

FINANCIAL STATEMENTS OF

**FOOD ALLERGY CANADA /
ALLERGIES ALIMENTAIRES
CANADA**

December 31, 2020

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes In Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 12



Baker Tilly KDN LLP
1748 Baseline Road West
Suite 200
Courtice, ON
L1E 2T1

D: 905.579.5659
F: 905.579.8563
durham@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Food Allergy Canada / Allergies Alimentaires Canada

Qualified Opinion

We have audited the financial statements of Food Allergy Canada / Allergies Alimentaires Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in net assets and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, 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 adjustment might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at January 1, 2020 and December 31, 2020.

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 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 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.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

INDEPENDENT AUDITOR'S REPORT, continued

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 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 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.



Chartered Professional Accountants
Licensed Public Accountants

Courtice, Ontario
April 27, 2021

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	2020	2019
	\$	\$
ASSETS		
Current assets		
Cash	608,702	411,619
Short-term investments (Note 3)	990,483	978,961
Accounts receivable	35,299	68,449
Harmonized sales tax rebate	23,685	45,010
Prepaid expenses	43,512	53,286
	<u>1,701,681</u>	<u>1,557,325</u>
Other assets		
Tangible capital assets (Note 4)	61,524	79,512
	<u>1,763,205</u>	<u>1,636,837</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	31,323	33,057
Deferred revenue (Note 5)	813,452	1,074,670
	<u>844,775</u>	<u>1,107,727</u>
NET ASSETS		
Unrestricted	653,196	245,888
Invested in tangible capital assets	61,524	79,512
Internally Restricted (Note 6)	203,710	203,710
	<u>918,430</u>	<u>529,110</u>
	<u>1,763,205</u>	<u>1,636,837</u>

Approved on behalf of the board

Bob Ellis Director

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA

STATEMENT OF OPERATIONS

For the year ended December 31, 2020

	2020	2019
	\$	\$
Revenue		
Support from the public		
Individual giving and events	610,331	1,030,765
Corporate donations	304,329	308,515
Foundation donations	280,073	311,051
	<u>1,194,733</u>	<u>1,650,331</u>
Government funding	-	5,000
Other operating revenue	8,207	28,689
Investment income	14,030	20,664
Loss on disposal of tangible capital assets	-	(694)
	<u>1,216,970</u>	<u>1,703,990</u>
Expenses		
Programs and Services		
Education & Support	345,187	418,075
Awareness & Stakeholder Engagement	390,246	472,509
	<u>735,433</u>	<u>890,584</u>
Research	40,687	321,957
Fundraising	84,732	271,530
Administration (Note 8)	121,997	130,864
	<u>982,849</u>	<u>1,614,935</u>
Other income		
Government assistance (Note 10)	155,199	-
	<u>389,320</u>	<u>89,055</u>
Excess of revenues over expenditures	<u>389,320</u>	<u>89,055</u>

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2020

	Unrestricted 2020 \$	Investment in tangible capital assets 2020 \$	Internally Restricted 2020 \$	December 31 2020 \$	December 31 2019 \$
Balance, beginning of year	245,888	79,512	203,710	529,110	440,055
Excess (deficiency) of revenues over expenditures	408,201	(18,881)	-	389,320	89,055
Tangible capital assets additions	(893)	893	-	-	-
Balance, end of year	653,196	61,524	203,710	918,430	529,110

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	2020	2019
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess of revenues over expenditures	389,320	89,055
Adjustments for		
Amortization	18,881	18,507
Loss on disposal of tangible capital assets	-	694
	<u>408,201</u>	<u>108,256</u>
Change in non-cash working capital items		
Accounts receivable	33,150	(65,613)
Harmonized sales tax rebate	21,325	5,972
Prepaid expenses	9,774	4,626
Accounts payable and accrued liabilities	(1,734)	(2,353)
Deferred revenue	(261,218)	46,484
	<u>209,498</u>	<u>97,372</u>
Investing activities		
Purchase of tangible capital assets	(893)	(25,150)
Purchase of short-term investments	(11,522)	(536,156)
	<u>(12,415)</u>	<u>(561,306)</u>
Increase (decrease) in cash	197,083	(463,934)
Cash, beginning of year	411,619	875,553
Cash, end of year	<u>608,702</u>	<u>411,619</u>

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. NATURE OF OPERATIONS

Food Allergy Canada / Allergies Alimentaires Canada (the "Organization") was incorporated under the Not-for-profit Corporations Act of Ontario on May 14, 1997. The Organization is a national charity and the country's leading patient organization committed to educating, supporting, and advocating for the more than 3 million Canadians impacted by food allergy. The Organization focuses on improving daily quality of life by providing education and support needed to effectively navigate this medical condition, building informed and supportive communities, and acting as the national voice on key patient issues.

It is a charitable organization in accordance with the Income Tax Act and is accordingly exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

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

The Organization's financial assets measured at fair value include GICs included in short-term investments. Fair value is determined by using the face amount with accrued interest.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than 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 income.

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(b) *Financial instruments, continued*

The Organization recognizes its transaction costs in net earnings in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(c) *Tangible capital assets*

Tangible capital assets are recorded at cost. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer equipment	Declining balance	20%
Furniture & fixtures	Declining balance	20%
Leasehold improvements	Straight-line	10 years
Website development	Straight-line	3 years
E-learning web portal	Straight-line	3 years

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(d) *Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions include government funding and proceeds from the Sean Delaney Golf Tournament. Corporate donations, foundation donations, individual giving and events, investment income, and other operating revenue include contributions that are both restricted and unrestricted.

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) *Contributed services*

The Organization receives items at no cost from various sources. Donations of these items are not recorded in these financial statements.

