

THE ONTARIO ASSOCIATION OF FOOD BANKS
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010

INDEX

	Page
Auditor's Report	1
Balance Sheet	2
Statement of Changes in Fund Balances	3
Statement of Revenues and Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 & 7



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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 March 31, 2010 and the statements of revenues and expenses, changes in fund balances and cash flows for the three months 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 March 31, 2010 and the results of its operations and cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

Hamilton, Ontario
September 14, 2010

Chartered Accountant, Licensed Public Accountant


THE ONTARIO ASSOCIATION OF FOOD BANKS

BALANCE SHEET
AS AT MARCH 31, 2010

With comparative figures as at December 31, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Bank and term deposits	\$ 425,514	\$ 509,257
Accounts receivable	308,176	271,497
Prepaid expenses	<u>8,532</u>	<u>10,146</u>
	742,222	790,900
Restricted Assets		
Bank and term deposits (note 2(e))	399,536	399,536
Capital Assets (note 3)	<u>28,405</u>	<u>30,313</u>
	<u>\$ 1,170,163</u>	<u>\$ 1,220,749</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 203,330	\$ 266,068
Deferred revenue	<u>162,372</u>	<u>170,464</u>
	365,702	436,532
Long-term Liabilities		
Deferred contributions (note 4)	<u>988</u>	<u>1,210</u>
	366,690	437,742
FUND BALANCES		
Investment in capital assets	27,417	29,103
Unrestricted (general fund)	376,520	354,368
Capital reserve	(3,227)	(3,227)
General reserve	150,000	150,000
Distribution fund (note 8)	<u>252,763</u>	<u>252,763</u>
	<u>803,473</u>	<u>783,007</u>
	<u>\$ 1,170,163</u>	<u>\$ 1,220,749</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

Director

ONTARIO ASSOCIATION OF FOOD BANKS

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE THREE MONTHS ENDED MARCH 31, 2010**

With comparative figures for the year ended December 31, 2009

	<i>Capital Invested</i>	<i>Unrestricted</i>	<i>Capital Reserve</i>	<i>General Reserve</i>	<i>Distribution Fund</i>	<i>Total 2010</i>	<i>Total 2009</i>
Balance, <i>beginning of period, as previously reported</i>	\$ 29,103	\$ 339,111	\$ (3,227)	\$ 150,000	\$ 252,763	\$ 767,750	\$ 656,852
Prior period adjustment (note 6)	<u>-</u>	<u>15,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,257</u>	<u>-</u>
Balance, <i>beginning of period, restated</i>	29,103	354,368	(3,227)	150,000	252,763	783,007	656,852
Excess of revenues over expenses	-	20,466	-	-	-	20,466	126,155
Amortization - capital assets	(1,908)	1,908	-	-	-	-	-
Amortization - deferred contributions	<u>222</u>	<u>(222)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, <i>end of period</i>	\$ <u>27,417</u>	\$ <u>376,520</u>	\$ <u>(3,227)</u>	\$ <u>150,000</u>	\$ <u>252,763</u>	\$ <u>803,473</u>	\$ <u>783,007</u>

THE ONTARIO ASSOCIATION OF FOOD BANKS

**STATEMENT OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2010**
With comparative figures for the year ended December 31, 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Gifts in kind	\$ 3,349,596	\$ 6,648,800
Donations	28,369	590,396
Grants from other organizations	113,865	121,302
Amortization of deferred contributions	222	4,017
Food drives	161,413	469,233
Membership dues	6,000	26,389
Conference fees	535	3,489
PST rebate	-	10,270
Interest and other	<u>6,861</u>	<u>23,279</u>
	3,666,861	7,897,175
 Expenses		
Advertising, promotion and fundraising events	10,381	26,457
Amortization	1,908	10,957
Bank charges and interest	705	2,653
Contracted services	15,631	7,925
Dues and fees	882	10,677
Distribution management	148	46,235
Food banks - share of food drives	125,939	228,683
Food purchases	-	282,898
Food - gifts in kind	3,326,010	6,616,305
Food transportation	14,294	74,135
Grants to member food banks	19,542	40,914
Insurance	449	2,486
Meetings and conferences	3,239	28,876
Office, postage and general	13,259	33,914
Professional fees	12,930	11,983
Rent	5,359	24,274
Salaries and benefits	92,589	311,126
Telephone	1,463	10,260
Travel and meals	<u>1,667</u>	<u>262</u>
	<u>3,646,395</u>	<u>7,771,020</u>
 Excess of revenues over expenses	 <u>\$ 20,466</u>	 <u>\$ 126,155</u>

THE ONTARIO ASSOCIATION OF FOOD BANKS

STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010
With comparative figures for the year ended December 31, 2009

	<u>2010</u>	<u>2009</u>
Cash from operating activities		
Excess of revenues over expenses	\$ 20,466	\$ 126,155
Adjustments for items not affecting cash		
Amortization of capital assets	1,908	10,957
Amortization of deferred contributions	<u>(222)</u>	<u>(4,017)</u>
	22,152	133,095
Changes in non-cash working capital balances		
Accounts receivable	(36,679)	115,208
Prepaid expenses	1,614	(5,540)
Accounts payable and accrued liabilities	(62,738)	(4,541)
Deferred revenue	<u>(8,092)</u>	<u>134,255</u>
	<u>(105,894)</u>	<u>239,382</u>
	(83,742)	372,477
Cash from financing and investing activities		
Additions to capital assets	<u>-</u>	<u>(21,526)</u>
Increase (decrease) in cash	(83,742)	350,951
Cash, beginning of year	<u>908,792</u>	<u>557,841</u>
Cash, end of year	<u>\$ 825,050</u>	<u>\$ 908,792</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 THREE MONTHS ENDED MARCH 31, 2010
With comparative figures 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 \$3,349,536 were donated during the year and are included in the statement of revenues and expenses (2009 - \$6,908,725).

(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>2010</u>	Net <u>2009</u>
Office furniture and equipment	\$ 25,802	\$ 12,295	\$ 13,507	\$ 14,217
Computer equipment	17,308	14,099	3,209	3,469
Computer software	15,278	14,769	509	748
Leasehold improvements	<u>13,975</u>	<u>2,795</u>	<u>11,180</u>	<u>11,879</u>
	<u>\$ 72,363</u>	<u>\$ 43,958</u>	<u>\$ 28,405</u>	<u>\$ 30,313</u>

THE ONTARIO ASSOCIATION OF FOOD BANKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010
With comparative figures 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>2010</u>	<u>2009</u>
Balance, <i>beginning of year</i>	\$ 1,210	\$ 5,227
Amounts amortized to revenue	<u>(222)</u>	<u>(4,017)</u>
Balance, <i>end of year</i>	<u>\$ 988</u>	<u>\$ 1,210</u>

5. Comparative Figures

Certain comparative figures on the statement of revenues and expenses have been reclassified to conform to the presentation adopted for 2010.

In 2010 the Association changed its year end from December 31 to March 31. As a result, the prior year reflects the activities for the year ended December 31, 2009 while the current figures cover January 1 to March 31, 2010.

6. Prior Period Adjustment

The Association determined that the grants revenue reported for the year ending December 31, 2009 was understated by \$15,257. As a result, the opening unrestricted fund balance for the March 31, 2010 period was increased by \$15,257 and the December 31, 2009 financial statements have been restated.

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 \$34,320 in 2010/2011; \$36,026 in 2011/2012; and \$6,052 in 2012/2013.

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