

**EDEN COMMUNITY FOOD BANK**

**FINANCIAL STATEMENTS**

DECEMBER 31, 2013

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McCLURKIN AHIER  
& COMPANY LLP

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDEN COMMUNITY FOOD BANK

### **Report on the Financial Statements**

We have audited the financial statements of the Eden Community Food Bank which comprise the statement of financial position as at December 31, 2013 and the statements of members' equity, operations 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 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.

### **Auditor's 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 involves 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 statements.

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

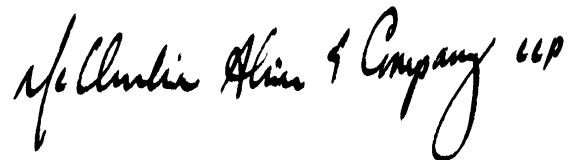
**INDEPENDENT AUDITOR'S REPORT** *(continued)*

**Basis for Qualified Audit Opinion**

In common with similar organizations, the Organization derives revenue from donations and fund raising events; 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 these revenues, excess of revenue over expenditures, assets, deferred revenue and members' equity.

**Qualified Audit Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not - for - profit organizations.



Mississauga, Ontario  
May 13, 2014

**CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

**EDEN COMMUNITY FOOD BANK**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31	2013			2012
	General	Capital	Total	Total
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 103,058	\$ -	\$ 103,058	\$ 169,116
Accounts receivable	2,020	-	2,020	-
Sales taxes receivable	27,335	-	27,335	19,689
Prepaid expenses	11,570	-	11,570	11,334
	<u>143,983</u>	-	<u>143,983</u>	<u>200,139</u>
<b>Capital, note 4</b>	-	192,149	192,149	95,319
	<u>\$ 143,983</u>	<u>\$ 192,149</u>	<u>\$ 336,132</u>	<u>\$ 295,458</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable, note 5	\$ 19,275	\$ -	\$ 19,275	\$ 31,854
Deferred revenue, note 6	75,843	-	75,843	109,325
	<u>95,118</u>	-	<u>95,118</u>	<u>141,179</u>
<b>Long Term</b>				
Asset retirement obligation, note 7	-	4,410	4,410	4,200
	<u>95,118</u>	<u>4,410</u>	<u>99,528</u>	<u>145,379</u>
<b>MEMBERS' EQUITY</b>				
Members' equity balances, page 5	48,865	187,739	236,604	150,079
	<u>\$ 143,983</u>	<u>\$ 192,149</u>	<u>\$ 336,132</u>	<u>\$ 295,458</u>

Food donations, note 8  
 Commitments, note 9

*Approved on behalf of the Board:*

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

**EDEN COMMUNITY FOOD BANK**  
**STATEMENT OF MEMBERS' EQUITY**

<b>For the year ended December 31, 2013</b>	<b>General</b>	<b>Capital</b>	<b>Total</b>
Balance, beginning of year	\$ 58,960	\$ 91,119	\$ 150,079
Excess of revenue over expenditure for the year <i>(page 6)</i>	68,464	18,061	86,525
Capital asset additions	167,335	(167,335)	-
Fund transfers	(245,894)	245,894	-
<b>Balance, end of year</b>	<b>\$ 48,865</b>	<b>\$ 187,739</b>	<b>\$ 236,604</b>

<b>For the year ended December 31, 2012</b>	<b>General</b>	<b>Capital</b>	<b>Total</b>
Balance, beginning of year	\$ 42,643	\$ 31,040	\$ 73,683
Excess of revenue over expenditure for the year <i>(page 6)</i>	16,689	59,707	76,396
Capital asset additions	88,553	(88,553)	-
Fund transfers	(88,925)	88,925	-
<b>Balance, end of year</b>	<b>\$ 58,960</b>	<b>\$ 91,119</b>	<b>\$ 150,079</b>

