

EDEN FOOD FOR CHANGE
(formerly Eden Community Food Bank)

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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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, 2017 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, 2017 and 2016, current assets and liabilities as at December 31, 2017 and 2016 and fund balances at both the beginning and end of the years ended December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 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, 2017 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 9, 2018

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

EDEN FOOD FOR CHANGE
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31	2017			2016
	General	Capital	Total	Total
ASSETS				
Current				
Cash and cash equivalents	\$ 120,727	\$ -	\$ 120,727	\$ 138,305
Sales taxes receivable	8,289	-	8,289	7,949
Prepaid expenses	10,154	-	10,154	11,764
	<u>139,170</u>	<u>-</u>	<u>139,170</u>	<u>158,018</u>
Capital, note 4	<u>-</u>	<u>117,770</u>	<u>117,770</u>	<u>66,219</u>
	\$ 139,170	\$ 117,770	\$ 256,940	\$ 224,237
LIABILITIES				
Current				
Accounts payable, note 5	\$ 64,242	\$ -	\$ 64,242	\$ 43,832
Deferred revenue, note 6	75,978	-	75,978	87,250
	<u>140,220</u>	<u>-</u>	<u>140,220</u>	<u>131,082</u>
Long Term				
Asset retirement obligation, note 7	<u>-</u>	<u>5,360</u>	<u>5,360</u>	<u>5,105</u>
	<u>140,220</u>	<u>5,360</u>	<u>145,580</u>	<u>136,187</u>
MEMBERS' EQUITY				
Members' equity balances, page 5	<u>(1,050)</u>	<u>112,410</u>	<u>111,360</u>	<u>88,050</u>
	\$ 139,170	\$ 117,770	\$ 256,940	\$ 224,237

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, 2017	General	Capital	Total
Balance, beginning of year	\$ 26,936	\$ 61,114	\$ 88,050
Excess (shortfall) of revenue over expenditure for the year	23,310	-	23,310
Accretion of asset retirement obligation	255	(255)	-
Amortization	48,416	(48,416)	-
Capital asset additions	(99,967)	99,967	-
Balance, end of year	\$ (1,050)	\$ 112,410	\$ 111,360

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

EDEN FOOD FOR CHANGE
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31	2017	2016
Revenue		
Donations	\$ 497,846	\$ 411,640
Donations in kind	-	-
Fundraising, <i>note 8</i>	31,922	20,086
Federal grant/YMCA	-	16,023
Fresh produce boxes	131,636	281,562
Farmers Market Income	-	7,328
Kitchen rental	720	1,195
Miscellaneous Income	-	637
Region of Peel	-	40,849
Region of Peel HPS	44,116	-
Social Enterprise Program	-	10,443
The Ontario Trillium Foundation grant	30,000	37,500
United Way of Peel Region	50,500	50,500
	<u>786,740</u>	<u>877,763</u>
Total revenue		
Accretion of asset retirement obligation	255	243
Advertising, community awareness, outreach	4,015	13,539
Amortization	48,416	34,240
Audit, legal and bookkeeping	16,517	10,229
Bank charges	4,938	5,387
Courses, fees and dues	1,704	2,596
Food purchases	43,951	43,944
Fundraising	28,588	25,295
Fresh produce box program	114,848	245,802
Farmer's market	339	9,437
Insurance	2,050	2,363
Program expenses	16,777	21,682
Office	17,327	15,382
Rent	108,908	104,736
Repairs and maintenance	4,595	3,125
Salaries and benefits	298,379	392,764
Supplies	10,357	9,151
Telephone	4,469	3,968
Transportation costs and truck repairs	25,489	34,541
Volunteer appreciation	7,124	7,121
Waste removal	4,384	3,262
	<u>763,430</u>	<u>988,807</u>
Total expenditure	763,430	988,807
Excess (shortfall) of revenue over expenditure for the year	\$ 23,310	\$ (111,044)

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	2017	2016
Cash provided (used) by		
Operating activities		
Excess (shortfall) of revenue over expenditure for the year	\$ 23,310	\$ (111,044)
Items not involving cash -		
Accretion of asset retirement obligation	255	243
Amortization	<u>48,416</u>	<u>34,240</u>
	71,981	(76,561)
Changes in non-cash working capital balances		
Sales taxes receivable	(340)	34,574
Prepaid expenses	1,610	783
Accounts receivable	-	-
Accounts payable	20,410	6,805
Deferred revenue	<u>(11,272)</u>	<u>11,272</u>
	<u>82,389</u>	<u>(23,127)</u>
Investing activities		
Capital asset purchases	<u>(99,967)</u>	<u>(6,504)</u>
Increase (decrease) in cash for the year	(17,578)	(29,631)
Cash, beginning of year	138,305	167,936
Cash, end of year	<u>\$ 120,727</u>	<u>\$ 138,305</u>

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

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.

Funding 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 funding during the current year.

The Organization has no externally imposed restrictions on its activities.

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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	2017		2016	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 120,727	47%	\$ 138,305	61%
Sales taxes receivable	8,289	3%	7,949	4%
Prepaid expenses	10,154	4%	11,764	5%
Capital	117,770	46%	66,219	30%
Total assets	\$ 256,940	100%	\$ 224,237	100%
Accounts payable	\$ 64,242	25%	\$ 43,832	20%
Deferred revenue	75,978	30%	87,250	39%
Asset retirement obligation	5,360	2%	5,105	2%
Members' equity	111,360	43%	88,050	39%
Total liabilities and equity	\$ 256,940	100%	\$ 224,237	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, 2017

4. Capital assets

As at December 31	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer	\$ 3,619	\$ 3,619	\$ 3,619	\$ 3,619
Office and equipment	30,657	19,518	30,214	16,797
Leasehold improvements	45,759	44,342	45,759	43,870
Truck	119,271	35,569	25,000	19,898
Kitchen equipment	150,391	128,879	145,138	99,327
Kitchen program development costs	95,625	95,625	95,625	95,625
	<u>\$ 445,322</u>	<u>\$ 327,552</u>	<u>\$ 345,355</u>	<u>\$ 279,136</u>
Cost less accumulated amortization		<u>\$ 117,770</u>		<u>\$ 66,219</u>

5. Accounts payable

As at December 31	2017	2016
Trade	\$ 37,573	\$ 43,832
Wages and vacation pay	26,669	-
	<u>\$ 64,242</u>	<u>\$ 43,832</u>

6. Deferred revenue (recoverable)

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

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
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7. Asset retirement obligation	2017	2016
Balance at beginning of year	\$ 5,105	\$ 4,862
Additions and change in estimate	-	-
Accretion expense	255	243
Balance at end of year	\$ 5,360	\$ 5,105

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	2017	2016
For the year ended December 31		
Value of donations received for events	\$ 20,509	\$ 31,788
Fundraising proceeds - ticket sales and auction proceeds	\$ 31,922	\$ 20,086

9. Food donations	2017		2016	
As at December 31	<i>(pounds)</i>	<i>(amount)</i>	<i>(pounds)</i>	<i>(amount)</i>
Food donations during the year				
Food donations received	530,575	\$ 1,326,438	581,302	\$ 1,453,255
Food donations given out	(517,486)	\$ (1,293,715)	(585,275)	\$ (1,463,188)
Donated food inventory on hand at end of year	138,822	\$ 347,055	125,733	\$ 314,333

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, 2017

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 -

2018	-	\$ 71,975
2019	-	17,994

The Organization is obligated under a premises lease at the Battleford Road location expiring December 31, 2020 as follows -

2018	-	\$ 18,450
2019	-	19,100
2020	-	19,670