

North York Harvest Food Bank

Financial Statements
August 31, 2010

January 18, 2011

Auditors' Report

To the Directors of North York Harvest Food Bank

We have audited the balance sheet of **North York Harvest Food Bank** (NYHFB) as at August 31, 2010 and the statements of revenues, expenditures and net assets and cash flows for the year then ended. These financial statements are the responsibility of NYHFB'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, NYHFB 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 NYHFB and we were not able to determine whether any adjustments might be necessary to revenues, excess 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 NYHFB as at August 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

North York Harvest Food Bank

Balance Sheet

As at August 31, 2010

	2010 \$	2009 \$
Assets		
Current assets		
Cash	58,849	198,110
Short-term investment (note 3)	202,469	-
Accounts receivable	45,463	32,430
Prepaid expenses	1,956	302
	<hr/>	<hr/>
	308,737	230,842
Property and equipment (note 4)	<hr/>	<hr/>
	108,410	161,124
	<hr/>	<hr/>
	417,147	391,966
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	32,640	25,535
Deferred grants	63,673	23,567
	<hr/>	<hr/>
	96,313	49,102
Deferred contributions related to property and equipment (note 5)	<hr/>	<hr/>
	90,235	135,323
	<hr/>	<hr/>
	186,548	184,425
Net Assets		
Unrestricted	<hr/>	<hr/>
	230,599	207,541
	<hr/>	<hr/>
	417,147	391,966

Approved by the Board of Directors

_____ Director

_____ Director

North York Harvest Food Bank

Statement of Revenues, Expenditures and Net Assets For the year ended August 31, 2010

	2010 \$	2009 \$
Revenues		
Donations	782,365	712,146
Foundations and grants	135,277	117,954
Special events	52,635	49,970
Amortization of deferred contributions (note 5)	45,088	45,088
Government grants	132,970	28,907
Interest and other	9,626	14,180
	<hr/> 1,157,961	<hr/> 968,245
Expenditures		
Wages and benefits	788,215	610,950
Office and general	85,866	70,942
Fundraising and promotion	60,049	57,623
Amortization	52,714	55,410
Occupancy costs	48,400	48,013
Food purchases	56,394	41,096
Warehouse and trucking	30,547	25,097
Insurance	6,215	6,602
Volunteers	6,503	6,348
	<hr/> 1,134,903	<hr/> 922,081
Excess of revenues over expenditures for the year	23,058	46,164
Net assets - Beginning of year	<hr/> 207,541	<hr/> 161,377
Net assets - End of year	<hr/> <hr/> 230,599	<hr/> <hr/> 207,541

North York Harvest Food Bank

Statement of Cash Flows

For the year ended August 31, 2010

	2010 \$	2009 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	23,058	46,164
Items not affecting cash		
Amortization of property and equipment	52,714	55,410
Amortization of deferred contributions	(45,088)	(45,088)
	<u>30,684</u>	<u>56,486</u>
Change in non-cash working capital		
Accounts receivable	(13,033)	(28,538)
Prepaid expenses	(1,654)	3,041
Accounts payable and accrued liabilities	7,105	11,551
Deferred grants	40,106	8,534
	<u>32,524</u>	<u>(5,412)</u>
	<u>63,208</u>	<u>51,074</u>
Investing activities		
Short-term investment	(202,469)	100,000
Purchase of property and equipment	-	(2,797)
	<u>(202,469)</u>	<u>97,203</u>
Financing activities		
Deferred contributions related to property and equipment	-	2,260
Increase (decrease) in cash during the year	<u>(139,261)</u>	<u>150,537</u>
Cash - Beginning of year	<u>198,110</u>	<u>47,573</u>
Cash - End of year	<u>58,849</u>	<u>198,110</u>

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2010

1 Organization

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 and, accordingly, is exempt from income tax under Section 149(1)(f).

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 for reporting contributions.

Revenue recognition

Unrestricted donations are recorded as revenue when received.

Grants are recorded as a receivable when the amount can be reasonably estimated and the ultimate collection is reasonably assured.

Deferred revenue amounts are recognized as revenue in the year in which the related expenses are incurred.

Donated goods and services

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

Short-term investments

Short-term investments represent highly liquid investments, which have maturities of less than one year at the date of acquisition.

North York Harvest Food Bank

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Property and equipment

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

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

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.

Deferred grants and contributions

Deferred grants are recorded as revenue as expenses are incurred.

Deferred contributions are comprised of donations received for the purchase of property and equipment and will be amortized at the same rate as the related property and equipment.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and NYHFB's designation of such instruments. The following is a summary of the classifications NYHFB has elected to apply to each of its significant categories of financial instruments.

Assets/liabilities	Category	Measurement
Cash	held-for-trading	fair value
Short-term investment	held-for-trading	fair value
Accounts receivable	loans and receivables	amortized cost
Accounts payable and accrued liabilities	other liabilities	amortized cost

Interest earned or accrued, gains and losses realized on disposal and unrealized gains and losses for changes in fair value are included in interest and other revenues. Transaction costs are expensed as incurred.

NYHFB has chosen to apply CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in place of CICA Handbook Section 3862, Financial Instruments - Disclosures, and CICA Handbook Section 3863, Financial Instruments - Presentation.

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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 expenditures during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future.

Changes in accounting policies

- Financial statement presentation by not-for-profit organizations

Effective September 1, 2009, NYHFB adopted retrospectively the changes to CICA Handbook Section 4400, Financial Statement Presentation By Not-for-Profit Organizations. This standard includes the reporting of certain revenues gross in the statement of revenues and expenditures. The adoption of this standard has had no impact on the financial statements of NYHFB.

- Financial statement concepts

Effective September 1, 2009, NYHFB adopted retrospectively the changes to the recommendations in CICA Handbook Section 1000, Financial Statement Concepts. This standard clarifies that items that do not meet the definition of an asset or liability may not be recognized on the balance sheet. The adoption of this standard has had no impact on the financial statements of NYHFB.

3 Short-term investment

The short-term investment consists of a guaranteed investment certificate, which bears interest at a rate of 1.7% and matures on December 23, 2010.

4 Property and equipment

	2010		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Trucks	166,252	107,150	59,102
Computer equipment	107,439	96,034	11,405
Equipment	49,214	47,061	2,153
Leasehold improvements	174,093	138,343	35,750
	496,998	388,588	108,410

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	2009		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Trucks	166,252	90,524	75,728
Computer equipment	107,439	87,778	19,661
Equipment	49,214	38,727	10,487
Leasehold improvements	174,093	118,845	55,248
	<u>496,998</u>	<u>335,874</u>	<u>161,124</u>

5 Deferred contributions related to property and equipment

	2010	2009
	\$	\$
Balance - Beginning of year	135,323	178,151
Amounts received during the year	-	2,260
Amortization	<u>(45,088)</u>	<u>(45,088)</u>
Balance - End of year	<u>90,235</u>	<u>135,323</u>

6 Commitments

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

	\$
2011	48,400
2012	<u>40,333</u>
	<u>88,733</u>

7 Capital management

NYHFB's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide services to those in need.

NYHFB defines its capital as the amounts included in its net assets balance. Having sufficient liquid resources to continue operating despite adverse events with financial consequences is important in providing flexibility to NYHFB. NYHFB believes it has sufficient liquid resources to meet its obligations.

8 Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.