

**The Mississauga Food Bank**  
**Financial Statements**  
For the year ended May 31, 2016

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	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Changes in Net Assets	<b>4</b>
Statement of Operations	<b>5</b>
Statement of Cash Flows	<b>6</b>
Notes to Financial Statements	<b>7 - 13</b>



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## Independent Auditor's Report

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### 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, 2016 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, verification of these revenues was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from fundraising and donations, excess (deficiency) of revenue over expenditures and cash flows from operations for the years ended May 31, 2016 and 2015, current assets as at May 31, 2016 and 2015, and fund balances as at June 1 and May 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended May 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Opinion

In our opinion, except for the possible effects 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, 2016 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario  
September 20, 2016

## The Mississauga Food Bank Statement of Financial Position

May 31	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 598,811	\$ 347,370
Short-term investment (Note 3)	104,532	104,186
Amounts receivable	27,075	35,781
Prepaid expenses	33,485	32,652
	763,903	519,989
<b>Capital assets</b> (Note 4)	225,851	146,804
	\$ 989,754	\$ 666,793
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 90,953	\$ 45,713
Deferred grant revenue (Note 5)	168,431	59,255
Deferred sponsorship revenue	92,292	44,605
Current portion of obligation under capital lease (Note 6)	28,440	-
	380,116	149,573
<b>Obligation under capital lease</b> (Note 6)	104,208	-
<b>Deferred capital contributions</b> (Note 7)	55,848	93,935
<b>Deferred leasehold inducement</b>	17,609	23,170
	557,781	266,678
<b>Net assets</b>		
Funds invested in capital assets (Note 8)	37,355	52,869
Contingency fund	220,000	70,000
Unrestricted funds	174,618	277,246
	431,973	400,115
	\$ 989,754	\$ 666,793

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**

<b>For the year ended May 31</b>				<b>2016</b>	<b>2015</b>
	<b>Funds Invested in Capital Assets</b>	<b>Contingency Fund</b>	<b>Unrestricted Funds</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	\$ 52,869	\$ 70,000	\$ 277,246	\$ 400,115	\$ 456,127
<b>Excess (deficiency) of revenue over expenditures for the year</b>	-	-	31,858	31,858	(56,012)
<b>Amortization of capital assets</b>	(62,390)	-	62,390	-	-
<b>Amortization of deferred capital contributions</b>	27,944	-	(27,944)	-	-
<b>Purchase of capital assets</b>	12,648	-	(12,648)	-	-
<b>Payments made for capital lease obligation</b>	6,284	-	(6,284)	-	-
<b>Transfer of funds</b>	-	150,000	(150,000)	-	-
<b>Balance, end of year</b>	\$ 37,355	\$ 220,000	\$ 174,618	\$ 431,973	\$ 400,115

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

## The Mississauga Food Bank Statement of Operations

<b>For the year ended May 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Donations and membership fees	\$ 1,359,235	\$ 1,151,411
Fundraising events	3,000	84,194
Deferred capital contributions (Note 7)	27,944	33,386
Regional Municipality of Peel (Note 5a)	70,874	30,250
Sponsorships	94,792	84,167
Gain on sale of capital assets	10,140	-
	<b>1,565,985</b>	<b>1,383,408</b>
<b>Expenditures</b>		
Advertising, promotion and community events	145,293	168,523
Amortization	62,390	45,787
Bank and credit card processing charges	18,467	14,288
Computer maintenance	15,524	14,956
Donated items	13,290	3,199
Food delivery	44,026	36,313
Fundraising events	-	59,177
Insurance	3,898	3,753
Interest on capital lease	3,196	-
Moving	-	75,306
Office and general	138,278	116,352
Professional fees		
- Auditor, bookkeeper and legal	14,178	14,622
- Other consultants	462	5,199
Purchased food and food drives	142,549	89,003
Rent and municipal taxes	135,023	138,958
Repairs and maintenance	64,961	33,775
Salaries and wages	685,984	571,802
Telephone and internet charges	13,039	12,142
Travel and conferences	5,104	5,532
Utilities	28,465	30,733
	<b>1,534,127</b>	<b>1,439,420</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 31,858</b>	<b>\$ (56,012)</b>

