

**The Mississauga Food Bank
Financial Statements
For the year ended May 31, 2012**

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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, 2012** and the statement of operations, changes in net assets 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 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 charitable organizations, the Organization derives revenue from fundraising and 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 fundraising events and donations revenues, excess(deficiency) of revenue over expenditures, and cash flows from operations for the year ended May 31, 2012, and assets and net assets at May 31, 2012.

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, 2012 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 16, 2012

CHARTERED ACCOUNTANT

Authorized to practise public accounting by

The Institute of Chartered Accountants of Ontario

The Mississauga Food Bank Statement of Financial Position

May 31	2012	2011
Assets		
Current		
Cash (Note 1)	\$ 236,943	\$ 270,312
Short-term investment (Note 2)	101,406	100,600
Other receivables	14,381	39,892
Prepaid expenses	22,374	25,474
	375,104	436,278
Capital assets (Note 3)	148,317	212,767
	\$ 523,421	\$ 649,045

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 10,752	\$ 57,679
Deferred grant revenue (Note 4)	60,300	85,936
Deferred revenue	12,650	43,150
	83,702	186,765
Deferred capital contributions (Note 5)	91,058	139,356
	174,760	326,121
Net assets		
Funds invested in capital assets (Note 6)	57,259	73,411
Contingency fund	100,000	100,000
Unrestricted funds	191,402	149,513
	348,661	322,924
	\$ 523,421	\$ 649,045

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**

<u>For the year ended May 31</u>	2012	2011
	Funds	Total
	Invested in Contingency Fund	Unrestricted Funds
	Capital Assets	Total
Balance, beginning of year	\$ 73,411	\$ 149,513
Excess (deficiency) of revenue over expenditures for the year	\$ 100,000	\$ 322,924
Purchase of capital assets	-	43,030
	1,141	(1,141)
Balance, end of year	\$ 57,259	\$ 191,402
	\$ 100,000	\$ 348,661
	\$ 340,871	\$ 322,924
	(17,947)	(17,947)
	-	-
	\$ 348,661	\$ 322,924

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	2012	2011
Revenues		
Donations and membership fees (Note 7)	\$ 478,481	\$ 505,861
Fundraising events	235,200	129,271
Deferred capital contributions (Note 5)	48,298	64,674
Regional Municipality of Peel (Note 4a)	60,000	41,153
Truck delivery income	41,500	32,000
The Trillium Foundation (Note 4c)	20,192	72,116
Tim Hortons Grant (Note 4b)	15,444	19,412
Human Resources Development Canada Grant	6,168	4,380
Research in Motion Grant	10,000	692
United Way funding	-	102,758
	915,283	972,317
Expenditures		
Advertising, promotion and community events	29,223	37,094
Amortization	65,591	80,068
Bank charges and interest income, net	6,338	5,715
Computer maintenance	9,662	9,494
Food and donated items	5,594	66,053
Food delivery	23,650	23,050
Fundraising events	121,967	44,959
Insurance	2,664	2,671
Office and general	45,178	28,338
Professional fees		
- Auditor, bookkeeper and legal	11,841	14,441
- Other consultants	1,223	25,109
Purchased food and food drives	20,646	19,036
Rent and municipal taxes	76,770	86,066
Repairs and maintenance	18,091	28,312
Salaries and wages	412,456	473,811
Telephone and internet charges	10,130	11,085
Travel and conferences	12,332	17,515
Utilities	16,190	17,447
	889,546	990,264
Excess (deficiency) of revenues over expenditures	\$ 25,737	\$ (17,947)

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	2012	2011
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 25,737	\$ (17,947)
Adjustments required to reconcile excess (deficiency) of revenues over expenditures with net cash provided by operating activities		
Amortization of capital assets	65,591	80,068
Amortization of deferred capital contributions	(48,298)	(64,674)
Changes in non-cash working capital balances		
Other receivables	25,511	(24,048)
Prepaid expenses	3,100	(7,850)
Accounts payable and accrued liabilities	(46,927)	24,660
Deferred grant revenue	(25,636)	39,927
Deferred revenue	(30,500)	43,150
	(31,422)	73,286
Investing activities		
Purchase of capital assets	(1,141)	(39,519)
Purchase of short-term investment	(806)	(100,600)
	(1,947)	(140,119)
Decrease in cash during the year	(33,369)	(66,833)
Cash, beginning of year	270,312	337,145
Cash, end of year	\$ 236,943	\$ 270,312

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, 2012

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.