## EDEN COMMUNITY FOOD BANK

### STATEMENT OF OPERATIONS

For the year ended December 31	2013			2012
	General	Capital	Total	Total
<b>Revenue</b>				
Donations	\$ 177,747	\$ 74,414	\$ 252,161	\$ 133,108
Donations in kind	1,320	-	1,320	1,580
Fund raising events	132,140	-	132,140	130,761
Federal grant	5,490	-	5,490	-
Interest	8	-	8	780
Miscellaneous Income	3,346	-	3,346	147
Region of Peel	5,138	-	5,138	9,113
Region of Peel HPS	116,619	14,362	130,981	120,983
Social Enterprise Program	12,948	-	12,948	-
The Ontario Trillium Foundation grant	35,725	-	35,725	50,025
United Way of Peel Region	45,000	-	45,000	40,867
<b>Total revenues</b>	<b>535,481</b>	<b>88,776</b>	<b>624,257</b>	<b>487,364</b>
<b>Expenditure</b>				
Accretion of asset retirement obligation	-	210	210	-
Advertising and promotion	4,387	-	4,387	2,459
Amortization	-	70,505	70,505	28,474
Audit and legal	5,406	-	5,406	3,885
Bank charges	1,747	-	1,747	1,420
Christmas baskets	15,460	-	15,460	14,415
Consulting and training	831	-	831	598
Courses, fees and dues	2,605	-	2,605	2,650
Food purchases and food delivery costs	18,018	-	18,018	14,327
Fund raising events	25,825	-	25,825	15,637
Groceries	9,182	-	9,182	2,488
Insurance	2,483	-	2,483	2,937
Kitchen program	3,665	-	3,665	-
Meadowvale neighbour's café	10,446	-	10,446	7,394
Office	7,381	-	7,381	14,045
Rent, <i>note 10</i>	68,768	-	68,768	64,992
Repairs and maintenance	1,885	-	1,885	6,412
Salaries and benefits	245,565	-	245,565	201,212
Supplies	1,855	-	1,855	1,979
Telephone	3,934	-	3,934	4,762
Transportation costs	17,826	-	17,826	7,255
Truck rental	-	-	-	378
Utilities	12,515	-	12,515	8,886
Volunteer appreciation	5,796	-	5,796	3,093
Waste removal	1,437	-	1,437	1,270
	<b>467,017</b>	<b>70,715</b>	<b>537,732</b>	<b>410,968</b>
<b>Excess of revenue over expenditure for the year</b>	<b>\$ 68,464</b>	<b>\$ 18,061</b>	<b>\$ 86,525</b>	<b>\$ 76,396</b>

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

**EDEN COMMUNITY FOOD BANK**  
**STATEMENT OF CASH FLOWS**

<b>For the year ended December 31</b>	<b>2013</b>	<b>2012</b>
<b>Cash provided (used) by</b>		
<b>Operating activities</b>		
Excess of revenue over expenditure for the year		
General	\$ 68,464	\$ 16,689
Capital	18,061	59,707
	<u>86,525</u>	<u>76,396</u>
Items not involving cash -		
Accretion of asset retirement obligation	210	-
Amortization	70,505	28,474
	<u>157,240</u>	<u>104,870</u>
Changes in non-cash working capital balances		
Sales taxes receivable	(7,646)	(9,238)
Prepaid expenses	(236)	(1,908)
Accounts receivable	(2,020)	-
Accounts payable	(12,579)	7,648
Deferred revenue	(33,482)	(557)
Asset retirement obligation	-	4,200
<b>Increase in cash for the year</b>	<u>101,277</u>	<u>105,015</u>
<b>Investing activities</b>		
Kitchen equipment and development costs	(167,335)	(67,753)
Purchase of capital assets	-	(25,000)
	<u>(167,335)</u>	<u>(92,753)</u>
<b>Increase (decrease) in cash</b>	<b>(66,058)</b>	<b>12,262</b>
Cash, beginning of year	169,116	156,854
<b>Cash, end of year</b>	<u>\$ 103,058</u>	<u>\$ 169,116</u>
<b>Supplemental information</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

# EDEN COMMUNITY FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

### 1. Nature of Organization

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Eden Community Food Bank is a non-denominational, charitable organization, working to eliminate hunger through food distribution to qualified individuals and families living in selected areas of Mississauga, as well as providing education and advocacy services to their clients and the general public.

The Organization was incorporated as a non-profit organization without share capital on January 11, 2002 under the laws of the Province of Ontario.

The Organization is exempt from income taxes as a registered charity under the Income Tax Act. Accordingly no taxes are provided for in these financial statements.

