

The Mississauga Food Bank
Financial Statements
For the year ended May 31, 2014

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Independent Auditor's Report

To the Members of The Mississauga Food Bank

We have audited the statement of financial position of The Mississauga Food Bank as at May 31, 2014 and the statements of changes in net assets, 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 auditor's 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.

Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenues from fundraising and donations, 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 entity. We were unable to determine whether any adjustments might be necessary to revenue from fundraising and donations, excess of revenue over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Mississauga Food Bank as at May 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of The Mississauga Food Bank for the year ended May 31, 2013 were audited by another auditor who expressed a qualified audit opinion on those statements on October 15, 2013.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario
September 16, 2014

The Mississauga Food Bank Statement of Financial Position

May 31 **2014** **2013**

Assets

Current

Cash (Note 2)	\$	394,821	\$	326,160
Short-term investment (Note 3)		103,154		102,200
Amounts receivable		17,290		33,268
Prepaid expenses		47,022		35,756

562,287 497,384

Capital assets (Note 4)

166,025 200,181

\$ 728,312 \$ 697,565

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	19,418	\$	16,005
Deferred grant revenue (Note 5)		65,706		104,252
Deferred sponsorship revenue		69,250		40,265

154,374 160,522

Deferred capital contributions (Note 6)

117,811 137,553

272,185 298,075

Net assets

Funds invested in capital assets (Note 7)		48,214		62,628
Contingency fund		70,000		120,000
Unrestricted funds		337,913		216,862

456,127 399,490

\$ 728,312 \$ 697,565

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

The Mississauga Food Bank
Statement of Changes in Net Assets

For the year ended **May 31**

2014 **2013**

	Funds Invested in Capital Assets	Contingency Fund	Unrestricted Funds	Total	Total
Balance, beginning of year	\$ 62,628	\$ 120,000	\$ 216,862	\$ 399,490	\$ 348,661
Excess (deficiency) of revenue over expenditures for the year	(15,854)	-	72,491	56,637	50,829
Capital funding received	(24,364)	-	24,364	-	-
Purchase of capital assets	25,804	-	(25,804)	-	-
Transfer of funds	-	(50,000)	50,000	-	-
Balance, end of year	\$ 48,214	\$ 70,000	\$ 337,913	\$ 456,127	\$ 399,490

The accompanying notes are an integral part of these financial statements.

The Mississauga Food Bank Statement of Operations

For the year ended May 31	2014	2013
Revenue		
Donations and membership fees (Note 8)	\$ 866,588	\$ 726,763
Fundraising events	94,856	83,240
Deferred capital contributions (Note 6)	44,106	47,740
Regional Municipality of Peel (Note 5a)	41,624	60,000
Truck delivery income	-	36,988
The Trillium Foundation (Note 5d)	29,500	17,500
Sponsorships	82,512	12,236
	1,159,186	984,467
Expenditures		
Advertising, promotion and community events	111,003	69,147
Amortization	59,960	63,431
Bank charges and interest income, net	9,592	8,383
Computer maintenance	13,155	10,425
Donated items	6,589	12,146
Food delivery	34,519	32,530
Fundraising events	39,133	48,239
Insurance	4,286	2,739
Office and general	69,916	61,145
Professional fees		
- Auditor, bookkeeper and legal	16,863	11,593
- Other consultants	10,452	3,044
Purchased food and food drives	63,917	14,433
Rent and municipal taxes	86,747	86,654
Repairs and maintenance	28,800	14,692
Salaries and wages	508,773	458,272
Telephone and internet charges	12,230	10,902
Travel and conferences	8,527	7,467
Utilities	18,087	18,396
	1,102,549	933,638
Excess of revenue over expenditures	\$ 56,637	\$ 50,829

The accompanying notes are an integral part of these financial statements.

