

Financial Statements of

**PARTNERS IN MISSION  
FOOD BANK**

Year ended December 31, 2011



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of Partners in Mission Food Bank

We have audited the accompanying financial statements of Partners in Mission Food Bank, which comprise the statement of financial position as at December 31, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider 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, the Partners in Mission Food Bank derives revenue from donations, gifts in-kind and non-receipted income, 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 the entity and we were not able to determine whether, as at or for the years ended December 31, 2011 and December 31, 2010, any adjustments might be necessary to revenue, excess of revenue over expenses, current assets and net assets.

*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 the Partners in Mission Food Bank as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

May 18, 2012  
Kingston, Canada

# **PARTNERS IN MISSION FOOD BANK**

## Financial Statements

Year ended December 31, 2011

### Financial Statements

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# PARTNERS IN MISSION FOOD BANK

## Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash	\$ 405,406	\$ 333,973
Accounts receivable and accrued interest	32,774	13,647
Investments, current portion	-	130,950
Prepaid expenses and deposits	1,430	1,430
	<u>439,610</u>	<u>480,000</u>
Investments, non-current portion	260,534	231,451
Capital assets (note 3)	402,782	351,647
	<u>\$ 1,102,926</u>	<u>\$ 1,063,098</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 34,507	\$ 29,725
Deferred revenue	-	56,321
	<u>34,507</u>	<u>86,046</u>
Deferred capital contributions (note 2)	149,335	80,421
Net assets:		
Unrestricted	409,502	269,269
Internally restricted - operating reserve fund	25,000	125,000
Internally restricted - capital reserve fund	131,136	231,136
Internally restricted - vehicle purchase	100,000	-
Investment in capital assets (note 2)	253,446	271,226
	<u>919,084</u>	<u>896,631</u>
	<u>\$ 1,102,926</u>	<u>\$ 1,063,098</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# PARTNERS IN MISSION FOOD BANK

## Statement of Operations

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Donated food (gifts-in-kind)	\$ 994,578	\$ 944,481
Donations	237,778	192,132
Non-receipted income	248,602	256,643
Loving Spoonful revenue	82,647	70,347
Interest	11,159	7,407
Amortization of deferred capital contributions	6,082	6,868
	<u>1,580,846</u>	<u>1,477,878</u>
Expenses:		
Distributed food (gifts-in-kind)	994,578	944,481
Salaries and benefits	265,805	262,013
Food purchased	85,715	83,203
Loving Spoonful expenses	100,509	70,347
Administration	30,461	39,273
Amortization of capital assets	20,054	21,370
Other occupancy costs	15,169	18,528
Other	16,478	13,645
Delivery	11,117	12,338
Audit fees	7,125	5,740
Repairs and maintenance	5,776	4,797
Education and seminars	1,664	2,510
Insurance	2,975	1,734
Advertising	953	1,079
Interest charges	14	7
	<u>1,558,393</u>	<u>1,481,065</u>
Excess of revenue over expenses (expenses over revenue)	\$ 22,453	\$ (3,187)

See accompanying notes to financial statements.

# PARTNERS IN MISSION FOOD BANK

## Statement of Changes in Net Assets

Year ended December 31, 2011, with comparative figures for 2010

	Unrestricted	Internally restricted			2011	2010	
		Operating reserve fund	Capital reserve fund	Vehicle Investment in purchase capital assets			
Net assets, beginning of year	\$ 269,269	\$ 125,000	\$ 231,136	\$ -	\$ 271,226	\$ 896,631	\$ 899,818
Fund transfers (note 6)	100,000	(100,000)	(100,000)	100,000	-	-	-
Excess of revenue over expenses (expenses over revenue) (note 2)	36,425	-	-	-	(13,972)	22,453	(3,187)
Net change in investment in capital assets (note 2)	3,808	-	-	-	(3,808)	-	-
Net assets, end of year	\$ 409,502	\$ 25,000	\$ 131,136	\$ 100,000	\$ 253,446	\$ 919,084	\$ 896,631

See accompanying notes to financial statements.

# PARTNERS IN MISSION FOOD BANK

## Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 22,453	\$ (3,187)
Items not involving cash:		
Amortization of deferred capital contributions	(6,082)	(6,868)
Amortization of capital assets	20,054	21,370
Change in non-cash operating working capital:		
Accounts receivable and accrued interest	(19,127)	(1,776)
Accounts payable and accrued liabilities	4,777	13,572
Deferred revenue	(56,321)	38,970
	(34,246)	62,081
Financing activities:		
Deferred capital contributions	75,000	-
Investing activities:		
Decrease (increase) in investments, current portion	130,950	(5,379)
Increase in investments, non-current portion	(29,083)	(886)
Purchase of capital assets	(71,188)	(2,320)
	30,679	(8,585)
Increase in cash	71,433	53,496
Cash, beginning of year	333,973	280,477
Cash, end of year	\$ 405,406	\$ 333,973

See accompanying notes to financial statements.



