

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2007**



*David M. den Boer*  
CHARTERED ACCOUNTANT

241 Bonaventure Drive Hamilton, ON L9C 4R1

Telephone: (905)389-2670  
Facsimile: (905)389-4642  
Email: dave@daviddendenboer.ca  
www.daviddendenboer.ca

## 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 December 31, 2007 and the statements of revenues and expenses, changes in fund balances and cash flows for the year 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 December 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hamilton, Ontario  
June 2, 2008

Chartered Accountant, Licensed Public Accountant

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**BALANCE SHEET  
DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Bank and term deposits	\$ 679,797	\$ 641,566
Accounts receivable	463,404	491,996
Prepaid expenses	<u>2,738</u>	<u>2,127</u>
	1,145,939	1,135,689
<b>Capital Assets (note 3)</b>	<u>26,495</u>	<u>17,932</u>
	<u>\$ 1,172,434</u>	<u>\$ 1,153,621</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 411,212	\$ 402,104
Deferred revenue	<u>81,904</u>	<u>81,675</u>
	493,116	483,779
<b>Long-term Liabilities</b>		
Deferred contributions (note 4)	<u>9,329</u>	<u>10,559</u>
	502,445	494,338
<b>FUND BALANCES</b>		
Investment in capital assets	17,166	7,372
Unrestricted (general fund)	267,513	280,796
Capital reserve	47	852
General reserve	80,000	30,000
Distribution fund	<u>305,263</u>	<u>340,263</u>
	<u>669,989</u>	<u>659,283</u>
	<u>\$ 1,172,434</u>	<u>\$ 1,153,621</u>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**ONTARIO ASSOCIATION OF FOOD BANKS**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Capital Invested</i>	<i>Unrestricted</i>	<i>Capital Reserve</i>	<i>General Reserve</i>	<i>Distribution Fund</i>	<i>Total 2007</i>	<i>Total 2006</i>
Balance, <i>beginning of year</i>	\$ 7,372	\$ 280,796	\$ 852	\$ 30,000	\$ 340,263	\$ 659,283	\$ 182,735
Excess (deficiency) of revenues over expenses	-	10,706	-	-	-	10,706	476,548
Capital asset additions	17,998	(2,993)	(15,005)	-	-	-	-
Deferred contribution additions	(2,993)	2,993	-	-	-	-	-
Amortization - capital assets	(9,434)	9,434	-	-	-	-	-
Amortization - deferred contributions	4,223	(4,223)	-	-	-	-	-
Fund transfers (note 6)	<u>-</u>	<u>(29,200)</u>	<u>14,200</u>	<u>50,000</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
Balance, <i>end of year</i>	<u>\$ 17,166</u>	<u>\$ 267,513</u>	<u>\$ 47</u>	<u>\$ 80,000</u>	<u>\$ 305,263</u>	<u>\$ 669,989</u>	<u>\$ 659,283</u>

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>Revenues</b>		
Gifts in kind	\$ 8,376,207	\$ 6,803,247
Donations	247,122	344,096
Ontario Trillium Foundation grants	123,680	113,418
Amortization of deferred contributions	4,223	3,648
Food drives	520,257	548,174
Membership dues	11,875	11,850
Conference fees	10,010	6,325
Interest and other	<u>5,975</u>	<u>1,098</u>
	9,299,349	7,831,856
 <b>Expenses</b>		
Advertising, promotion and fundraising events	101,143	35,614
Amortization	9,434	5,818
Bank charges and interest	690	785
Contracted services	457	9,488
Dues and fees	5,921	3,320
Food banks - share of food drives	360,241	357,265
Food purchases	8,003,594	6,990,687
Food transportation	105,211	13,222
Grants to member food banks	62,925	10,000
Insurance	2,089	2,497
Meetings and conferences	22,756	17,324
Office and general	15,551	10,703
Postage and courier	6,404	38,757
Professional fees	5,942	8,361
Program materials	300,000	-
Rent	17,997	16,750
Salaries and benefits	255,318	163,521
Telephone	9,829	6,612
Travel and meals	<u>3,141</u>	<u>4,847</u>
	<u>9,288,643</u>	<u>7,695,571</u>
 <b>Other income (expense)</b>		
Legal settlement (note 7)	<u>-</u>	<u>340,263</u>
 <b>Excess of revenues over expenses</b>	 <u>\$ 10,706</u>	 <u>\$ 476,548</u>

