

**Ontario Association of
Food Banks
Financial Statements
For the year ended March 31, 2015**

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Independent Auditor's Report

To the Members of Ontario Association of Food Banks

We have audited the accompanying financial statements of Ontario Association of Food Banks, which comprise the statement of financial position as at March 31, 2015 and the statements of changes in fund balances, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Association of Food Banks as at March 31, 2015 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
May 27, 2015

**Ontario Association of Food Banks
Statement of Financial Position**

March 31 **2015** **2014**

Assets

Current

Cash (Note 2)	\$	157,175	\$	183,122
Money market mutual funds (Note 3)		339,953		335,818
Accounts receivable		57,140		87,835
Prepaid expenses		20,813		14,861
		575,081		621,636

Capital assets (Note 4)

		14,157		20,017
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	\$	589,238	\$	641,653
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Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$	101,145	\$	32,629
Deferred revenue		100,909		94,893
		202,054		127,522

Fund balances

Invested in capital assets		14,157		20,017
Unrestricted		21,829		142,916
Operating reserve		150,000		150,000
Distribution fund		201,198		201,198
		387,184		514,131

	\$	589,238	\$	641,653
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On behalf of the Board



Director



Director

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

**Ontario Association of Food Banks
Statement of Changes in Fund Balances**

For the year ended March 31

					2015	2014
	Invested in Capital Assets	Unrestricted	Operating Reserve	Distribution Fund	Total	Total
Balance , beginning of year	\$ 20,017	\$ 142,916	\$ 150,000	\$ 201,198	\$ 514,131	\$ 487,226
Excess (deficiency) of revenue over expenditures for the year	-	(126,947)	-	-	(126,947)	26,905
Amortization of capital assets	(5,860)	5,860	-	-	-	-
Balance , end of year	\$ 14,157	\$ 21,829	\$ 150,000	\$ 201,198	\$ 387,184	\$ 514,131

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

Ontario Association of Food Banks Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Gifts in kind	\$ 17,518,431	\$ 17,579,516
Donations	364,761	437,650
Grants from other organizations	51,360	236,172
Food drives	1,361,293	980,924
Food program	266,105	816,587
Membership dues	35,672	33,360
National program	10,000	12,387
Conference fees	94,398	81,988
Interest and other	4,135	9,416
Member programs	77,742	11,759
	19,783,897	20,199,759
Expenditures		
Advertising, promotion and fundraising events	31,274	25,963
Amortization	5,860	7,468
Bank charges and interest	5,454	7,106
Distribution management	42,345	56,537
Dues and fees	21,167	15,690
Food banks - share of food drives	815,896	808,642
Food purchases	266,105	816,587
Food transportation	60,993	75,306
Gifts in kind - food	17,446,065	17,528,898
Gifts in kind - other	23,550	-
Gifts in kind - transportation	48,816	50,618
Grants to member food banks	20,000	-
Insurance	2,761	2,529
Meetings and conferences	70,917	54,991
Member programs	511,932	206,497
Office, postage and general	22,003	26,638
Professional fees	43,610	36,412
Program materials	13,430	6,041
Rent	62,943	55,084
Salaries and benefits	384,504	376,116
Telephone	6,267	8,219
Travel and meals	4,952	7,512
	19,910,844	20,172,854
Excess (deficiency) of revenue over expenditures for the year	\$ (126,947)	\$ 26,905

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

Ontario Association of Food Banks Statement of Cash Flows

For the year ended March 31	2015	2014
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (126,947)	\$ 26,905
Adjustments required to reconcile net excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	5,860	7,468
Changes in non-cash working capital balances		
Accounts receivable	30,695	41,437
Prepaid expenses	(5,952)	(2,398)
Accounts payable and accrued liabilities	68,516	(5,188)
Deferred revenue	6,016	7,065
	(21,812)	75,289
Investing activity		
Purchase of capital assets	-	(16,209)
Purchase of money market mutual funds	(4,135)	(4,190)
	(4,135)	(20,399)
Increase (decrease) in cash during the year	(25,947)	54,890
Cash, beginning of year	183,122	128,232
Cash, end of year	\$ 157,175	\$ 183,122

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

Ontario Association of Food Banks

Notes to Financial Statements

March 31, 2015

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Ontario Association of Food Banks ("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.

Basis of Accounting

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

Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on capital assets using the following annual rates and methods:

Furniture and equipment	- 20 % declining balance basis
Computer equipment	- 40 % declining balance basis
Leasehold improvements	- 15 % straight line

Revenue Recognition

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

Unrestricted revenue including donations, gifts in kind, food drives, food program and national program are recognized as revenue in the year received. Unrestricted grants from other organizations 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. Restricted donations, member program revenue and restricted grants are recognized as revenue in the year in which the related expenses are incurred.

Conference fees are recognized when the conference occurs.

Membership fees are paid on an annual basis and are recognized over the term of membership.

Ontario Association of Food Banks

Notes to Financial Statements

March 31, 2015

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Donated Materials and Services

Donated materials and services are recorded in the financial statements as gifts in kind at fair market value when fair market value can be reasonably estimated and when the Association would otherwise have required these items. Food, milk, and other supplies and other services of \$17,518,431 were donated during the year and are included in the statement of operations (2014 - \$17,579,516).

Volunteer Hours

Volunteer hours are not normally purchased and due to the difficulty in determining their fair market value, these contributed services are not recognized in the financial statements.

Deferred Revenue

Deferred revenue includes the portion of grants received that continue into the next fiscal period that are unspent at year end. Deferred revenue also includes conference fees collected in advance of the conference taking place.

Operating Reserve

The Operating Reserve Fund is an internally restricted fund for general operating contingencies and the development of food distribution systems. The funds are not available for use by the Association without the prior approval of the Board of Directors.

Distribution Fund

In 2006, the Association received a donation of \$340,623 from another entity in accordance with the terms of a lawsuit settlement. This income was reported in the statement of operations for the year ended December 31, 2006 and was subsequently transferred into the Distribution Fund. The Distribution Fund is an internally restricted fund used for unanticipated general contingencies. The funds cannot be utilized without the prior approval of the Board of Directors. Part of the fund has been used for member food banks. In 2011, \$51,565 was transferred from the distribution fund to the unrestricted fund. No funds have been expended during the current year.

Financial Instruments

Money market mutual funds are reported at fair value. All other 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.

Ontario Association of Food Banks Notes to Financial Statements

March 31, 2015

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

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

2. Cash

Within the cash balance, \$11,245 (2014 - \$15,380) is restricted for general operating contingencies and the development of food distribution systems.

3. Money Market Mutual Funds

The Association's money market mutual funds are held at one financial institution. As at March 31, 2015, \$339,953 (2014 - \$335,818) is restricted for general operating contingencies and the development of food distribution systems.

4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 31,583	\$ 22,994	\$ 31,583	\$ 20,847
Computer equipment	33,728	28,160	33,728	24,447
	\$ 65,311	\$ 51,154	\$ 65,311	\$ 45,294
Net book value		\$ 14,157		\$ 20,017

Ontario Association of Food Banks Notes to Financial Statements

March 31, 2015

5. Financial Instrument Risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its money market mutual funds. The risk has not changed from prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk arising from its accounts receivable. The majority of the Association's receivables are from its members. The risk has not changed from prior year.

6. Commitments

The Association is committed to future annual operating lease payments for its current location as follows:

2016	\$	34,374
2017		34,714
2018		36,075
2019		<u>12,252</u>
	\$	<u>117,415</u>

7. Comparative Figures

The comparative figures have been reclassified to conform to the presentation adopted in the current year.