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	2016	2015
<b>Cash was provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ 31,858	\$ (56,012)
Adjustments required to reconcile excess (deficiency) of revenues over expenditures with net cash provided by operating activities		
Amortization of capital assets	62,390	45,787
Amortization of deferred capital contributions	(27,944)	(33,386)
Gain on disposal of capital assets	(10,140)	-
Deferred capital contributions adjustment	(10,143)	-
Deferred leasehold inducement	(5,561)	23,170
Changes in non-cash working capital balances		
Amounts receivable	8,706	(18,491)
Prepaid expenses	(833)	14,370
Accounts payable and accrued liabilities	45,240	26,295
Deferred grant revenue	109,176	(6,451)
Deferred sponsorship revenue	47,687	(24,645)
	<b>250,436</b>	<b>(29,363)</b>
<b>Investing activities</b>		
Purchase of capital assets	(12,648)	(26,566)
Capital funding received	-	9,510
Proceeds on sale of capital assets	20,283	-
Purchase of short-term investment	(346)	(1,032)
	<b>7,289</b>	<b>(18,088)</b>
<b>Financing activities</b>		
Capital lease obligation payments	(6,284)	-
	<b>251,441</b>	<b>(47,451)</b>
<b>Increase (decrease) in cash during the year</b>	<b>251,441</b>	<b>(47,451)</b>
<b>Cash, beginning of year</b>	<b>347,370</b>	<b>394,821</b>
<b>Cash, end of year</b>	<b>\$ 598,811</b>	<b>\$ 347,370</b>

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

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# The Mississauga Food Bank

## Notes to Financial Statements

**May 31, 2016**

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### 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 charity 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
Refrigerated truck under capital lease	- 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.

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# The Mississauga Food Bank

## Notes to Financial Statements

**May 31, 2016**

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### 1. Summary of Significant Accounting Policies (continued)

#### **Obligation under Capital Lease**

Leases meeting certain criteria are accounted for as capital leases. The imputed interest is charged against income and the capitalized value is amortized on a straight line basis over its estimated useful life. Obligations under capital leases are reduced by rental payments net of imputed interest. All other leases are accounted for as operating leases with rental payments being expensed as incurred.

#### **Deferred Leasehold Inducement**

Deferred leasehold inducement represents free rent received from the landlord. The leasehold inducement is recorded as a deferred credit and is amortized on a straight-line basis over the term of the lease as a reduction of rent and municipal taxes.

#### **Contingency Fund**

The Contingency fund is an internally restricted fund that reflects amounts that are designated by the Board of Directors for special purposes and are transferred to unrestricted funds as necessary. During the year, the Board of Directors approved a transfer of \$150,000 (2015 - \$Nil) from Unrestricted funds to the Contingency fund.

#### **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.



## The Mississauga Food Bank Notes to Financial Statements

**May 31, 2016**

### 2. Cash

Included in cash are amounts restricted for deferred grant revenue and deferred sponsorship revenue aggregating \$260,723 (2015 - \$103,860).

### 3. Short-term Investment

Short-term investment consists of a cashable Guaranteed Investment Certificate that earns interest at 0.75% (2015 - 1.0%) and has a maturity date of October 1, 2016 (2015 - October 1, 2015).

### 4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Warehouse equipment	\$ 106,818	\$ 78,984	\$ 106,818	\$ 72,026
Refrigerated trucks	75,601	68,043	177,024	156,082
Refrigerated truck under capital lease	138,932	20,840	-	-
Freezer/cooler unit	89,893	89,893	89,893	89,893
Leasehold improvements	14,981	4,494	14,981	1,498
Office equipment	34,018	27,519	34,018	25,894
Computer hardware and software	53,303	35,013	40,655	29,885
Signage	4,827	1,689	4,827	1,207
Inventory management system	105,600	71,647	105,600	50,527
<b>Totals</b>	<b>\$ 623,973</b>	<b>\$ 398,122</b>	<b>\$ 573,816</b>	<b>\$ 427,012</b>
Cost, net of accumulated amortization		<b>\$ 225,851</b>		<b>\$ 146,804</b>

## The Mississauga Food Bank Notes to Financial Statements

**May 31, 2016**

### 5. Deferred Grant Revenue

The Organization received funding from a number of sources for special purposes during the year as detailed below:

a) In the current year, the Organization received funding of \$81,673 (2015 - \$33,594) from the Regional Municipality of Peel, which is earmarked for a specific staff position, and those expenses will continue in fiscal 2017.

