

The Mississauga Food Bank
Financial Statements
For the year ended May 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To The Members of The Mississauga Food Bank

Report on the Financial Statements

I have audited the accompanying financial statements of **THE MISSISSAUGA FOOD BANK**, which comprise the statement of financial position as at **MAY 31, 2011** and the statement of operations, changes in net assets and cash flow 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 generally accepted accounting principles, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 Organization'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 Organization'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations 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 revenue, excess (deficiency) of revenue over expenses, assets and fund balances.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of The Mississauga Food Bank as at May 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

MISSISSAUGA, ONTARIO
OCTOBER 18, 2011


CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

The Mississauga Food Bank Statement of Financial Position

May 31	2011	2010
Assets		
Current		
Cash (Note 1)	\$ 270,312	\$ 337,145
Short-term investment (Note 2)	100,600	-
Amounts receivable	39,892	15,844
Prepaid expenses	25,474	17,624
	436,278	370,613
Capital assets (Note 3)	212,767	253,316
	\$ 649,045	\$ 623,929

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 57,679	\$ 33,019
Deferred grant revenue (Note 4)	85,936	46,009
Deferred revenue	43,150	-
	186,765	79,028
Deferred capital contributions (Note 5)	139,356	204,030
	326,121	283,058
Net assets		
Funds invested in capital assets (Note 6)	73,411	49,286
Contingency fund	100,000	100,000
Unrestricted funds	149,513	191,585
	322,924	340,871
	\$ 649,045	\$ 623,929

On behalf of the Board:

_____ Director

_____ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Mississauga Food Bank
Statement of Changes in Net Assets**

For the year ended May 31	2011		2010	
	Funds Invested in Capital Assets	Contingency Fund	Unrestricted Funds	Total
Balance, beginning of year	\$ 49,286	\$ 100,000	\$ 191,585	\$ 340,871
Excess (deficiency) of revenue over expenditures for the year	(15,394)	-	(2,553)	(17,947)
Purchase of capital assets	39,519	-	(39,519)	-
Balance, end of year	\$ 73,411	\$ 100,000	\$ 149,513	\$ 322,924
			\$ 340,871	\$ 340,871

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Mississauga Food Bank Statement of Operations

For the year ended May 31	2011	2010
Revenues		
Donations and membership fees (Note 7)	\$ 505,861	\$ 705,704
United Way funding	102,758	121,294
Fundraising events	129,271	111,919
Amortization of deferred capital contributions	64,674	59,442
Regional Municipality of Peel (Note 4a)	41,153	15,759
Truck delivery income	32,000	15,500
The Trillium Foundation (Note 4c)	72,116	57,692
Tim Hortons Grant	19,412	23,495
Human Resources Development Canada Grant	4,380	-
Research in Motion grant	692	7,165
	972,317	1,117,970
Expenditures		
Advertising, promotion and community events	37,094	11,947
Amortization of capital assets	80,068	74,291
Bank charges	5,715	1,600
Computer maintenance	9,494	11,547
Food and donated items	66,053	280,124
Food delivery	23,050	19,255
Fundraising events	44,959	30,996
Insurance	2,671	2,635
Office and general	28,338	26,476
Professional fees		
- Auditor, bookkeeper and legal	14,441	9,273
- Other consultants	25,109	13,810
Purchased food and food drives	19,036	20,941
Rent and municipal taxes	86,066	82,468
Repairs and maintenance	28,312	17,677
Salaries and wages	473,811	414,052
Telephone and internet charges	11,085	9,588
Travel and conferences	17,515	13,022
Utilities	17,447	16,142
	990,264	1,055,844
Excess (deficiency) of revenues over expenditures	\$ (17,947)	\$ 62,126

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Mississauga Food Bank Statement of Cash Flows

