

EDEN COMMUNITY FOOD BANK

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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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, 2012 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, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not - for - profit organizations.

Comparative information

Without modifying our qualified opinion, we draw attention to note 11 to the financial statements which describes that the Eden Community Food Bank adopted Canadian accounting standards for not-for-profit organizations with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of operations, changes in funds and cash flows for the year ended December 31, 2011 and related disclosures.



Mississauga, Ontario
May 14, 2013

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

EDEN COMMUNITY FOOD BANK
STATEMENT OF FINANCIAL POSITION

As at December 31	2012			2011	2010
	General	Capital	Total	Total	Total
				(note 11)	(note 11)
ASSETS					
Current					
Cash and cash equivalents	\$ 169,116	\$ -	\$ 169,116	\$ 96,082	\$ 41,718
Investments, <i>note 4</i>	-	-	-	60,772	105,034
Sales taxes receivable	19,689	-	19,689	10,451	6,232
Prepaid expenses	11,334	-	11,334	9,426	7,602
	200,139	-	200,139	176,731	160,586
Capital, <i>note 5</i>	-	95,319	95,319	31,040	35,438
	\$ 200,139	\$ 95,319	\$ 295,458	\$ 207,771	\$ 196,024
LIABILITIES					
Current					
Accounts payable, <i>note 6</i>	\$ 31,854	\$ -	\$ 31,854	\$ 24,206	\$ 26,105
Deferred revenue, <i>note 7</i>	109,325	-	109,325	109,882	84,020
	141,179	-	141,179	134,088	110,125
Long Term					
Asset retirement obligation, <i>note 8</i>	\$ -	\$ 4,200	\$ 4,200	\$ -	\$ -
	-	4,200	4,200	-	-
MEMBERS' EQUITY					
Members' equity balances, <i>page 5</i>	58,960	91,119	150,079	73,683	85,899
	\$ 200,139	\$ 95,319	\$ 295,458	\$ 207,771	\$ 196,024

Food donations, *note 9*

Commitments, *note 10*

Approved on behalf of the Board:

 Director

 Director

EDEN COMMUNITY FOOD BANK
STATEMENT OF MEMBERS' EQUITY

For the year ended December 31, 2012, *note 11*

	General	Capital	Total
Balance, beginning of year	\$ 42,643	\$ 31,040	\$ 73,683
Excess (deficiency) 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	-
Balance, end of year	\$ 58,960	\$ 91,119	\$ 150,079

For the year ended December 31, 2011, *note 11*

	General	Capital	Total
Balance, beginning of year	\$ 50,461	\$ 35,438	\$ 85,899
Excess (deficiency) of revenue over expenditure for the year (<i>page 6</i>)	(2,209)	(10,007)	(12,216)
Capital asset additions	(5,609)	5,609	-
Balance, end of year	\$ 42,643	\$ 31,040	\$ 73,683

