

# **Canadian Nutrition Society**

## **Financial Statements**

**December 31, 2019**

# Canadian Nutrition Society

December 31, 2019

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## **Independent Audit Report**

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To the Members of  
Canadian Nutrition Society

### **Opinion**

I have audited the financial statements of Canadian Nutrition Society, which comprise the statement of financial position as at December 31, 2019 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Nutrition Society as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Accounting Standards for Not-for-Profit Organizations.

### **Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the society in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 these financial statements, management is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the society or to cease operations, or has no realistic alternative to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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.

## Independent Audit Report

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 society'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 society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My 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 society 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.

I 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 I identify during my audit.



**J Bruce Taylor Chartered Professional Accountant**  
Licensed Public Accountant

Warkworth, Ontario  
March 31, 2020

# Canadian Nutrition Society

## Statement of Financial Position

December 31, 2019

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank	\$ 497,686	\$ 705,079
Short term deposits	356,097	102,871
Marketable securities	48,032	-
Restricted cash CMTF (Note 2a)	169,860	132,562
Restricted short term deposit (Note 2b)	21,200	20,672
Accounts receivable	46,004	10,445
Prepaid	26,156	44,150
	<b>1,165,035</b>	<b>1,015,779</b>
Office equipment and computer (Note 4)	4,223	1,583
<b>Total Assets</b>	<b>\$ 1,169,258</b>	<b>\$ 1,017,362</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 43,146	\$ 11,361
GST/HST and government remittances payable	24,826	16,461
Deferred revenue and awards (Note 5)	176,416	216,636
<b>Total Liabilities</b>	<b>244,388</b>	<b>244,458</b>
<b>Net Assets</b>		
Surplus (Note 6)	924,870	772,904
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,169,258</b>	<b>\$ 1,017,362</b>

Approved on Behalf of the Board:

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

# Canadian Nutrition Society

## Statement of Changes in Net Assets

For the Year Ended December 31, 2019

	2019	2018
Net assets, beginning	\$ 772,904	\$ 743,859
Surplus of revenue over expenditures	151,966	29,045
<b>Net assets, ending</b>	<b>\$ 924,870</b>	<b>\$ 772,904</b>

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

# Canadian Nutrition Society

## Statement of Operations

For the Year Ended December 31, 2019

	2019	2018
<b>Revenue</b>		
Annual conferences	\$ 407,193	\$ 374,103
Workshop and webinar	161,057	5,946
Industry sponsorships	141,980	132,715
Membership fees	76,080	66,497
CMTF administration and operations	62,700	24,750
Awards	49,200	45,950
Interest and investment income	9,057	3,224
<b>Total revenue</b>	<b>907,267</b>	<b>653,185</b>
<b>Operating expenses</b>		
Administration fees	189,808	126,336
Amortization of office equipment and computer	2,457	679
Annual conferences	391,458	350,293
Awards	56,979	46,959
Councils and committee expenses	18,491	25,950
Interest and bank charges	3,778	2,795
Membership expenses	12,463	18,736
Office expenses and insurance	19,024	21,063
Professional fees	13,200	32,819
Website	4,117	16,784
Workshop costs	74,473	-
<b>Total operating expenses</b>	<b>786,248</b>	<b>642,414</b>
<b>Operating surplus of revenue over expenses</b>	<b>121,019</b>	<b>10,771</b>
<b>Canadian Malnutrition Task Force</b>		
Surplus CMTF revenue over expenses (Schedule page 11)	32,397	18,274
	<b>153,416</b>	<b>29,045</b>
<b>Other income and expense</b>		
Unrealized fair market value increase in marketable securities	4,240	-
Loss due to cancellation of annual conference (Note 7)	(5,690)	-
	<b>(1,450)</b>	<b>-</b>
<b>Surplus of revenues over expenses</b>	<b>\$ 151,966</b>	<b>\$ 29,045</b>

