

EDEN FOOD FOR CHANGE
(formerly Eden Community Food Bank)

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EDEN FOOD FOR CHANGE

We have audited the financial statements of Eden Food for Change, which comprise the statement of financial position as at December 31, 2018, and the statements of members' equity, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from 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 the Organization. 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, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mississauga, Ontario
April 17, 2019

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

EDEN FOOD FOR CHANGE
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31	2018			2017
	General	Capital	Total	Total
ASSETS				
Current				
Cash and cash equivalents	\$ 141,427	\$ -	\$ 141,427	\$ 120,727
Sales taxes receivable	11,102	-	11,102	8,289
Prepaid expenses	14,717	-	14,717	10,154
	<u>167,246</u>	<u>-</u>	<u>167,246</u>	<u>139,170</u>
Capital, note 4	<u>-</u>	<u>72,542</u>	<u>72,542</u>	<u>117,770</u>
	\$ 167,246	\$ 72,542	\$ 239,788	\$ 256,940
LIABILITIES				
Current				
Accounts payable, note 5	\$ 33,174	\$ -	\$ 33,174	\$ 64,242
Deferred revenue, note 6	94,842	-	94,842	75,978
Current portion of long term debt	15,820	-	15,820	-
	<u>143,836</u>	<u>-</u>	<u>143,836</u>	<u>140,220</u>
Long Term				
Asset retirement obligation, note 7	-	5,628	5,628	5,360
Long term debt, note 8	9,180	-	9,180	-
	<u>153,016</u>	<u>5,628</u>	<u>158,644</u>	<u>145,580</u>
MEMBERS' EQUITY				
Members' equity balances, page 5	14,230	66,914	81,144	111,360
	<u>\$ 167,246</u>	<u>\$ 72,542</u>	<u>\$ 239,788</u>	<u>\$ 256,940</u>

Food donations, note 10

Commitments, note 11

Approved on behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements

EDEN FOOD FOR CHANGE
STATEMENT OF MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018	General	Capital	Total
Balance, beginning of year	\$ (1,050)	\$ 112,410	\$ 111,360
Excess (shortfall) of revenue over expenditure for the year	(30,216)	-	(30,216)
Accretion of asset retirement obligation	268	(268)	-
Amortization	50,268	(50,268)	-
Capital asset additions	(5,040)	5,040	-
Balance, end of year	\$ 14,230	\$ 66,914	\$ 81,144

FOR THE YEAR ENDED DECEMBER 31, 2017	General	Capital	Total
Balance, beginning of year	\$ 26,936	\$ 61,114	\$ 88,050
Excess (shortfall) of revenue over expenditure for the year	23,310	-	23,310
Accretion of asset retirement obligation	255	(255)	-
Amortization	48,416	(48,416)	-
Capital asset additions	(99,967)	99,967	-
Balance, end of year	\$ (1,050)	\$ 112,410	\$ 111,360

EDEN FOOD FOR CHANGE
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31	2018	2017
Revenue		
Donations	\$ 402,386	\$ 497,846
Donations in kind	54,877	-
Fundraising, <i>note 9</i>	79,782	31,922
Fresh produce boxes	109,075	131,636
Kitchen rental	12,496	720
Region of Peel	49,250	-
Region of Peel HPS	-	44,116
The Ontario Trillium Foundation grant	-	30,000
United Way of Peel Region	60,739	50,500
Total revenue	768,605	786,740
Accretion of asset retirement obligation	268	255
Advertising, community awareness, outreach	449	4,015
Amortization	50,268	48,416
Audit, legal and bookkeeping	11,845	16,517
Bank charges	6,492	4,938
Courses, fees and dues	4,371	1,704
Food purchases	64,619	43,951
Fundraising	97,780	28,588
Fresh produce box program	88,495	114,848
Farmer's market	-	339
Insurance	2,386	2,050
Program expenses	11,754	16,777
Office	11,049	17,327
Rent	110,167	108,908
Repairs and maintenance	6,086	4,595
Salaries and benefits	289,914	298,379
Supplies	11,497	10,357
Telephone	4,493	4,469
Transportation costs and truck repairs	15,801	25,489
Volunteer appreciation	3,659	7,124
Waste removal	7,428	4,384
Total expenditure	798,821	763,430
Excess (shortfall) of revenue over expenditure for the year	\$ (30,216)	\$ 23,310