EDEN COMMUNITY FOOD BANK

STATEMENT OF OPERATIONS

For the year ended December 31	2012			2011
	General	Capital	Total	Total
				<i>(note 11)</i>
Revenue				
Donations	\$ 80,618	\$ 52,490	\$ 133,108	\$ 121,125
Donations in kind	1,580	-	1,580	1,090
Fund raising events	130,761	-	130,761	77,893
Interest	780	-	780	916
Miscellaneous Income	147	-	147	-
Region Of Peel	9,113	-	9,113	26,500
Region Of Peel HPS	85,292	35,691	120,983	-
The Ontario Trillium Foundation grant	50,025	-	50,025	72,300
United Way of Peel Region	40,867	-	40,867	22,108
Total revenues	399,183	88,181	487,364	321,932
Expenditure				
Advertising and promotion	2,459	-	2,459	3,682
Amortization	-	28,474	28,474	10,007
Audit and legal	3,885	-	3,885	3,500
Bank charges	1,420	-	1,420	989
Christmas baskets	14,415	-	14,415	15,838
Consulting and training	598	-	598	7,809
Courses, fees and dues	2,650	-	2,650	713
Food purchases and food delivery costs	14,327	-	14,327	16,720
Fund raising events	15,637	-	15,637	10,273
Groceries	2,488	-	2,488	309
Insurance	2,937	-	2,937	1,871
Meadowvale neighbour's café	7,394	-	7,394	-
Office	14,045	-	14,045	4,679
Rent, <i>note 10</i>	64,992	-	64,992	58,224
Repairs and maintenance	6,412	-	6,412	7,721
Salaries and benefits	201,212	-	201,212	162,269
Supplies	1,979	-	1,979	751
Telephone	4,762	-	4,762	3,530
Travel	7,255	-	7,255	986
Truck rental	378	-	378	11,380
Utilities	8,886	-	8,886	8,308
Volunteer appreciation	3,093	-	3,093	3,419
Waste removal	1,270	-	1,270	1,170
	382,494	28,474	410,968	334,148
Excess (deficiency) of revenue over expenditure for the year	\$ 16,689	\$ 59,707	\$ 76,396	\$ (12,216)

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	2012	2011
		<i>(note 11)</i>
Cash provided (used) by		
Operating activities		
Excess (deficiency) of revenue over expenditure for the year		
General	\$ 16,689	\$ (2,209)
Capital	<u>59,707</u>	<u>(10,007)</u>
	76,396	(12,216)
Item not involving cash - amortization	<u>28,474</u>	<u>10,007</u>
	104,870	(2,209)
Changes in non-cash working capital balances		
Sales taxes receivable	(9,238)	(4,219)
Prepaid expenses	(1,908)	(1,824)
Accounts payable	7,648	(1,899)
Deferred revenue	(557)	25,862
Asset retirement obligation	<u>4,200</u>	<u>-</u>
Increase in cash for the year	<u>105,015</u>	<u>15,711</u>
Investing activities		
Kitchen equipment and development costs	(67,753)	-
Purchase of capital assets	<u>(25,000)</u>	<u>(5,609)</u>
	(92,753)	(5,609)
Increase in cash and investments	12,262	10,102
Cash and investments, beginning of year	156,854	146,752
Cash and investments, end of year	<u>\$ 169,116</u>	<u>\$ 156,854</u>
Supplemental information		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Represented by		
Cash and cash equivalents	\$ 169,116	\$ 96,082
Investments	<u>-</u>	<u>60,772</u>
	<u>\$ 169,116</u>	<u>\$ 156,854</u>

The accompanying notes are an integral part of these financial statements

EDEN COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. Nature of Organization

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

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

This asset is amortized on the basis of a useful life of 3 years using the straight-line method. This asset is 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, 2012

2. Significant accounting policies *(continued)*

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.

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. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

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, 2012

3. Financial instruments

Classification and measurement	Classification	2012	2011
Cash and cash equivalents	amortized cost	\$ 169,116	\$ 96,082
Investments	amortized cost	-	60,772
Sales taxes receivable	amortized cost	19,689	10,451
Accounts payable	amortized cost	31,854	24,206

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 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.

EDEN COMMUNITY FOOD BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

3. Financial instruments *(continued)*

Sensitivity analysis

As at December 31

	2012		2011	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 169,116	57%	\$ 96,082	46%
Investments	-	0%	60,772	29%
Sales taxes receivable	19,689	7%	10,451	5%
Prepaid expenses	11,334	4%	9,426	5%
Capital	95,319	32%	31,040	15%
Total assets	\$ 295,458	100%	\$ 207,771	100%
Accounts payable	\$ 31,854	11%	\$ 24,206	12%
Deferred revenue	109,325	37%	109,882	53%
Asset retirement obligation	4,200	1%	-	0%
Members' equity	150,079	51%	73,683	35%
Total liabilities and equity	\$ 295,458	100%	\$ 207,771	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. Investments

