

WOOD BUFFALO FOOD BANK ASSOCIATION
Financial Statements
Seven Month Period Ended July 31, 2014

WOOD BUFFALO FOOD BANK ASSOCIATION
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Seven Month Period Ended July 31, 2014

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INDEPENDENT AUDITOR'S REPORT

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 July 31, 2014 and the statements of operations, changes in net assets and cash flows for the seven month period 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 period ended July 31, 2014, current assets and net assets as at July 31, 2014.

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 July 31, 2014 and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which describes the change of fiscal period.

King + Company


Edmonton, AB
September 30, 2014


CHARTERED ACCOUNTANTS

WOOD BUFFALO FOOD BANK ASSOCIATION
Statement of Financial Position
As at July 31, 2014

	<i>July 31</i> 2014	<i>December 31</i> 2013
ASSETS		
CURRENT		
Cash (Note 3)	\$ 330,177	\$ 336,844
Accounts receivable (Note 4)	34,527	95,123
Prepaid expenses (Note 5)	41,314	36,918
	<u>406,018</u>	<u>468,885</u>
TERM DEPOSITS (Note 6)	376,650	350,000
RENT DEPOSIT	11,500	11,500
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 7)	18,058	6,645
	<u>\$ 812,226</u>	<u>\$ 837,030</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 30,843	\$ 30,057
DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS (Note 9)	69,775	-
DEFERRED GIFT CARD CONTRIBUTIONS (Note 10)	36,327	34,840
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 11)	11,231	-
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL REPLACEMENT EXPENDITURE RESERVE (Note 12)	61,546	61,088
	<u>209,722</u>	<u>125,985</u>
NET ASSETS		
Internally restricted (Note 13)	30,000	23,000
Unrestricted	572,504	688,045
	<u>602,504</u>	<u>711,045</u>
	<u>\$ 812,226</u>	<u>\$ 837,030</u>

ON BEHALF OF THE BOARD


 Director


 Director

WOOD BUFFALO FOOD BANK ASSOCIATION

Statement of Operations

Seven Month Period Ended July 31, 2014

	<i>July 31</i> 2014 <i>(7 months)</i>	<i>December 31</i> 2013 <i>(12 months)</i>
REVENUE		
Donations	\$ 170,042	\$ 556,287
Purse auction	46,911	42,860
Housing First	32,205	74,935
Grants	18,754	33,365
Rent	14,561	24,221
Casino <i>(Note 9)</i>	9,916	-
Raffle, parking and other	8,972	11,825
Amortization of deferred contributions related to equipment and leasehold improvements <i>(Note 11)</i>	1,483	-
Recognition of revenue from capital replacement expenditures <i>(Note 12)</i>	-	2,205
	<u>302,844</u>	<u>745,698</u>
EXPENSES		
Salaries and benefits	164,273	228,943
Rent	86,205	146,449
Food purchases	41,300	55,580
Fundraising	27,701	25,080
Office	22,967	41,504
Supplies	14,983	17,544
Utilities	12,164	19,113
Professional fees	7,964	8,804
Insurance	7,715	10,079
Travel	7,400	6,579
Amortization of equipment and leasehold improvements	3,773	3,431
Subcontracts	2,931	4,237
Telecommunications	2,759	4,752
Board	2,661	3,056
Advertising and promotion	2,449	4,209
Licenses and fees	1,226	2,186
Property taxes	1,208	1,078
Repairs and maintenance	1,112	1,336
Vehicle	330	1,110
Interest and bank charges	264	1,140
Bad debts	-	2,030
Contributions for capital replacement	-	2,205
Equipment rentals	-	180
	<u>411,385</u>	<u>590,625</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (108,541)</u>	<u>\$ 155,073</u>

WOOD BUFFALO FOOD BANK ASSOCIATION
Statement of Changes in Net Assets
Seven Month Period Ended July 31, 2014

	Internally restricted (Note 13)		Unrestricted		July 31 2014	December 31 2013		
NET ASSETS - BEGINNING OF PERIOD	\$	23,000	\$	688,045	\$	711,045	\$	555,972
Excess (deficiency) of revenue over expenses		-		(108,541)		(108,541)		155,073
Transfers		7,000		(7,000)		-		-
NET ASSETS - END OF PERIOD	\$	30,000	\$	572,504	\$	602,504	\$	711,045

WOOD BUFFALO FOOD BANK ASSOCIATION

Statement of Cash Flows

Seven Month Period Ended July 31, 2014

	<i>July 31</i> 2014 <i>(7 months)</i>	<i>December 31</i> 2013 <i>(12 months)</i>
OPERATING ACTIVITIES		
Cash receipts from donations, rent and other	\$ 433,673	\$ 818,335
Interest paid	(263)	(1,140)
Cash paid to suppliers and employees	<u>(410,957)</u>	<u>(618,462)</u>
Cash flow from operating activities	<u>22,453</u>	<u>198,733</u>
INVESTING ACTIVITIES		
Contributions for equipment and leasehold improvements	12,714	-
Purchase of equipment and leasehold improvements	(15,184)	-
Purchase of term deposits	<u>(26,650)</u>	<u>(350,000)</u>
Cash flow used by investing activities	<u>(29,120)</u>	<u>(350,000)</u>
DECREASE IN CASH	(6,667)	(151,267)
CASH - BEGINNING OF PERIOD	<u>336,844</u>	<u>488,111</u>
CASH - END OF PERIOD	<u>\$ 330,177</u>	<u>\$ 336,844</u>

WOOD BUFFALO FOOD BANK ASSOCIATION

Notes to Financial Statements

Seven Month Period Ended July 31, 2014

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. CHANGE OF FISCAL PERIOD

During the year, the Board changed the fiscal year-end from December 31, to July 31.