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 donations 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.

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

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

The Mississauga Food Bank Summary of Significant Accounting Policies

May 31, 2012

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 Guaranteed Investment Certificate. 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 (accounts 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 comprises 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, 2012

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, 2012

1. Cash

Included in cash are amounts designated for deferred revenue and deferred grant revenue aggregating \$73,450 (2011 - \$129,086).

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, 2012.

3. Capital Assets

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Warehouse equipment	\$ 77,153	\$ 52,157	\$ 24,996	\$ 31,246
Refrigerated trucks	177,025	115,967	61,058	87,226
Freezer/cooler unit	89,894	62,925	26,969	44,947
Leasehold improvements	37,699	30,909	6,790	12,685
Office equipment	33,207	18,253	14,954	18,693
Computer hardware and software	28,873	15,323	13,550	17,970
	\$ 443,851	\$ 295,534	\$ 148,317	\$ 212,767

4. Deferred 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 \$30,000 (2011 - \$60,000) 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 2013 and has been recorded as deferred revenue.

	2012		2011	
Balance, beginning of year	\$ 35,000		\$ 16,153	
Funding received during the year	30,000		60,000	
Amounts recognized in revenue		(60,000)		(41,153)
Balance, end of year	\$ 5,000		\$ 35,000	

The Mississauga Food Bank Notes to Financial Statements

May 31, 2012

4. Deferred Grant Revenue (cont'd)

b) In the current year, the Organization received funding of \$Nil (2011 - \$23,000) from Tim Horton's, which was earmarked to be used for truck expenses.

	2012	2011
Balance, beginning of year	\$ 15,444	\$ 11,855
Funding received during the year	-	23,000
Amounts recognized in revenue	(15,444)	(19,411)
Balance, end of year	\$ -	\$ 15,444

c) In the current year, the Organization received funding of \$Nil (2011 - \$75,000) from The Trillium Foundation, which was earmarked to be used for expenses related to marketing and fundraising.

	2012	2011
Balance, beginning of year	\$ 20,192	\$ 17,308
Funding received during the year	-	75,000
Amounts recognized in revenue	(20,192)	(72,116)
Balance, end of year	\$ -	\$ 20,192

d) In the current year, the Organization received funding of \$40,000 (2011 - \$15,300) which is earmarked to be used for a warehouse inventory project. The balance will be spent during fiscal 2013.

	2012	2011
Balance, beginning of year	\$ 15,300	\$ -
Funding received during the year	40,000	15,300
Amounts recognized in revenue	-	-
Balance, end of year	\$ 55,300	\$ 15,300
Total deferred grant revenue, end of year	\$ 60,300	\$ 85,936

The Mississauga Food Bank Notes to Financial Statements

May 31, 2012

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.

	2012	2011
Balance, beginning of year	\$ 52,130	\$ 79,422
Amounts amortized to revenue	(22,130)	(27,292)
Balance, end of year	\$ 30,000	\$ 52,130

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.

	2012	2011
Balance, beginning of year	\$ 87,226	\$ 124,608
Amounts amortized to revenue	(26,168)	(37,382)
Balance, end of year	\$ 61,058	\$ 87,226
Total deferred capital contributions, end of year	\$ 91,058	\$ 139,356

6. Funds Invested in Capital Assets

	2012	2011
Capital assets, net	\$ 148,317	\$ 212,767
Deferred contributions related to capital assets	(91,058)	(139,356)
Balance, end of year	\$ 57,259	\$ 73,411

7. Donations and Membership Fees

Donations and membership fees include donations in kind (non-cash donations) in the amount of \$5,594 (2011 - \$66,053).

The Mississauga Food Bank Notes to Financial Statements

May 31, 2012

8. Commitments

The Organization leases premises under an operating lease arrangement, has an agreement for truck maintenance, an agreement to purchase an inventory system, and a subscription for a software program. The Organization has received funding for the purchase of the inventory system. The minimum payments under the agreements for the next four years are as follows:

2013	\$	165,502
2014		76,515
2015		36,355
2016		3,275

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.