As at December 31

	2012	2011
GIC, bearing interest at 1.3%, due December 2013	\$ -	\$ 60,000
Accrued interest	-	772
	\$ -	\$ 60,772

EDEN COMMUNITY FOOD BANK
NOTES TO FINANCIAL STATEMENTS
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5. Capital assets

As at December 31

2012

2011

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer	\$ 3,619	\$ 3,590	\$ 3,619	\$ 3,576
Office and equipment	16,151	10,381	16,151	8,939
Leasehold improvements	42,807	27,583	42,807	19,022
Truck	25,000	3,750	-	-
Kitchen equipment	23,631	-	-	-
Kitchen program development costs	44,122	14,707	-	-
	<u>\$ 155,330</u>	<u>\$ 60,011</u>	<u>\$ 62,577</u>	<u>\$ 31,537</u>
Cost less accumulated amortization		<u>\$ 95,319</u>		<u>\$ 31,040</u>

6. Accounts payable

As at December 31

2012

2011

Trade	\$ 26,164	\$ 18,760
Source deductions	5,690	5,446
	<u>\$ 31,854</u>	<u>\$ 24,206</u>

EDEN COMMUNITY FOOD BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

7. Deferred revenue (recoverable)

	Balance Beginning of year	Funds Received	Recognized as Revenue	Balance End of year
Region of Peel	\$ -	\$ 9,113	\$ 9,113	\$ -
Region of Peel HPS	-	95,929	120,983	(25,054)
The Ontario Trillium Foundation	17,850	42,900	50,025	10,725
United Way of Peel Region	14,392	26,475	40,867	-
Board designated funds				
Christmas basket	1,662	600	-	2,262
Kitchen	-	45,414	-	45,414
Board reserve	64,078	-	-	64,078
Operating reserve	11,900	-	-	11,900
	<u>\$ 109,882</u>	<u>\$ 220,431</u>	<u>\$ 220,988</u>	<u>\$ 109,325</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.

8. Asset retirement obligation

	2012	2011
Balance at beginning of year	\$ -	\$ -
Additions and change in estimate	4,200	-
Accretion expense	-	-
Balance at end of year	<u>\$ 4,200</u>	<u>\$ -</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, 2012

9. Food donations

As at December 31	2012		2011	
	<i>(pounds)</i>	<i>(amount)</i>	<i>(pounds)</i>	<i>(amount)</i>
Food donations during the year				
Food donations received	423,706	\$ 1,059,265	383,956	\$ 959,889
Food donations given out	(418,614)	\$ (1,046,532)	(371,466)	\$ (928,666)
Donated food inventory on hand at end of year	72,388	\$ 180,970	67,296	\$ 168,237

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.

10. Commitments

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 31, 2014 with an option to renew for a further five years. The base rent (excluding the option period) is as follows -

2013	-	\$	67,241
2014	-		16,955

EDEN COMMUNITY FOOD BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

11. First time adoption of Accounting Standards for not-for-profit organizations (ASNPO)

All not-for-profit organizations (NPO) have a choice of applying Part I of the Canadian Institute of Chartered Accountants (CICA) handbook – Accounting: International Financial Reporting Standards (IFRS) or Part III of the CICA Handbook - Accounting: Accounting Standards for Not-for-Profit Organizations for year ends beginning on or after January 1, 2012.

The impact of adopting these standards was accounted at the date of transition, January 1, 2011 (beginning of the year for which comparative information is presented) and resulted in no adjustments to the previously reported assets, liabilities, net assets, excess (deficiency) of revenue over expenditure for the year and cash flows of the Organization.

Summary of major changes and exemptions relating to first-time adoption

- Fair value
 - An NPO may elect to record any individual capital asset at fair value and then use that fair value as its deemed cost at the transition date.
 - The Organization has elected to not record capital assets at fair value.
- Financial instruments
 - An NPO may choose to value portfolio investments at fair value whereby unrealized gains or losses are recorded directly in the statement of changes in operations.
 - The Organization has chosen to continue to recognize unrealized gains and losses.