

THE ONTARIO ASSOCIATION OF FOOD BANKS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008



David M. den Boer

CHARTERED ACCOUNTANT

241 Bonaventure Drive Hamilton, ON L9C 4R1

Telephone: (905)389-2670

Facsimile: (905)389-4642

Email: dave@daviddenboer.ca

www.daviddenboer.ca

AUDITOR'S REPORT

To the Directors of
The Ontario Association of Food Banks

I have audited the balance sheet of The Ontario Association of Food Banks as at December 31, 2008 and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Association derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation revenues, fundraising income, excess of revenues over expenses, assets and fund balances.

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations and fundraising income referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hamilton, Ontario
May 14, 2009

Chartered Accountant, Licensed Public Accountant

THE ONTARIO ASSOCIATION OF FOOD BANKS

**BALANCE SHEET
DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Bank and term deposits	\$ 171,778	\$ 294,488
Accounts receivable	386,705	463,404
Prepaid expenses	<u>4,606</u>	<u>2,738</u>
	563,089	760,630
Restricted Assets		
Bank and term deposits (note 2(e))	386,061	385,309
Capital Assets (note 3)	<u>19,745</u>	<u>26,495</u>
	<u>\$ 968,895</u>	<u>\$ 1,172,434</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 270,606	\$ 411,214
Deferred revenue	<u>36,209</u>	<u>81,903</u>
	306,815	493,117
Long-term Liabilities		
Deferred contributions (note 4)	<u>5,227</u>	<u>9,328</u>
	312,042	502,445
FUND BALANCES		
Investment in capital assets	14,518	17,166
Unrestricted (general fund)	256,274	267,514
Capital reserve	3,298	46
General reserve	100,000	80,000
Distribution fund (note 8)	<u>282,763</u>	<u>305,263</u>
	<u>656,853</u>	<u>669,989</u>
	<u>\$ 968,895</u>	<u>\$ 1,172,434</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

ONTARIO ASSOCIATION OF FOOD BANKS

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Capital Invested	Unrestricted	Capital Reserve	General Reserve	Distribution Fund	Total 2008	Total 2007
Balance, <i>beginning of year</i>	\$ 17,166	\$ 267,514	\$ 46	\$ 80,000	\$ 305,263	\$ 669,989	\$ 659,283
Excess (deficiency) of revenues over expenses	-	(13,136)	-	-	-	(13,136)	10,706
Capital asset additions	1,748	-	(1,748)	-	-	-	-
Deferred contribution additions	-	-	-	-	-	-	-
Amortization - capital assets	(8,498)	8,498	-	-	-	-	-
Amortization - deferred contributions	4,102	(4,102)	-	-	-	-	-
Fund transfers (note 6)	-	(2,500)	5,000	20,000	(22,500)	-	-
Balance, <i>end of year</i>	<u>\$ 14,518</u>	<u>\$ 256,274</u>	<u>\$ 3,298</u>	<u>\$ 100,000</u>	<u>\$ 282,763</u>	<u>\$ 656,853</u>	<u>\$ 669,989</u>

THE ONTARIO ASSOCIATION OF FOOD BANKS

**STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Revenues	<u>2008</u>	<u>2007</u>
Gifts in kind	\$ 5,136,787	\$ 8,376,207
Donations	394,474	247,122
Ontario Trillium Foundation grants	122,893	123,680
Amortization of deferred contributions	4,102	4,223
Food drives	441,106	520,257
Membership dues	19,350	11,875
Conference fees	7,783	10,010
Interest and other	<u>17,165</u>	<u>5,975</u>
	6,143,660	9,299,349
 Expenses		
Advertising, promotion and fundraising events	103,157	101,143
Amortization	8,498	9,434
Bank charges and interest	1,405	690
Contracted services	8,504	457
Dues and fees	7,227	5,921
Food banks - share of food drives	276,782	360,241
Food purchases	5,141,007	8,003,594
Food transportation	132,935	105,211
Grants to member food banks	43,029	62,925
Insurance	1,369	2,089
Meetings and conferences	42,778	22,756
Office and general	22,880	15,551
Postage and courier	9,919	6,404
Professional fees	5,799	5,942
Program materials	29,454	300,000
Rent	18,610	17,997
Salaries and benefits	286,486	255,318
Telephone	14,144	9,829
Travel and meals	<u>2,813</u>	<u>3,141</u>
	<u>6,156,796</u>	<u>9,288,643</u>
Excess (deficiency) of revenues over expenses	<u>\$ (13,136)</u>	<u>\$ 10,706</u>

