

**Ontario Association of Food
Banks (o/a Feed Ontario)
Financial Statements
For the year ended March 31, 2020**

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



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Independent Auditor's Report

To the Directors of Ontario Association of Food Banks (o/a Feed Ontario)

Opinion

We have audited the financial statements of Ontario Association of Food Banks (o/a Feed Ontario) (the "Association"), which comprise the statement of financial position as at March 31, 2020 and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
July 16, 2020

Ontario Association of Food Banks (o/a Feed Ontario)
Statement of Financial Position

March 31 **2020** 2019

Assets

Current

Cash (Note 2)	\$ 8,594,832	\$ 528,185
Money market mutual funds (Note 3)	354,748	339,076
Accounts receivable	47,189	39,393
Prepaid expenses and deposits	<u>32,884</u>	<u>25,539</u>
	9,029,653	932,193

Capital assets (Note 4)

6,290 8,806

\$ 9,035,943 **\$ 940,999**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 190,285	\$ 191,728
Deferred revenue (Note 5)	<u>8,324,418</u>	<u>263,845</u>
	8,514,703	455,573

Deferred capital contributions (Note 6)

5,562 7,787

8,520,265 463,360

Fund balances

Invested in capital assets	728	1,019
Unrestricted	76,911	76,620
Operating contingency reserve	<u>438,039</u>	<u>400,000</u>
	515,678	477,639

\$ 9,035,943 **\$ 940,999**

On behalf of the Board

_____ Director

_____ Director

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

Ontario Association of Food Banks (o/a Feed Ontario)
Statement of Changes in Fund Balances

For the year ended March 31

				2020	2019
	Invested in Capital Assets	Unrestricted	Operating Contingency Reserve	Total	Total
Balance, beginning of year	\$ 1,019	\$ 76,620	\$ 400,000	\$ 477,639	\$ 489,938
Excess (deficiency) of revenue over expenditures for the year	-	38,039	-	38,039	(12,299)
Amortization of deferred capital contributions	2,225	(2,225)	-	-	-
Amortization of capital assets	(2,516)	2,516	-	-	-
Transfer of funds (Note 1)	-	(38,039)	38,039	-	-
Balance, end of year	\$ 728	\$ 76,911	\$ 438,039	\$ 515,678	\$ 477,639

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

Ontario Association of Food Banks (o/a Feed Ontario) Statement of Operations

For the year ended March 31 2020 2019

Revenue

Gifts in kind (Note 1)	\$ 13,591,421	\$ 12,833,126
Donations	657,945	508,604
Food drives	420,873	695,845
Membership dues	286,938	297,513
Grants from other organizations	222,763	177,500
Food program	79,735	102,708
Conference fees	54,440	75,867
National program	34,019	171,620
Interest and other	10,399	8,950
Amortization of deferred capital contributions (Note 6)	2,225	1,113
Loss on writedown of capital assets	-	(7,400)
	15,360,758	14,865,446

Expenditures

Gifts in kind - food	13,581,096	12,822,276
Salaries and benefits	462,322	474,084
Member programs	448,423	509,570
Food banks - program disbursements	253,749	225,392
Food transportation	131,020	77,981
Rent	85,595	83,001
Professional and consulting fees (Note 7)	79,744	193,824
Food purchases	78,829	101,618
Meetings and conferences	45,581	70,411
Distribution management	43,771	42,335
Office, postage and general	27,144	39,597
Advertising, promotion and fundraising events	21,893	24,012
Program materials	14,846	9,222
Dues and fees	14,211	13,847
Gifts in kind - transportation	10,325	10,851
Bank charges	10,041	6,752
Telephone	5,595	5,745
Insurance	3,250	3,073
Member engagement	2,768	2,888
Amortization	2,516	1,258
Grants to member food banks	-	140,000
Technology	-	20,008
	15,322,719	14,877,745

Excess (deficiency) of revenue over expenditures for the year **\$ 38,039** **\$ (12,299)**

