

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

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## 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, 2009 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, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hamilton, Ontario  
April 6, 2010

*David den Boer*

Chartered Accountant, Licensed Public Accountant

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**BALANCE SHEET  
DECEMBER 31, 2009**

|  | <u>2009</u>         | <u>2008</u>       |
|--|---------------------|-------------------|
| <b>ASSETS</b>                            |                     |                   |
| <b>Current Assets</b>                    |                     |                   |
| Bank and term deposits                   | \$ 509,255          | \$ 171,778        |
| Accounts receivable                      | 260,999             | 386,705           |
| Prepaid expenses                         | <u>10,146</u>       | <u>4,606</u>      |
|  | 780,400             | 563,089           |
| <b>Restricted Assets</b>                 |                     |                   |
| Bank and term deposits (note 2(e))       | 399,536             | 386,061           |
| <b>Capital Assets (note 3)</b>           | <u>30,313</u>       | <u>19,745</u>     |
|  | <u>\$ 1,210,249</u> | <u>\$ 968,895</u> |
| <b>LIABILITIES</b>                       |                     |                   |
| <b>Current Liabilities</b>               |                     |                   |
| Accounts payable and accrued liabilities | \$ 266,065          | \$ 270,606        |
| Deferred revenue                         | <u>175,224</u>      | <u>36,209</u>     |
|  | 441,289             | 306,815           |
| <b>Long-term Liabilities</b>             |                     |                   |
| Deferred contributions (note 4)          | <u>1,210</u>        | <u>5,227</u>      |
|  | 442,499             | 312,042           |
| <b>FUND BALANCES</b>                     |                     |                   |
| Investment in capital assets             | 29,103              | 14,518            |
| Unrestricted (general fund)              | 339,111             | 256,274           |
| Capital reserve                          | (3,227)             | 3,298             |
| General reserve                          | 150,000             | 100,000           |
| Distribution fund (note 8)               | <u>252,763</u>      | <u>282,763</u>    |
|  | <u>767,750</u>      | <u>656,853</u>    |
|  | <u>\$ 1,210,249</u> | <u>\$ 968,895</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, 2009**

|   | Capital<br>Invested | Unrestricted      | Capital<br>Reserve | General<br>Reserve | Distribution<br>Fund | Total<br>2009     | Total<br>2008     |
|---|---------------------|-------------------|--------------------|--------------------|----------------------|-------------------|-------------------|
| Balance, <i>beginning of year</i>             | \$ 14,518           | \$ 256,274        | \$ 3,298           | \$ 100,000         | \$ 282,763           | \$ 656,853        | \$ 669,989        |
| Excess (deficiency) of revenues over expenses | -                   | 110,897           | -                  | -                  | -                    | 110,897           | (13,136)          |
| Capital asset additions                       | 21,525              | -                 | (21,525)           | -                  | -                    | -                 | -                 |
| Amortization - capital assets                 | (10,957)            | 10,957            | -                  | -                  | -                    | -                 | -                 |
| Amortization - deferred contributions         | 4,017               | (4,017)           | -                  | -                  | -                    | -                 | -                 |
| Fund transfers (note 6)                       | -                   | (35,000)          | 15,000             | 50,000             | (30,000)             | -                 | -                 |
| Balance, <i>end of year</i>                   | <u>\$ 29,103</u>    | <u>\$ 339,111</u> | <u>\$ (3,227)</u>  | <u>\$ 150,000</u>  | <u>\$ 252,763</u>    | <u>\$ 767,750</u> | <u>\$ 656,853</u> |

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|  | <u>2009</u>       | <u>2008</u>        |
|--|-------------------|--------------------|
| <b>Revenues</b>                                      |                   |                    |
| Gifts in kind  | \$ 6,648,799      | \$ 5,136,787       |
| Donations  | 650,096           | 394,474            |
| Ontario Trillium Foundation grants                   | 46,345            | 122,893            |
| Amortization of deferred contributions               | 4,017             | 4,102              |
| Food drives  | 469,233           | 441,106            |
| Membership dues                                      | 26,389            | 19,350             |
| Conference fees                                      | 3,489             | 7,783              |
| PST rebate   | 10,270            | -                  |
| Interest and other                                   | <u>23,279</u>     | <u>17,165</u>      |
|  | <u>7,881,917</u>  | <u>6,143,660</u>   |
| <b>Expenses</b>                                      |                   |                    |
| Advertising, promotion and fundraising events        | 26,457            | 103,157            |
| Amortization   | 10,957            | 8,498              |
| Bank charges and interest                            | 2,653             | 1,405              |
| Contracted services                                  | 7,925             | 8,504              |
| Dues and fees  | 10,677            | 7,227              |
| Distribution management                              | 46,235            | 55,129             |
| Food banks - share of food drives                    | 228,683           | 276,782            |
| Food purchases                                       | 282,898           | 318,675            |
| Food - gifts in kind                                 | 6,616,305         | 4,822,332          |
| Food transportation                                  | 74,135            | 77,806             |
| Grants to member food banks                          | 40,914            | 43,029             |
| Insurance  | 2,486             | 1,369              |
| Meetings and conferences                             | 28,876            | 42,778             |
| Office and general                                   | 26,099            | 22,880             |
| Postage and courier                                  | 7,815             | 9,919              |
| Professional fees                                    | 11,983            | 5,799              |
| Program materials                                    | -                 | 29,454             |
| Rent   | 24,274            | 18,610             |
| Salaries and benefits                                | 311,126           | 286,486            |
| Telephone  | 10,260            | 14,144             |
| Travel and meals                                     | <u>262</u>        | <u>2,813</u>       |
|  | <u>7,771,020</u>  | <u>6,156,796</u>   |
| <b>Excess (deficiency) of revenues over expenses</b> | <u>\$ 110,897</u> | <u>\$ (13,136)</u> |

