

EDEN FOOD FOR CHANGE
(formerly Eden Community Food Bank)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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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 Eden Food for Change which comprise the statement of financial position as at December 31, 2016 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, 2016 and 2015, current assets and liabilities as at December 31, 2016 and 2015 and fund balances at both the beginning and end of the years ended December 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended December 31, 2015 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, 2016 and its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not - for - profit organizations.



Mississauga, Ontario
May 16, 2017

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

EDEN FOOD FOR CHANGE
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31	2016			2015
	General	Capital	Total	Total
ASSETS				
Current				
Cash and cash equivalents	\$ 138,305	\$ -	\$ 138,305	\$ 167,936
Sales taxes receivable	7,949	-	7,949	42,523
Prepaid expenses	11,764	-	11,764	12,547
	<u>158,018</u>	-	<u>158,018</u>	223,006
Capital, note 4	-	66,219	66,219	93,955
	<u>\$ 158,018</u>	<u>\$ 66,219</u>	<u>\$ 224,237</u>	<u>\$ 316,961</u>
LIABILITIES				
Current				
Accounts payable, note 5	\$ 43,832	\$ -	\$ 43,832	\$ 37,027
Deferred revenue, note 6	87,250	-	87,250	75,978
	<u>131,082</u>	-	<u>131,082</u>	113,005
Long Term				
Asset retirement obligation, note 7	-	5,105	5,105	4,862
	<u>131,082</u>	<u>5,105</u>	<u>136,187</u>	<u>117,867</u>
MEMBERS' EQUITY				
Members' equity balances, page 5	<u>26,936</u>	<u>61,114</u>	<u>88,050</u>	199,094
	<u>\$ 158,018</u>	<u>\$ 66,219</u>	<u>\$ 224,237</u>	<u>\$ 316,961</u>

Food donations, note 9
 Commitments, note 10
 Subsequent event, note 11

Approved on behalf of the Board:

 Director

 Director

EDEN FOOD FOR CHANGE
STATEMENT OF MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016	General	Capital	Total
Balance, beginning of year	\$ 110,001	\$ 89,093	\$ 199,094
Excess (shortfall) of revenue over expenditure for the year	(111,044)	-	(111,044)
Accretion of asset retirement obligation	243	(243)	-
Amortization	34,240	(34,240)	-
Capital asset additions	(6,504)	6,504	-
Balance, end of year	\$ 26,936	\$ 61,114	\$ 88,050

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	\$ 110,001	\$ 89,093	\$ 199,094

The accompanying notes are an integral part of these financial statements

EDEN FOOD FOR CHANGE
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31	2016	2015
Revenue		
Donations	\$ 411,640	\$ 322,957
Donations in kind	-	962
Fundraising, <i>note 8</i>	20,086	23,676
Federal grant/YMCA	16,023	6,600
Fresh produce boxes	281,562	167,899
Farmers Market Income	7,328	-
Kitchen rental	1,195	-
Miscellaneous Income	637	1,245
Region of Peel	40,849	40,728
Region of Peel HPS	-	109,758
Social Enterprise Program	10,443	8,729
The Ontario Trillium Foundation grant	37,500	127,875
United Way of Peel Region	50,500	50,375
	<u>877,763</u>	<u>860,804</u>
Total revenue		
Accretion of asset retirement obligation	243	231
Advertising, community awareness, outreach	13,539	21,002
Amortization	34,240	33,974
Audit, legal and bookkeeping	10,229	15,515
Bank charges	5,387	3,526
Courses, fees and dues	2,596	4,807
Food purchases	43,944	44,643
Fundraising	25,295	20,186
Fresh produce box program	245,802	148,345
Farmer's market	9,437	1,389
Insurance	2,363	2,957
Program expenses	21,682	15,890
Office	15,382	22,131
Rent	104,736	100,356
Repairs and maintenance	3,125	4,898
Salaries and benefits	392,764	364,393
Supplies	9,151	9,594
Telephone	3,968	4,384
Transportation costs and truck repairs	34,541	54,149
Volunteer appreciation	7,121	9,741
Waste removal	3,262	2,323
	<u>988,807</u>	<u>884,434</u>
Total expenditure	988,807	884,434
Excess (shortfall) of revenue over expenditure for the year	\$ (111,044)	\$ (23,630)

