

Financial Statements of

**PRESIDENT'S CHOICE CHILDREN'S  
CHARITY/LA FONDATION POUR LES  
ENFANTS LE CHOIX DU PRÉSIDENT**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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## INDEPENDENT AUDITORS' REPORT

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

### ***Qualified Opinion***

We have audited the financial statements of President's Choice Children's Charity/ La Fondation Pour Les Enfants Le Choix Du Président (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- 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 notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, 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.

### ***Basis for Qualified Opinion***

In common with many charitable organizations, the Entity derives revenue from donations, 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2021 and December 31, 2020
- the donations revenue and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended December 31, 2021 and December 31, 2020



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- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended December 31, 2021 and December 31, 2020
- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2021 and December 31, 2020.

Our opinion on the financial statements for the year ended December 31, 2020 was qualified 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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.



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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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



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- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 16, 2022

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 8,897,867	\$ 9,460,282
Accounts receivable (notes 2 and 3)	1,429,060	1,281,498
Prepaid expenses	17,836	35,869
	<u>\$ 10,344,763</u>	<u>\$ 10,777,649</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 2)	\$ 256,503	\$ 359,069
Programming grants payable	354,230	314,416
Deferred revenue	—	2,318
	<u>610,733</u>	<u>675,803</u>
Net assets (note 6):		
Unrestricted	4,931,665	4,582,821
Internally restricted	718,486	1,251,207
Restricted	4,083,879	4,267,818
	<u>9,734,030</u>	<u>10,101,846</u>
Commitments (note 8)		
	<u>\$ 10,344,763</u>	<u>\$ 10,777,649</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

			2021	2020
	Unrestricted	Restricted	Total	Total
<b>Revenue:</b>				
Donations:				
National events and promotions, gross revenue (note 4)	\$ 2,695,146	\$ –	\$ 2,695,146	\$ 2,110,575
Corporate donation (note 2)	2,000,000	–	2,000,000	2,000,000
Regional income	4,250,594	9,414,478	13,665,072	12,427,455
Interest	66,706	–	66,706	125,077
	9,012,446	9,414,478	18,426,924	16,663,107
<b>Expenses:</b>				
Grants to programs (note 6)	2,137,927	15,002,239	17,140,166	13,810,375
Administration	1,107,896	–	1,107,896	1,021,003
Fundraising (note 4)	307,664	110,685	418,349	414,029
Marketing	128,329	–	128,329	79,214
	3,681,816	15,112,924	18,794,740	15,324,621
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 5,330,630</b>	<b>\$ (5,698,446)</b>	<b>\$ (367,816)</b>	<b>\$ 1,338,486</b>

See accompanying notes to financial statements.

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

## Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

				2021	2020
	Unrestricted	Internally restricted	Restricted	Total	Total
Net assets, beginning of year	\$ 4,582,821	\$ 1,251,207	\$ 4,267,818	\$ 10,101,846	\$ 8,763,360
Excess (deficiency) of revenue over expenses	5,330,630	–	(5,698,446)	(367,816)	1,338,486
Interfund transfers (note 5)	(4,981,786)	(532,721)	5,514,507	–	–
<b>Net assets, end of year</b>	<b>\$ 4,931,665</b>	<b>\$ 718,486</b>	<b>\$ 4,083,879</b>	<b>\$ 9,734,030</b>	<b>\$ 10,101,846</b>

See accompanying notes to financial statements.



# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (367,816)	\$ 1,338,486
Change in non-cash operating working capital	(194,599)	(1,960,343)
Decrease in cash	(562,415)	(621,857)
Cash, beginning of year	9,460,282	10,082,139
<b>Cash, end of year</b>	<b>\$ 8,897,867</b>	<b>\$ 9,460,282</b>

See accompanying notes to financial statements.

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

Notes to Financial Statements

Year ended December 31, 2021

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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.

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

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.

### (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.

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (e) Grants to programs:

Grants to programs 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 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 Companies Limited ("Loblaw"):

Loblaw made a corporate donation of \$2,000,000 (2020 - \$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 and included in accrued liabilities are \$224,491 (2020 - \$209,500).

Included in accounts receivable is \$60,000 (2020 - \$75,000) of pledges receivable from Loblaw.

## 3. Accounts receivable:

Accounts receivable include \$1,394,587 (2020 - \$1,253,136) 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 (continued)

Year ended December 31, 2021

#### 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:

			2021	2020
	Revenue	Expenses	Net	Net
Bowlerama/Holiday Giving	\$ 937,748	\$ 26,101	\$ 911,647	\$ 397,897
Golf tournament	1,757,398	281,563	1,475,835	1,367,642
	\$ 2,695,146	\$ 307,664	\$ 2,387,482	\$ 1,765,539

#### 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, 2021 totalled \$4,981,786 (2020 - \$1,465,327). Of the available funds, \$5,514,507 (2020 - \$1,714,507) was transferred to offset regional restricted fund deficiencies.

Interfund transfers are summarized as follows:

	Unrestricted	Internally restricted	Restricted
National events allocation	\$ (4,981,786)	\$ 4,981,786	\$ -
Offset regional restricted fund deficiencies	-	(5,514,507)	5,514,507
	\$ (4,981,786)	\$ (532,721)	\$ 5,514,507

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 6. Regional results:

The financial results by region are summarized as follows:

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:						
Grants to programs	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 transfer	(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

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 6. Regional results (continued):

2020	National	Ontario	Western	Québec	Atlantic	Total
Revenue:						
National events, net	\$ 1,765,539	\$ -	\$ -	\$ -	\$ -	\$ 1,765,539
Other	2,741,975	5,232,569	3,480,302	1,895,772	1,201,914	14,552,532
	4,507,514	5,232,569	3,480,302	1,895,772	1,201,914	16,318,071
Expenses:						
Grants to programs	1,720,759	5,469,568	3,293,453	1,061,863	2,264,732	13,810,375
Other	1,100,217	-	-	68,993	-	1,169,210
	2,820,976	5,469,568	3,293,453	1,130,856	2,264,732	14,979,585
Excess (deficiency) of revenue over expenses	1,686,538	(236,999)	186,849	764,916	(1,062,818)	1,338,486
Interfund transfer	(1,465,327)	-	413,326	-	1,052,001	-
	221,211	(236,999)	600,175	764,916	(10,817)	1,338,486
Net assets, beginning of year	4,361,610	760,824	2,142,563	1,487,546	10,817	8,763,360
Net assets, end of year	\$ 4,582,821	\$ 523,825	\$ 2,742,738	\$ 2,252,462	\$ -	\$ 10,101,846
Allocated as follows:						
Unrestricted	\$ 4,582,821	\$ -	\$ -	\$ -	\$ -	\$ 4,582,821
Internally restricted	-	523,825	727,382	-	-	1,251,207
Restricted	-	-	2,015,356	2,252,462	-	4,267,818
	\$ 4,582,821	\$ 523,825	\$ 2,742,738	\$ 2,252,462	\$ -	\$ 10,101,846

## 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 has been no changes to the risk exposure since 2020, inclusive of COVID-19 pandemic considerations.

# PRESIDENT'S CHOICE CHILDREN'S CHARITY/ LA FONDATION POUR LES ENFANTS LE CHOIX DU PRÉSIDENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 8. Commitments:

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

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2022	\$ 1,500,000
2023	500,000

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