

EDEN FOOD BANK
(Operating as Eden Community Food Bank)

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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McCLURKIN AHIER
& COMPANY LLP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDEN FOOD BANK (Operating as Eden Community Food Bank)

Report on the Financial Statements

We have audited the financial statements of the Eden Food Bank (Operating as Eden Community Food Bank) which comprise the statement of financial position as at December 31, 2011 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 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.

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.

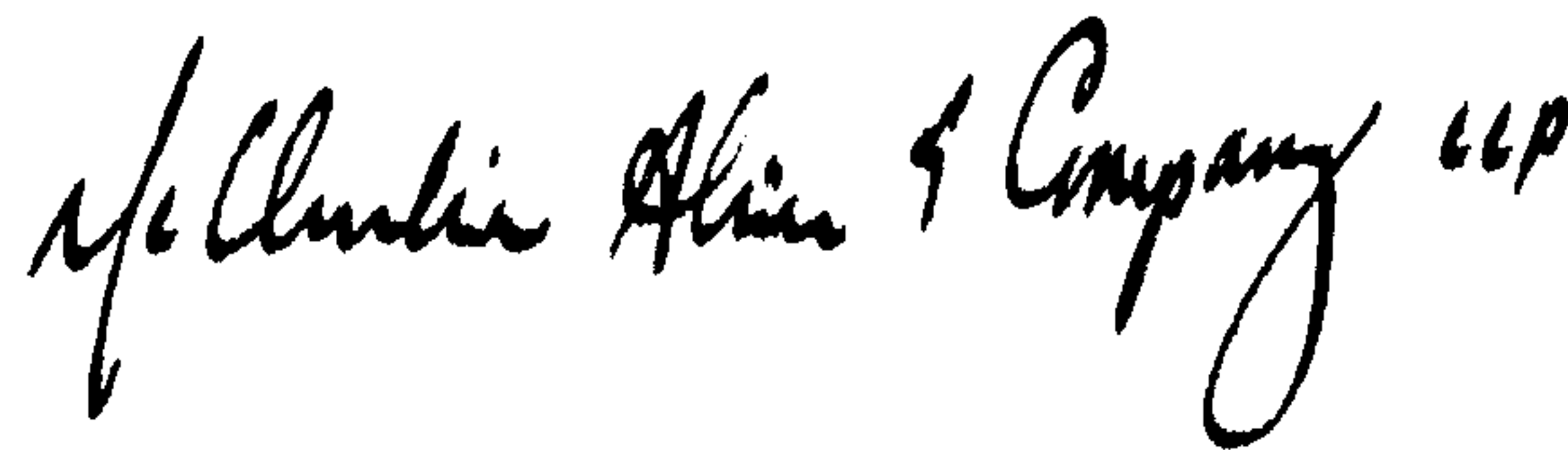
Qualified Audit Opinion

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, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

We draw your attention to note 3 which outlines a change in accounting policy regarding the recording of donated food.

Our opinion is not qualified in respect to these matter.



Mississauga, Ontario
May 2, 2012

**CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

EDEN FOOD BANK

(Operating as Eden Community Food Bank)

