

**The Mississauga Food Bank**  
**Financial Statements**  
For the year ended May 31, 2015

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## Independent Auditor's Report

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### To the Members of The Mississauga Food Bank

We have audited the statement of financial position of The Mississauga Food Bank as at May 31, 2015 and the statements of changes in net assets, 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 qualified audit opinion.

#### Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from fundraising and donations, excess (deficiency) of revenue over expenditures and cash flows from operations for the years ended May 31, 2015 and 2014, current assets as at May 31, 2015 and 2014, and fund balances as at June 1 and May 31 for both 2015 and 2014 years. Our audit opinion on the financial statements for the year ended May 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

#### Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Mississauga Food Bank as at May 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  
October 20, 2015

## The Mississauga Food Bank Statement of Financial Position

<b>May 31</b>	<b>2015</b>	<b>2014</b>
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### Assets

#### Current

Cash (Note 2)	\$ 347,370	\$ 394,821
Short-term investment (Note 3)	104,186	103,154
Amounts receivable	35,781	17,290
Prepaid expenses	32,652	47,022
	519,989	562,287

#### Capital assets (Note 4)

	146,804	166,025
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	\$ 666,793	\$ 728,312
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### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities	\$ 45,713	\$ 19,418
Deferred grant revenue (Note 5)	59,255	65,706
Deferred sponsorship revenue	44,605	69,250
	149,573	154,374

#### Deferred capital contributions (Note 6)

	93,935	117,811
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#### Deferred leasehold inducement - long-term

	23,170	-
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	266,678	272,185
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#### Net assets

Funds invested in capital assets (Note 7)	52,869	48,214
Contingency fund	70,000	70,000
Unrestricted funds	277,246	337,913
	400,115	456,127

	\$ 666,793	\$ 728,312
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On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

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

<b>For the year ended May 31</b>				<b>2015</b>	<b>2014</b>
	<b>Funds Invested in Capital Assets</b>	<b>Contingency Fund</b>	<b>Unrestricted Funds</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	\$ 48,214	\$ 70,000	\$ 337,913	\$ 456,127	\$ 399,490
<b>Excess (deficiency) of revenue over expenditures for the year</b>	-	-	(56,012)	(56,012)	56,637
<b>Amortization</b>	(45,787)	-	45,787	-	-
<b>Deferred capital contributions</b>	33,386	-	(33,386)	-	-
<b>Capital funding received</b>	(9,510)	-	9,510	-	-
<b>Purchase of capital assets</b>	26,566	-	(26,566)	-	-
<b>Balance, end of year</b>	\$ 52,869	\$ 70,000	\$ 277,246	\$ 400,115	\$ 456,127

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



## The Mississauga Food Bank Statement of Operations

For the year ended May 31	2015	2014
<b>Revenue</b>		
Donations and membership fees	\$ 1,151,411	\$ 866,588
Fundraising events	84,194	94,856
Deferred capital contributions (Note 6)	33,386	44,106
Regional Municipality of Peel (Note 5a)	30,250	41,624
The Trillium Foundation	-	29,500
Sponsorships	84,167	82,512
	<u>1,383,408</u>	<u>1,159,186</u>
<b>Expenditures</b>		
Advertising, promotion and community events	168,523	111,003
Amortization	45,787	59,960
Bank charges and interest income, net	14,288	9,592
Computer maintenance	14,956	13,155
Donated items	3,199	6,589
Food delivery	36,313	34,519
Fundraising events	59,177	39,133
Insurance	3,753	4,286
Moving	75,306	-
Office and general	116,352	69,916
Professional fees		
- Auditor, bookkeeper and legal	14,622	16,863
- Other consultants	5,199	10,452
Purchased food and food drives	89,003	63,917
Rent and municipal taxes	138,958	86,747
Repairs and maintenance	33,775	28,800
Salaries and wages	571,802	508,773
Telephone and internet charges	12,142	12,230
Travel and conferences	5,532	8,527
Utilities	30,733	18,087
	<u>1,439,420</u>	<u>1,102,549</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ (56,012)</b>	<b>\$ 56,637</b>

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

## The Mississauga Food Bank Statement of Cash Flows

For the year ended May 31	2015	2014
<b>Cash was provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (56,012)	\$ 56,637
Adjustments required to reconcile excess (deficiency) of revenues over expenditures with net cash provided by operating activities		
Amortization of capital assets	45,787	59,960
Amortization of deferred capital contributions	(33,386)	(44,106)
Changes in non-cash working capital balances		
Amounts receivable	(18,491)	15,978
Prepaid expenses	14,370	(11,266)
Accounts payable and accrued liabilities	26,295	3,413
Deferred grant revenue	(6,451)	(38,546)
Deferred sponsorship revenue	(24,645)	28,985
Deferred leasehold inducement	23,170	-
	<u>(29,363)</u>	<u>71,055</u>
<b>Investing activities</b>		
Purchase of capital assets	(26,566)	(25,804)
Capital funding received	9,510	24,364
Purchase of short-term investment	(1,032)	(954)
	<u>(18,088)</u>	<u>(2,394)</u>
<b>Increase (decrease) in cash during the year</b>	<b>(47,451)</b>	<b>68,661</b>
<b>Cash, beginning of year</b>	<b>394,821</b>	<b>326,160</b>
<b>Cash, end of year</b>	<b>\$ 347,370</b>	<b>\$ 394,821</b>

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

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## The Mississauga Food Bank Notes to Financial Statements

**May 31, 2015**

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### 1. Summary of Significant Accounting Policies

#### Nature of Organization

The Mississauga Food Bank (the 'Organization') sources, manages and distributes food to Mississauga residents in need. 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.

