

EDEN FOOD FOR CHANGE
(formerly Eden Community Food Bank)

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDEN FOOD FOR CHANGE

Report on the Financial Statements

We have audited the financial statements of the Eden Food for Change which comprise the statement of financial position as at December 31, 2015 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 revenues 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. Therefore, we were not able to determine whether any adjustments might be necessary to income, excess of revenue over expenditures and cash flows from operations for the years ended December 31, 2015 and 2014, current assets and liabilities as at December 31, 2015 and 2014 and fund balances at both the beginning and end of the years ended December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Audit Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Audit opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2015 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 10, 2016


CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

EDEN FOOD FOR CHANGE
STATEMENT OF FINANCIAL POSITION

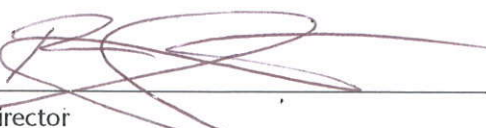
AS AT DECEMBER 31	2015			2014
	General	Capital	Total	Total
ASSETS				
Current				
Cash and cash equivalents	\$ 167,936	\$ -	\$ 167,936	\$ 197,976
Accounts receivable	-	-	-	6,629
Sales taxes receivable	42,523	-	42,523	18,398
Prepaid expenses	12,547	-	12,547	12,690
	<u>223,006</u>	<u>-</u>	<u>223,006</u>	<u>235,693</u>
Capital, note 4	-	93,955	93,955	111,743
	<u>\$ 223,006</u>	<u>\$ 93,955</u>	<u>\$ 316,961</u>	<u>\$ 347,436</u>
LIABILITIES				
Current				
Accounts payable, note 5	\$ 37,027	\$ -	\$ 37,027	\$ 16,420
Deferred revenue, note 6	75,978	-	75,978	103,661
	<u>113,005</u>	<u>-</u>	<u>113,005</u>	<u>120,081</u>
Long Term				
Asset retirement obligation, note 7	-	4,862	4,862	4,631
	<u>113,005</u>	<u>4,862</u>	<u>117,867</u>	<u>124,712</u>
MEMBERS' EQUITY				
Members' equity balances, page 5	<u>110,001</u>	<u>89,093</u>	<u>199,094</u>	<u>222,724</u>
	<u>\$ 223,006</u>	<u>\$ 93,955</u>	<u>\$ 316,961</u>	<u>\$ 347,436</u>

Food donations, note 9
 Commitments, note 10

Approved on behalf of the Board:



 Director



 Director

EDEN FOOD FOR CHANGE
STATEMENT OF MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015	General	Capital	Total
Balance, beginning of year	\$ 115,612	\$ 107,112	\$ 222,724
Excess (shortfall) of revenue over expenditure for the year	(23,630)	-	(23,630)
Accretion of asset retirement obligation	231	(231)	-
Amortization	33,974	(33,974)	-
Capital asset additions	(16,186)	16,186	-
Balance, end of year	<u>\$ 110,001</u>	<u>\$ 89,093</u>	<u>\$ 199,094</u>

FOR THE YEAR ENDED DECEMBER 31, 2014	General	Capital	Total
Balance, beginning of year	\$ 48,865	\$ 187,739	\$ 236,604
Excess (shortfall) of revenue over expenditure for the year	(13,880)	-	(13,880)
Accretion of asset retirement obligation	221	(221)	-
Amortization	80,406	(80,406)	-
Balance, end of year	<u>\$ 115,612</u>	<u>\$ 107,112</u>	<u>\$ 222,724</u>

The accompanying notes are an integral part of these financial statements

EDEN FOOD FOR CHANGE
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Revenue		
Donations	\$ 322,957	\$ 278,702
Donations in kind	962	1,928
Fundraising, <i>note 8</i>	23,676	31,814
Federal grant/YMCA	6,600	9,198
Fresh produce boxes	167,899	136,482
Interest	-	2
Miscellaneous Income	1,245	4,245
Region of Peel	40,728	34,907
Region of Peel HPS	109,758	130,632
Social Enterprise Program	8,729	8,856
The Ontario Trillium Foundation grant	127,875	85,625
United Way of Peel Region	50,375	50,000
Total revenue	860,804	772,391
Expenditure		
Accretion of asset retirement obligation	231	221
Advertising, community awareness, outreach	21,002	5,583
Amortization	33,974	80,406
Audit, legal and bookkeeping	15,515	8,453
Bank charges	3,526	2,607
Christmas baskets	-	12,838
Consulting and training	-	1,474
Courses, fees and dues	4,807	2,613
Food purchases	44,643	8,658
Fundraising	20,186	24,028
Fresh produce box program	148,345	117,644
Groceries	1,389	5,547
Insurance	2,957	2,158
Kitchen program	15,890	17,593
Meadowvale neighbour's café	-	319
Office	22,131	13,031
Rent	100,356	75,246
Repairs and maintenance	4,898	7,768
Salaries and benefits	364,393	326,642
Supplies	9,594	3,525
Telephone	4,384	3,791
Transportation costs and truck repairs	54,149	57,534
Volunteer appreciation	9,741	6,600
Waste removal	2,323	1,992
Total expenditure	884,434	786,271
Excess (shortfall) of revenue over expenditure for the year	\$ (23,630)	\$ (13,880)

