

WOOD BUFFALO FOOD BANK ASSOCIATION

Financial Statements

Year Ended December 31, 2012

WOOD BUFFALO FOOD BANK ASSOCIATION
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Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of Wood Buffalo Food Bank Association

We have audited the accompanying financial statements of Wood Buffalo Food Bank Association, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Wood Buffalo Food Bank Association derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Wood Buffalo Food Bank Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2012 and December 31, 2011, current assets and net assets as at December 31, 2012, December 31, 2011 and January 1, 2011.

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 Wood Buffalo Food Bank Association as at December 31, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

We draw attention to Note 3 to the financial statements which describes the effect of an accounting error in the previous year.

King + Company


Edmonton, AB
May 8, 2013


CHARTERED ACCOUNTANTS

WOOD BUFFALO FOOD BANK ASSOCIATION
Statement of Financial Position
As at December 31, 2012

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash (Note 4)	\$ 488,153	\$ 274,986
Accounts receivable (Note 5)	137,137	81,198
Prepaid expenses	2,192	1,932
	<u>627,482</u>	358,116
RENT DEPOSIT	11,500	-
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 6)	10,077	154,075
	<u>\$ 649,059</u>	<u>\$ 512,191</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 29,812	\$ 25,935
Obligations under capital lease	-	147,875
	<u>29,812</u>	173,810
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL REPLACEMENT EXPENDITURE RESERVE (Note 8)	63,275	-
	<u>93,087</u>	173,810
NET ASSETS		
Internally restricted (Note 9)	11,000	-
Unrestricted	544,972	338,381
	<u>555,972</u>	338,381
	<u>\$ 649,059</u>	<u>\$ 512,191</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

WOOD BUFFALO FOOD BANK ASSOCIATION**Statement of Operations****Year Ended December 31, 2012**

	2012	2011
REVENUE		
Donations	\$ 548,420	\$ 557,800
Grants	58,653	-
Housing First	37,630	-
Recognition of revenue from capital replacement expenditures <i>(Note 8)</i>	28,864	-
Rent	26,369	9,924
Purse auction	20,680	-
Raffle, parking and other	12,154	12,078
Gain on disposal of equipment and leasehold improvements	3,860	-
	<u>736,630</u>	<u>579,802</u>
EXPENSES		
Salaries and benefits	197,068	162,389
Rent	151,955	178,403
Food purchases	36,152	17,282
Contributions for capital replacement <i>(Note 8)</i>	28,864	-
Office	23,941	14,200
Interest and penalties on capital lease	14,925	-
Professional fees	13,946	15,336
Fundraising	13,767	-
Insurance	9,967	5,421
Utilities	5,762	5,837
Subcontracts	3,880	5,243
Amortization of equipment and leasehold improvements	3,431	17,119
Telecommunications	2,892	6,596
Travel	2,087	606
Advertising and promotion	1,885	30,207
Repairs and maintenance	1,798	3,209
Vehicle	1,493	1,826
Property taxes	1,384	12,545
Board	1,330	1,066
Interest and bank charges	1,152	5,444
Licenses and fees	961	451
Equipment rentals	399	2,033
	<u>519,039</u>	<u>485,213</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS BEFORE OTHER EXPENSES	217,591	94,589
OTHER EXPENSES		
Write-off of capital lease building deposits	-	400,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 217,591	\$ (305,411)

WOOD BUFFALO FOOD BANK ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2012

	Internally restricted	Unrestricted	2012	2011
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ 338,381	\$ 338,381	\$ 643,792
Excess (deficiency) of revenue over expenses (<i>Note 3</i>)	-	217,591	217,591	(305,411)
Transfers	11,000	(11,000)	-	-
NET ASSETS - END OF YEAR	\$ 11,000	\$ 544,972	\$ 555,972	\$ 338,381

WOOD BUFFALO FOOD BANK ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2012**

	2012	2011
OPERATING ACTIVITIES		
Cash receipts from donations, rent and other	\$ 740,106	\$ 499,104
Interest paid	(1,154)	(5,442)
Cash paid to suppliers and employees	<u>(522,338)</u>	<u>(666,017)</u>
Cash flow from (used by) operating activities	<u>216,614</u>	<u>(172,355)</u>
INVESTING ACTIVITIES		
Proceeds on disposal of equipment and leasehold improvements	162,598	-
Purchase of equipment and leasehold improvements	<u>(18,170)</u>	<u>(13,299)</u>
Cash flow from (used by) investing activities	<u>144,428</u>	<u>(13,299)</u>
FINANCING ACTIVITY		
Repayment of obligations under capital lease	<u>(147,875)</u>	<u>(10,020)</u>
INCREASE (DECREASE) IN CASH	213,167	(195,674)
CASH - BEGINNING OF YEAR	<u>274,986</u>	<u>470,660</u>
CASH - END OF YEAR	<u>\$ 488,153</u>	<u>\$ 274,986</u>

