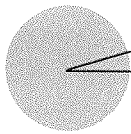


MANITOBA FOOD CHARTER INC.

Financial Statements

March 31, 2012



August 3, 2012

INDEPENDENT AUDITORS' REPORT

**To the Members of
Manitoba Food Charter Inc.**

We have audited the accompanying financial statements of Manitoba Food Charter Inc., which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, this Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and therefore we were not able to determine whether any adjustments might be necessary to other revenues, excess of revenues over expenses, assets and net assets.

(continues)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects of the financial position of the Manitoba Food Charter Inc. as at March 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Comparative figures were audited by another public accounting firm.

Craig & Ross

Chartered Accountants


MANITOBA FOOD CHARTER INC.

Statement of Financial Position

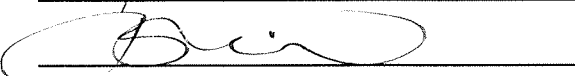
March 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 201,476	\$ 317,217
Accounts receivable	133,204	62,405
Goods and services tax recoverable	4,930	3,811
Prepaid expenses	2,352	1,083
	<u>\$ 341,962</u>	<u>\$ 384,516</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	33,377	48,762
Employee deductions payable	-	5,336
Deferred income (Note 2)	293,346	320,359
	<u>326,723</u>	<u>374,457</u>
NET ASSETS	<u>15,239</u>	<u>10,059</u>
	<u>\$ 341,962</u>	<u>\$ 384,516</u>

APPROVED BY THE BOARD:



Director



Director

MANITOBA FOOD CHARTER INC.

Statement of Operations

Year Ended March 31, 2012

	2012	2011
REVENUES		
Grants	\$ 590,706	\$ 559,025
Event income	78,552	67,075
Other income	63,147	79,637
Donations	10,709	4,317
	<hr/> 743,114	<hr/> 710,054
EXPENSES		
Personnel and contracts	330,205	234,223
Materials & supplies	97,427	79,923
Meetings & workshops	42,798	181,035
Office expenses	46,257	20,275
Other program expenses	122,855	114,229
Training	14,573	31,478
Travel, meals, accommodation	83,819	48,662
	<hr/> 737,934	<hr/> 709,825
EXCESS OF REVENUES OVER EXPENSES	<hr/> \$ 5,180	<hr/> \$ 229

MANITOBA FOOD CHARTER INC.

Statement of Changes in Net Assets

Year Ended March 31, 2012

	2012	2011
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 10,059	\$ 9,830
EXCESS OF REVENUES OVER EXPENSES	<u>5,180</u>	<u>229</u>
NET ASSETS - END OF YEAR	<u>\$ 15,239</u>	<u>\$ 10,059</u>

MANITOBA FOOD CHARTER INC.

Statement of Cash Flows

Year Ended March 31, 2012

	2012	2011
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 5,180	\$ 229
Changes in working capital accounts		
Accounts receivable	(70,800)	214,874
Goods and services tax recoverable	(1,119)	(1,748)
Prepaid expenses	(1,269)	(1,083)
Accounts payable and accrued liabilities	(20,722)	2,406
Deferred contributions	(27,011)	(140,934)
	(120,921)	73,515
INCREASE (DECREASE) IN CASH RESOURCES	(115,741)	73,744
CASH RESOURCES - BEGINNING OF YEAR	317,217	243,473
CASH RESOURCES - END OF YEAR	201,476	317,217

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Organization's Purpose and Status

The purpose of the organization is to educate Manitobans about food security and sustainability of the food systems in Manitoba.

Contributed Services

Manitoba Food Charter Inc. acknowledges the substantial services provided by volunteers in assisting the organization in carrying out its activities. Due to the difficulty in determining their value, these services are not reported in the financial statements.

Revenue Recognition

Manitoba Food Charter Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received if the amount to be received can be reasonably estimated and collection can be reasonably assured.

Capital Assets

Manitoba Food Charter Inc., in common with accounting practices of other non-profit organizations, expenses the cost of capital asset additions and replacements in the year incurred. This is done when capital assets are purchased with restricted funds of a short-term program. The capital assets are accounted for on the balance sheet with an offsetting entry to invest in capital assets.

Recent accounting pronouncements

Accounting standards for not-for-profit organizations

The new accounting standards for Not-For-Profit organizations (NFPOs) in the private sector will look quite familiar to stakeholders. The Accounting Standards Board (AcSB) has approved a new framework that is based on existing Canadian GAAP and incorporates the 4400 series of standards which relate to situations unique to the Non-For-Profit world.

