

**WOOD BUFFALO FOOD BANK ASSOCIATION**  
**Financial Statements**  
**Year Ended December 31, 2013**

**WOOD BUFFALO FOOD BANK ASSOCIATION**

**Index to Financial Statements**

**Year Ended December 31, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Directors of Wood Buffalo Food Bank Association

We have audited the accompanying financial statements of Wood Buffalo Food Bank Association, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended, 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 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 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 year ended December 31, 2013, current assets and net assets as at December 31, 2013.

*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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*King + Company*

Edmonton, AB  
May 12, 2014

CHARTERED ACCOUNTANTS


**WOOD BUFFALO FOOD BANK ASSOCIATION**

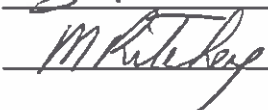
**Statement of Financial Position**

**As at December 31, 2013**

	2013	2012
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 336,844	\$ 488,111
Accounts receivable (Note 3)	95,123	137,137
Prepaid expenses (Note 4)	36,918	2,234
	<u>468,885</u>	<u>627,482</u>
<b>TERM DEPOSITS (Note 5)</b>	<b>350,000</b>	<b>-</b>
<b>RENT DEPOSIT</b>	<b>11,500</b>	<b>11,500</b>
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 6)</b>	<b>6,645</b>	<b>10,077</b>
	<u>\$ 837,030</u>	<u>\$ 649,059</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 30,057	\$ 29,812
<b>DEFERRED GIFT CARD CONTRIBUTIONS (Note 8)</b>	<b>34,840</b>	<b>-</b>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL REPLACEMENT EXPENDITURE RESERVE (Note 9)</b>	<b>61,088</b>	<b>63,275</b>
	<u>125,985</u>	<u>93,087</u>
<b>NET ASSETS</b>		
Internally restricted (Note 10)	23,000	11,000
Unrestricted	688,045	544,972
	<u>711,045</u>	<u>555,972</u>
	<u>\$ 837,030</u>	<u>\$ 649,059</u>

ON BEHALF OF THE BOARD

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**WOOD BUFFALO FOOD BANK ASSOCIATION****Statement of Operations****Year Ended December 31, 2013**

	2013	2012
<b>REVENUE</b>		
Donations	\$ 556,287	\$ 543,893
Housing First	74,935	37,630
Purse auction	42,860	19,531
Grants	33,365	58,653
Rent	24,221	26,369
Raffle, parking and other	11,825	16,680
Recognition of revenue from capital replacement expenditures	2,205	28,864
Gain on disposal of equipment and leasehold improvements	-	3,860
	<u>745,698</u>	<u>735,480</u>
<b>EXPENSES</b>		
Salaries and benefits	228,943	197,068
Rent	146,449	142,585
Food purchases	55,580	35,419
Office	41,504	23,641
Fundraising	25,080	12,618
Utilities	19,113	15,132
Supplies	17,544	1,033
Insurance	10,079	9,967
Professional fees	8,804	13,946
Travel	6,579	2,087
Telecommunications	4,752	2,892
Subcontracts	4,237	3,880
Advertising and promotion	4,209	1,885
Amortization of equipment and leasehold improvements	3,431	3,431
Board	3,056	1,330
Contributions for capital replacement	2,205	28,864
Licenses and fees	2,186	961
Bad debts	2,030	-
Repairs and maintenance	1,336	1,798
Interest and bank charges	1,140	1,151
Vehicle	1,110	1,493
Property taxes	1,078	1,384
Equipment rentals	180	399
Interest and penalties on capital lease	-	14,925
	<u>590,625</u>	<u>517,889</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 155,073</u>	<u>\$ 217,591</u>

**WOOD BUFFALO FOOD BANK ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2013**

	Internally restricted	Unrestricted	2013	2012
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 11,000	\$ 544,972	\$ 555,972	\$ 338,381
Excess of revenue over expenses	-	155,073	155,073	217,591
Transfers	12,000	(12,000)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 23,000</b>	<b>\$ 688,045</b>	<b>\$ 711,045</b>	<b>\$ 555,972</b>