	<b>2016</b>	2015
Balance, beginning of year	\$ 36,344	\$ 33,000
Funding received during the year	81,673	33,594
Amounts recognized in revenue	(70,374)	(30,250)
Balance, end of year	\$ 47,643	\$ 36,344

b) The Organization received funding of \$72,913 (2015 - \$62,550) earmarked for food and milk procurement during the year. The balance will be spent in future years as required.

Balance, beginning of year	\$ 22,911	\$ 32,706
Funding received during the year	72,913	62,550
Amounts used to purchase food and milk	(83,436)	(72,345)
Balance, end of year	\$ 12,388	\$ 22,911

c) The Organization received \$88,400 (2015 - \$Nil) from The Trillium Foundation, which is earmarked for the purchase, installation and operation of an aquaponics system. No amounts were spent in the current year as the project has not yet begun.

Funds received during the year	\$ 88,400	\$ -
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d) The Organization received funding of \$20,000 (2015 - \$Nil) earmarked for a specific food project. No amounts were spent this year, the balance will be spent in future years as required.

Funding received during the year	\$ 20,000	\$ -
Total deferred grant revenue, end of year	\$ 168,431	\$ 59,255

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**The Mississauga Food Bank**  
**Notes to Financial Statements**

**May 31, 2016**

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**6. Capital Lease Obligation**

During the year the Organization entered into a capital lease agreement for a refrigerated truck. The monthly payments are \$2,370 per month, with an imputed interest rate of 7%, and the capital lease matures in February 2022. This obligation is secured by the related asset. Future minimum lease payments consist of the following:

2017	\$	28,440
2018		28,440
2019		28,440
2020		28,440
2021		28,440
Thereafter		<u>18,960</u>
Net minimum lease payments		161,160
Less: imputed interest		<u>28,512</u>
Balance of obligation		132,648
Less: current portion		<u>28,440</u>
Long term portion	\$	<u>104,208</u>

## The Mississauga Food Bank Notes to Financial Statements

**May 31, 2016**

### 7. Deferred Capital Contributions

a) 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.

	<b>2016</b>	2015
Balance, beginning of year	\$ 20,944	\$ 29,919
Amounts amortized to revenue	(3,240)	(8,975)
Adjustment on sale	(10,143)	-
Balance, end of year	\$ 7,561	\$ 20,944

b) 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.

Balance, beginning of year	\$ 55,072	\$ 76,192
Amounts amortized to revenue	(21,120)	(21,120)
Balance, end of year	\$ 33,952	\$ 55,072

c) 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.

Balance, beginning of year	\$ 17,919	\$ 11,700
Additions during the year	-	9,510
Amounts amortized to revenue	(3,584)	(3,291)
Balance, end of year	\$ 14,335	\$ 17,919
Total deferred capital contributions, end of year	\$ 55,848	\$ 93,935

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**The Mississauga Food Bank  
Notes to Financial Statements**

**May 31, 2016**

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**8. Funds Invested in Capital Assets**

	2016	2015
Capital assets	\$ 225,851	\$ 146,804
Deferred capital contributions related to capital assets	(55,848)	(93,935)
Capital lease obligation	(132,648)	-
Balance, end of year	\$ 37,355	\$ 52,869

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**9. Commitments**

The Organization leases a premise under an operating lease arrangement. The minimum payments under the agreements for the next four years are as follows:

2017	\$	111,216
2018		111,216
2019		111,216
2020		18,536
		352,184
	\$	352,184