The Mississauga Food Bank Statement of Cash Flows

For the year ended May 31	2014	2013
Cash was provided by (used in)		
Operating activities		
Excess of revenues over expenditures	\$ 56,637	\$ 50,829
Adjustments required to reconcile excess of revenues over expenditures with net cash provided by operating activities		
Amortization of capital assets	59,960	63,431
Amortization of deferred capital contributions	(44,106)	(47,740)
Changes in non-cash working capital balances		
Amounts receivable	15,978	(18,887)
Prepaid expenses	(11,266)	(13,382)
Accounts payable and accrued liabilities	3,413	5,253
Deferred grant revenue	(38,546)	43,952
Deferred sponsorship revenue	28,985	27,615
	71,055	111,071
Investing activities		
Purchase of capital assets	(25,804)	(115,295)
Capital funding received	24,364	94,235
Purchase of short-term investment	(954)	(794)
	(2,394)	(21,854)
Increase in cash during the year	68,661	89,217
Cash, beginning of year	326,160	236,943
Cash, end of year	\$ 394,821	\$ 326,160

The accompanying notes are an integral part of these financial statements.

The Mississauga Food Bank

Notes to Financial Statements

May 31, 2014

1. Summary of Significant Accounting Policies

Nature of Organization

The Mississauga Food Bank (the 'Organization') sources, manages and distributes food to Mississauga residents in need. The Organization is registered as a charitable organization without share capital under the Ontario Corporations Act. As such, the Organization is able to issue donation receipts and is not liable for any federal or provincial income taxes under the provisions of the Income Tax Act.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at the following rates:

Warehouse equipment	- 20 % diminishing balance basis
Refrigerated trucks	- 30 % diminishing balance basis
Freezer/cooler unit	- 5 years straight-line basis
Leasehold improvements	- straight-line over term of lease
Office equipment	- 20 % diminishing balance basis
Computer hardware and software	- 30 % diminishing balance basis
Signage	- 10 years straight-line basis
Inventory management system	- 5 years straight-line basis

Revenue Recognition

The Organization follows the deferral method of accounting for revenue. Restricted donations and fundraising event revenue are recognized as revenue in the year in which the related expenditures are incurred and unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purchase of capital assets are recorded as revenue over the same period as the related amortization of the purchased assets.

Grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Donations in kind (non-cash donations) are recorded as contributions at their estimated fair market value at the date of the donation.

Sponsorship revenue that relates to a future period is deferred and recognized over the term of the sponsorship agreement.

The Mississauga Food Bank

Notes to Financial Statements

May 31, 2014

1. Summary of Significant Accounting Policies (continued)

Contingency Fund

The contingency fund is an internally restricted fund that reflects amounts that are designated by the Board of Directors and transferred from unrestricted funds to provide for special purposes.

Donated Services

The operation of the Organization is dependent on services provided by volunteers. Since these services are not normally purchased by the Organization and due to the difficulty of determining their market value, donated services are not recorded in the accounts.

Remuneration of the Board of Directors

Members of the Board of Directors are volunteers who serve without remuneration.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash

Included in cash are amounts designated for deferred grant revenue and deferred sponsorship revenue aggregating \$131,664 (2013 - \$144,517).

3. Short-term Investment

Short-term investment consists of a cashable Guaranteed Investment Certificate that earns interest at 1.0% and has a maturity date of October 1, 2014 (2013 - 0.8%, September 30, 2013).

The Mississauga Food Bank Notes to Financial Statements

May 31, 2014

4. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Warehouse equipment	\$ 97,308	\$ 64,518	\$ 84,636	\$ 57,904
Refrigerated trucks	177,024	147,106	177,024	134,284
Freezer/cooler unit	89,893	89,893	89,893	80,904
Leasehold improvements	37,699	37,699	37,699	34,304
Office equipment	34,018	23,863	34,018	21,324
Computer hardware and software	38,580	25,714	36,812	20,579
Signage	4,827	724	4,827	241
Inventory management system	105,600	29,407	94,236	9,424
	\$ 584,949	\$ 418,924	\$ 559,145	\$ 358,964
		\$ 166,025		\$ 200,181

5. Deferred Grant Revenue

The Organization received funding from a number of sources during the year that was earmarked for specific purposes as detailed below:

a) In the current year, the Organization received funding of \$3,000 (2013 - \$93,624) from the Regional Municipality of Peel, which is earmarked to be used for facility costs associated with the distribution of food. The Organization also received funding of \$33,000 (2013 - \$Nil) that is earmarked for a specific staff position, and those expenses will occur in fiscal 2015.

	2014	2013
Balance, beginning of year	\$ 38,624	\$ 5,000
Funding received during the year	36,000	93,624
Amounts recognized in revenue	(41,624)	(60,000)
Balance, end of year	\$ 33,000	\$ 38,624

The Mississauga Food Bank Notes to Financial Statements

May 31, 2014

5. Deferred Grant Revenue (continued)

b) In the current year, the Organization received funding of \$Nil (2013 - \$23,000) from Tim Horton's, which was earmarked to be used for truck expenses.