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|   | <u>2009</u>       | <u>2008</u>       |
|---|-------------------|-------------------|
| <b>Cash from operating activities</b>               |                   |                   |
| Excess (deficiency) of revenues over expenses       | \$ 110,897        | \$ (13,136)       |
| Adjustments for items not affecting cash            |                   |                   |
| Amortization of capital assets                      | 10,957            | 8,498             |
| Amortization of deferred contributions              | <u>(4,017)</u>    | <u>(4,102)</u>    |
|   | 117,837           | (8,740)           |
| Changes in non-cash working capital balances        |                   |                   |
| Accounts receivable                                 | 125,706           | 76,699            |
| Prepaid expenses                                    | (5,540)           | (1,868)           |
| Accounts payable and accrued liabilities            | (4,541)           | (140,607)         |
| Deferred revenue                                    | <u>139,015</u>    | <u>(45,693)</u>   |
|   | <u>254,641</u>    | <u>(111,469)</u>  |
|   | 372,478           | (120,209)         |
| <b>Cash from financing and investing activities</b> |                   |                   |
| Additions to capital assets                         | (21,526)          | (1,749)           |
| <b>Increase (decrease) in cash</b>                  | 350,952           | (121,958)         |
| <b>Cash, beginning of year</b>                      | <u>557,839</u>    | <u>679,797</u>    |
| <b>Cash, end of year</b>                            | <u>\$ 908,791</u> | <u>\$ 557,839</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, 2009**

**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     |
| Leasehold improvements         | 15% | 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 \$6,648,799 were donated during the year and are included in the statement of revenues and expenses (2008 - \$5,136,787).

(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<br>Amortization | Net<br><u>2009</u> | Net<br><u>2008</u> |
|--------------------------------|------------------|-----------------------------|--------------------|--------------------|
| Office furniture and equipment | \$ 25,801        | \$ 11,584                   | \$ 14,217          | \$ 10,222          |
| Computer equipment             | 17,308           | 13,839                      | 3,469              | 4,956              |
| Computer software              | 15,278           | 14,530                      | 748                | 4,567              |
| Leasehold improvements         | <u>13,975</u>    | <u>2,096</u>                | <u>11,879</u>      | <u>-</u>           |
|                                | <u>\$ 72,362</u> | <u>\$ 42,049</u>            | <u>\$ 30,313</u>   | <u>\$ 19,745</u>   |

**THE ONTARIO ASSOCIATION OF FOOD BANKS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**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>2009</u>     | <u>2008</u>     |
|-----------------------------------|-----------------|-----------------|
| Balance, <i>beginning of year</i> | \$ 5,227        | \$ 9,330        |
| Capital grants                    | -               | -               |
| Amounts amortized to revenue      | <u>(4,017)</u>  | <u>(4,103)</u>  |
| Balance, <i>end of year</i>       | <u>\$ 1,210</u> | <u>\$ 5,227</u> |

**5. Comparative Figures**

Certain comparative figures on the statement of revenues and expenses have been reclassified to conform to the presentation adopted for 2009.

**6. Restrictions on Fund Balances**

In 2009, the Association's board of directors approved the following transfers:

- ◆ \$30,000 from the distribution fund to the unrestricted (general) fund balance for capital improvements,
- ◆ \$15,000 from the unrestricted (general) fund balance to the capital reserve fund and
- ◆ \$50,000 from the unrestricted (general) fund balance to the general reserve fund.

In 2008, the Association's board of directors internally restricted \$25,000 of the unrestricted (general) fund balance for capital reserve and general reserve and approved the transfer of \$22,500 from the distribution fund to the unrestricted (general) fund balance.

**7. Commitments**

Under the terms of the office lease agreement which expires on May 31, 2012, the Association will be required to make future annual minimum rental payments of at least \$33,910 in 2010; \$35,596 in 2011; and \$15,130 in 2012.

**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*.

In 2009 \$30,000 was transferred from the distribution fund to the unrestricted (general) fund balance.

**9. Grants**

The Association has received approval for grants of \$830,784 for various programs and incentives. These grants are to be spent on various projects between November 1, 2009 and November 1, 2012.