WOOD BUFFALO FOOD BANK ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2012

NATURE OF OPERATIONS

Wood Buffalo Food Bank Association was incorporated under the Societies Act of Alberta on December 22, 1983. The purpose of the organization is the operation of a food bank to alleviate hunger in the Fort McMurray area by soliciting donations and collecting food for distribution through a network of programs that serve target population groups. Wood Buffalo Food Bank Association receives support from the community, charitable organizations and corporate sponsorship. It is a registered charity under the Income Tax Act.

Effective August 2, 2012, the association changed its name from the Fort McMurray Food Bank Association to Wood Buffalo Food Bank Association.

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year, the association adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of these standards does not result in changes to beginning net assets or restatement of assets and liabilities as at January 1, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant policies:

Revenue Recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services

Volunteers contribute time each year to aid the association in carrying out its services and fundraising activities. Due to the difficulty in determining the fair value, the financial value of contributed services is not recognized in these financial statements.

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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WOOD BUFFALO FOOD BANK ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost less accumulated amortization. Equipment and leasehold improvements are amortized over their estimated useful lives at the following rates and methods:

Computer software	33%	straight-line method
Furniture and fixtures	20%	straight-line method
Leasehold improvements	10%	straight-line method

The association regularly reviews its equipment and leasehold improvements to eliminate obsolete items.

Pension Plan

The association maintains a defined contribution pension plan under which amounts are contributed to employees' RRSP accounts. Expense for this plan is equal to the association's required contribution for the year.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. ACCOUNTING ERROR

During the year, it was determined that accounts payable and accrued liabilities and salaries and benefits were understated by \$10,493 in 2011 because of unrecorded vacation and banked time payable. The correction of this error has been applied retrospectively and accounts payable and accrued liabilities, closing net assets and salaries and benefits have been restated in the comparative period.

4. CASH

	<u>2012</u>	<u>2011</u>
Unrestricted	\$ 413,878	\$ 274,986
Externally restricted for capital replacement expenditure reserve (Note 8)	63,275	-
Internally restricted for capital replacement expenditure reserve (Note 9)	11,000	-
	<u>\$ 488,153</u>	<u>\$ 274,986</u>

WOOD BUFFALO FOOD BANK ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2012

5. ACCOUNTS RECEIVABLE

	<u>2012</u>	<u>2011</u>
Donations	\$ 130,045	\$ 79,857
Goods and services tax	7,092	1,341
	<u>\$ 137,137</u>	<u>\$ 81,198</u>

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Computer software	\$ 7,585	\$ 2,528	\$ 5,057	\$ -
Furniture and fixtures	3,104	621	2,483	-
Leasehold improvements	2,819	282	2,537	154,075
	<u>\$ 13,508</u>	<u>\$ 3,431</u>	<u>\$ 10,077</u>	<u>\$ 154,075</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Trade	\$ 14,069	\$ 7,487
Vacation and banked time	12,318	13,381
Government remittances	3,425	5,067
	<u>\$ 29,812</u>	<u>\$ 25,935</u>

WOOD BUFFALO FOOD BANK ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2012

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL REPLACEMENT RESERVE

	<u>2012</u>	<u>2011</u>
Contributions	\$ 92,103	\$ -
Interest	36	-
Recognized as revenue	<u>(28,864)</u>	-
Balance, end of year	<u>\$ 63,275</u>	<u>\$ -</u>

9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets have been restricted by the Board to meet the association's requirement by the terms of the lease agreement for maintaining a capital replacement expenditure reserve.

10. COMMITMENT

The association is committed until January 31, 2022 under an operating lease for office premises to annual rent of \$138,000 plus occupancy expenses as defined in the lease.

11. PENSION EXPENSE

Pension expense included in salaries and benefits is \$7,960 (2011 - nil).

12. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2012.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk on its cash and accounts receivable. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is exposed to interest rate risk primarily through its floating interest rate on cash.

13. COMPARATIVE FIGURES

The comparative have been reclassified to conform to the current year's presentation.