# PARTNERS IN MISSION FOOD BANK

## Notes to Financial Statements

Year ended December 31, 2011

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Partners in Mission Food Bank (the "Entity") is incorporated without share capital under the laws of Ontario, by Letters Patent. The Entity operates a community food bank and is a registered charity under the Income Tax Act. Accordingly, the Entity is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

### 1. Significant accounting policies:

#### (a) Revenue recognition:

The Entity follows the deferral method of accounting for contributions, which include donations.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### (b) Capital assets:

Capital assets are stated at cost. Amortization is provided on the declining balance basis using the following annual rates:

Asset	Rate
Building	5%
Vehicles	20%
Equipment	7%
Office equipment	20%
Computer hardware	30%
Computer software	100%
Building improvements	20%
Outdoor equipment	5% - 20%

Construction in progress is not amortized until the project is complete and the facilities come into use.

# PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 1. Significant accounting policies (continued):

### (c) Gifts-in-kind:

Gifts-in-kind are recorded at their fair market value as both revenue and expenses on the "Statement of Operations", when fair market value can be reasonably estimated and when the Entity would otherwise have required these items. Food, milk, and other supplies of \$994,578 (2010 - \$944,481) were donated during the year and are included in the statement of revenue and expenses.

### (d) Investments:

Investments are designated as available for sale and are measured at fair value. Fair value is determined at quoted market prices. Purchases and sales of investments are recorded on the settlement date.

### (e) Impairment of long-lived assets:

The Entity periodically reviews the useful lives and the carrying values of its long-lived assets. The Entity reviews for impairment long-lived asset groups whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the undiscounted future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds the fair value. When quoted market prices are not available, the Entity uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

### (f) 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

### (g) Contributed services:

A substantial number of volunteers contribute a significant amount of time each year to assist the entity in carrying out its service activities. Because of the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

# PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 2. Investment in capital assets:

(a) The investment in capital assets is as follows:

	2011	2010
Capital assets	\$ 402,781	\$ 351,647
Less:		
Amounts financed by deferred capital contributions	(149,335)	(80,421)
	\$ 253,446	\$ 271,226

(b) The change in investment in capital assets is calculated as follows:

	2011	2010
Excess of expenses over revenue:		
Amortization of deferred capital contributions	\$ 6,082	\$ 6,868
Amortization of capital assets	(20,054)	(21,370)
	(13,972)	(14,502)
Net change in investment in capital assets:		
Increase in deferred capital contributions	(75,000)	-
Purchase of capital assets	71,192	2,320
	(3,808)	2,320
	\$ (17,780)	\$ (12,182)

# PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2011

### 3. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 67,252	\$ -	\$ 67,252	\$ 67,252
Building	305,566	92,623	212,943	224,150
Vehicles	66,836	51,068	15,768	19,710
Equipment	21,831	9,868	11,963	13,352
Office equipment	7,906	4,266	3,640	3,050
Computer hardware	15,260	13,873	1,387	1,224
Computer software	2,456	2,456	-	-
Outdoor equipment	63,580	1,957	61,623	1,023
Building improvements	29,385	4,787	24,598	21,886
Construction in progress	3,608	-	3,608	-
	<u>\$ 583,680</u>	<u>\$ 180,898</u>	<u>\$ 402,782</u>	<u>\$ 351,647</u>

Cost and accumulated amortization of capital assets at December 31, 2010 amounted to \$512,490 and \$160,843 respectively.

### 4. Fair value of financial assets and financial liabilities:

The fair value of the Entity's cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying amount due to the relatively short periods to maturity of these items.

### 5. Comparative figures:

Certain 2010 comparative figures have been reclassified to conform with the financial presentation adopted for the current year.

# PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 6. Internally restricted:

The Entity's board of directors approved the following internally restricted funds:

### *Capital reserve fund:*

Funds are to be set aside for all capital projects to be undertaken.

### *Operating reserve fund:*

The primary objective is to set aside funds to ensure the Entity will be able to provide operating expenses for purchases and salaries to meet the needs of day-to-day operations.