

**Ontario Association of
Food Banks (o/a Feed
Ontario)
Financial Statements
For the year ended March 31, 2019**

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Independent Auditor's Report

To the Members 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, 2019 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, 2019, 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.

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:

Independent Auditor's Report (continued)

- 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 Entity 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.

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 7, 2019

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

March 31 **2019** 2018

Assets

Current

Cash (Note 2)	\$	528,185	\$	435,764
Money market mutual funds (Note 3)		339,076		215,843
Accounts receivable		39,393		40,704
Prepaid expenses and deposits		25,539		10,841
		932,193		703,152

Capital assets (Note 4) **8,806** 7,400

\$ 940,999 **\$ 710,552**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$	191,728	\$	37,462
Deferred revenue		263,845		183,152
		455,573		220,614

Deferred capital contributions (Note 5) **7,787** -

463,360 220,614

Fund balances

Invested in capital assets		1,019		7,400
Unrestricted		76,620		82,538
Operating contingency reserve		400,000		400,000
		477,639		489,938

\$ 940,999 **\$ 710,552**

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

	2019			2018	
	Invested in Capital Assets	Unrestricted	Operating Contingency Reserve	Total	Total
Balance , beginning of year	\$ 7,400	\$ 82,538	\$ 400,000	\$ 489,938	\$ 319,599
Excess (deficiency) of revenue over expenditures for the year	-	(12,299)	-	(12,299)	170,339
Purchase of capital assets, net of deferred capital contributions	1,164	(1,164)	-	-	-
Amortization of deferred capital contributions	1,113	(1,113)	-	-	-
Amortization of capital assets	(1,258)	1,258	-	-	-
Loss on writedown of capital assets	(7,400)	7,400	-	-	-
Balance , end of year	\$ 1,019	\$ 76,620	\$ 400,000	\$ 477,639	\$ 489,938

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 **2019** **2018**

Revenue

Gifts in kind (Note 1)	\$ 12,833,126	\$ 13,553,009
Donations	508,604	519,173
Grants from other organizations	177,500	199,484
Food drives	695,845	519,327
Food program	102,708	84,093
Membership dues	297,513	287,745
National program	171,620	99,574
Conference fees	75,867	109,868
Interest and other	8,950	6,615
Amortization of deferred capital contributions (Note 5)	1,113	-
Loss on writedown of capital assets	(7,400)	-
	14,865,446	15,378,888

Expenditures

Advertising, promotion and fundraising events	24,012	16,454
Amortization	1,258	2,351
Bank charges	6,752	7,381
Distribution management	42,335	40,452
Dues and fees	13,847	16,517
Food banks - program disbursements	225,392	46,371
Food purchases	101,618	84,889
Food transportation	77,981	108,072
Gifts in kind - food	12,822,276	13,520,025
Gifts in kind - transportation	10,851	32,984
Grants to member food banks	140,000	130,000
Insurance	3,073	3,257
Meetings and conferences	70,411	103,941
Member engagement	2,888	4,251
Member programs	509,570	538,629
Office, postage and general	39,597	27,841
Professional and consulting fees (Note 6)	193,824	70,788
Program materials	9,222	2,266
Rent	83,001	70,704
Salaries and benefits	474,084	359,207
Technology	20,008	16,733
Telephone	5,745	5,436
	14,877,745	15,208,549

Excess (deficiency) of revenue over expenditures for the year **\$ (12,299)** **\$ 170,339**

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	2019	2018
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (12,299)	\$ 170,339
Adjustments required to reconcile excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of capital assets	1,258	2,351
Amortization of deferred capital contributions	(1,113)	-
Loss on writedown of capital assets	7,400	-
Changes in non-cash working capital balances		
Accounts receivable	1,311	(29,207)
	(14,698)	10,964
Accounts payable and accrued liabilities	154,266	8,036
Deferred revenue	80,693	(16,768)
	216,818	145,715
Investing activities		
Purchase of capital assets	(10,064)	(2,249)
Purchase of money market mutual funds	(123,233)	(57,150)
	(133,297)	(59,399)
Financing activity		
Deferred capital contributions received	8,900	-
Increase in cash during the year	92,421	86,316
Cash, beginning of year	435,764	349,448
Cash, end of year	\$ 528,185	\$ 435,764

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, 2019

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, 2019

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 \$12,833,126 (2018 - \$13,553,009) 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 \$Nil (2018 - \$119,000) 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 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.

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

March 31, 2019

2. Cash

Within the cash balance \$80,624 (2018 - \$127,392) is restricted for food programs and \$121,071 (2018 - \$Nil) is restricted for capacity building programs.

3. Money Market Mutual Funds

The Association's money market mutual funds are held at one financial institution. As at March 31, 2019, \$339,076 (2018 - \$215,843) is restricted for general operating contingencies and the development of food distribution systems.

4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ -	\$ -	\$ 31,583	\$ 27,185
Computer equipment	10,064	1,258	35,977	32,975
	\$ 10,064	\$ 1,258	\$ 67,560	\$ 60,160
Net book value		\$ 8,806		\$ 7,400

5. Deferred Capital Contributions

	2019	2018
Balance, beginning of year	\$ -	\$ -
Contributions received	8,900	-
Amortization	(1,113)	-
Balance, end of year	\$ 7,787	\$ -

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

March 31, 2019

6. Professional and Consulting Fees

	2019	2018
Audit	\$ 21,484	\$ 20,410
Emergency preparedness	51,144	-
Human resources consulting	31,182	12,473
Legal and accounting	8,561	7,185
Member engagement	32,449	-
Rebranding	27,908	-
Staff training and development	2,387	4,683
Strategic planning	18,709	26,037
	\$ 193,824	\$ 70,788

7. 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.

8. Commitments

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

2020	\$ 79,344
2021	27,600
2022	1,728
2023	1,296
	\$ 109,968