14,903,010	4,298,094	1,749,994	1,700,915	25,753,444
Other	1,533,976	-	-	-	-	1,533,976
	<u>4,635,407</u>	<u>14,903,010</u>	<u>4,298,094</u>	<u>1,749,994</u>	<u>1,700,915</u>	<u>27,287,420</u>
(Deficiency) excess of revenue over expenses	7,706,078	(10,694,428)	(1,125,196)	89,394	(457,158)	(4,481,310)
Interfund transfers	(12,980,631)	10,694,428	1,443,549	-	842,654	-
	<u>(5,274,553)</u>	<u>-</u>	<u>318,353</u>	<u>89,394</u>	<u>385,496</u>	<u>(4,481,310)</u>
Net assets – Beginning of year	8,679,620	-	1,773,879	3,397,418	-	13,850,917
Net assets – End of year	<u>3,405,067</u>	<u>-</u>	<u>2,092,232</u>	<u>3,486,812</u>	<u>385,496</u>	<u>9,369,607</u>
Allocated as follows						
Unrestricted	3,405,067	-	-	-	-	3,405,067
Internally restricted	-	-	1,129,595	-	385,496	1,515,091
Restricted	-	-	962,637	3,486,812	-	4,449,449
	<u>3,405,067</u>	<u>-</u>	<u>2,092,232</u>	<u>3,486,812</u>	<u>385,496</u>	<u>9,369,607</u>

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

Notes to Financial Statements

December 31, 2023

	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
	<u>12,378,336</u>	<u>4,566,202</u>	<u>3,108,621</u>	<u>1,853,005</u>	<u>1,276,973</u>	<u>23,183,137</u>
Expenses						
Programming delivery	2,093,369	8,398,775	4,363,879	802,798	2,056,753	17,715,574
Development	1,254,504	-	-	96,172	-	1,350,676
	<u>3,347,873</u>	<u>8,398,775</u>	<u>4,363,879</u>	<u>898,970</u>	<u>2,056,753</u>	<u>19,066,250</u>
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	-
	<u>3,747,956</u>	<u>-</u>	<u>(585,104)</u>	<u>954,035</u>	<u>-</u>	<u>4,116,887</u>
Net assets – Beginning of year	4,931,665	-	2,358,982	2,443,383	-	9,734,030
Net assets – End of year	<u>8,679,621</u>	<u>-</u>	<u>1,773,878</u>	<u>3,397,418</u>	<u>-</u>	<u>13,850,917</u>
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
	<u>8,679,621</u>	<u>-</u>	<u>1,773,878</u>	<u>3,397,418</u>	<u>-</u>	<u>13,850,917</u>

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 the prior year.