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	2016	2015
Cash provided (used) by		
Operating activities		
Excess (shortfall) of revenue over expenditure for the year	\$ (111,044)	\$ (23,630)
Items not involving cash -		
Accretion of asset retirement obligation	243	231
Amortization	34,240	33,974
	<u>(76,561)</u>	<u>10,575</u>
Changes in non-cash working capital balances		
Sales taxes receivable	34,574	(24,125)
Prepaid expenses	783	143
Accounts receivable	-	6,629
Accounts payable	6,805	20,607
Deferred revenue	11,272	(27,683)
	<u>(23,127)</u>	<u>(13,854)</u>
Investing activities		
Capital asset purchases	<u>(6,504)</u>	<u>(16,186)</u>
Increase (decrease) in cash for the year	(29,631)	(30,040)
Cash, beginning of year	167,936	197,976
Cash, end of year	<u>\$ 138,305</u>	<u>\$ 167,936</u>

The accompanying notes are an integral part of these financial statements

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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, 2016

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.

Sensitivity analysis

As at December 31	2016		2015	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 138,305	62%	\$ 167,936	53%
Sales taxes receivable	7,949	4%	42,523	13%
Prepaid expenses	11,764	5%	12,547	4%
Capital	66,219	29%	93,955	30%
Total assets	\$ 224,237	100%	\$ 316,961	100%
Accounts payable	\$ 43,832	20%	\$ 37,027	12%
Deferred revenue	87,250	39%	75,978	24%
Asset retirement obligation	5,105	2%	4,862	2%
Members' equity	88,050	39%	199,094	62%
Total liabilities and equity	\$ 224,237	100%	\$ 316,961	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.

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

4. Capital assets

As at December 31	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer	\$ 3,619	\$ 3,619	\$ 3,619	\$ 3,610
Office and equipment	30,214	16,797	23,710	14,254
Leasehold improvements	45,759	43,870	45,759	43,397
Truck	25,000	19,898	25,000	17,711
Kitchen equipment	145,138	99,327	145,138	70,299
Kitchen program development costs	95,625	95,625	95,625	95,625
	<u>\$ 345,355</u>	<u>\$ 279,136</u>	<u>\$ 338,851</u>	<u>\$ 244,896</u>
Cost less accumulated amortization		<u>\$ 66,219</u>		<u>\$ 93,955</u>

5. Accounts payable

As at December 31	2016	2015
Trade	\$ 43,832	\$ 24,708
Wages and vacation pay	-	12,319
	<u>\$ 43,832</u>	<u>\$ 37,027</u>

6. Deferred revenue (recoverable)

	Balance Beginning of year	Funds Received	Recognized as Revenue	Balance End of year
Region of Peel	\$ -	\$ 20,679	\$ 9,407	\$ 11,272
Board designated funds				
Board reserve	64,078	-	-	64,078
Operating reserve	11,900	-	-	11,900
	<u>\$ 75,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,250</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.

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
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7. Asset retirement obligation	2016	2015
Balance at beginning of year	\$ 4,862	\$ 4,631
Additions and change in estimate	-	-
Accretion expense	243	231
Balance at end of year	\$ 5,105	\$ 4,862

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.

8. Fund raising activities	2016	2015
For the year ended December 31		
Value of donations received for events	\$ 31,788	\$ 32,872
Fundraising proceeds - ticket sales and auction proceeds	\$ 20,086	\$ 23,676

9. Food donations	2016		2015	
As at December 31	<i>(pounds)</i>	<i>(amount)</i>	<i>(pounds)</i>	<i>(amount)</i>
Food donations during the year				
Food donations received	581,302	\$ 1,453,255	573,182	\$ 1,432,955
Food donations given out	(585,275)	\$ (1,463,188)	(531,049)	\$ (1,327,623)
Donated food inventory on hand at end of year	125,733	\$ 314,333	129,706	\$ 324,265

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

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 -

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 -

2017	-	\$ 18,000
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11. Subsequent event

Subsequent to the year end, the Organization temporarily suspended its fresh produce box program.