2. 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.

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WOOD BUFFALO FOOD BANK ASSOCIATION

Notes to Financial Statements

Seven Month Period Ended July 31, 2014

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. CASH

	<i>July 31</i> 2014	<i>December 31</i> 2013
Unrestricted	\$ 235,751	\$ 302,756
Externally restricted for expenses approved by the Alberta Gaming and Liquor Commission (casino funds) (Note 9)	52,880	-
Internally restricted for capital replacement expenditure reserve (Note 13)	30,000	23,000
Externally restricted for capital replacement expenditure reserve (Note 12)	11,546	11,088
	\$ 330,177	\$ 336,844

WOOD BUFFALO FOOD BANK ASSOCIATION
Notes to Financial Statements
Seven Month Period Ended July 31, 2014

4. ACCOUNTS RECEIVABLE

	<i>July 31</i> 2014	<i>December 31</i> 2013
Donations	\$ 26,953	\$ 83,808
Goods and services tax	4,588	6,233
Other	2,986	5,082
	\$ 34,527	\$ 95,123

5. PREPAID EXPENSES

	<i>July 31</i> 2014	<i>December 31</i> 2013
Gift cards	\$ 36,327	\$ 34,840
Insurance	4,987	2,078
	\$ 41,314	\$ 36,918

6. TERM DEPOSITS

	<i>July 31</i> 2014	<i>December 31</i> 2013
Unrestricted - non-redeemable, maturity dates ranging from August 2014 to December 2015, average interest rate of 1.73% (2013 - 1.82%)	\$ 326,650	\$ 175,000
Externally restricted for capital replacement expenditure reserve (Note 12), maturing in April 2015, average interest rate of 0.90%	50,000	50,000
Unrestricted - redeemable	-	125,000
	\$ 376,650	\$ 350,000

7. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	<i>July 31</i> 2014	<i>December 31</i> 2013		
Cost	Accumulated amortization	Net book value	Net book value	
Computer software	\$ 7,585	\$ 6,532	\$ 1,053	\$ 2,528
Furniture and fixtures	18,289	3,375	14,914	1,862
Leasehold improvements	2,819	728	2,091	2,255
	\$ 28,693	\$ 10,635	\$ 18,058	\$ 6,645

WOOD BUFFALO FOOD BANK ASSOCIATION
Notes to Financial Statements
Seven Month Period Ended July 31, 2014

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<i>July 31</i> 2014	<i>December 31</i> 2013
Government remittances	\$ 12,289	\$ 4,857
Salaries	11,971	8,393
Trade	6,583	16,807
	\$ 30,843	\$ 30,057

9. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

	<i>July 31</i> 2014	<i>December 31</i> 2013
Casino		
Contributions	\$ 62,796	\$ -
Recognized as revenue	(9,916)	-
	52,880	-
Snack Attack Program		
Contributions	16,895	-
Balance, end of year	\$ 69,775	\$ -

10. 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:

	<i>July 31</i> 2014	<i>December 31</i> 2013
Balance, beginning of year	\$ 34,840	\$ -
Gift cards and contributions for card purchases received	43,184	86,971
Gift cards utilized during the year	(41,697)	(52,131)
Balance, end of year	\$ 36,327	\$ 34,840

WOOD BUFFALO FOOD BANK ASSOCIATION

Notes to Financial Statements

Seven Month Period Ended July 31, 2014

11. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	<i>July 31</i> 2014	<i>December 31</i> 2013
Contributions	\$ 12,714	\$ -
Recognized as revenue	(1,483)	-
Balance, end of year	<u>\$ 11,231</u>	<u>\$ -</u>

12. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL REPLACEMENT EXPENDITURE RESERVE

Deferred contributions related to capital replacement expenditure reserve represents funds that have been received from Wood Buffalo Housing & Development Corporation under the terms of the lease to be utilized for capital additions.

	<i>July 31</i> 2014	<i>December 31</i> 2013
Balance, beginning of year	\$ 61,088	\$ 63,275
Interest	458	18
Recognized as revenue	-	(2,205)
Balance, end of year	<u>\$ 61,546</u>	<u>\$ 61,088</u>

The above balance is comprised of:

Cash (Note 3)	\$ 11,546	\$ 11,088
Term deposits (Note 6)	50,000	50,000
	<u>\$ 61,546</u>	<u>\$ 61,088</u>

13. 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.

14. 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.

15. PENSION EXPENSE

Pension expense included in salaries and benefits is \$4,523 (2013 - 8,804).

WOOD BUFFALO FOOD BANK ASSOCIATION

Notes to Financial Statements

Seven Month Period Ended July 31, 2014

16. 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 July 31, 2014.

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.