**WOOD BUFFALO FOOD BANK ASSOCIATION**

**Statement of Cash Flows**

**Year Ended December 31, 2013**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Cash receipts from donations, rent and other	\$ 818,335	\$ 738,956
Interest paid	(1,140)	(1,153)
Cash paid to suppliers and employees	(618,462)	(509,550)
Cash flow from operating activities	<u>198,733</u>	<u>228,253</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of equipment and leasehold improvements	-	162,598
Purchase of equipment and leasehold improvements	-	(18,170)
Purchase of term deposits	(350,000)	-
Cash flow from (used by) investing activities	<u>(350,000)</u>	<u>144,428</u>
<b>FINANCING ACTIVITY</b>		
Repayment of obligations under capital lease	-	(147,875)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(151,267)</b>	<b>224,806</b>
<b>CASH - BEGINNING OF YEAR</b>	<b><u>488,111</u></b>	<b><u>263,305</u></b>
<b>CASH - END OF YEAR</b>	<b><u>\$ 336,844</u></b>	<b><u>\$ 488,111</u></b>

# WOOD BUFFALO FOOD BANK ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2013

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### NATURE OF OPERATIONS

Wood Buffalo Food Bank Association was incorporated under the Societies Act of Alberta on December 22, 1983. The purpose of the association 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.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### 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.

Revenue from all other sources is included in revenue in the year in which it is received or is receivable.

### 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.

### Cash

Cash is comprised of cash held with financial institutions.

### 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.

### 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.

(continues)



# WOOD BUFFALO FOOD BANK ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2013

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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.

### 2. CASH

	<u>2013</u>	<u>2012</u>
Unrestricted	\$ 302,756	\$ 413,836
Internally restricted for capital replacement expenditure reserve (Note 10)	23,000	11,000
Externally restricted for capital replacement expenditure reserve (Note 9)	11,088	63,275
	<u>\$ 336,844</u>	<u>\$ 488,111</u>

### 3. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Donations	\$ 83,808	\$ 130,045
Goods and services tax	6,233	7,092
Other	5,082	-
	<u>\$ 95,123</u>	<u>\$ 137,137</u>

### 4. PREPAID EXPENSES

	<u>2013</u>	<u>2012</u>
Gift cards	\$ 34,840	\$ 42
Insurance	2,078	2,192
	<u>\$ 36,918</u>	<u>\$ 2,234</u>

## WOOD BUFFALO FOOD BANK ASSOCIATION

### Notes to Financial Statements

Year Ended December 31, 2013

#### 5. TERM DEPOSITS

	2013	2012
Unrestricted - non-redeemable, maturity dates ranging from August 2014 to March 2015, average interest rate of 1.82%	\$ 175,000	\$ -
Unrestricted - redeemable, maturing in April 2014, average interest rate of .90%	125,000	-
Externally restricted for capital replacement expenditure reserve (Note 9), maturing in April 2014, average interest rate of .90%	50,000	-
	<u>\$ 350,000</u>	<u>\$ -</u>

#### 6. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Computer software	\$ 7,585	\$ 5,057	\$ 2,528	\$ 5,057
Furniture and fixtures	3,104	1,242	1,862	2,483
Leasehold improvements	2,819	564	2,255	2,537
	<u>\$ 13,508</u>	<u>\$ 6,863</u>	<u>\$ 6,645</u>	<u>\$ 10,077</u>

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Trade	\$ 16,807	\$ 14,069
Vacation and banked time	8,393	12,318
Government remittances	4,857	3,425
	<u>\$ 30,057</u>	<u>\$ 29,812</u>

#### 8. DEFERRED GIFT CARD CONTRIBUTIONS

Deferred gift card contributions represent restricted funds that have been received in the current year for the purchase of gift cards and gift cards that have been donated to the association that are related to subsequent periods. Changes in the deferred gift card contributions balance are as follows:

	2013	2012
Gift cards and contributions for card purchases received	\$ 86,971	\$ 26,481
Gift cards utilized during the year	(52,131)	(26,481)
Balance, end of year	<u>\$ 34,840</u>	<u>\$ -</u>

## WOOD BUFFALO FOOD BANK ASSOCIATION

### Notes to Financial Statements

Year Ended December 31, 2013

#### 9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL REPLACEMENT EXPENDITURE RESERVE

	2013	2012
Balance, beginning of year	\$ 63,275	\$ -
Interest	18	36
Contributions	-	92,103
Recognized as revenue	(2,205)	(28,864)
Balance, end of year	\$ 61,088	\$ 63,275

#### 10. 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.

#### 11. 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.

#### 12. PENSION EXPENSE

Pension expense included in salaries and benefits is \$8,463 (2012 - 7,960).

#### 13. 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, 2013.

##### 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, term deposits and accounts receivable. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts. Cash and term deposits are held at a major financial institution.

##### 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 and term deposits.

#### 14. COMPARATIVE FIGURES

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