The accompanying notes are an integral part of these financial statements

EDEN FOOD FOR CHANGE
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2018	2017
Cash provided (used) by		
Operating activities		
Excess (shortfall) of revenue over expenditure for the year	\$ (30,216)	\$ 23,310
Items not involving cash -		
Accretion of asset retirement obligation	268	255
Amortization	<u>50,268</u>	<u>48,416</u>
	20,320	71,981
Changes in non-cash working capital balances		
Sales taxes receivable	(2,813)	(340)
Prepaid expenses	(4,563)	1,610
Accounts receivable	-	-
Accounts payable	(31,068)	20,410
Deferred revenue	<u>18,864</u>	<u>(11,272)</u>
	<u>740</u>	<u>82,389</u>
Investing activities		
Capital asset purchases	<u>(5,040)</u>	<u>(99,967)</u>
Increase (decrease) in cash for the year	(4,300)	(17,578)
Cash, beginning of year	120,727	138,305
Cash, end of year	<u>\$ 116,427</u>	<u>\$ 120,727</u>

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Nature of Organization

Eden Food for Change is committed to increasing access to good food in a dignified manner developing food skills to encourage healthy eating and empowering the community through education, outreach and advocacy.

The Organization was incorporated as a non-profit organization without share capital on January 11, 2002 under the laws of the Province of Ontario.

The Organization is exempt from income taxes as a registered charity under the Income Tax Act; accordingly, no taxes are provided for in these financial statements.

2. Significant accounting policies

Basis of Accounting

The financial statements of the Organization have been prepared for the Members in accordance with Canadian accounting standards for not-for-profit organizations.

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

General Operating

This fund includes the day-to-day operating activities of the Organization.

Capital

Capital assets are recorded at cost and are amortized over their useful lives as follows -

Computer	-	3 years straight line method
Office and equipment	-	5 years straight line method
Leasehold improvements	-	5 years straight line method
Truck	-	30 % reducing balance method
Kitchen equipment	-	5 years straight line method
Kitchen program development costs	-	3 years straight line method

Capital assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. The impairment test consists of a comparison of the fair value of the unamortized assets with their carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. Significant accounting policies *(continued)*

Disclosure and use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Significant items requiring estimates -

- allowance for bad debts
- capital asset useful life and amortization

Cash and cash equivalents

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term of less than 90 days.

Inventory

Donated food inventory on hand at the end of the year is not recorded.

Revenue recognition

Grants are recorded as revenue when earned under the terms of the grant.

Donations, donations in kind and fund raising revenues are recorded when received.

Donations in Kind

Volunteers contribute their time to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Organization receives contributed materials, the fair value of which may or may not be reasonably determinable. Contributed materials (except for donated food) are recognized as donations when fair value can be determined.

Financial instruments - recognition and measurement

The Organization records fixed income investments at fair value with changes in fair value recognized in the statement of operations or in the externally restricted funds. Accounts receivable and other financial liabilities are initially recognized at fair value and subsequently at amortized cost. Financial assets are tested for impairment when change in circumstances indicate that the asset could be impaired. Transaction costs are expensed for items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Funding disclosure

The Organization is dependent on grants, donations and investment returns to fund its charitable activities and the Board manages these activities and makes adjustments to them based on the funds available.

There were no changes in the Organization's approach to funding during the current year.

The Organization has no externally imposed restrictions on its activities.

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

3. Financial instruments

Risk disclosures

The main risks to which the Organization's financial instruments are exposed are as follows -

Credit risk

The Organization is exposed to credit risk. The Organization's receivables are mainly accounts receivable and sales taxes receivable which are from the Government of Canada; accordingly, the risk of non-collectability is low.

Liquidity risk

The Organization is exposed to liquidity risk. Liquidity risk is the risk that the Organization is not able to meet its financial obligations as they fall due. Management has assessed liquidity risk as low given the makeup of its accounts payable and has provided sufficient funding to fulfill its obligations.

Market risk

The Organization is exposed to market risk. Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Organization. The Organization's short term investments are subject to market risk; accordingly, market risk is considered low.

Interest rate risk

The Organization is not exposed to interest rate risk. The Organization has minor cash balances and no interest bearing debt. The Organization's current policy is to invest excess cash in a money market fund issued by its banking institutions; accordingly, there is some exposure to interest rate fluctuations.

