

**North York Harvest Food
Bank**

Financial Statements
August 31, 2012



January 28, 2013

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, 2012 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.

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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 the years ended August 31, 2012 and August 31, 2011, current assets as at August 31, 2012 and August 31, 2011, and net assets at both the beginning and end of the years ended August 31, 2012 and August 31, 2011. Our audit opinion on the financial statements for the year ended August 31, 2011 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, 2012 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, 2012

	2012 \$	2011 \$
Assets		
Current assets		
Cash	72,206	57,882
Short-term investments (note 3)	151,800	202,104
Accounts receivable	37,237	44,591
Prepaid expenses	3,159	10,369
	<u>264,402</u>	<u>314,946</u>
Property and equipment (note 4)	135,680	67,656
	<u>400,062</u>	<u>382,602</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	8,354	76,366
Deferred grants (note 5)	126,756	124,755
	135,110	201,121
Deferred contributions related to property and equipment (note 6)	133,634	106,834
	268,744	307,955
Net Assets		
Unrestricted	131,318	74,647
	<u>400,062</u>	<u>382,602</u>
Commitments (note 7)		

Approved by the Board of Directors

 Director

 Director

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

North York Harvest Food Bank

Statement of Revenues, Expenditures and Net Assets

For the year ended August 31, 2012

	2012	2011
	\$	\$
Revenues		
Donations	601,621	495,163
Foundations and grants	407,295	383,839
Community events	161,639	152,544
Government grants	125,751	123,474
Interest and other	41,577	33,442
	<u>1,337,883</u>	<u>1,188,462</u>
Expenditures		
Wages and benefits	944,431	990,342
Office and general	104,546	94,905
Fundraising and promotion	47,449	67,315
Amortization of property and equipment	37,685	43,176
Occupancy costs	48,400	48,400
Food purchases	58,564	57,185
Warehouse and trucking	30,628	33,390
Insurance	6,387	5,410
Volunteers	3,122	4,291
	<u>1,281,212</u>	<u>1,344,414</u>
Excess (deficiency) of revenues over expenditures for the year	56,671	(155,952)
Net assets - Beginning of year	<u>74,647</u>	<u>230,599</u>
Net assets - End of year	<u>131,318</u>	<u>74,647</u>

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

North York Harvest Food Bank

Statement of Cash Flows

For the year ended August 31, 2012

	2012 \$	2011 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	56,671	(155,952)
Items not affecting cash		
Amortization of property and equipment	37,685	43,176
Amortization of deferred contributions	(33,675)	(36,471)
Gain on disposal of property and equipment	(1,929)	-
	<u>58,752</u>	<u>(149,247)</u>
Change in non-cash working capital		
Accounts receivable	7,354	872
Prepaid expenses	7,210	(8,413)
Accounts payable and accrued liabilities	(68,012)	43,726
Deferred grants	2,001	61,082
	<u>(51,447)</u>	<u>97,267</u>
	<u>7,305</u>	<u>(51,980)</u>
Investing activities		
Change in short-term investment	50,304	365
Purchase of property and equipment	(107,260)	(2,422)
Proceeds of disposal of property and equipment	3,500	-
	<u>(53,456)</u>	<u>(2,057)</u>
Financing activities		
Deferred contributions related to property and equipment received	<u>60,475</u>	<u>53,070</u>
Increase (decrease) in cash during the year	14,324	(967)
Cash - Beginning of year	<u>57,882</u>	<u>58,849</u>
Cash - End of year	<u>72,206</u>	<u>57,882</u>

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

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2012

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 Canadian generally accepted accounting principles.

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. In addition, Toronto District School Board donated space in one of its schools to NYHFB to carry our food distribution activities. 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

August 31, 2012

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

Deferred grants and contributions

Deferred grants shown on the balance sheet represent amounts received by NYHFB but not disbursed as at year-end as stipulated by the donor.

Deferred contributions are donations received for the purchase of property and equipment. They are initially deferred and are amortized to revenues at the same rate as the related purchased property and equipment asset.

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 values 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.

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2012

Accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable for not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. These standards will apply to NYHFB for the fiscal year beginning on September 1, 2012. NYHFB is currently considering the impact of the adoption of these standards.

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	-	151,006
Guaranteed investment certificate, bears interest of 1.25%, matures on February 8, 2013	151,800	-
	<u>151,800</u>	<u>202,104</u>

4 Property and equipment

	<u>2012</u>		
	Cost \$	Accumulated amortization \$	Net \$
Trucks	178,827	47,709	131,118
Computer equipment	109,861	106,160	3,701
Equipment	49,214	48,373	841
Leasehold improvements	174,093	174,093	-
	<u>511,995</u>	<u>376,335</u>	<u>135,660</u>
	<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>

North York Harvest Food Bank

Notes to Financial Statements

August 31, 2012

5 Deferred grants

	2012	2011
	\$	\$
Balance - Beginning of year	124,755	63,673
Amounts received related to future years	311,051	283,388
Amounts recognized as revenue in the year	(309,050)	(222,306)
	<hr/>	<hr/>
Balance - End of year	126,756	124,755

6 Deferred contributions related to property and equipment

	2012	2011
	\$	\$
Balance - Beginning of year	106,834	90,235
Amounts received during the year	60,475	53,070
Amortization	(33,675)	(36,471)
	<hr/>	<hr/>
Balance - End of year	133,634	106,834

7 Commitments

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

	\$
2013	3,276
2014	3,276
2015	3,276
2016	819
	<hr/>
	10,647

8 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.

9 Comparative figures

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