STATEMENT OF FINANCIAL POSITION

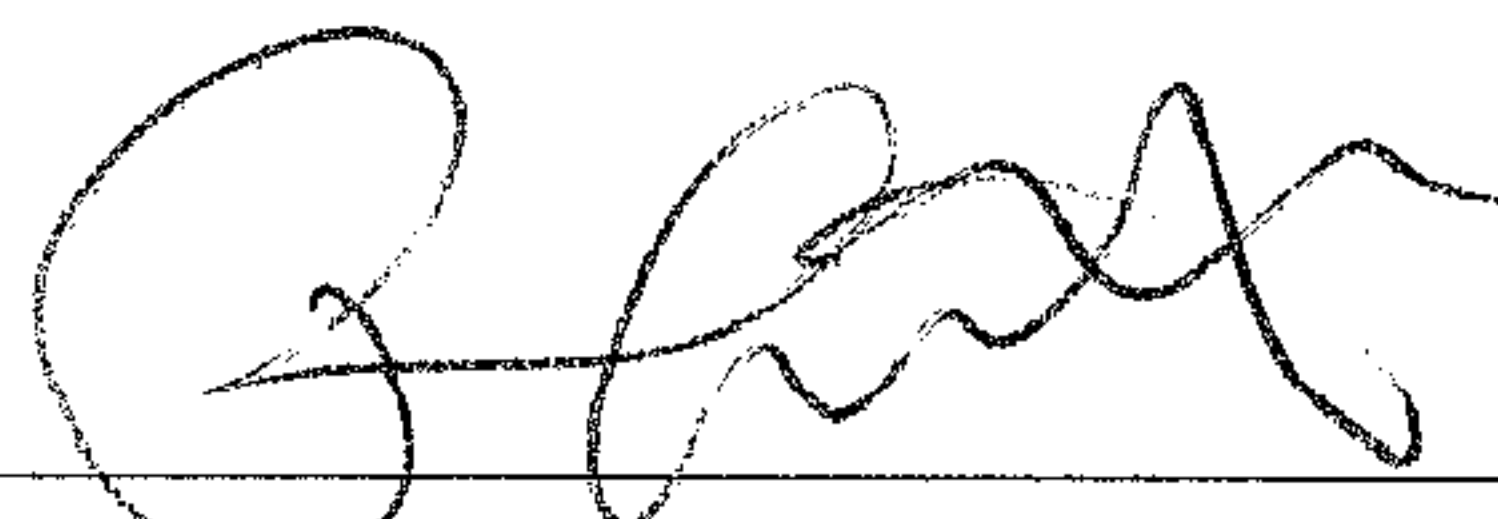
As at December 31	2011			2010
	General	Capital	Total	Total
ASSETS				
Current				
Cash and cash equivalents	\$ 96,082	\$ -	\$ 96,082	\$ 41,718
Investments, <i>note 6</i>	60,772	-	60,772	105,034
Sales taxes receivable	10,451	-	10,451	6,232
Prepaid expenses	9,426	-	9,426	7,602
	<u>176,731</u>	<u>-</u>	<u>176,731</u>	<u>160,586</u>
Capital, <i>note 7</i>	<u>-</u>	<u>31,041</u>	<u>31,041</u>	<u>35,438</u>
	<u>\$ 176,731</u>	<u>\$ 31,041</u>	<u>\$ 207,772</u>	<u>\$ 196,024</u>
LIABILITIES				
Current				
Accounts payable, <i>note 8</i>	\$ 24,207	\$ -	\$ 24,207	\$ 26,105
Deferred revenue, <i>note 9</i>	109,882	-	109,882	84,020
	<u>134,089</u>	<u>-</u>	<u>134,089</u>	<u>110,125</u>
MEMBERS' EQUITY				
Members' equity balances, <i>page 5</i>	<u>42,642</u>	<u>31,041</u>	<u>73,683</u>	<u>85,899</u>
	<u>\$ 176,731</u>	<u>\$ 31,041</u>	<u>\$ 207,772</u>	<u>\$ 196,024</u>