For the year ended May 31	2011	2010
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (17,947)	\$ 62,126
Adjustments required to reconcile excess (deficiency) of revenues over expenditures with net cash provided by operating activities		
Amortization of capital assets	80,068	74,291
Amortization of deferred capital contributions	(64,674)	(59,442)
Changes in non-cash working capital balances		
Amounts receivable	(24,048)	(6,520)
Prepaid expenses	(7,850)	(7,056)
Accounts payable and accrued liabilities	24,660	(7,215)
Deferred grant revenue	39,927	680
Deferred revenue	43,150	-
	73,286	56,864
Investing activities		
Purchase of capital assets	(39,519)	(19,240)
Purchase of short-term investment	(100,600)	-
	(140,119)	(19,240)
Increase (decrease) in cash during the year	(66,833)	37,624
Cash, beginning of year	337,145	299,521
Cash, end of year	\$ 270,312	\$ 337,145

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Mississauga Food Bank Summary of Significant Accounting Policies

May 31, 2011

Nature of Organization

The Organization is registered as a charitable organization without share capital under the Ontario Corporations Act. As such, the Organization is able to issue donation receipts and is not liable for any federal or provincial income taxes under the provisions of the Income Tax Act.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at the following rates:

Warehouse equipment	- 20 % diminishing balance basis
Refrigerated trucks	- 30 % diminishing balance basis
Freezer/cooler unit	- 5 years straight-line basis
Leasehold improvements	- straight-line over term of lease
Office equipment	- 20 % diminishing balance basis
Computer hardware and software	- 30 % diminishing balance basis

Contingency Fund

The contingency fund is an internally restricted fund that reflects amounts that are designated by the Board of Directors and transferred from unrestricted funds to provide for special purposes.

Revenue Recognition

The Organization follows the deferral method of accounting for revenue. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred and unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purchase of capital assets are recorded as revenue over the same period as the related amortization of the purchased assets.

Grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Truck delivery income is recorded when the service has been provided, the amount can be reasonably estimated and collection is reasonably assured.

Donations and other revenue are recorded as received.

Donations in kind (non-cash donations) are recorded as contributions at their estimated fair market value at the date of the donation.

Deferred revenue relates to funds collected in advance of a fundraising event held subsequent to year end.

The Mississauga Food Bank

Summary of Significant Accounting Policies

May 31, 2011

Donated Services

The operation of the Organization is dependent on services provided by volunteers. Since these services are not normally purchased by the Organization and due to the difficulty of determining their market value, donated services are not recorded in the accounts.

Remuneration of the Board of Directors

Members of the Board of Directors are volunteers who serve without remuneration.

Financial Instruments

The Organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The Organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Organization's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash and a short-term investment. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of services (amounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities

Other financial liabilities includes all financial liabilities and comprise accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

The Mississauga Food Bank Summary of Significant Accounting Policies

May 31, 2011

Use of Estimates

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

The Mississauga Food Bank Notes to Financial Statements

May 31, 2011

1. Cash

Included in cash are amounts designated for deferred revenue and deferred grant revenue aggregating \$129,086 (2010 - \$46,009).

2. Short-term Investment

Short-term investment consists of a Guaranteed Investment Certificate that earns interest at 0.90% and has a maturity date of September 30, 2011.

3. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Warehouse equipment	\$ 77,154	\$ 45,908	\$ 31,246	\$ 34,513
Refrigerated trucks	177,025	89,799	87,226	124,609
Freezer/cooler unit	89,894	44,947	44,947	62,926
Leasehold improvements	37,699	25,014	12,685	8,737
Office equipment	33,207	14,514	18,693	16,262
Computer hardware and software	27,730	9,760	17,970	6,269
	\$ 442,709	\$ 229,942	\$ 212,767	\$ 253,316

4. Deferred Grant Revenue

The Organization received funding from a number of sources during the year that was earmarked for specific purposes as detailed below:

a) In the current year, the Organization received funding of \$60,000 (2010 - \$16,153) from the Regional Municipality of Peel, which is earmarked to be used for facility costs associated with the distribution of food. The balance relates to expenses that will occur in fiscal 2012 and has been recorded as deferred grant revenue.

