

**Ontario Association of
Food Banks
Financial Statements
For the year ended March 31, 2017**

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Independent 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, 2017 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, 2017 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
May 25, 2017

**Ontario Association of Food Banks
Statement of Financial Position**

March 31 **2017** **2016**

Assets

Current

Cash (Note 2)	\$	349,448	\$	163,219
Money market mutual funds (Note 3)		158,693		242,348
Accounts receivable		11,497		47,491
Prepaid expenses		21,805		9,995
		541,443		463,053

Capital assets (Note 4)

		7,502		10,212
		548,945		\$ 473,265

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$	29,426	\$	73,325
Deferred revenue		199,920		150,125
		229,346		223,450

Fund balances

Invested in capital assets		7,502		10,212
Unrestricted		31,097		-
Operating contingency reserve		281,000		239,603
		319,599		249,815
		548,945		\$ 473,265

On behalf of the Board

C. Hatch

Director

[Signature]

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

	2017			2016	
	Invested in Capital Assets	Unrestricted	Operating Contingency Reserve	Total	Total
Balance , beginning of year	\$ 10,212	\$ -	\$ 239,603	\$ 249,815	\$ 387,184
Excess (deficiency) of revenue over expenditures for the year	-	69,784	-	69,784	(137,369)
Amortization of capital assets	(2,710)	2,710	-	-	-
Transfer of funds (Note 1)	-	(41,397)	41,397	-	-
Balance , end of year	\$ 7,502	\$ 31,097	\$ 281,000	\$ 319,599	\$ 249,815

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	2017	2016
Revenue		
Gifts in kind	\$ 15,042,598	\$ 12,476,407
Donations	388,219	334,121
Grants from other organizations	129,244	110,886
Food drives	602,105	554,386
Food program	67,783	174,225
Membership dues	37,351	37,133
National program	100,674	56,091
Conference fees	77,664	85,111
Interest and other	1,345	11,113
Member programs	90,360	87,245
	16,537,343	13,926,718
Expenditures		
Advertising, promotion and fundraising events	18,501	25,618
Amortization	2,710	3,945
Bank charges	6,052	5,932
Distribution management	42,232	43,434
Dues and fees	14,532	16,606
Food banks - share of food drives	14,274	56,253
Food purchases	67,783	174,225
Food transportation	83,297	47,160
Gifts in kind - food	14,939,868	12,435,410
Gifts in kind - software	50,000	-
Gifts in kind - transportation	52,730	40,997
Grants to member food banks	76,309	22,500
Insurance	2,975	2,841
Meetings and conferences	48,561	52,679
Member programs	594,577	447,011
Office, postage and general	22,708	38,004
Professional fees	29,417	67,829
Program materials	1,257	2,771
Rent	68,768	68,544
Salaries and benefits	321,984	501,129
Telephone	5,591	5,880
Travel and meals	3,433	5,319
	16,467,559	14,064,087
Excess (deficiency) of revenue over expenditures for the year	\$ 69,784	\$ (137,369)

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	2017	2016
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 69,784	\$ (137,369)
Adjustments required to reconcile net excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	2,710	3,945
Changes in non-cash working capital balances		
Accounts receivable	35,994	9,649
Prepaid expenses	(11,810)	10,818
Accounts payable and accrued liabilities	(43,899)	(27,820)
Deferred revenue	49,795	49,216
	102,574	(91,561)
Investing activity		
Redemption of money market mutual funds	83,655	97,605
	186,229	6,044
Increase in cash during the year		
	163,219	157,175
Cash, beginning of year		
	\$ 349,448	\$ 163,219
Cash, end of year		

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

Ontario Association of Food Banks

Notes to Financial Statements

March 31, 2017

1. Nature of Operations and Summary of Significant Accounting Policies

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.

Basis of Accounting

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

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on capital assets using the following annual rates and methods:

Furniture and equipment	- 20 % declining balance basis
Computer equipment	- 40 % declining balance basis

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, member program revenue and restricted grants are recognized as revenue in the year in which the related expenses are incurred.

Conference fees are recognized when the conference occurs.

Membership dues 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, 2017

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

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, transportation, other supplies and services of \$15,042,598 were donated during the year and are included in the statement of operations (2016 - \$12,476,407).

Volunteer Hours

Volunteer hours are not normally purchased and due to the difficulty in determining their fair market value, these contributed services are not recognized in the financial statements.

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.

Operating Contingency Reserve

The Operating Contingency Reserve is an internally restricted fund for unanticipated 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. During the year, the Board approved a transfer of \$41,397 from the Unrestricted to the Operating Contingency Fund.

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, 2017

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

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 amounts of revenues and expenditures during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future.

2. Cash

Within the cash balance \$37,417 (2016 - \$57,292) is restricted for food programs.

3. Money Market Mutual Funds

The Association's money market mutual funds are held at one financial institution. As at March 31, 2017, \$158,693 (2016 - \$242,348) is restricted for general operating contingencies and the development of food distribution systems.

4. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 31,583	\$ 26,086	\$ 31,583	\$ 24,712
Computer equipment	33,728	31,723	33,728	30,387
	\$ 65,311	\$ 57,809	\$ 65,311	\$ 55,099
Net book value		\$ 7,502		\$ 10,212

Ontario Association of Food Banks Notes to Financial Statements

March 31, 2017

5. 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. The risk has not changed from prior year.

6. Commitments

The Association is committed to future annual operating lease payments for its current location as follows:

2018	\$ 36,075
2019	<u>12,252</u>
	<u>\$ 48,327</u>