Change in accounting policy, *note 3*

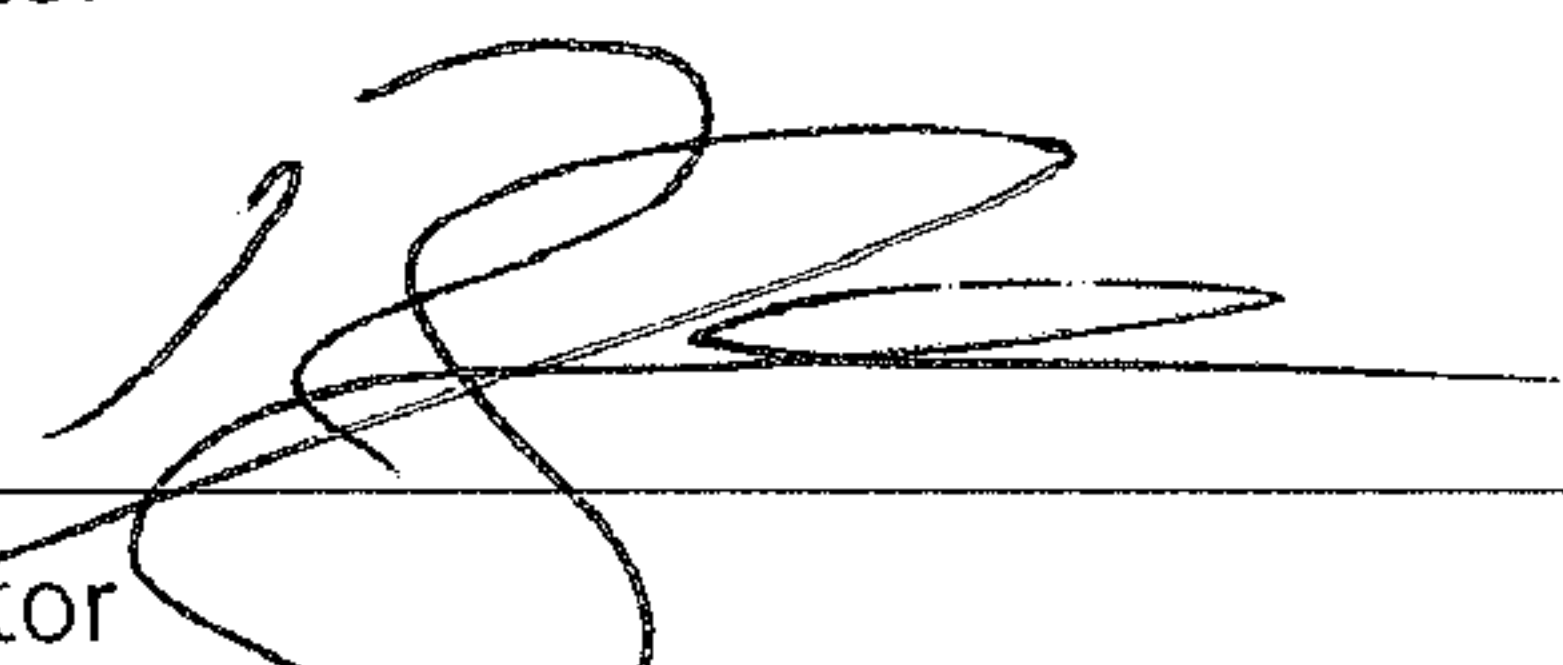
Food donations, *note 10*

Commitments, *note 11*

Approved on behalf of the Board:



 Director



 Director

The accompanying notes are an integral part of these financial statements

EDEN FOOD BANK

(Operating as Eden Community Food Bank)

STATEMENT OF MEMBERS' EQUITY

For the year ended December 31	2011			2010
	General	Capital	Total	Total
Balance, beginning of year as previously reported	\$ 187,475	\$ 35,438	\$ 222,913	\$ 250,197
Change in accounting policy, <i>(note 3)</i>	<u>(137,014)</u>	<u>-</u>	<u>(137,014)</u>	<u>(100,435)</u>
Balance, as restated	50,461	35,438	85,899	149,762
Excess (deficiency) of revenue over expenditure for the year <i>(page 6)</i>	(2,210)	(10,006)	(12,216)	(63,863)
Capital asset additions	(5,609)	5,609	-	-
Balance, end of year	<u>\$ 42,642</u>	<u>\$ 31,041</u>	<u>\$ 73,683</u>	<u>\$ 85,899</u>

The accompanying notes are an integral part of these financial statements

EDEN FOOD BANK

(Operating as Eden Community Food Bank)

STATEMENT OF OPERATIONS

For the year ended December 31	2011			2010
	General	Capital	Total	Total
Revenue				
Donations	\$ 121,125	\$ -	\$ 121,125	\$ 125,119
Donations in kind	1,090	-	1,090	396
Fund raising	77,893	-	77,893	27,802
Interest	916	-	916	1,900
Region Of Peel	26,500	-	26,500	-
The Ontario Trillium Foundation grant	72,300	-	72,300	56,250
United Way of Peel Region	22,108	-	22,108	-
	321,932	-	321,932	211,467
Expenditure				
Advertising and promotion	3,682	-	3,682	3,644
Amortization	-	10,006	10,006	11,500
Audit and legal	3,500	-	3,500	6,208
Bank charges	989	-	989	645
Birthday program	-	-	-	281
Christmas baskets	15,838	-	15,838	11,539
Courses, fees and dues	713	-	713	1,670
Consulting and training	7,809	-	7,809	-
Food purchases and food delivery costs	16,720	-	16,720	13,118
Fund raising	10,273	-	10,273	8,980
Groceries	309	-	309	2,115
Insurance	1,871	-	1,871	1,822
Office	4,680	-	4,680	4,009
Rent, <i>note 9</i>	58,224	-	58,224	51,441
Repairs and maintenance	7,721	-	7,721	2,353
Salaries and benefits	162,269	-	162,269	130,163
Supplies	751	-	751	889
Telephone	3,530	-	3,530	3,556
Travel	986	-	986	831
Truck rental	11,380	-	11,380	7,801
Utilities	8,308	-	8,308	7,989
Volunteer appreciation	3,419	-	3,419	3,944
Waste removal	1,170	-	1,170	832
	324,142	10,006	334,148	275,330
Excess (deficiency) of revenue over expenditure for the year	\$ (2,210)	\$ (10,006)	\$ (12,216)	\$ (63,863)