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

# Canadian Nutrition Society

## Statement of Cash Flows

December 31, 2019

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Surplus of revenue over expenditures	\$ 151,966	\$ 29,045
Amortization	2,457	679
Increase in fair market value of marketable securities	(4,240)	-
Decrease (increase) in receivables	(35,559)	133,230
Decrease in prepaid expenses	17,994	11,954
Receipt of promissory note receivable	-	4,000
Increase (decrease) in trade payable and accrued expenses	31,785	(5,814)
Increase (decrease) in GST/HST and government remittances payable	8,365	(16,803)
Decrease in deferred revenue and awards	(40,220)	(157,176)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>132,548</b>	<b>(885)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Maturing (purchase) of short term deposits and accrued interest	(253,754)	149,681
Purchase of marketable securities	(43,792)	-
Purchase of office equipment and computer	(5,097)	(1,336)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(302,643)</b>	<b>148,345</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(170,095)</b>	<b>147,460</b>
Cash and cash equivalents, beginning of year	837,641	690,181
<b>Cash and cash equivalents, end of year</b>	<b>\$ 667,546</b>	<b>\$ 837,641</b>
Cash and cash equivalents consist of the following:		
Cash and bank	\$ 497,686	\$ 705,079
Restricted cash CMTF	169,860	132,562
	<b>\$ 667,546</b>	<b>\$ 837,641</b>

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



# Canadian Nutrition Society

## Notes to the Financial Statements

December 31, 2019

### 1. Significant Accounting Policies

#### a. Nature of organization and basis of presentation

Canadian Nutrition Society (the society) was incorporated as the Canadian Society for Clinical Nutrition under Letters Patent of the Canada Corporations Act on November 14, 2000 as a corporation without share capital. The society now operates as the Canadian Nutrition Society as per its name change filed by Supplementary Letters Patent under the Act on July 16, 2009.

The objective of the society is to promote the advancement of excellence in nutritional science as well as prevention and treatment of disease.

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### b. Cash and short term deposits

Cash includes funds on deposit with no maturity.

Short term deposits include cashable interest bearing term deposits and are recorded at cost plus accrued interest.

#### c. Marketable securities

Equity securities that are quoted in an active market are recorded at their fair value. Changes in fair value are recorded in the statement of operations. Equity securities that are not quoted in an active market and debt securities are recorded at cost less impairment. The society tests the impairment of its marketable securities that are recorded at cost when an event or circumstance occurs that indicates that there may be a significant adverse change in the expected timing or amount of future cash flows. The amount of the impairment recorded is recorded as the higher of present value of the expected cash flows from holding the asset or the amount that could be realized by selling the asset.

#### d. Office equipment and computer

Office equipment and computer is carried at cost less amortization calculated using the declining balance method at the rate of 30% per annum.

#### e. Revenue recognition

The society follows the deferral method of accounting for contributions. Restricted contributions related to expenditures of the current period are recognized as revenue in the current period. Restricted contributions related to expenses of a future period are deferred and recognized as revenue in the same period that the related expenses are reported.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# Canadian Nutrition Society

## Notes to the Financial Statements

December 31, 2019

### 1. Significant Accounting Policies

#### e. Revenue recognition

Fees received in advance are recorded in deferred revenue until the period to which they relate.

The work of the society is dependent on the contributed services of many members and because of the difficulty of determining the fair value of the contributed services, they are not recognized in the financial statements.

#### f. Financial instruments

The society has determined that the estimated fair value of the financial assets and liabilities approximate their carrying values.

#### g. Use of estimates

The preparation of financial statements in accordance with Canadian 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 period. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates and would impact future results of operations and cash flows. Areas requiring the use of estimates include allowances for collectibility of accounts receivable, amortization rates of office equipment and computer and accrued liabilities.

### 2. Restricted cash and short term deposit

#### a. Restricted cash CMTF

The Canadian Malnutrition Task Force (CMTF) operates within the Canadian Nutrition Society. The CMTF maintains a separate bank account apart from the society's general account in order to manage the net funds generated by the CMTF. The restricted cash is the accumulation of excess revenue over expenditures from CMTF activities and is designated to funding of CMTF expenditures.