The new standards were available as of December 1, 2010 as Part III of the CICA Handbook – Accounting and are effective January 1, 2012. Also, these organizations have the option of adopting International Financial Reporting Standards – an alternative that may be attractive to some organizations depending on their individual circumstances. Although early adoption is permitted, the Organization has not yet adopted the new standards. The adoption of the new standards is not expected to have a significant impact on the financial statements of the Organization.

MANITOBA FOOD CHARTER INC

Notes to Financial Statements

As at March 31, 2012

2. DEFERRED CONTRIBUTIONS

	<u>2012</u>	<u>2011</u>
Aboriginal and Northern Affairs - Shamattawa	\$ 13,810	\$ 13,314
Aboriginal and Northern Affairs - NHFI Harvest Forum	-	4,814
Aboriginal and Northern Affairs - NHFI	6,000	-
Aboriginal and Northern Affairs - Grow North	25,000	27,310
Aboriginal and Northern Affairs - Winter Road Project	-	5,369
Assiniboine Credit Union - Social Marketing	4,000	-
Comic Contest	812	3,135
Core/General Fund	160,000	125,000
Farmers Feast	5,957	4,050
Farm to Cafeteria - Rural Secretariat	-	19,437
Good Food Box	1,468	1,580
Growing Local Conference	9,441	8,327
Heifer Project	9,467	83,349
Manitoba Community Services Council - Social Marketing	6,000	-
McConnel Grant - Regional Food Assessment	15,000	-
North End Revitalization	-	1,846
Other Income - Food Share	2,095	-
Province of Manitoba - Sustainable Development Innovation Fund	6,121	6,936
Province of Manitoba - Workplace in Motion	1,510	-
Public Health Agency	-	15,892
Winnipeg Foundation - Food Share	14,892	-
Winnipeg Foundation - Social Marketing	6,431	-
Winnipeg Foundation - Community Food Assessment	5,342	-
	<u>\$ 293,346</u>	<u>\$ 320,359</u>

3. PUBLIC SECTOR COMPENSATION DISCLOSURE

Based on our audit, one employee, officer or board member received aggregate compensation in excess of \$50,000.

4. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

MANITOBA FOOD CHARTER INC.

Schedule 1

Schedule of Administration Revenues and Expenses

Year Ended March 31, 2012

	2012
	<i>(Unaudited)</i>
REVENUES	
Grants	\$ 33,527
Event income	4,401
Other income	56,034
Donations	9,536
	<hr/>
	103,498
	<hr/>
EXPENSES	
Personnel and contracts	34,401
Materials & supplies	17,554
Meetings & workshops	10,762
Office expenses	30,879
Other program expenses	1,289
Training	2,097
Travel, meals, accommodation	1,336
	<hr/>
	98,318
	<hr/>
EXCESS OF REVENUES OVER EXPENSES	\$ 5,180

MANITOBA FOOD CHARTER INC.

Schedule 3

Funding Sources

Year Ended March 31, 2012

	2012
	<i>(Unaudited)</i>
GRANTS	
Province of Manitoba	
Aboriginal & Northern Affairs	\$ 168,621
Housing and Community Development	1,389
Healthy Living, Youth and Seniors	36,681
Sustainable Development Innovations Fund	815
Government of Canada	
Human Resources Development Canada	40,171
Health Canada	35,000
Public Health Agency of Canada	162,391
Rural Secretariat	19,437
Other	
Heifer International	71,682
Manitoba Community Services Council	2,000
TD Friends of the Environment	2,000
North End Revitalization Inc.	1,846
Winnipeg Foundation	48,673
OTHER INCOME	
Event and Sponsorship Revenue	78,552
Recovery of Overhead Costs	56,638
Donations	10,709
Interest	2,356
Sales/Fees for Services	4,152
	<hr/>
	\$ 743,113

March 31, 2012

**MANITOBA FOOD CHARTER INC.
Auditor's Supplementary Report
For the Year Ended March 31, 2012**

Further to our audit examination and in accordance with the Public Sector Compensation Disclosure Act (PSCD Act), we wish to report that the following individual has received compensation greater than \$50,000.

Kreesta Doucette	Executive Director	\$56,170
------------------	--------------------	----------

Craig & Ross

Chartered Accountants