

North York Harvest Food Bank

Financial Statements
August 31, 2011

December 20, 2011

Independent Auditor's Report

To the Directors of
North York Harvest Food Bank

We have audited the accompanying financial statements of North York Harvest Food Bank, which comprise the balance sheet as at August 31, 2011 and the statements of revenues, expenditures and net assets, and cash flows for the year then ended, and the related notes, which comprise 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 generally accepted accounting principles, 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 qualified audit opinion.

Basis for qualified opinion

In common with many charitable organizations, North York Harvest Food Bank derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of North York Harvest Food Bank. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess (deficiency) of revenues over expenditures and cash flows from operations for years ended August 31, 2011 and August 31, 2010, current assets as at August 31, 2011 and August 31, 2010, and net assets at both the beginning and end of the August 31, 2011 and August 31, 2010 years. Our audit opinion on the financial statements for the year ended August 31, 2010 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of North York Harvest Food Bank as at August 31, 2011 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, 2011

	2011 \$	2010 \$
Assets		
Current assets		
Cash	57,882	58,849
Short-term investments (note 3)	202,104	202,469
Accounts receivable	44,591	45,463
Prepaid expenses	10,369	1,956
	<hr/>	<hr/>
	314,946	308,737
Property and equipment (note 4)	<hr/>	<hr/>
	67,656	108,410
	<hr/>	<hr/>
	382,602	417,147
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	76,366	32,640
Deferred grants	124,755	63,673
	<hr/>	<hr/>
	201,121	96,313
Deferred contributions related to property and equipment (note 5)	<hr/>	<hr/>
	106,834	90,235
	<hr/>	<hr/>
	307,955	186,548
Net Assets		
Unrestricted	<hr/>	<hr/>
	74,647	230,599
	<hr/>	<hr/>
	382,602	417,147

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, 2011

	2011 \$	2010 \$
Revenues		
Donations	738,250	782,365
Foundations	116,650	135,277
Special events	40,957	52,635
Amortization of deferred contributions (note 5)	36,471	45,088
Grants	221,307	132,970
Interest and other	3,112	9,626
	<hr/> 1,156,747	<hr/> 1,157,961
Expenditures		
Wages and benefits	990,342	788,215
Office and general	94,905	85,866
Fundraising and promotion	67,315	60,049
Amortization	43,176	52,714
Occupancy costs	48,400	48,400
Food purchases	25,470	56,394
Warehouse and trucking	33,390	30,547
Insurance	5,410	6,215
Volunteers	4,291	6,503
	<hr/> 1,312,699	<hr/> 1,134,903
Excess (deficiency) of revenues over expenditures for the year	(155,952)	23,058
Net assets - Beginning of year	<hr/> 230,599	<hr/> 207,541
Net assets - End of year	<hr/> <hr/> 74,647	<hr/> <hr/> 230,599

North York Harvest Food Bank

Statement of Cash Flows

For the year ended August 31, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	(155,952)	23,058
Items not affecting cash		
Amortization of property and equipment	43,176	52,714
Amortization of deferred contributions	(36,471)	(45,088)
	<u>(149,247)</u>	<u>30,684</u>
Change in non-cash working capital		
Accounts receivable	872	(13,033)
Prepaid expenses	(8,413)	(1,654)
Accounts payable and accrued liabilities	43,726	7,105
Deferred grants	61,082	40,106
	<u>97,267</u>	<u>32,524</u>
	<u>(51,980)</u>	<u>63,208</u>
Investing activities		
Change in short-term investment	365	(202,469)
Purchase of property and equipment	(2,422)	-
	<u>(2,057)</u>	<u>(202,469)</u>
Financing activities		
Deferred contributions related to property and equipment	53,070	-
Decrease in cash during the year	(967)	(139,261)
Cash - Beginning of year	<u>58,849</u>	<u>198,110</u>
Cash - End of year	<u>57,882</u>	<u>58,849</u>

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2011

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 taxes 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).

Revenue recognition

NYHFB follows the deferral method of accounting for revenues.

Unrestricted donations are recorded as revenue when received. Restricted grants and donations are recognized as revenue in the year in which related expenses are incurred.

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

Interest income is recorded on an accrual basis.

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.

A number of volunteers contribute their services to NYHFB each year. Due to difficulty in determining the fair value, these contributed services are not recognized or disclosed in the financial statements.

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

Notes to Financial Statements

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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

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 and restricted donations are recorded as revenue as the related 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 investments	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.

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.

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3 Short-term investments

	\$
Guaranteed investment certificate, bears interest of 0.85%, matures on September 14, 2011	51,098
Guaranteed investment certificate, bears interest of 1.20%, matures on February 8, 2012	<u>151,006</u>
	<u>202,104</u>

4 Property and equipment

	<u>2011</u>		
	Cost \$	Accumulated amortization \$	Net \$
Trucks	166,252	123,777	42,475
Computer equipment	109,861	102,332	7,529
Equipment	49,214	47,814	1,400
Leasehold improvements	174,093	157,841	16,252
	<u>499,420</u>	<u>431,764</u>	<u>67,656</u>
	<u>2010</u>		
	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
	<u>496,998</u>	<u>388,588</u>	<u>108,410</u>

5 Deferred contributions related to property and equipment

	2011 \$	2010 \$
Balance - Beginning of year	90,235	135,323
Amounts received during the year	53,070	-
Amortization	<u>(36,471)</u>	<u>(45,088)</u>
Balance - End of year	<u>106,834</u>	<u>90,235</u>

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Notes to Financial Statements

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6 Commitments

NYHFB entered into various operating leases for premises and equipment. Future lease payments are as follows:

	\$
2012	43,609
2013	3,276
2014	3,276
2015	3,276
2016	819
	<hr/>
	54,256
	<hr/>

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.