

EDEN COMMUNITY FOOD BANK

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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## 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, 2014 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**

The Organization derives revenue from donations, fundraising and the sale of fresh produce boxes; 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. Furthermore, we were unable to determine if fresh produce box expenditures were properly recorded. As a result, we were not able to determine whether any adjustments might be necessary to these revenues, expenditures, 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, 2014 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 26, 2015

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

EDEN COMMUNITY FOOD BANK  
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31	2014			2013
	General	Capital	Total	Total
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 197,976	\$ -	\$ 197,976	\$ 103,058
Accounts receivable	6,629	-	6,629	2,020
Sales taxes receivable	18,398	-	18,398	27,335
Prepaid expenses	12,690	-	12,690	11,570
	<u>235,693</u>	<u>-</u>	<u>235,693</u>	<u>143,983</u>
Capital, <i>note 4</i>	-	111,743	111,743	192,149
	<u>\$ 235,693</u>	<u>\$ 111,743</u>	<u>\$ 347,436</u>	<u>\$ 336,132</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable, <i>note 5</i>	\$ 16,420	\$ -	\$ 16,420	\$ 19,275
Deferred revenue, <i>note 6</i>	103,661	-	103,661	75,843
	<u>120,081</u>	<u>-</u>	<u>120,081</u>	<u>95,118</u>
<b>Long Term</b>				
Asset retirement obligation, <i>note 7</i>	-	4,631	4,631	4,410
	<u>120,081</u>	<u>4,631</u>	<u>124,712</u>	<u>99,528</u>
<b>MEMBERS' EQUITY</b>				
Members' equity balances, <i>page 5</i>	115,612	107,112	222,724	236,604
	<u>\$ 235,693</u>	<u>\$ 111,743</u>	<u>\$ 347,436</u>	<u>\$ 336,132</u>

Food donations, *note 8*  
Commitments, *note 9*

*Approved on behalf of the Board:*



Director



Director

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

EDEN COMMUNITY FOOD BANK  
STATEMENT OF MEMBERS' EQUITY

<u>FOR THE YEAR ENDED DECEMBER 31, 2014</u>	<u>General</u>	<u>Capital</u>	<u>Total</u>
Balance, beginning of year	\$ 48,865	\$ 187,739	\$ 236,604
Excess of revenue over expenditure for the year <i>(page 6)</i>	66,747	(80,627)	(13,880)
Balance, end of year	<u>\$ 115,612</u>	<u>\$ 107,112</u>	<u>\$ 222,724</u>

<u>FOR THE YEAR ENDED DECEMBER 31, 2013</u>	<u>General</u>	<u>Capital</u>	<u>Total</u>
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	-
Balance, end of year	<u>\$ 48,865</u>	<u>\$ 187,739</u>	<u>\$ 236,604</u>

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

# EDEN COMMUNITY FOOD BANK

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31

	2014			2013
	General	Capital	Total	Total
<b>Revenue</b>				
Donations	\$ 278,702	\$ -	\$ 278,702	\$ 252,161
Donations in kind	1,928	-	1,928	1,320
Fundraising	31,814	-	31,814	132,140
Federal grant/YMCA	9,198	-	9,198	5,490
Fresh produce boxes	136,482	-	136,482	-
Interest	2	-	2	8
Miscellaneous Income	4,245	-	4,245	3,346
Region of Peel	34,907	-	34,907	5,138
Region of Peel HPS	130,632	-	130,632	130,981
Social Enterprise Program	8,856	-	8,856	12,948
The Ontario Trillium Foundation grant	85,625	-	85,625	35,725
United Way of Peel Region	50,000	-	50,000	45,000
<b>Total revenues</b>	<b>772,391</b>	<b>-</b>	<b>772,391</b>	<b>624,257</b>
<b>Expenditure</b>				
Accretion of asset retirement obligation	-	221	221	210
Advertising and promotion	5,583	-	5,583	4,387
Amortization	-	80,406	80,406	70,505
Audit, legal and bookkeeping	8,453	-	8,453	5,406
Bank charges	2,607	-	2,607	1,747
Christmas baskets	12,838	-	12,838	15,460
Consulting and training	1,474	-	1,474	831
Courses, fees and dues	2,613	-	2,613	2,605
Food purchases	8,658	-	8,658	18,018
Fundraising	24,028	-	24,028	25,825
Fresh produce box program	117,644	-	117,644	-
Groceries	5,547	-	5,547	9,182
Insurance	2,158	-	2,158	2,483
Kitchen program	17,593	-	17,593	3,665
Meadowvale neighbour's café	319	-	319	10,446
Office	13,031	-	13,031	7,381
Rent	75,246	-	75,246	68,768
Repairs and maintenance	7,768	-	7,768	1,885
Salaries and benefits	326,642	-	326,642	245,565
Supplies	3,525	-	3,525	1,855
Telephone	3,791	-	3,791	3,934
Transportation costs and truck repairs	41,469	-	41,469	17,826
Utilities	16,065	-	16,065	12,515
Volunteer appreciation	6,600	-	6,600	5,796
Waste removal	1,992	-	1,992	1,437
	<b>705,644</b>	<b>80,627</b>	<b>786,271</b>	<b>537,732</b>
<b>Excess of revenue over expenditure for the year</b>	<b>\$ 66,747</b>	<b>\$ (80,627)</b>	<b>\$ (13,880)</b>	<b>\$ 86,525</b>