#### b. Restricted short term deposit

The society held a restricted short term deposit as a compensating balance to society's credit card account with a \$20,000 limit.

### 3. Promissory note receivable

The society had made advances to the Canadian Nutrition Society Food for Health Foundation secured under a non-interest bearing promissory note receivable. The final payments required were received in 2018.

# Canadian Nutrition Society

## Notes to the Financial Statements

December 31, 2019

### 4. Office equipment and computer

	2019	2018
Computer equipment	\$ 8,323	\$ 3,226
Total accumulated amortization	(4,100)	(1,643)
<b>Total</b>	<b>\$ 4,223</b>	<b>\$ 1,583</b>

### 5. Deferred revenue and awards

	2019	2018
Thematic conference	\$ 62,719	\$ 55,229
Fellowship grant	60,000	97,500
Annual conference registration and sponsors	25,000	29,458
Membership fees	17,165	30,417
Awards	11,532	4,032
<b>Total</b>	<b>\$ 176,416</b>	<b>\$ 216,636</b>

### 6. Contingency reserve and operating fund

Included in the net assets surplus is a contingency reserve which was created by management to provide for any significant unanticipated expenditures and is internally restricted for this purpose. The balance of the funds in the net assets are available for on-going operations:

	2019	2018
Contingency reserve, beginning of the year	\$ 140,000	\$ 120,000
Transfer from operating surplus to reserve during the year	40,000	20,000
<b>Contingency reserve, end of year</b>	<b>\$ 180,000</b>	<b>\$ 140,000</b>

# Canadian Nutrition Society

## Notes to the Financial Statements

December 31, 2019

### 7. Subsequent events

Subsequent to year end, the society announced that due to the COVID-19 virus, it has cancelled the 2020 annual conference that was to be held in May of 2020. There will be financial loss incurred as a result of this cancellation, although the amount at this time is not quantifiable. The society does not rely on the conference to fund operations and there is a contingency fund that is expected to cover the loss. Also the society is endeavouring to defer deposits paid working with sponsors to mitigate the amount of the loss.

### 8. Financial instruments and risk

The society's financial instruments consist of cash, short term deposits, accounts receivable and accounts payable. It is management's opinion that the society is not exposed to significant risk arising from these financial instruments.

#### *Carrying value*

The carrying values of the society's monetary assets and liabilities approximate their fair market value due to their short term and fixed nature.

#### *Credit risk*

The society is exposed to credit risk. In order to reduce its risk, the society defers expenditure commitments until collection of revenues is reasonably certain.

#### *Currency risk*

The society is not exposed to foreign currency exchange risk as the society does not in material way engage in foreign currency denominated transactions in the regular course of operations.

#### *Interest rate risk*

The society is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities and the society's capitalization and working capital do not rely on financing.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the society maintains an adequate working capital and monitors its budgets and forecasts.

# Canadian Nutrition Society

For the Year Ended December 31, 2019

## Schedule of Operations of CMTF Adult and Paediatric

	2019	2018
<b>Revenue</b>		
Sponsorships	\$ 205,000	\$ 165,000
Sales and sundry	-	265
<b>Total CMTF revenue</b>	<b>\$ 205,000</b>	<b>\$ 165,265</b>
<b>Expenses</b>		
Canadian Malnutrition Week	\$ 7,087	\$ 22,292
CNS Overhead	62,700	24,750
Contract personnel	3,540	-
Director	-	32,343
Health Standard Organization	25,210	-
Legal fees	2,440	-
More2Eat Initiative	10,000	30,941
Office and general	1,564	314
Teleconferences and webinars	1,100	1,830
Toolkit development, research and publications	1,000	5,850
Travel for Director and Co-chairs	2,052	5,038
TVN	-	18,950
Website	5,259	4,683
Working groups	50,651	-
<b>Total CMTF expenses</b>	<b>\$ 172,603</b>	<b>\$ 146,991</b>
<b>Surplus CMTF revenue over expenses</b>	<b>\$ 32,397</b>	<b>\$ 18,274</b>

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