

**MAZON CANADA**  
**Financial Statements**  
**Year Ended December 31, 2023**

**MAZON CANADA**  
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**Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Mazon Canada

### *Qualified Opinion*

We have audited the financial statements of Mazon Canada (the "Organization"), which comprise the balance sheet as at December 31, 2023, and the statements of changes in net assets, revenues and expenditures and 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 possible effects of the matters 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 the Organization as at December 31, 2023, 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*

#### Completeness of revenue

In common with many charitable organizations, the Organization derives revenue from the general public in the form of donations and other items promoting the Organization's charitable activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

#### Revenue recognition - contributions

As disclosed in Note 2, the Organization recognized all contributions received from donations and fundraising during the year as revenue. This is not in accordance with Canadian accounting standards for not-for-profit organizations which requires that when the deferral method of accounting for contributions is followed, restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Also, restricted and unrestricted net assets should be separately disclosed in the financial statements. Management considers these requirements impractical and not cost effective to implement. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

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 audit 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
July 16, 2024

**MAZON CANADA**  
**Balance Sheet**  
**As at December 31, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 470,233	\$ 2,453,256
Marketable securities	2,106,286	635,915
Sales tax recoverable	20,018	4,956
Prepaid expenses	25,135	2,206
	<b>\$ 2,621,672</b>	<b>\$ 3,096,333</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 3)</i>	\$ 90,371	\$ 48,021
<b>NET ASSETS</b>	<b>2,531,301</b>	<b>3,048,312</b>
	<b>\$ 2,621,672</b>	<b>\$ 3,096,333</b>

**LEASE COMMITMENT** *(Note 4)*

**MAZON CANADA**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 3,048,312</b>	<b>\$ 1,024,497</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(517,011)</b>	<b>2,023,815</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,531,301</b>	<b>\$ 3,048,312</b>

The accompanying notes form an integral part of these financial statements

**MAZON CANADA**  
**Statement of Revenues and Expenditures**  
**For the Year Ended December 31, 2023**

	2023	2022
<b>REVENUES</b>		
Donations and fundraising <i>(Note 5)</i>	\$ 995,468	\$ 3,385,300
Federal grant	9,389	8,914
	<b>1,004,857</b>	<b>3,394,214</b>
<b>EXPENDITURES</b>		
Salaries	271,297	171,843
Office and general	40,370	16,552
Rent	39,898	6,600
Software and gift processing fees	37,229	25,675
Employee benefits	28,700	23,097
Advertising and promotion	24,803	26,925
Professional fees	19,202	19,380
Investment brokerage fees	14,857	-
Consulting fees	11,400	-
Outreach materials	10,616	14,006
Printing and stationery	7,577	5,987
Grant making software fees	5,762	-
Commercial insurance	2,206	3,645
	<b>513,917</b>	<b>313,710</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>490,940</b>	<b>3,080,504</b>
<b>OTHER INCOME</b>		
Unrealized gain on marketable securities	50,965	8,147
Dividend income	19,350	2,334
Gain on sale of marketable securities	16,549	1,230
Prior years expenses recovery	11,510	-
Interest income	-	5,004
	<b>98,374</b>	<b>16,715</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE ALLOCATIONS</b>	<b>589,314</b>	<b>3,097,219</b>
<b>ALLOCATIONS</b>		
Disbursements to registered charities	1,042,545	1,048,769
Disbursements to non-qualified donees	63,780	22,050
Ancillary allocation expenses	-	2,585
	<b>1,106,325</b>	<b>1,073,404</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (517,011)</b>	<b>\$ 2,023,815</b>

The accompanying notes form an integral part of these financial statements

**MAZON CANADA**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (517,011)	\$ 2,023,815
Items not affecting cash:		
Gain on disposal of investments	(16,549)	(1,230)
Fair value adjustment	(50,965)	(8,147)
	(584,525)	2,014,438
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	42,350	(2,965)
Prepaid expenses	(22,929)	(2,206)
Sales tax recoverable	(15,062)	12,017
	4,359	6,846
Cash flow from (used by) operating activities	(580,166)	2,021,284
<b>INVESTING ACTIVITY</b>		
Decrease (increase) in marketable securities	(1,402,857)	85,060
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(1,983,023)</b>	<b>2,106,344</b>
Cash - beginning of year	2,453,256	351,912
<b>CASH - END OF YEAR</b>	<b>\$ 470,233</b>	<b>\$ 2,458,256</b>

The accompanying notes form an integral part of these financial statements



**MAZON CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**1. DESCRIPTION AND PURPOSE OF THE ORGANIZATION**

Mazon Canada (the “Organization” or “Charity”) is a charitable organization that raises funds and distributes them to organizations that feed the hungry. The Charity is incorporated under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act.

