

North York Harvest Food Bank

Financial Statements

August 31, 2008

January 20, 2009

Auditors' Report

To the Directors of North York Harvest Food Bank

We have audited the balance sheet of **North York Harvest Food Bank** (the organization) as at August 31, 2008 and the statements of revenues and expenditures, changes in net assets, and cash flows for the eight-month period ended August 31, 2008. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 organization derives part of its revenues in the form of donations and special events, which are not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenditures for the year, assets and net assets.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations and special events referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2008 and the results of its operations and its cash flows for the eight-month period ended August 31, 2008 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

North York Harvest Food Bank

Balance Sheet

	August 31, 2008 \$	December 31, 2007 \$
Assets		
Current assets		
Cash	47,573	243,292
Short-term investment	100,000	100,000
Prepaid expenses and sundry receivables	7,235	8,426
	<hr/>	<hr/>
	154,808	351,718
Property and equipment (note 3)	<hr/>	<hr/>
	213,737	239,947
	<hr/>	<hr/>
	368,545	591,665
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	13,984	22,919
Deferred revenue (note 4)	<hr/>	<hr/>
	193,184	211,065
	<hr/>	<hr/>
	207,168	233,984
Net Assets		
Property and equipment	50,619	28,882
Unrestricted	<hr/>	<hr/>
	110,758	328,799
	<hr/>	<hr/>
	161,377	357,681
	<hr/>	<hr/>
	368,545	591,665

Approved by the Board of Directors

_____ Director

_____ Director

North York Harvest Food Bank

Statement of Revenues and Expenditures

			Eight-month period ended August 31, 2008	Twelve-month period ended December 31, 2007
			(note 6)	(note 6)
	Property and equipment \$	Operating \$	Total \$	Total \$
Revenues				
Donations	-	207,203	207,203	578,138
Foundations and grants	-	38,200	38,200	78,265
Special events	-	22,214	22,214	44,212
Amortization of deferred revenue (note 4)	32,914	-	32,914	49,363
Grant - City of Toronto	-	13,600	13,600	20,000
New Horizons	-	16,467	16,467	24,900
Interest and other	-	4,704	4,704	18,473
	32,914	302,388	335,302	813,351
Expenditures				
Wages and benefits	-	354,772	354,772	463,584
Fundraising and promotion	-	11,430	11,430	61,297
Office and general	-	34,011	34,011	55,100
Computer	-	2,014	2,014	1,831
Amortization	39,412	-	39,412	57,577
Occupancy costs	-	32,009	32,009	39,946
Insurance	-	5,442	5,442	15,956
Trucks and transportation	-	9,260	9,260	10,972
Warehouse	-	8,533	8,533	13,278
Telephone	-	3,789	3,789	9,182
Travel	-	2,943	2,943	2,571
Volunteers	-	4,613	4,613	6,608
Food purchases	-	23,378	23,378	38,268
	39,412	492,194	531,606	776,170
Excess (deficiency) of revenues over expenditures for the period	(6,498)	(189,806)	(196,304)	37,181

North York Harvest Food Bank

Statement of Changes in Net Assets

			Eight-month period ended August 31, 2008	Twelve-month period ended December 31, 2007
			(note 6)	(note 6)
	Invested in property and equipment \$	Unrestricted \$	Total \$	Total \$
Balance - Beginning of period	28,882	328,799	357,681	320,500
Excess (deficiency) of revenues over expenditures for the period	(6,498)	(189,806)	(196,304)	37,181
Purchase of property and equipment	13,202	(13,202)	-	-
Additions to deferred revenue	15,033	(15,033)	-	-
Balance - End of period	50,619	110,758	161,377	357,681

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Statement of Cash Flows

	Eight-month period ended August 31, 2008 \$ (note 6)	Twelve-month period ended December 31, 2007 \$ (note 6)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures for the period	(196,304)	37,181
Items not affecting cash		
Amortization of property and equipment	39,412	57,577
Amortization of deferred revenue	(32,914)	(49,363)
	<hr/>	<hr/>
	(189,806)	45,395
Change in non-cash working capital		
Prepaid expenses and sundry receivables	1,191	33,037
Accounts payable and accrued liabilities	(8,935)	947
	<hr/>	<hr/>
	(7,744)	33,984
	<hr/>	<hr/>
	(197,550)	79,379
Financing activities		
Additions to deferred revenue	15,033	-
Investing activities		
Purchase of property and equipment	(13,202)	(23,274)
	<hr/>	<hr/>
Increase (decrease) in cash during the period	(195,719)	56,105
Cash - Beginning of period	243,292	187,187
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Cash - End of period	47,573	243,292
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Notes to Financial Statements

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1 Organization

The North York Harvest Food Bank (NYHFB) is a not-for-profit organization whose primary purpose is to distribute food to those in need. It is a registered charity under Section 149 of the Income Tax Act, Canada.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by The Canadian Institute of Chartered Accountants (CICA), using the deferral method of reporting restricted contributions.