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

Ontario Association of Food Banks (o/a Feed Ontario)
Statement of Cash Flows

For the year ended March 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 38,039	\$ (12,299)
Adjustments required to reconcile excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	2,516	1,258
Amortization of deferred capital contributions	(2,225)	(1,113)
Loss on writedown of capital assets	-	7,400
Changes in non-cash working capital balances		
Accounts receivable	(7,796)	1,311
Prepaid expenses and deposits	(7,345)	(14,698)
Accounts payable and accrued liabilities	(1,443)	154,266
Deferred revenue	8,060,573	80,693
	<u>8,082,319</u>	<u>216,818</u>
Investing activities		
Purchase of capital assets	-	(10,064)
Purchase of money market mutual funds	(15,672)	(123,233)
	<u>(15,672)</u>	<u>(133,297)</u>
Financing activity		
Deferred capital contributions received	-	8,900
Increase in cash during the year	8,066,647	92,421
Cash, beginning of year	528,185	435,764
Cash, end of year	\$ 8,594,832	\$ 528,185

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

Ontario Association of Food Banks (o/a Feed Ontario)

Notes to Financial Statements

March 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Ontario Association of Food Banks (o/a Feed Ontario) ("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. Capital assets are amortized over their estimated useful lives using the straight-line method as follows:

Furniture and equipment	- 4 years
Computer equipment	- 4 years
Computer software	- 7 years

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.

Contributions restricted for the purchase of capital assets are deferred and recognized as revenue at a rate corresponding with the amortization rate of the related capital assets.

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 (o/a Feed Ontario)

Notes to Financial Statements

March 31, 2020

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 \$13,591,421 (2019 - \$12,833,126) were donated during the year and are included in the statement of operations.

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 these 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 and externally restricted donations for COVID-19 relief efforts. 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 \$38,039 (2019 - \$Nil) from the Unrestricted to the Operating Contingency Reserve.

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.

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

Ontario Association of Food Banks (o/a Feed Ontario)
Notes to Financial Statements

March 31, 2020

2. Cash

Within the cash balance, \$20,265 (2019 - \$80,624) is restricted for food programs, \$138,483 (2019 - \$121,071) is restricted for capacity building programs, and \$8,123,270 (2019 - \$Nil) is restricted for COVID-19 emergency relief programs.

3. Money Market Mutual Funds

The Association's money market mutual funds are held at one financial institution. As at March 31, 2020, \$354,748 (2019 - \$339,076) is restricted for general operating contingencies and the development of food distribution systems.

4. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 10,064	\$ 3,774	\$ 10,064	\$ 1,258
Net book value		\$ 6,290		\$ 8,806

5. Deferred Revenue

	2020	2019
COVID-19 emergency relief	\$ 8,123,270	\$ -
Trillium grant	106,503	96,951
General	74,380	86,270
Food programs	20,265	80,624
	\$ 8,324,418	\$ 263,845

Ontario Association of Food Banks (o/a Feed Ontario)
Notes to Financial Statements

March 31, 2020

6. Deferred Capital Contributions

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 7,787	\$ -
Contributions received	-	8,900
Amortization	<u>(2,225)</u>	<u>(1,113)</u>
Balance, end of year	<u>\$ 5,562</u>	<u>\$ 7,787</u>

7. Professional and Consulting Fees

	<u>2020</u>	<u>2019</u>
Audit	\$ 22,119	\$ 21,484
Emergency preparedness	-	51,144
Human resources consulting	-	31,182
Legal and accounting	7,889	8,561
Member engagement	-	32,449
Rebranding	-	27,908
SNAP	46,773	-
Staff training and development	2,963	2,387
Strategic planning	-	18,709
	<u>\$ 79,744</u>	<u>\$ 193,824</u>

8. 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 since the prior year.

Ontario Association of Food Banks (o/a Feed Ontario)
Notes to Financial Statements

March 31, 2020

9. Commitments

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

2021	\$	79,344
2022		27,600
2023		1,296
		<hr/>
	\$	<u>108,240</u>

10. Subsequent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of this, on March 23, 2020, the government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020. The Association has been declared an essential business and continues to operate.

The Association’s operations rely on revenue from fundraising activities and on donations from individuals and corporations. Subsequent to the year end, the Association received significant donations and funding from multiple sources as a result of the global pandemic. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Association is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations at this time.