Volunteers contribute a substantial number of hours each year to assist the Organization in carrying out its fundraising activities; however, those services cannot be readily valued and are therefore not recognized in the financial statements.

(f) *Government assistance*

The Organization applied for and received several government assistance programs, outlined in Note 10. Funding from these programs, for the periods in which the Organization qualified, is recorded as other income when eligible expenditures are made and there is reasonable assurance of realization.

(g) *Measurement uncertainty*

The preparation of the financial statements in conformity with Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates are used when accounting for items and matters such as deferred revenue, amortization, asset valuations, provisions and allocation of support expenses. Actual results could differ from these estimates.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Measurement uncertainty, continued

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Organization's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates, and assumptions made by management during the preparation of the Organization's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

The Organization has taken the following actions in response to the pandemic:

- Applying for and receiving the Canada Emergency Wage Subsidy
- Applying for and receiving the 10% Temporary Wage Subsidy
- Applying for and receiving the Canada Emergency Rent Subsidy
- Cancellation of conferences and fundraising events
- Cost cutting measures

3. SHORT-TERM INVESTMENTS

Short-term investments include both cashable and non-redeemable guaranteed investment certificates at interest rates ranging from 0.15% - 1.10% with maturities in April - August 2021.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
	\$	\$	\$	\$
Computer equipment	58,830	45,233	13,597	15,992
Furniture & fixtures	38,238	33,231	5,007	6,259
Leasehold improvements	59,580	26,441	33,139	39,097
Website development	25,150	15,369	9,781	18,164
E-learning web portal	41,470	41,470	-	-
	223,268	161,744	61,524	79,512

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

5. DEFERRED REVENUE

	2020	2019
	\$	\$
Portion of proceeds from the Annual Sean Delaney Memorial Golf Tournament deferred until expended		
Balance, beginning of year	406,817	434,511
Funds received	125,691	321,957
Funds earned in year	(460,843)	(349,651)
Balance, end of year	71,665	406,817
Funding received from other sources deferred until expended		
Balance, beginning of year	667,853	593,675
Funds received	713,061	733,701
Funds earned in year	(639,127)	(659,523)
Balance, end of year	741,787	667,853
	813,452	1,074,670

6. INTERNAL RESTRICTION ON NET ASSETS

The Board of Directors has internally restricted a portion of net assets to cover anticipated future expenses. The balance at December 31, 2020 represents a reserve of \$203,710 (2019 - \$203,710) to ensure that there are funds available to cover fixed operating costs for a period of at least six months in the event that the Organization can no longer operate as a going concern.

7. ALLOCATION OF EXPENSES

The Organization allocates common expenses consisting of salaries, occupancy costs, and other administrative expenses based on the estimated time spent on each program/service. These allocations are reviewed regularly by management. These common costs are essential for the operations of the various programs and services and have been allocated as follows:

	2020	2019
	\$	\$
Awareness & Stakeholder Engagement	315,115	262,295
Education & Support	205,130	203,979
Administration	62,927	67,209
Fundraising	47,811	80,557
	630,983	614,040

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

8. **ADMINISTRATION**

	2020	2019
	\$	\$
Common expenses allocated to administration	62,927	67,209
Amortization	18,881	18,507
Professional fees	17,700	13,200
Insurance	11,724	11,149
Other	10,765	20,799
	121,997	130,864

9. **LEASE COMMITMENTS**

The Organization's lease commitment is under a long term lease that expires on August 31, 2026. The lease provides for payment of utilities, property taxes and maintenance costs at an additional cost to the Organization. Future minimum lease payments over the remaining term of the lease are as follows:

	\$
2021	17,300
2022	17,900
2023	19,200
2024	19,800
2025	19,800
2026	13,200
	107,200

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. GOVERNMENT ASSISTANCE

In fiscal 2020, the Organization determined that it was eligible for the Temporary Wage Subsidy ("TWS"), the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS").

TWS is a measure that allows eligible employers to reduce the amount of payroll deductions remitted to the Canada Revenue Agency, to a maximum of \$25,000.

CEWS is a wage subsidy for eligible employers whose business has been affected by COVID-19, and who have experienced a reduction in revenue during the pandemic. CEWS provides a subsidy of up to 75% of eligible remuneration, paid by an eligible entity to each eligible employee – up to a maximum of \$847 per week.

CERS is a rent subsidy for eligible employers whose business has been affected by COVID-19, and who have experienced a reduction in revenue during the pandemic. CERS provides a subsidy to qualifying property owners, to cover part of their property expenses, starting on September 27, 2020 until June 2021.

As at December 31, 2020, \$25,544 of government assistance is included in accounts receivable balance.

	2020
	\$
Government assistance - CEWS	139,113
Government assistance - TWS	11,476
Government assistance - CERS	4,610
	<hr/>
	155,199

The accompanying notes are an integral part of these financial statements

FOOD ALLERGY CANADA / ALLERGIES ALIMENTAIRES CANADA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

11. FINANCIAL INSTRUMENTS

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Organization's exposure to these risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Organization to credit risk consist principally of cash and short-term investments. The Organization places its cash and short-term investments with high quality institutions to mitigate the risk.

The Organization is exposed to credit risk on accounts receivable primarily from corporate partners. The Organization's accounts receivable risk is considered to be low as receivables are recognized only if it is certain that the monies will be received.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Organization manages its risk by investing only in low risk guaranteed investment certificates.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The guaranteed investment certificates included in short-term investments bear interest at a fixed rate of interest and as such are subject to interest rate price risk. The exposure to this risk fluctuates as the value of the investment changes from year to year.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments. These risks have been updated for the impact of COVID-19. Management continues its assessment given the fluidity of COVID-19's global impact.

The accompanying notes are an integral part of these financial statements