Sensitivity analysis

As at December 31	2018		2017	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 141,427	59%	\$ 120,727	47%
Sales taxes receivable	11,102	5%	8,289	3%
Prepaid expenses	14,717	6%	10,154	4%
Capital	72,542	30%	117,770	46%
Total assets	\$ 239,788	100%	\$ 256,940	100%
Accounts payable	\$ 33,174	15%	\$ 64,242	25%
Deferred revenue	94,842	44%	75,978	30%
Asset retirement obligation	5,628	3%	5,360	2%
Members' equity	81,144	38%	111,360	43%
Total liabilities and equity	\$ 214,788	100%	\$ 256,940	100%

The Organization manages its risk through the overseeing of these investments by both the board and its' external advisors. Changes are made to the investments as required.

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4. Capital assets

As at December 31	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer	\$ 3,619	\$ 3,619	\$ 3,619	\$ 3,619
Office and equipment	30,657	21,746	30,657	19,518
Leasehold improvements	45,759	45,759	45,759	44,342
Truck	119,271	60,680	119,271	35,569
Kitchen equipment	155,431	150,391	150,391	128,879
Kitchen program development costs	95,625	95,625	95,625	95,625
	<u>\$ 450,362</u>	<u>\$ 377,820</u>	<u>\$ 445,322</u>	<u>\$ 327,552</u>
Cost less accumulated amortization		<u>\$ 72,542</u>		<u>\$ 117,770</u>

5. Accounts payable

As at December 31	2018	2017
Trade	\$ 30,084	\$ 37,573
Wages and vacation pay	3,090	26,669
	<u>\$ 33,174</u>	<u>\$ 64,242</u>

6. Deferred revenue (recoverable)

	Balance Beginning of year	Funds Received	Recognized as Revenue	Balance End of year
United Way	\$ -	\$ 25,000	\$ 6,136	\$ 18,864
Board designated funds				
Board reserve	64,078	-	-	64,078
Operating reserve	11,900	-	-	11,900
	<u>\$ 75,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,842</u>

From time to time, the Organization receives funds into the general fund which are restricted for a specific use. Funds not spent at year end are classified as deferred revenue and brought into income during the year when the related expenditure is made.

As a result of the Organization entering into a lease, the board established a reserve fund to provide for any unexpected expenditures. Fund raising revenues are recorded to this fund.

EDEN FOOD FOR CHANGE
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7. Asset retirement obligation	2018	2017
Balance at beginning of year	\$ 5,360	\$ 5,105
Additions and change in estimate	-	-
Accretion expense	268	255
Balance at end of year	\$ 5,628	\$ 5,360

Under the terms of the lease, the Organization may have to dismantle certain improvements at the end of the lease. The Organization used a discount rate of 5% in the determination of this obligation.

8. Long term debt	2018	2017
Alterna Savings and Credit Union Limited	\$ 25,000	\$ -
Bearing interest at variable rate 6.95% plus 3%, repayable monthly at \$1,466.54 principal and interest commencing January 2019, due in 18 months		
less current portion	(15,820)	-
	\$ 9,180	\$ -

A general security agreement covering all assets has been provided as collateral

9. Fund raising activities	2018	2017
For the year ended December 31		
Value of donations received for events	\$ 26,385	\$ 31,788
Fundraising proceeds - ticket sales and auction proceeds	\$ 79,782	\$ 20,086

EDEN FOOD FOR CHANGE
NOTES TO FINANCIAL STATEMENTS
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10. Food donations

As at December 31 <i>(unaudited)</i>	2018		2017	
	<i>(pounds)</i>	<i>(amount)</i>	<i>(pounds)</i>	<i>(amount)</i>
Food donations during the year				
Food donations received	462,120	\$ 1,155,300	530,575	\$ 1,326,438
Food donations given out	(492,599)	\$ (1,231,498)	(517,486)	\$ (1,293,715)
Donated food inventory on hand at end of year	108,343	\$ 270,858	138,822	\$ 347,055

The value of the donated food is based on an estimated cost of \$2.50 per pound.

11. Commitments

The Organization is obligated under a premises lease at the Unity Drive location expiring March 31, 2020 with an option to renew for a further five years. The base rent (excluding the option period) is as follows -

2019	-	\$ 78,895
2020	-	83,236
2021	-	86,016
2022	-	88,970
2023	-	91,885
2024	-	23,152

The Organization is obligated under a premises lease at the Battleford Road location expiring December 31, 2020 as follows -

2019	-	\$ 19,100
2020	-	19,670