

**Ontario Association of
Food Banks
Financial Statements
For the year ended March 31, 2013**

Contents

Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



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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, 2013 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, 2013 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.



Auditor's Report
(continued)

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that Ontario Association of Food banks adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, and the statements of changes in fund balances, operations and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario
May 29, 2013

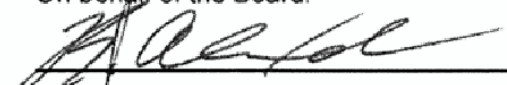
Ontario Association of Food Banks Statement of Financial Position

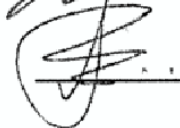
	March 31 2013	March 31 2012 (Unaudited)	April 1 2011 (Unaudited)
Assets			
Current			
Cash (Note 3)	\$ 128,232	\$ 207,640	\$ 626,546
Money market mutual funds (Note 4)	331,628	327,514	-
Accounts receivable	129,272	178,110	343,803
Advance to employee	-	-	1,996
Prepaid expenses	12,463	16,778	24,591
	601,595	730,042	996,936
Capital assets (Note 5)	11,276	16,843	23,537
	\$ 612,871	\$ 746,885	\$ 1,020,473

Liabilities and Fund Balances

Current			
Accounts payable and accrued liabilities	\$ 37,817	\$ 100,007	\$ 295,664
Deferred revenue	87,828	167,398	209,716
	125,645	267,405	505,380
Deferred contributions	-	-	299
	125,645	267,405	505,679
Fund balances			
Invested in capital assets	11,276	16,843	23,238
Unrestricted	124,752	114,666	143,585
Capital reserve	-	(3,227)	(3,227)
Operating reserve	150,000	150,000	150,000
Distribution fund	201,198	201,198	201,198
	487,226	479,480	514,794
	\$ 612,871	\$ 746,885	\$ 1,020,473

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

	2013					
	Invested in Capital Assets	Unrestricted	Capital Reserve	Operating Reserve	Distribution Fund	Total
Balance , beginning of year	\$ 16,843	\$ 114,666	\$ (3,227)	\$ 150,000	\$ 201,198	\$ 479,480
Excess of revenue over expenditures for the year	-	7,746	-	-	-	7,746
Transfer of funds	-	(3,227)	3,227	-	-	-
Amortization - capital assets	(5,567)	5,567	-	-	-	-
Balance , end of year	\$ 11,276	\$ 124,752	\$ -	\$ 150,000	\$ 201,198	\$ 487,226

	2012					
	(Unaudited)					
	Invested in Capital Assets	Unrestricted	Capital Reserve	Operating Reserve	Distribution Fund	Total
Balance , beginning of year	\$ 23,238	\$ 143,585	\$ (3,227)	\$ 150,000	\$ 201,198	\$ 514,794
Deficiency of revenue over expenditures for the year	-	(35,314)	-	-	-	(35,314)
Amortization - capital assets	(6,694)	6,694	-	-	-	-
Amortization - deferred contributions	299	(299)	-	-	-	-
Balance , end of year	\$ 16,843	\$ 114,666	\$ (3,227)	\$ 150,000	\$ 201,198	\$ 479,480

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

2013

2012

(Unaudited)

Revenue

Gifts in kind	\$ 19,510,413	\$ 15,117,182
Donations	323,684	357,861
Grants from other organizations	300,597	216,930
Food drives	779,648	514,565
Food program	392,008	438,373
Membership dues	30,500	15,625
National program	70,542	45,694
Conference fees	74,865	20,657
Interest and other	8,126	3,906
	<u>21,490,383</u>	<u>16,730,793</u>

Expenditures

Advertising, promotion and fundraising events	43,293	82,685
Amortization	5,567	6,694
Bank charges and interest	6,303	6,161
Capital purchases on behalf of other food banks	65,944	-
Contracted services	23,609	27,862
Distribution management	54,476	385
Dues and fees	12,439	15,840
Food banks - share of food drives	733,136	465,913
Food purchases	431,962	401,350
Food transportation	68,157	58,354
Gifts in kind - food	19,416,031	14,832,829
Gifts in kind - other	58,254	-
Gifts in kind - software	-	250,000
Gifts in kind - transportation	36,128	34,353
Grants to member food banks	2,614	1,072
Insurance	2,226	2,282
Meetings and conferences	50,540	45,910
Office, postage and general	43,702	52,991
Professional fees	8,262	41,141
Program materials	4,070	25,756
Rent	38,185	35,531
Salaries and benefits	363,007	360,525
Telephone	7,612	6,955
Travel and meals	7,120	11,518
	<u>21,482,637</u>	<u>16,766,107</u>

Excess (deficiency) of revenue over expenditures for the year \$ **7,746** \$ **(35,314)**

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	2013	2012
		(Unaudited)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 7,746	\$ (35,314)
Adjustments required to reconcile net excess (deficiency) over expenditures with net cash provided by operating activities		
Amortization of capital assets	5,567	6,694
Amortization of deferred contributions	-	(299)
Changes in non-cash working capital balances		
Accounts receivable	48,838	165,693
Employee advance	-	1,996
Prepaid expenses	4,315	7,813
Accounts payable and accrued liabilities	(62,190)	(195,657)
Deferred revenue	(79,570)	(42,318)
	(75,294)	(91,392)
Investing activity		
Purchase of money market mutual funds	(4,114)	(327,514)
Decrease in cash during the year	(79,408)	(418,906)
Cash, beginning of year	207,640	626,546
Cash, end of year	\$ 128,232	\$ 207,640

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

Ontario Association of Food Banks

Notes to Financial Statements

March 31, 2013

1. Nature of Operations and Summary of Significant Accounting Policies

a) 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.

b) Basis of Accounting

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

c) 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 following annual rates and methods:

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

d) 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 and 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, 2013

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

e) 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 \$19,510,413 were donated during the year and are included in the statement of operations (2012 - \$15,117,182).

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

f) 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.

g) 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.

h) 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 ending December 31, 2006 and subsequently transferred into the Distribution Fund. The Distribution Fund is an internally restricted fund where 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.

i) 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, 2013

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

j) 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.

2. First-time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations

Effective April 1, 2012, the Association adopted the requirements of the new accounting framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting. These are the Association's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition of April 1, 2011.

The Association issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, fund balances, deficiency of revenue over expenditures and cash flows of the Association.

3. Cash

The Association's bank accounts are held at two chartered banks.

Of the cash balance, \$19,570 (2012 - \$23,684) is restricted for general operating contingencies and the development of food distribution systems.

Ontario Association of Food Banks Notes to Financial Statements

March 31, 2013

4. Money Market Mutual Funds

The Association's money market mutual funds are held at one financial institution. As at March 31, 2013, \$331,628 (2012 - \$327,514) is restricted for general operating contingencies and the development of food distribution systems.

5. Capital Assets

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	(Unaudited)			
Furniture and equipment	\$ 25,802	\$ 18,886	\$ 25,802	\$ 17,157
Computer equipment	23,301	21,736	23,301	20,693
Leasehold improvements	13,975	11,180	13,975	8,385
	\$ 63,078	\$ 51,802	\$ 63,078	\$ 46,235
Net book value		\$ 11,276		\$ 16,843

6. 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.

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.

Ontario Association of Food Banks
Notes to Financial Statements

March 31, 2013

7. Commitments

Subsequent to year end, the Association entered into an operating lease for its new location. The Association is committed to future annual operating lease payments as follows:

2014	\$ 43,384
2015	56,720
2016	58,081
2017	58,422
2018	59,783
Thereafter	<u>20,155</u>
	<u>\$ 296,545</u>