	2014	2013
Balance, beginning of year	\$ 10,764	\$ -
Funding received during the year	-	23,000
Amounts recognized in revenue	(10,764)	(12,236)
Balance, end of year	\$ -	\$ 10,764

c) In the current year, the Organization received funding of \$Nil (2013 - \$50,300) which was earmarked to be used for a warehouse inventory project. The remaining balance was spent during the current year.

	2014	2013
Balance, beginning of year	\$ 11,364	\$ 55,300
Funding received during the year	-	50,300
Amounts used to purchase capital assets	(11,364)	(94,236)
Balance, end of year	\$ -	\$ 11,364

d) The Organization received \$23,500 (2013 - \$23,500) from The Trillium Foundation, which was designated to be used for expenses related to a warehouse supervisor's salary.

	2014	2013
Balance, beginning of year	\$ 6,000	\$ -
Funds received during the year	23,500	23,500
Amounts recognized in revenue	(29,500)	(17,500)
Balance, end of year	\$ -	\$ 6,000

e) The Organization received funding of \$Nil (2013 - \$37,500) which was designated to be used for expenses related to a manager of food procurement's salary, materials and equipment expenditures.

	2014	2013
Balance, beginning of year	\$ 37,500	\$ -
Funding received during the year	-	37,500
Amounts recognized in revenue	(37,500)	-
Balance, end of year	\$ -	\$ 37,500

The Mississauga Food Bank Notes to Financial Statements

May 31, 2014

5. Deferred Grant Revenue (continued)

f) The Organization received funding earmarked for food procurement during the year. The balance will be spent in future years as required.

	2014	2013
Balance, beginning of year	\$ -	\$ -
Funding received during the year	48,449	-
Amounts used to purchase food	(15,743)	-
Balance, end of year	\$ 32,706	\$ -
Total deferred grant revenue, end of year	\$ 65,706	\$ 104,252

6. Deferred Capital Contributions

a) The balance represents the unamortized amount received from the Trillium Foundation for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2014	2013
Balance, beginning of year	\$ 10,001	\$ 30,000
Amounts amortized to revenue	(10,001)	(19,999)
Balance, end of year	\$ -	\$ 10,001

b) The balance represents the unamortized amount received for the purchase of the refrigerated trucks. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2014	2013
Balance, beginning of year	\$ 42,741	\$ 61,058
Amounts amortized to revenue	(12,822)	(18,317)
Balance, end of year	\$ 29,919	\$ 42,741

The Mississauga Food Bank Notes to Financial Statements

May 31, 2014

6. Deferred Capital Contributions (continued)

c) The balance represents the unamortized amount received for the purchase of the inventory management system. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2014	2013
Balance, beginning of year	\$ 84,811	\$ -
Additions during the year	11,364	94,235
Amounts amortized to revenue	(19,983)	(9,424)
Balance, end of year	\$ 76,192	\$ 84,811

d) The balance represents the unamortized amount received for the purchase of warehouse equipment. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2014	2013
Balance, beginning of year	\$ -	\$ -
Additions during the year	13,000	-
Amounts amortized to revenue	(1,300)	-
Balance, end of year	\$ 11,700	\$ -
Total deferred capital contributions, end of year	\$ 117,811	\$ 137,553

7. Funds Invested in Capital Assets

	2014	2013
Capital assets	\$ 166,025	\$ 200,181
Deferred capital contributions related to capital assets	(117,811)	(137,553)
Balance, end of year	\$ 48,214	\$ 62,628

8. Donations and Membership Fees

Included in this balance are donations in-kind (non-cash donations) in the amount of \$6,589 (2013 - \$12,146).

The Mississauga Food Bank
Notes to Financial Statements

May 31, 2014

9. Commitments

The Organization leases premises under an operating lease arrangement, has an agreement for truck maintenance and a subscription for a software program. The minimum payments under the agreements for the next five years and thereafter are as follows:

2015	\$ 93,696
2016	119,008
2017	107,000
2018	107,000
2019	107,000
Thereafter	<u>17,833</u>
	<u>\$ 551,537</u>

10. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.