THE ONTARIO ASSOCIATION OF FOOD BANKS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
Cash from operating activities		
Excess (deficiency) of revenues over expenses	\$ (13,136)	\$ 10,706
Adjustments for items not affecting cash		
Amortization of capital assets	8,498	9,434
Amortization of deferred contributions	<u>(4,101)</u>	<u>(4,223)</u>
	(8,739)	15,917
Changes in non-cash working capital balances		
Accounts receivable	76,699	28,592
Prepaid expenses	(1,868)	(611)
Accounts payable and accrued liabilities	(140,607)	9,108
Deferred revenue	<u>(45,694)</u>	<u>229</u>
	<u>(111,469)</u>	<u>37,318</u>
	(120,208)	53,235
Cash from financing and investing activities		
Additions to capital assets	(1,749)	(17,998)
Additions to deferred contributions	<u>-</u>	<u>2,993</u>
	<u>(1,749)</u>	<u>(15,005)</u>
Increase (decrease) in cash	(121,957)	38,230
Cash, beginning of year	<u>679,796</u>	<u>641,566</u>
Cash, end of year	<u>\$ 557,839</u>	<u>\$ 679,796</u>

Cash is comprised of bank and term deposits and includes restricted assets

THE ONTARIO ASSOCIATION OF FOOD BANKS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

1. Purpose of the Organization

The Association was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on March 19, 1992. As a not-for-profit organization, the Association is exempt from the payment of income taxes as provided under the Income Tax Act and is a registered charity.

The Association is a membership organization of food banks throughout Ontario with a mandate to assist in meeting the immediate food needs of food bank recipients and to work towards long-term solutions to hunger and poverty.

2. Summary of Significant Accounting Policies

(a) Capital Assets

Capital assets are recorded at cost. Contributed capital assets, which are recorded at fair value at the date of the contribution, are recognized as revenue in the capital asset fund. Amortization is provided on capital assets using following annual rates and methods:

Office furniture and equipment	20%	declining balance
Computer equipment	30%	declining balance
Computer software	25%	straight line

(b) Revenue Recognition

The Association follows the deferral method of accounting for donations and grants.

Restricted donations and grants are recognized as revenue in the year in which the related expenses are incurred.

Fundraising income, unrestricted donations and grants are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Donated Materials and Services

Donated materials and services are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when the Association would otherwise have required these items.

Because the hours of service by volunteers are not normally purchased and the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

Food, milk, and other supplies and transportation services of \$5,136,787 were donated during the year and are included in the statement of revenues and expenses (2007 - \$8,376,207).

(d) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 amounts of revenues and expenses during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future.

(e) Restricted assets

The Association has established reserve funds for financing future capital purchases, possible operating deficits and the development of food distribution systems.

3. Capital Assets

	Cost	Accumulated Amortization	Net <u>2008</u>	Net <u>2007</u>
Office furniture and equipment	\$ 18,252	\$ 8,030	\$ 10,222	\$ 12,013
Computer equipment	17,308	12,352	4,956	6,095
Computer software	<u>15,278</u>	<u>10,711</u>	<u>4,567</u>	<u>8,387</u>
	<u>\$ 50,838</u>	<u>\$ 31,093</u>	<u>\$ 19,745</u>	<u>\$ 26,495</u>

THE ONTARIO ASSOCIATION OF FOOD BANKS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

4. Deferred Contributions

Deferred contributions include the unamortized portions of contributed capital assets and restricted contributions for capital assets.

The changes in the deferred contributions balances are as follows:

	<u>2008</u>	<u>2007</u>
Balance, <i>beginning of year</i>	\$ 9,329	\$ 10,559
Capital grants	-	2,993
Amounts amortized to revenue	<u>(4,101)</u>	<u>(4,223)</u>
Balance, <i>end of year</i>	<u>\$ 5,228</u>	<u>\$ 9,329</u>

5. Comparative Figures

Certain comparative figures on the statement of revenues and expenses have been reclassified to conform to the presentation adopted for 2008.

6. Restrictions on Fund Balances

In 2008, the Association's board of directors approved the following transfers:

- ◆ \$22,500 from the distribution fund to the unrestricted (general) fund balance for capital improvements,
- ◆ \$5,000 from the unrestricted (general) fund balance to the capital reserve fund and
- ◆ \$20,000 from the unrestricted (general) fund balance to the general reserve fund.

In 2007, the Association's board of directors internally restricted \$64,200 of the unrestricted (general) fund balance for capital reserve and general reserve and approved the transfer of \$35,000 from the distribution fund to the unrestricted (general) fund balance.

7. Commitments

Under the terms of the office lease agreement which expires on March 1, 2009, the Association will be required to make future annual minimum rental payments of at least \$3,173 in 2009.

8. Distribution Fund

In 2006, the Association received funds of \$340,623 from a lawsuit settlement. This income was reported in the statement of revenues and expenses for the year ending December 31, 2006 and transferred into the Distribution Fund. In 2007 and 2008 some of these funds were granted to member food banks and included in the statement of revenues and expenses in the expense line item *Grants to member food banks*.