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

EDEN COMMUNITY FOOD BANK  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Cash provided (used) by		
Operating activities		
Excess of revenue over expenditure for the year		
General	\$ 66,747	\$ 68,464
Capital	<u>(80,627)</u>	<u>18,061</u>
	(13,880)	86,525
Items not involving cash -		
Accretion of asset retirement obligation	221	210
Amortization	<u>80,406</u>	<u>70,505</u>
	66,747	157,240
Changes in non-cash working capital balances		
Sales taxes receivable	8,937	(7,646)
Prepaid expenses	(1,120)	(236)
Accounts receivable	(4,609)	(2,020)
Accounts payable	(2,855)	(12,579)
Deferred revenue	<u>27,818</u>	<u>(33,482)</u>
Increase in cash for the year	<u>94,918</u>	<u>101,277</u>
Investing activities		
Kitchen equipment and development costs	<u>-</u>	<u>(167,335)</u>
Increase (decrease) in cash	94,918	(66,058)
Cash, beginning of year	103,058	169,116
Cash, end of year	<u>\$ 197,976</u>	<u>\$ 103,058</u>

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

# EDEN COMMUNITY FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 1. Nature of Organization

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Eden Community Food Bank is committed to increasing access to good food in a dignified manner developing food skills to encourage healthy eating and empowering the community through education, outreach and advocacy.

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.



EDEN COMMUNITY FOOD BANK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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

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**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.

Significant items requiring estimates -

- allowance for bad debts
- capital asset useful life and amortization

**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, 2014

#### 3. Financial instruments

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##### 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, 2014

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

Sensitivity analysis

As at December 31

	2014		2013	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 197,976	57%	\$ 103,058	31%
Accounts receivable	6,629	2%	2,020	1%
Sales taxes receivable	18,398	5%	27,335	8%
Prepaid expenses	12,690	4%	11,570	3%
Capital	111,743	32%	192,149	57%
<b>Total assets</b>	<b>\$ 347,436</b>	<b>100%</b>	<b>\$ 336,132</b>	<b>100%</b>
Accounts payable	\$ 16,420	5%	\$ 19,275	6%
Deferred revenue	103,661	30%	75,843	23%
Asset retirement obligation	4,631	1%	4,410	1%
Members' equity	222,724	64%	236,604	70%
<b>Total liabilities and equity</b>	<b>\$ 347,436</b>	<b>100%</b>	<b>\$ 336,132</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

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer	\$ 3,619	\$ 3,605	\$ 3,619	\$ 3,599
Office and equipment	16,151	12,458	16,151	11,536
Leasehold improvements	42,807	42,807	42,807	36,144
Truck	25,000	14,588	25,000	10,125
Kitchen equipment	139,463	41,839	139,463	13,946
Kitchen program development costs	95,625	95,625	95,625	55,166
	<b>\$ 322,665</b>	<b>\$ 210,922</b>	<b>\$ 322,665</b>	<b>\$ 130,516</b>
Cost less accumulated amortization		<b>\$ 111,743</b>		<b>\$ 192,149</b>

EDEN COMMUNITY FOOD BANK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

5. Accounts payable

As at December 31	2014	2013
Trade	\$ 4,510	\$ 8,793
Source deductions	2,912	2,104
Wages and vacation pay	8,998	8,378
	<u>\$ 16,420</u>	<u>\$ 19,275</u>

6. Deferred revenue (recoverable)

	Balance Beginning of year	Funds Received	Recognized as Revenue	Balance End of year
Region of Peel HPS	\$ (14,897)	\$ 110,396	\$ 130,632	\$ (35,133)
Region of Peel - Core operational funding	-	39,763	29,822	9,941
The Ontario Trillium Foundation	12,500	126,000	85,625	52,875
Board designated funds				
Christmas basket	2,262	-	2,262	-
Board reserve	64,078	-	-	64,078
Operating reserve	11,900	-	-	11,900
	<u>\$ 75,843</u>	<u>\$ 276,159</u>	<u>\$ 248,341</u>	<u>\$ 103,661</u>

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

	2014	2013
Balance at beginning of year	\$ 4,410	\$ 4,200
Additions and change in estimate	-	-
Accretion expense	221	210
Balance at end of year	<u>\$ 4,631</u>	<u>\$ 4,410</u>

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, 2014

8. Food donations

As at December 31	2014		2013	
	<i>(pounds)</i>	<i>(amount)</i>	<i>(pounds)</i>	<i>(amount)</i>
<b>Food donations during the year</b>				
Food donations received	508,913	\$ 1,272,283	455,632	\$ 1,139,080
Food donations given out	(508,241)	\$(1,270,603)	(441,119)	\$(1,102,798)
<b>Donated food inventory on hand</b>				
at end of year	87,573	\$ 218,933	86,901	\$ 217,253

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 \$ 10,800 for 2015.

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

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

