

EDEN FOOD BANK
(Operating as Eden Community Food Bank)

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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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, 2010 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.

Because we were appointed auditors of the Organization subsequent to the current year, we were not able to observe the counting of physical inventories nor satisfy ourselves concerning opening and closing inventory quantities by alternative means. Since opening and closing inventories enter into the determination of the results of operations and cash flows, we were unable to determine whether adjustments to assets, excess (deficiency) of revenue over expenditure for the year, opening and closing members' equity might be necessary.

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, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

The comparative figures were reported on by another firm of chartered accountants who issued a qualified opinion on March 31, 2010. They stated that they were not able to satisfy themselves concerning the completeness of donations nor were they able to observe the counting of physical inventories at the end of the year.



Mississauga, Ontario
May 10, 2011

**CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

EDEN FOOD BANK
 (Operating as Eden Community Food Bank)
STATEMENT OF FINANCIAL POSITION

As at December 31	General	Capital	Total	2009 Total
ASSETS				
Current				
Cash and cash equivalents	\$ 41,718	\$ -	\$ 41,718	\$ 44,886
Investments, <i>note 5</i>	105,034	-	105,034	127,828
Sales taxes receivable	6,232	-	6,232	2,075
Inventory	137,014	-	137,014	100,435
Prepaid expenses	7,602	-	7,602	7,099
	297,600	-	297,600	282,323
Capital, <i>note 6</i>	-	35,438	35,438	25,866
	\$ 297,600	\$ 35,438	\$ 333,038	\$ 308,189
LIABILITIES				
Current				
Accounts payable, <i>note 7</i>	\$ 26,105	\$ -	\$ 26,105	\$ 19,267
Deferred revenue, <i>note 8</i>	84,020	-	84,020	38,725
	110,125	-	110,125	57,992
MEMBERS' EQUITY				
Members' equity balances, <i>page 5</i>	187,475	35,438	222,913	250,197
	\$ 297,600	\$ 35,438	\$ 333,038	\$ 308,189

Approved on behalf of the Board:

Director

Director

EDEN FOOD BANK
 (Operating as Eden Community Food Bank)
STATEMENT OF MEMBERS' EQUITY

For the year ended December 31	2010			2009
	General	Capital	Total	Total
Balance, beginning of year	\$ 224,331	\$ 25,866	\$ 250,197	\$ 306,543
Excess (deficiency) of revenue over expenditure for the year <i>(page 6)</i>	(15,784)	(11,500)	(27,284)	(56,346)
Capital asset additions	(21,072)	21,072	-	-
Balance, end of year	\$ 187,475	\$ 35,438	\$ 222,913	\$ 250,197

EDEN FOOD BANK
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STATEMENT OF OPERATIONS

For the year ended December 31	2010			2009
	General	Capital	Total	Total
Revenue				
Donations	\$ 125,119	\$ -	\$ 125,119	\$ 78,673
Donations in kind	396	-	396	4,941
Fund raising	27,802	-	27,802	19,626
Interest	1,900	-	1,900	3,529
The Ontario Trillium Foundation grant	56,250	-	56,250	-
Total revenues	<u>211,467</u>	<u>-</u>	<u>211,467</u>	<u>106,769</u>
Expenditure				
Advertising and promotion	3,644	-	3,644	1,017
Amortization	-	11,500	11,500	4,844
Audit and legal	6,208	-	6,208	3,100
Bank charges	645	-	645	704
Birthday program	281	-	281	1,119
Christmas baskets	11,539	-	11,539	11,679
Courses, fees and dues	1,670	-	1,670	1,704
Food purchases and food delivery costs	13,118	-	13,118	16,248
Fund raising	8,980	-	8,980	1,393
Groceries	2,115	-	2,115	1,345
Insurance	1,822	-	1,822	1,604
Office	4,008	-	4,008	3,770
Rent, <i>note 9</i>	51,441	-	51,441	38,312
Repairs and maintenance	2,353	-	2,353	859
Salaries and benefits	130,163	-	130,163	70,478
Security	-	-	-	2,033
Supplies	889	-	889	1,010
Telephone	3,556	-	3,556	1,033
Travel	831	-	831	733
Truck rental	7,801	-	7,801	4,404
Utilities	7,989	-	7,989	3,861
Volunteer appreciation	3,944	-	3,944	2,999
Waste removal	832	-	832	397
	<u>263,829</u>	<u>11,500</u>	<u>275,329</u>	<u>174,646</u>
Operating income (loss) for the year	<u>(52,362)</u>	<u>(11,500)</u>	<u>(63,862)</u>	<u>(67,877)</u>
Food donations				
Donations received	915,459	-	915,459	694,183
Donations given out	<u>(878,881)</u>	<u>-</u>	<u>(878,881)</u>	<u>(682,652)</u>
	<u>36,578</u>	<u>-</u>	<u>36,578</u>	<u>11,531</u>
Excess (deficiency) of revenue over expenditure for the year	<u>\$ (15,784)</u>	<u>\$ (11,500)</u>	<u>\$ (27,284)</u>	<u>\$ (56,346)</u>

EDEN FOOD BANK
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STATEMENT OF CASH FLOWS