**THE ONTARIO ASSOCIATION OF FOOD BANKS**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>Cash from operating activities</b>		
Excess of revenues over expenses	\$ 10,706	\$ 476,548
Adjustments for items not affecting cash		
Amortization of capital assets	9,434	5,818
Amortization of deferred contributions	<u>(4,223)</u>	<u>(3,648)</u>
	15,917	478,718
Changes in non-cash working capital balances		
Accounts receivable	28,592	(214,134)
Prepaid expenses	(611)	(324)
Accounts payable and accrued liabilities	9,108	191,159
Deferred revenue	<u>229</u>	<u>81,675</u>
	<u>37,318</u>	<u>58,376</u>
	53,235	537,094
<b>Cash from financing and investing activities</b>		
Additions to capital assets	(17,998)	(18,433)
Additions to deferred contributions	<u>2,993</u>	<u>14,207</u>
	<u>(15,005)</u>	<u>(4,226)</u>
<b>Increase (decrease) in cash</b>	38,230	532,868
<b>Cash, beginning of year</b>	<u>641,566</u>	<u>108,698</u>
<b>Cash, end of year</b>	<u>\$ 679,796</u>	<u>\$ 641,566</u>

*Cash is comprised of bank*

# THE ONTARIO ASSOCIATION OF FOOD BANKS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

### 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

#### (b) Revenue Recognition

The organization 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 organization 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 \$8,376,207 were donated during the year and are included in the statement of revenues and expenses (2006 - \$6,803,000).

#### (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.

### 3. Capital Assets

	Cost	Accumulated Amortization	Net <u>2007</u>	Net <u>2006</u>
Office furniture and equipment	\$ 17,488	\$ 5,475	\$ 12,013	\$ 5,545
Computer equipment	16,324	10,229	6,095	3,173
Computer software	<u>15,278</u>	<u>6,891</u>	<u>8,387</u>	<u>9,214</u>
	<u>\$ 49,090</u>	<u>\$ 22,595</u>	<u>\$ 26,495</u>	<u>\$ 17,932</u>

# THE ONTARIO ASSOCIATION OF FOOD BANKS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

### 4. Deferred Contributions

The changes in the deferred contributions balances are as follows:

	<u>2007</u>	<u>2006</u>
Balance, <i>beginning of year</i>	\$ 10,559	\$ -
Capital grants	2,993	14,207
Amounts amortized to revenue	<u>(4,223)</u>	<u>(3,648)</u>
Balance, <i>end of year</i>	<u>\$ 9,329</u>	<u>\$ 10,559</u>

### 5. Comparative Figures

Certain comparative figures on the statement of revenues and expenses have been reclassified to conform to the presentation adopted for 2007.

### 6. Restrictions on Fund Balances

In 2007, the organization's board of directors internally restricted \$64,200 of the unrestricted (general) fund balance for capital reserve and general reserve and approved the transfer of \$35,000 from the distribution fund to the unrestricted (general) fund balance. In 2006, the organization's board of directors internally restricted \$377,263 of the unrestricted (general) fund balance for capital reserve, general reserve and distribution funds.

### 7. Legal Settlement

In 2006, the Canadian Association of Food Banks (CAFB), of which The Association is a member, received a settlement on a claim that certain companies were engaged in price fixing relating to various vitamin products. Under the settlement agreement, CAFB made settlement funds available to its members for certain purposes. The Association received \$340,263 which will be used to develop a food distribution system.

### 8. Commitments

Under the terms of a lease agreement, the organization will be required to make future annual minimum rental payments of \$18,995 in 2008 and \$3,173 in 2009.