The accompanying notes are an integral part of these financial statements

EDEN FOOD BANK

(Operating as Eden Community Food Bank)

STATEMENT OF CASH FLOWS

For the year ended December 31	2011	2010
Cash provided (used) by		
Operating activities		
Excess (deficiency) of revenue over expenditure for the year		
General	\$ (2,210)	\$ (52,363)
Capital	<u>(10,006)</u>	<u>(11,500)</u>
	(12,216)	(63,863)
Item not involving cash - amortization	<u>10,006</u>	<u>11,500</u>
	(2,210)	(52,363)
Changes in non-cash working capital balances		
Sales taxes receivable	(4,219)	(4,157)
Prepaid expenses	(1,824)	(503)
Accounts payable	(1,898)	6,838
Deferred revenue	<u>25,862</u>	<u>45,295</u>
Increase (decrease) in cash for the year	<u>15,711</u>	<u>(4,890)</u>
Investing activities		
Purchase of capital assets	<u>(5,609)</u>	<u>(21,072)</u>
Increase (decrease) in cash and investments	10,102	(25,962)
Cash and investments, beginning of year	146,752	172,714
Cash and investments, end of year	<u>\$ 156,854</u>	<u>\$ 146,752</u>
Supplemental information		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Represented by		
Cash and cash equivalents	\$ 96,082	\$ 41,718
Investments	<u>60,772</u>	<u>105,034</u>
	<u>\$ 156,854</u>	<u>\$ 146,752</u>

The accompanying notes are an integral part of these financial statements

EDEN FOOD BANK

(Operating as Eden Community Food Bank)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. Nature of Organization

Eden 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

Basis of Accounting

The financial statements of the Organization have been prepared for the Members in accordance with Canadian generally accepted accounting principles.

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 on a straight line basis.

Computer hardware and software is amortized over 3 years and office, equipment and leasehold improvements over 5 years. Contributed assets are recorded at fair value at the date of the contribution.

Disclosure and use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

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.

Investments

Investments consist of guaranteed investment certificates that are classified as held for trading and are carried in the financial statements at fair value. Fair value is estimated based on quoted market values.

Investment income includes interest and realized and unrealized gains and losses on held for trading financial assets.

EDEN FOOD BANK

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

2. Significant accounting policies *(continued)*

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

Financial assets and financial liabilities are initially recorded at fair value and their subsequent measurement is dependent on their classification. The classification depends on the purpose for which these financial instruments were acquired or issued, their characteristics and the Organization's designation of such instruments. The standards require that all financial assets be classified as held-for-trading, available-for-sale, held-to-maturity or loans and receivables. Financial liabilities should be classified as held-for-trading or as other liabilities.

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.

3. Change in accounting policy

During the year, the Organization changed its method of accounting for food donations as follows -

- Previously, the food inventory was recorded as an asset in the Statement of Financial Position. Under the new accounting method inventory on hand is not recorded.
- Previously, the value of food donated and given out was recorded in the Statement of Operations. Under the new accounting method, the value of food donated and given out is not recorded in the Statement of Operations.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

4. Future change in accounting policy

In December 2010 the Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) announced changes affecting not-for-profit organizations in the private sector. Not-for-profit organizations will have the option to follow accounting principles as set out in Part III of the CICA Handbook (which are not substantially different from the current accounting policies for not-for-profit organizations) or adopt International Financial Reporting Standards (IFRS). It is expected the Food Bank will adopt the standards set out in Part III of the CICA Handbook. These new standards would be effective for financial years beginning on or after January 1, 2012. The current standards applicable to not-for-profit organizations will remain in effect until organizations have adopted the new standards. It is anticipated that this change will not have any effect on the Organization.