For the year ended December 31	2010	2009
Cash provided (used) by		
Operating activities		
Excess (deficiency) of revenue over expenditure for the year		
General	\$ (15,784)	\$ (18,561)
Capital	<u>(11,500)</u>	<u>(4,844)</u>
	(27,284)	(23,405)
Item not involving cash - amortization	<u>11,500</u>	<u>4,844</u>
	(15,784)	(18,561)
Changes in non-cash working capital balances		
Sales taxes receivable	(4,157)	1,152
Inventory	(36,579)	(11,532)
Prepaid expenses	(503)	(6,196)
Accounts payable	6,838	11,962
Deferred revenue	<u>45,295</u>	<u>3,000</u>
Increase (decrease) in cash for the year	<u>(4,890)</u>	<u>(20,175)</u>
Investing activities		
Purchase of capital assets	<u>(21,072)</u>	<u>(24,188)</u>
Increase (decrease) in cash and investments	(25,962)	(44,363)
Cash and investments, beginning of year	172,714	217,077
Cash and investments, end of year	<u>\$ 146,752</u>	<u>\$ 172,714</u>
Supplemental information		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Represented by		
Cash and cash equivalents	\$ 41,718	\$ 44,886
Investments	<u>105,034</u>	<u>127,828</u>
	<u>\$ 146,752</u>	<u>\$ 172,714</u>

EDEN FOOD BANK
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NOTES TO FINANCIAL STATEMENTS
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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.

EDEN FOOD BANK
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NOTES TO FINANCIAL STATEMENTS
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2. Significant accounting policies *(continued)*

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

Inventory is valued at the lower of cost and current replacement cost. It consists of food that was donated to the Organization but was not distributed before year end. The value of the food inventory 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.

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 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.

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3. Future change in accounting policy

In March 2010 the Canadian Institute of Chartered Accountants issued an Exposure Draft which provides not-for-profit organizations in the private sector the option to follow accounting principles that are not substantially different from the current accounting policies for not-for-profit organizations. 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.

4. Financial instruments

Classification and measurement	Classification	2010	2009
Cash and cash equivalents	held for trading	\$ 41,718	\$ 44,886
Investments	available for sale	105,034	127,828
Sales taxes receivable	loans and receivable	6,232	2,075
Accounts payable	other financial liability	26,105	19,267

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.

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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4. Financial instruments (continued)

Risk disclosures

The main risks to which the Organization's financial instruments are exposed are as follows -

Credit risk

The Organization's receivables are mainly sales taxes receivable which are from the Government of Canada; accordingly, the risk of non-collectability is low.

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

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Organization. Due to the nature Organization's investments, market risk is considered low.

Interest rate risk

The Organization has cash balances, investments and no interest bearing debt. The Organization's current policy is to invest excess cash in GICs and money market funds issued by its banking institutions; accordingly, there is exposure to interest rate fluctuations.

Sensitivity analysis

As at December 31

	2010		2009	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 41,718	13%	\$ 44,886	15%
Investments	105,034	31%	127,828	41%
Sales taxes receivable	6,232	2%	2,075	1%
Inventory	137,014	41%	100,435	33%
Prepaid expenses	7,602	2%	7,099	2%
Capital	35,438	11%	25,866	8%
Total assets	\$ 333,038	100%	\$ 308,189	100%
Accounts payable	\$ 26,105	8%	\$ 19,267	6%
Deferred revenue	84,020	25%	38,725	13%
Members' equity	222,913	67%	250,197	81%
Total liabilities and equity	\$ 333,038	100%	\$ 308,189	100%

The Organization manages its risk though the overseeing of these investments by both the board and its' external advisors. Changes are made to the investments as required.

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5. Investments

As at December 31	2010	2009
GIC, bearing interest at 1.25%, due December 2013	\$ 105,000	\$ -
GIC, bearing interest at 4.25%, due October 25, 2010	-	50,000
Money Market Fund	-	75,284
Accrued interest	34	2,544
	\$ 105,034	\$ 127,828

6. Capital assets

As at December 31	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer	\$ 3,619	\$ 3,530	\$ 1,318	\$ 1,162
Office and equipment	12,756	7,244	12,600	5,571
Leasehold improvements	40,593	10,756	21,978	3,297
	\$ 56,968	\$ 21,530	\$ 35,896	\$ 10,030
Cost less accumulated amortization		\$ 35,438		\$ 25,866

7. Accounts payable

As at December 31	2010	2009
Trade	\$ 21,917	\$ 15,269
Source deductions	4,188	3,998
	\$ 26,105	\$ 19,267

EDEN FOOD BANK
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NOTES TO FINANCIAL STATEMENTS

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8. Deferred revenue

	Balance Beginning of year	Funds Received	Expenditures	Balance End of year
Christmas Basket fund	\$ 2,692	\$ 500	\$ 2,000	\$ 1,192
Fresh Food fund	3,092	-	3,092	-
The Ontario Trillium Foundation grant	-	75,000	56,250	18,750
Board reserve fund	32,941	31,137	-	64,078
	<u>\$ 38,725</u>	<u>\$ 106,637</u>	<u>\$ 61,342</u>	<u>\$ 84,020</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.

9. 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 November 30, 2012 to pay base rent as follows -

2011	-	\$ 58,135
2012	-	64,140
2013	-	67,241
2014	-	16,955

10. Comparative figures

Certain of previous years' figures have been regrouped to conform to the presentation adopted during the current year.