Revenue recognition

Revenues and expenditures are accounted for on an accrual basis with the exception of donations, which are recorded when received. Expenditures are recorded net of goods and services tax rebates.

Donated goods and services

Goods and services that have been donated are recorded in the financial statements at their fair market value when a fair market value can be reasonably estimated and the goods and services would be paid for if not donated. Where an estimate of fair market value cannot reasonably be made, such donations would not be recorded. No value is placed on food donations received and disbursed.

Short-term investment

Short-term investment consists of a one-year term guaranteed investment certificate, with interest paid monthly.

Property and equipment and amortization

Property and equipment are recorded at cost if purchased, or recorded at their fair market value if donated. Amortization is calculated on the straight-line method based on the estimated useful lives as follows:

Trucks	10 years
Equipment	5 years
Computer equipment and software	5 years
Leasehold improvements	term of lease plus first renewal period

The NYHFB reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable and exceeds its fair value. The impairment loss, if any, is the excess of carrying value over fair value.

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Deferred revenue

Deferred revenue is comprised of donations received for the purchase of property and equipment that had not been purchased at year-end. Amortization is recorded at a rate corresponding to the amortization rate for the related property and equipment purchased.

Financial instruments

The NYHFB utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The NYHFB classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

- Held-for-trading

This category is comprised of guaranteed investment certificates. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of revenues and expenditures. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

- Other financial assets and liabilities

Other financial assets and liabilities are carried at cost, which approximates fair value due to their short-term nature.

The adoption of this standard did not have a significant effect on the financial statements.

Accounting changes

The CICA has issued the following new Handbook sections, which will become effective in future periods for NYHFB:

- Financial instruments - disclosure and presentation

Management has chosen to only adopt the requirements of Section 3861 as disclosed above.

- Financial statement presentation by not-for-profit organizations

Recent amendments to Section 4400, Financial Statement Presentation by Not-for-Profit Organizations, will modify the requirements with respect to various elements of financial statement presentation. These amendments include:

- reporting certain revenues gross in the statement of operations;
- making Section 1540, Cash Flow Statements, applicable to not-for-profit organizations; and

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- when a not-for-profit organization classifies its expenses by function and allocates some of its fundraising and general support costs to another function, disclosing the policy adopted for expenses and amounts allocated from each of these two functions to other functions.

The new standard applies to financial statements relating to fiscal years beginning on or after January 1, 2009, specifically after September 1, 2009 for NYHFB. This standard will impact NYHFB's disclosures provided but will not affect NYHFB's results or financial position.

Capital disclosures

The new Section 1535, Capital Disclosures, requires than an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing net assets, including disclosures of any externally imposed net asset requirements and the consequences of non-compliance. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically September 1, 2008 for NYHFB.

This standard will impact NYHFB's disclosures provided but will not affect NYHFB's results or financial position.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future.

3 Property and equipment

	August 31, 2008		
	Cost \$	Accumulated amortization \$	Net \$
Leasehold improvements	174,093	99,347	74,746
Trucks	229,784	137,431	92,353
Computer equipment and software	107,439	78,054	29,385
Equipment	46,417	29,164	17,253
	557,733	343,996	213,737

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	December 31, 2007		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Leasehold improvements	174,093	86,348	87,745
Trucks	229,784	123,169	106,615
Computer equipment and software	94,237	72,092	22,145
Equipment	46,417	22,975	23,442
	<u>544,531</u>	<u>304,584</u>	<u>239,947</u>

4 Deferred revenue

	August 31, 2008	December 31, 2007
	\$	\$
Deferred revenue relating to property and equipment		
Beginning of period	211,065	260,428
Less: Amortization	<u>(32,914)</u>	<u>(49,363)</u>
End of period	178,151	211,065
Other deferred revenues	<u>15,033</u>	<u>-</u>
Deferred revenues - End of period	<u>193,184</u>	<u>211,065</u>

5 Commitments

The organization has entered into a lease agreement with Bathurst Heights Secondary School requiring the following payments:

	\$
2009	48,400
2010	48,400
2011	48,400
2012	<u>40,333</u>
	<u>185,533</u>

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6 Change of year-end

During the period ended August 31, 2008, NYHFB changed its fiscal year-end from December 31 to August 31. This adjustment means the year-end no longer falls immediately after the period where the food and cash inventory are at seasonally high levels. The change enables NYHFB to better evaluate fundraising and program delivery efforts early in the fiscal year. Accordingly, the financial statements presented for 2008 are for the eight months ended August 31, 2008 and the comparative figures are for the twelve months ended December 31, 2007.