5. Financial instruments

Classification and measurement	Classification	2011	2010
Cash and cash equivalents	held for trading	\$ 96,082	\$ 41,718
Investments	available for sale	60,772	105,034
Sales taxes receivable	loans and receivable	10,451	6,232
Accounts payable	other financial liability	24,207	26,105

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.

Held for trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Held to maturity

These investments are measured at amortized cost at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Available for sale

These investments are measured at fair value with unrealized gains and losses recorded as a change to net assets until the investment is either sold, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

Loans and receivable

These financial assets are measured at amortized cost using the effective interest rate method, less any impairment.

Other financial liability

These financial assets are measured at amortized cost using the effective interest rate method.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

5. Financial instruments (continued)

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 high.

Interest rate risk

The Organization is 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 exposure to interest rate fluctuations.

Sensitivity analysis

As at December 31

	2011		2010	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 96,082	47%	\$ 41,718	21%
Investments	60,772	28%	105,034	54%
Sales taxes receivable	10,451	5%	6,232	3%
Prepaid expenses	9,426	5%	7,602	4%
Capital	31,041	15%	35,438	18%
Total assets	<u>\$ 207,772</u>	<u>100%</u>	<u>\$ 196,024</u>	<u>100%</u>
Accounts payable	\$ 24,207	12%	\$ 26,105	13%
Deferred revenue	109,882	53%	84,020	43%
Members' equity	73,683	35%	85,899	44%
Total liabilities and equity	<u>\$ 207,772</u>	<u>100%</u>	<u>\$ 196,024</u>	<u>100%</u>

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 BANK

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

6. Investments

As at December 31	2011	2010
GIC, bearing interest at 1.3%, due December 2013	\$ 60,000	\$ 105,000
Accrued interest	772	34
	<u>\$ 60,772</u>	<u>\$ 105,034</u>

7. Capital assets

As at December 31	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer	\$ 3,619	\$ 3,576	\$ 3,619	\$ 3,530
Office and equipment	16,151	8,939	12,756	7,244
Leasehold improvements	42,807	19,022	40,593	10,756
	<u>\$ 62,577</u>	<u>\$ 31,537</u>	<u>\$ 56,968</u>	<u>\$ 21,530</u>
Cost less accumulated amortization		<u>\$ 31,040</u>		<u>\$ 35,438</u>

8. Accounts payable

As at December 31	2011	2010
Trade	\$ 18,761	\$ 21,917
Source deductions	5,446	4,188
	<u>\$ 24,207</u>	<u>\$ 26,105</u>

EDEN FOOD BANK

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

9. Deferred revenue

	Balance Beginning of year	Funds Received	Recognized as Revenue	Balance End of year
Christmas Basket fund	\$ 1,192	\$ 470	\$ -	\$ 1,662
The Ontario Trillium Foundation grant	18,750	71,400	72,300	17,850
Board reserve fund	64,078	-	-	64,078
Operating reserve Fund	-	11,900	-	11,900
United Way - Program funding	-	17,500	10,000	7,500
United Way - Designated expense funding	-	12,500	5,608	6,892
	<u>\$ 84,020</u>	<u>\$ 113,770</u>	<u>\$ 87,908</u>	<u>\$ 109,882</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.

10. Food donations

As at December 31	2011		2010	
	(pounds)	(amount)	(pounds)	(amount)
Food donations during the year				
Food donations received	383,956	\$ 959,889	366,184	\$ 915,459
Food donations given out	(371,466)	\$ (928,666)	(351,552)	\$ (878,880)
Donated food inventory on hand at end of year	<u>67,295</u>	<u>\$ 168,237</u>	<u>54,806</u>	<u>\$ 137,014</u>

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.

11. Rent

The Organization is provided facilities at the Eden United Church of Canada for the nominal amount of \$1.00.

The Organization is obligated under a premises lease expiring March 1, 2014 to pay base rent as follows -

2012	-	\$ 64,140
2013	-	67,241
2014	-	16,955