### 2. Significant accounting policies

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#### Basis of Accounting

The financial statements of the Organization have been prepared for the Members in accordance with Canadian accounting standards for not-for-profit organizations.

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

#### General Operating

This fund includes the day-to-day operating activities of the Organization.

#### Capital

Capital assets are recorded at cost and are amortized over their useful lives as follows -

Computer	-	3 years straight line method
Office and equipment	-	5 years straight line method
Leasehold improvements	-	5 years straight line method
Truck	-	30 % reducing balance method
Kitchen equipment	-	5 years straight line method
Kitchen program development costs	-	3 years straight line method

Capital assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. The impairment test consists of a comparison of the fair value of the unamortized assets with their carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

#### Disclosure and 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 amount 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. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.



# EDEN COMMUNITY FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

### **2. Significant accounting policies** *(continued)*

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#### **Cash and cash equivalents**

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term of less than 90 days.

#### **Inventory**

Donated food inventory on hand at the end of the year is not recorded.

#### **Revenue recognition**

Grants are recorded as revenue when earned under the terms of the grant.

Donations, donations in kind and fund raising revenues are recorded when received.

#### **Donations in Kind**

Volunteers contribute their time to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Organization receives contributed materials, the fair value of which may or may not be reasonably determinable. Contributed materials (except for donated food) are recognized as donations when fair value can be determined.

#### **Financial instruments - recognition and measurement**

The Organization records fixed income investments at fair value with changes in fair value recognized in the statement of operations or in the externally restricted funds. Accounts receivable and other financial liabilities are initially recognized at fair value and subsequently at amortized cost. Financial assets are tested for impairment when change in circumstances indicate that the asset could be impaired. Transaction costs are expensed for items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

#### **Capital disclosure**

The Organization is dependent on grants, donations and investment returns to fund its charitable activities and the Board manages these activities and makes adjustments to them based on the funds available.

There were no changes in the Organization's approach to capital management during the current year.

The Organization has no externally imposed restrictions on its activities.

# EDEN COMMUNITY FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

### 3. Financial instruments

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Classification and measurement	Classification	2013	2012
Cash and cash equivalents	amortized cost	\$ 103,058	\$ 169,116
Accounts receivable	amortized cost	2,020	-
Sales taxes receivable	amortized cost	27,335	19,689
Accounts payable	amortized cost	19,275	31,854

All of the Organization's financial instruments are included in Level 1 hierarchy whereby fair value is determined by reference to quoted prices in active markets for identical assets and liabilities.

#### Risk disclosures

The main risks to which the Organization's financial instruments are exposed are as follows -

##### Credit risk

The Organization is exposed to credit risk. The Organization's receivables are mainly accounts receivable and sales taxes receivable which are from the Government of Canada; accordingly, the risk of non-collectability is low.

##### Liquidity risk

The Organization is exposed to liquidity risk. Liquidity risk is the risk that the Organization is not able to meet its financial obligations as they fall due. Management has assessed liquidity risk as low given the makeup of its accounts payable and has provided sufficient funding to fulfill its obligations.

##### Market risk

The Organization is exposed to market risk. Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Organization. The Organization's short term investments are subject to market risk; accordingly, market risk is considered low.

##### Interest rate risk

The Organization is not exposed to interest rate risk. The Organization has minor cash balances and no interest bearing debt. The Organization's current policy is to invest excess cash in a money market fund issued by its banking institutions; accordingly, there is some exposure to interest rate fluctuations.

**EDEN COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2013

**3. Financial instruments** *(continued)*

**Sensitivity analysis**

As at December 31	2013		2012	
	<u>Carrying amount</u>	<u>%</u>	<u>Carrying amount</u>	<u>%</u>
Cash and cash equivalents	\$ 103,058	31%	\$ 169,116	57%
Accounts receivable	2,020	1%	-	0%
Sales taxes receivable	27,335	8%	19,689	7%
Prepaid expenses	11,570	3%	11,334	4%
Capital	192,149	57%	95,319	32%
<b>Total assets</b>	<b>\$ 336,132</b>	<b>100%</b>	<b>\$ 295,458</b>	<b>100%</b>
Accounts payable	\$ 19,275	6%	\$ 31,854	11%
Deferred revenue	75,843	23%	109,325	37%
Asset retirement obligation	4,410	1%	4,200	1%
Members' equity	236,604	70%	150,079	51%
<b>Total liabilities and equity</b>	<b>\$ 336,132</b>	<b>100%</b>	<b>\$ 295,458</b>	<b>100%</b>

The Organization manages its risk through the overseeing of these investments by both the board and its' external advisors. Changes are made to the investments as required.