#### Basis of Accounting

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

#### 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
Signage	- 10 years straight-line basis
Inventory management system	- 5 years straight-line basis

#### Revenue Recognition

The Organization follows the deferral method of accounting for revenue. Restricted donations and fundraising event revenue are recognized as revenue in the year in which the related expenditures are incurred and unrestricted donations 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.

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

Sponsorship revenue that relates to a future period is deferred and recognized over the term of the sponsorship agreement.



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## **The Mississauga Food Bank Notes to Financial Statements**

**May 31, 2015**

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### **1. Summary of Significant Accounting Policies (continued)**

#### **Deferred Leasehold Inducement**

Deferred leasehold inducement represents free rent received from the landlord. The leasehold inducement is recorded as a deferred credit and is amortized on a straight-line basis over the term of the lease as a reduction of rent and municipal taxes.

#### **Contingency Fund**

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

#### **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**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, 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.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian 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 reported amounts of revenue and expenditures 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, 2015**

### 2. Cash

Included in cash are amounts designated for deferred grant revenue and deferred sponsorship revenue aggregating \$103,838 (2014 - \$131,664).

### 3. Short-term Investment

Short-term investment consists of a cashable Guaranteed Investment Certificate that earns interest at 1.0% (2014 - 1.0%) and has a maturity date of October 1, 2015 (2014 - October 1, 2014).

### 4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Warehouse equipment	\$ 106,818	\$ 72,026	\$ 97,308	\$ 64,518
Refrigerated trucks	177,024	156,082	177,024	147,106
Freezer/cooler unit	89,893	89,893	89,893	89,893
Leasehold improvements	14,981	1,498	37,699	37,699
Office equipment	34,018	25,894	34,018	23,863
Computer hardware and software	40,655	29,885	38,580	25,714
Signage	4,827	1,207	4,827	724
Inventory management system	105,600	50,527	105,600	29,407
Totals	\$ 573,816	\$ 427,012	\$ 584,949	\$ 418,924
Cost, net of accumulated amortization		\$ 146,804		\$ 166,025

## The Mississauga Food Bank Notes to Financial Statements

**May 31, 2015**

### 5. Deferred Grant Revenue

The Organization received funding from a number of sources for special purposes during the year as detailed below:

a) In the current year, the Organization received funding of \$33,594 (2014 - \$33,000) from the Regional Municipality of Peel, which is earmarked for a specific staff position, and those expenses will continue in fiscal 2016.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 33,000	\$ 38,624
Funding received during the year	33,594	36,000
Amounts recognized in revenue	<u>(30,250)</u>	<u>(41,624)</u>
Balance, end of year	<u>\$ 36,344</u>	<u>\$ 33,000</u>

b) The Organization received funding of \$62,550 (2014 - \$48,449) earmarked for food procurement during the year. The balance will be spent in future years as required.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 32,706	\$ -
Funding received during the year	62,550	48,449
Amounts used to purchase food	<u>(72,345)</u>	<u>(15,743)</u>
Balance, end of year	<u>\$ 22,911</u>	<u>\$ 32,706</u>
Total deferred grant revenue, end of year	<u><u>\$ 59,255</u></u>	<u><u>\$ 65,706</u></u>

## The Mississauga Food Bank Notes to Financial Statements

**May 31, 2015**

### 6. Deferred Capital Contributions

a) 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.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 29,919	\$ 42,741
Amounts amortized to revenue	<u>(8,975)</u>	<u>(12,822)</u>
Balance, end of year	<u>\$ 20,944</u>	<u>\$ 29,919</u>

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 76,192	\$ 84,811
Additions during the year	-	11,364
Amounts amortized to revenue	<u>(21,120)</u>	<u>(19,983)</u>
Balance, end of year	<u>\$ 55,072</u>	<u>\$ 76,192</u>

c) The balance represents the unamortized amount received for the purchase of warehouse equipment. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 11,700	\$ -
Additions during the year	9,510	13,000
Amounts amortized to revenue	<u>(3,291)</u>	<u>(1,300)</u>
Balance, end of year	<u>\$ 17,919</u>	<u>\$ 11,700</u>
Total deferred capital contributions, end of year	<u>\$ 93,935</u>	<u>\$ 117,811</u>

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**The Mississauga Food Bank**  
**Notes to Financial Statements**

**May 31, 2015**

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**7. Funds Invested in Capital Assets**

	<u>2015</u>	<u>2014</u>
Capital assets	\$ 146,804	\$ 166,025
Deferred capital contributions related to capital assets	<u>(93,935)</u>	<u>(117,811)</u>
Balance, end of year	<u>\$ 52,869</u>	<u>\$ 48,214</u>

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**8. Commitments**

The Organization leases a premise under an operating lease arrangement, is committed to the lease of a truck, and has a subscription for a software program. The minimum payments under the agreements for the next five years and thereafter are as follows:

2016	\$ 145,739
2017	139,656
2018	139,656
2019	139,656
2020	46,976
Thereafter	<u>45,030</u>
	<u>\$ 656,713</u>