

**Ontario Association of
Food Banks
Financial Statements
For the year ended March 31, 2018**

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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, 2018 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, 2018 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 24, 2018

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

March 31 **2018** **2017**

Assets

Current

Cash (Note 2)	\$	435,764	\$	349,448
Money market mutual funds (Note 3)		215,843		158,693
Accounts receivable		40,704		11,497
Prepaid expenses		10,841		21,805

703,152 541,443

Capital assets (Note 4)

7,400 7,502

\$ 710,552 **\$ 548,945**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$	37,462	\$	29,426
Deferred revenue		183,152		199,920

220,614 229,346

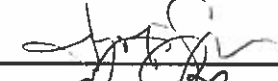
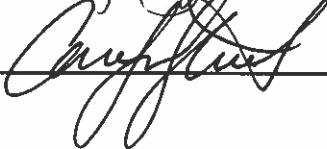
Fund balances

Invested in capital assets	7,400	7,502
Unrestricted	82,538	31,097
Operating contingency reserve	400,000	281,000

489,938 319,599

\$ 710,552 **\$ 548,945**

On behalf of the Board


 _____ Director

 _____ 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

	2018			2017	
	Invested in Capital Assets	Unrestricted	Operating Contingency Reserve	Total	Total
Balance , beginning of year	\$ 7,502	\$ 31,097	\$ 281,000	\$ 319,599	\$ 249,815
Excess of revenue over expenditures for the year	-	170,339	-	170,339	69,784
Purchase of capital assets	2,249	(2,249)	-	-	-
Amortization of capital assets	(2,351)	2,351	-	-	-
Transfer of funds (Note 1)	-	(119,000)	119,000	-	-
Balance , end of year	\$ 7,400	\$ 82,538	\$ 400,000	\$ 489,938	\$ 319,599

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 **2018** **2017**

Revenue

Gifts in kind (Note 1)	\$ 13,553,009	\$ 15,042,598
Donations	519,173	388,219
Grants from other organizations	199,484	129,244
Food drives	519,327	602,105
Food program	84,093	67,783
Membership dues	287,745	37,351
National program	99,574	100,674
Conference fees	109,868	77,664
Interest and other	6,615	1,345
Member programs	-	90,360
	15,378,888	16,537,343

Expenditures

Advertising, promotion and fundraising events	16,454	18,501
Amortization	2,351	2,710
Bank charges	7,381	6,052
Distribution management	40,452	42,232
Dues and fees	16,517	14,532
Food banks - program disbursements	46,371	14,274
Food purchases	84,889	67,783
Food transportation	108,072	83,297
Gifts in kind - food	13,520,025	14,939,868
Gifts in kind - software	-	50,000
Gifts in kind - transportation	32,984	52,730
Grants to member food banks	130,000	76,309
Insurance	3,257	2,975
Meetings and conferences	103,941	48,561
Member programs	538,629	594,577
Office, postage and general	27,841	22,708
Professional fees	70,788	29,417
Program materials	2,266	1,257
Rent	70,704	68,768
Salaries and benefits	359,207	321,984
Technology	16,733	-
Telephone	5,436	5,591
Travel and meals	4,251	3,433
	15,208,549	16,467,559

Excess of revenue over expenditures for the year **\$ 170,339** **\$ 69,784**

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	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 170,339	\$ 69,784
Adjustments required to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	2,351	2,710
Changes in non-cash working capital balances		
Accounts receivable	(29,207)	35,994
Prepaid expenses	10,964	(11,810)
Accounts payable and accrued liabilities	8,036	(43,899)
Deferred revenue	(16,768)	49,795
	145,715	102,574
Investing activities		
Purchase of capital assets	(2,249)	-
Redemption (purchase) of money market mutual funds	(57,150)	83,655
	(59,399)	83,655
Increase in cash during the year	86,316	186,229
Cash, beginning of year	349,448	163,219
Cash, end of year	\$ 435,764	\$ 349,448

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

Ontario Association of Food Banks

Notes to Financial Statements

March 31, 2018

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, 2018

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 \$13,553,009 (2017 - \$15,042,598) 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 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 \$119,000 (2017 - \$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, 2018

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 \$127,392 (2017 - \$37,417) 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, 2018, \$215,843 (2017 - \$158,693) is restricted for general operating contingencies and the development of food distribution systems.

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 31,583	\$ 27,185	\$ 31,583	\$ 26,086
Computer equipment	35,977	32,975	33,728	31,723
	\$ 67,560	\$ 60,160	\$ 65,311	\$ 57,809
Net book value		\$ 7,400		\$ 7,502

Ontario Association of Food Banks Notes to Financial Statements

March 31, 2018

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 and new location as follows:

2019	\$	63,996
2020		77,616
2021		77,616
2022		<u>25,872</u>
	\$	<u>245,100</u>