**4. Capital assets**

As at December 31	2013		2012	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer	\$ 3,619	\$ 3,599	\$ 3,619	\$ 3,590
Office and equipment	16,151	11,536	16,151	10,381
Leasehold improvements	42,807	36,144	42,807	27,583
Truck	25,000	10,125	25,000	3,750
Kitchen equipment	139,463	13,946	23,631	-
Kitchen program development costs	95,625	55,166	44,122	14,707
	<b>\$ 322,665</b>	<b>\$ 130,516</b>	<b>\$ 155,330</b>	<b>\$ 60,011</b>
<b>Cost less accumulated amortization</b>		<b>\$ 192,149</b>		<b>\$ 95,319</b>

**EDEN COMMUNITY FOOD BANK**

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2013

**5. Accounts payable**

As at December 31	2013	2012
Trade	\$ 17,171	\$ 26,164
Source deductions	2,104	5,690
	<b>\$ 19,275</b>	<b>\$ 31,854</b>

**6. Deferred revenue (recoverable)**

	Balance Beginning of year	Funds Received	Recognized as Revenue	Balance End of year
Region of Peel	\$ -	\$ 5,138	\$ 5,138	\$ -
Region of Peel HPS	(25,054)	141,138	130,981	(14,897)
The Ontario Trillium Foundation	10,725	37,500	35,725	12,500
United Way of Peel Region	-	45,000	45,000	-
Board designated funds				
Christmas basket	2,262	-	-	2,262
Kitchen	45,414	-	45,414	-
Board reserve	64,078	-	-	64,078
Operating reserve	11,900	-	-	11,900
	<b>\$ 109,325</b>	<b>\$ 228,776</b>	<b>\$ 262,258</b>	<b>\$ 75,843</b>

From time to time, the Organization receives funds into the general fund which are restricted for a specific use. Funds not spent at year end are classified as deferred revenue and brought into income during the year when the related expenditure is made.

As a result of the Organization entering into a lease, the board established a reserve fund to provide for any unexpected expenditures. Fund raising revenues are recorded to this fund.

**7. Asset retirement obligation**

	2013	2012
Balance at beginning of year	\$ 4,200	\$ -
Additions and change in estimate	-	4,200
Accretion expense	210	-
<b>Balance at end of year</b>	<b>\$ 4,410</b>	<b>\$ 4,200</b>

Under the terms of the lease, the Organization may have to dismantle certain improvements at the end of the lease. The Organization used a discount rate of 5% in the determination of this obligation.

**EDEN COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2013

**8. Food donations**

As at December 31	<b>2013</b>		<b>2012</b>	
	<i>(pounds)</i>	<i>(amount)</i>	<i>(pounds)</i>	<i>(amount)</i>
<b>Food donations during the year</b>				
Food donations received	455,632	<b>\$ 1,139,080</b>	423,706	<b>\$ 1,059,265</b>
Food donations given out	(441,119)	<b>\$(1,102,798)</b>	(418,614)	<b>\$(1,046,532)</b>
<b>Donated food inventory on hand at end of year</b>	86,901	<b>\$ 217,253</b>	72,388	<b>\$ 180,970</b>

The value of the donated food is based on the current replacement cost of \$2.50 per pound as prescribed by the Food Bank Canada and the Ontario Association of Food Banks.

**9. Commitments**

The Organization is provided facilities at the Eden United Church of Canada for \$5,000 per year.

The Organization is obligated under a premises lease expiring March 31, 2019 with an option to renew for a further five years. The base rent (excluding the option period) is as follows -

2014	-	\$ 76,117
2015	-	77,160
2016	-	79,256
2017	-	81,332
2018	-	81,332
2019	-	20,333