	2011		2010	
Balance, beginning of year	\$ 16,153	\$	15,759	\$
Funding received during the year	60,000	\$	16,153	\$
Amounts recognized in revenue	(41,153)	\$	(15,759)	\$
Balance, end of year	\$ 35,000	\$	16,153	\$

The Mississauga Food Bank Notes to Financial Statements

May 31, 2011

4. Deferred Grant Revenue (cont'd)

b) In the current year, the Organization received funding of \$23,000 (2010 - \$23,000) from Tim Horton's, which is earmarked to be used for truck expenses. The balance relates to expenses that will occur in fiscal 2012 and has been recorded as deferred revenue.

	2011	2010
Balance, beginning of year	\$ 11,855	\$ 12,350
Funding received during the year	23,000	23,000
Amounts recognized in revenue	(19,411)	(23,495)
Balance, end of year	\$ 15,444	\$ 11,855

c) In the current year, the Organization received funding of \$75,000 (2010 - \$75,000) from The Trillium Foundation, which was earmarked to be used for expenses related to marketing and fundraising. The balance relates to expenses that will occur in fiscal 2012 and has been recorded as deferred revenue.

	2011	2010
Balance, beginning of year	\$ 17,308	\$ -
Funding received during the year	75,000	75,000
Amounts recognized in revenue	(72,116)	(57,692)
Balance, end of year	\$ 20,192	\$ 17,308

d) In the current year, the Organization received funding of \$15,300 (2010 - \$Nil) from the Pendle Fund at the Community Foundation of Mississauga which is earmarked to be used for a warehouse inventory project. The balance is expected to be spent during fiscal 2012. In 2010, the expenses and funding from the Community Foundation of Mississauga were related to the 'Home Run' Program.

	2011	2010
Balance, beginning of year	\$ -	\$ 9,362
Funding received during the year	15,300	-
Amounts recognized in revenue	-	(9,362)
Balance, end of year	\$ 15,300	\$ -

The Mississauga Food Bank Notes to Financial Statements

May 31, 2011

4. Deferred Grant Revenue (cont'd)

e) In a prior year, the Organization received funding from Research In Motion Limited, which was earmarked to be used for expenses related to the Organization's website. The balance was utilized in fiscal 2011.

	2011	2010
Balance, beginning of year	\$ 693	\$ 7,858
Amounts recognized in revenue	(693)	(7,165)
Balance, end of year	\$ -	\$ 693
Total deferred grant revenue, end of year	\$ 85,936	\$ 46,009

5. Deferred Capital Contributions

a) The balance represents the unamortized amount received from the Trillium Foundation for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2011	2010
Balance, beginning of year	\$ 79,422	\$ 101,661
Amounts amortized to revenue	(27,292)	(22,239)
Balance, end of year	\$ 52,130	\$ 79,422

b) The balance represents the unamortized amount received for the purchase of the refrigerated trucks. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2011	2010
Balance, beginning of year	\$ 124,608	\$ 86,209
Contributions received during the year	-	75,602
Amounts amortized to revenue	(37,382)	(37,203)
Balance, end of year	\$ 87,226	\$ 124,608
Total deferred capital contributions, end of year	\$ 139,356	\$ 204,030

The Mississauga Food Bank Notes to Financial Statements

May 31, 2011

6. Funds Invested in Capital Assets

	2011	2010
Capital assets, net	\$ 212,767	\$ 253,316
Deferred contributions related to capital assets	(139,356)	(204,030)
Balance, end of year	<u>\$ 73,411</u>	<u>\$ 49,286</u>

7. Donations and Membership Fees

Donations and membership fees include donations in kind (non-cash donations) in the amount of \$66,053 (2010 - \$280,124).

8. Commitments

The Organization leases premises under an operating lease arrangement and has agreements for truck maintenance and fundraising. The minimum payments under the agreements for the next four years are as follows:

2012	\$ 68,393
2013	68,263
2014	58,339
2015	18,179

9. Capital Management

The Organization's capital consists of its net assets. The Organization's primary objective of capital management is to ensure that it has sufficient resources to continue to provide services to its clients. The Organization is not subject to any externally imposed capital requirements other than certain grants that are subject to approved budgeted expenditures. Annual budgets are developed and monitored to ensure the Organization's capital is maintained at an appropriate level. The Organization met these restrictions during the year.

10. Comparative Figures

The comparative figures presented in the financial statements have been restated to conform to the current year's presentation.