The accompanying notes are an integral part of these financial statements

EDEN FOOD FOR CHANGE
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Cash provided (used) by		
Operating activities		
Excess (shortfall) of revenue over expenditure for the year	\$ (23,630)	\$ (13,880)
Items not involving cash -		
Accretion of asset retirement obligation	231	221
Amortization	33,974	80,406
	<u>10,575</u>	<u>66,747</u>
Changes in non-cash working capital balances		
Sales taxes receivable	(24,125)	8,937
Prepaid expenses	143	(1,120)
Accounts receivable	6,629	(4,609)
Accounts payable	20,607	(2,855)
Deferred revenue	(27,683)	27,818
	<u>(13,854)</u>	<u>94,918</u>
Increase in cash for the year		
	<u>(13,854)</u>	<u>94,918</u>
Investing activities		
Capital asset purchases	(16,186)	-
	<u>(16,186)</u>	<u>-</u>
Increase (decrease) in cash	(30,040)	94,918
Cash, beginning of year	197,976	103,058
	<u>197,976</u>	<u>103,058</u>
Cash, end of year	<u>\$ 167,936</u>	<u>\$ 197,976</u>

The accompanying notes are an integral part of these financial statements

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. Nature of Organization

Eden Food for Change 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

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 FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Significant accounting policies *(continued)*

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 FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. Financial instruments

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 FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. Financial instruments *(continued)*

Sensitivity analysis

As at December 31	2015		2014	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 167,936	53%	\$ 197,976	57%
Accounts receivable	-	0%	6,629	2%
Sales taxes receivable	42,523	13%	18,398	5%
Prepaid expenses	12,547	4%	12,690	4%
Capital	93,955	30%	111,743	32%
Total assets	\$ 316,961	100%	\$ 347,436	100%
Accounts payable	\$ 37,027	12%	\$ 16,420	5%
Deferred revenue	75,978	24%	103,661	30%
Asset retirement obligation	4,862	2%	4,631	1%
Members' equity	199,094	62%	222,724	64%
Total liabilities and equity	\$ 316,961	100%	\$ 347,436	100%

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	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer	\$ 3,619	\$ 3,610	\$ 3,619	\$ 3,605
Office and equipment	23,710	14,254	16,151	12,458
Leasehold improvements	45,759	43,397	42,807	42,807
Truck	25,000	17,711	25,000	14,588
Kitchen equipment	145,138	70,299	139,463	41,839
Kitchen program development costs	95,625	95,625	95,625	95,625
	\$ 338,851	\$ 244,896	\$ 322,665	\$ 210,922
Cost less accumulated amortization		\$ 93,955		\$ 111,743

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

5. Accounts payable

As at December 31	2015	2014
Trade	\$ 24,708	\$ 4,510
Source deductions	-	2,912
Wages and vacation pay	12,319	8,998
	<u>\$ 37,027</u>	<u>\$ 16,420</u>

6. Deferred revenue (recoverable)

	Balance Beginning of year	Funds Received	Recognized as Revenue	Balance End of year
Region of Peel HPS	\$ (35,133)	\$ 144,891	\$ 109,758	\$ -
Region of Peel - Core operational funding	9,941	30,787	40,728	-
The Ontario Trillium Foundation	52,875	75,000	127,875	-
Board designated funds				
Board reserve	64,078	-	-	64,078
Operating reserve	11,900	-	-	11,900
	<u>\$ 103,661</u>	<u>\$ 250,678</u>	<u>\$ 278,361</u>	<u>\$ 75,978</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

	2015	2014
Balance at beginning of year	\$ 4,631	\$ 4,410
Additions and change in estimate	-	-
Accretion expense	231	221
Balance at end of year	<u>\$ 4,862</u>	<u>\$ 4,631</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 FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. Fund raising activities

For the year ended December 31	2015	2014
Value of donations received for events	\$ 32,872	\$ 27,150
Fundraising proceeds - ticket sales and auction proceeds	\$ 23,676	\$ 31,817

9. Food donations

As at December 31	2015		2014	
	<i>(pounds)</i>	<i>(amount)</i>	<i>(pounds)</i>	<i>(amount)</i>
Food donations during the year				
Food donations received	573,182	\$ 1,432,955	508,913	\$ 1,272,283
Food donations given out	(531,049)	\$(1,327,623)	(508,241)	\$(1,270,603)
Donated food inventory on hand at end of year	129,706	\$ 324,265	87,573	\$ 218,933

The value of the donated food is based on an estimated cost of \$2.50 per pound.

10. Commitments

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 -

2016	-	\$ 68,283
2017	-	71,513
2018	-	71,975
2019	-	17,994

The Organization is obligated under a premises lease at the Battleford Road location expiring December 31, 2017 as follows -

2016	-	\$ 14,400
2017	-	18,000