The Charity is classified as a public foundation under Section 149.1 of the Income Tax Act (Canada). Since the Charity complies with the requirements specified by that Act, it is exempt from taxation and will continue to be exempt as long as it continues to comply.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by The Chartered Professional Accountants of Ontario (“CPAC”), except for revenue recognition of restricted contributions received from donations and fundraising and the requirement to separately disclose restricted and unrestricted assets, as management considered these requirements impracticable and not cost effective. To the extent Part III of the CPAC Handbook does not address certain matters applicable to the Organization, it will use accounting standards for private enterprises contained in Part II of the CPAC Handbook.

Revenue recognition

Revenue from donations and fundraising are recognized when the amounts to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned on an accrual basis.

The Charity follows the deferral method of accounting for government grants. Unrestricted grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted grants are recognized as revenue in the period in which the related expenses are incurred.

Government grants and assistance

Government grants and assistance are recorded as revenue once the criteria for entitlement have been met.

Contributed services and materials

The operations of the Charity depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements. Contributed material and investments whose fair market value is determinable are recorded in the financial statements at these values.

Financial instruments

The Charity initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Charity subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of revenue and expenditures.

Financial assets measured at cost or amortized cost include cash and sales tax recoverable.

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities.

*(continues)*

**MAZON CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates, which include accruals, are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are government remittances of \$7,819 (2022 - \$4,333).

**4. LEASE COMMITMENT**

The Charity has entered into a lease agreement for its premises expiring October 31, 2024. Future minimum lease payments (including additional rent of property taxes, maintenance and insurance of approximately \$1,536 per month) total \$30,360.

**5. RELATED PARTY TRANSACTIONS**

Members of the board and management who are related parties to the Organization made donations of \$9,721 (2022 - \$31,104). These transactions were carried out in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**6. FINANCIAL RISKS**

The significant financial risks to which the Charity is exposed are credit risk, liquidity risk and interest rate risk.

**(a) Credit risk**

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization is exposed to credit risk from its cash and investment balances. Considering the creditworthiness of the financial institutions with which balances are held, the risk is considered minimal.

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly from its accounts payable and accrued liabilities. The organization's ability to meet its obligations depends on its available cash, as well as its receipt of funds in the form of donations or advances.

**(c) Interest rate risk**

The Charity earns interest on interest bearing assets and pays interest on interest bearing liabilities. Interest rate risk arises due to the exposure to the effect of future changes in interest rates. The Charity is exposed to interest rate risk arising from fluctuations in interest rates on its short term investments as these investments are based on floating interest rates. The resulting income earned on these investments will fluctuate as a result of changes in market rates. In seeking to minimize the risks from interest rate fluctuations, the Charity manages exposure through its normal operating and financing activities.

**MAZON CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**7. ALLOCATION OF EXPENDITURES**

The following summarizes the allocation of Mazon Canada's expenditures as reported in the T3010 registered charity information return for the year ended December 31, 2023:

	2023	2022
<b><u>Grants</u></b>		
Allocations (qualified donees)	\$ 1,042,545	\$ 1,048,769
Allocations (non-qualified donees)	63,780	22,050
	<b>1,106,325</b>	<b>1,070,819</b>
<b><u>Charitable activities</u></b>		
Salaries	91,629	55,120
Outreach materials - education	10,616	14,006
Grant making software fees	5,762	-
Ancillary allocation expenses	-	2,585
	<b>108,007</b>	<b>71,711</b>
<b><u>Management and administration</u></b>		
Salaries and benefits	86,514	49,238
Office and general	40,370	16,552
Rent	39,898	6,600
Software and gift processing fees	37,229	25,675
Professional fees	30,602	19,380
Investment brokerage fees	14,857	-
Printing and stationery	7,577	5,987
Commercial insurance	2,206	3,645
	<b>259,253</b>	<b>127,077</b>
<b><u>Fundraising</u></b>		
Salaries	121,854	90,582
Advertising and promotion	24,803	26,925
	<b>146,657</b>	<b>117,507</b>
	<b>\$ 1,620,242</b>	<b>\$ 1,387,114</b>