

**WOOD BUFFALO FOOD BANK ASSOCIATION**  
**Financial Statements**  
**Year Ended July 31, 2015**

**WOOD BUFFALO FOOD BANK ASSOCIATION**  
**Index to Financial Statements**  
**Year Ended July 31, 2015**

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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 July 31, 2015 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 July 31, 2015, 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, 2015 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  
October 14, 2015

CHARTERED ACCOUNTANTS

**WOOD BUFFALO FOOD BANK ASSOCIATION**  
**Statement of Financial Position**  
**As at July 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 298,664	\$ 330,177
Accounts receivable (Note 3)	99,796	34,527
Prepaid expenses (Note 4)	11,947	41,314
	<u>410,407</u>	406,018
<b>TERM DEPOSITS (Note 5)</b>	527,000	376,650
<b>RENT DEPOSIT</b>	11,500	11,500
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 6)</b>	<u>44,316</u>	<u>18,058</u>
	<u>\$ 993,223</u>	<u>\$ 812,226</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 59,208	\$ 30,843
<b>DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS (Note 8)</b>	99,283	69,775
<b>DEFERRED GIFT CARD CONTRIBUTIONS (Note 9)</b>	2,105	36,327
<b>DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT AND LEASEHOLD IMPROVEMENTS (Note 10)</b>	8,688	11,231
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL REPLACEMENT EXPENDITURE RESERVE (Note 11)</b>	<u>58,200</u>	<u>61,546</u>
	<u>227,484</u>	<u>209,722</u>
<b>NET ASSETS</b>		
Internally restricted (Note 12)	544,000	30,000
Unrestricted	<u>221,739</u>	<u>572,504</u>
	<u>765,739</u>	<u>602,504</u>
	<u>\$ 993,223</u>	<u>\$ 812,226</u>

ON BEHALF OF THE BOARD

 Director



**WOOD BUFFALO FOOD BANK ASSOCIATION**

**Statement of Operations**

**Year Ended July 31, 2015**

	2015	2014 <i>(7 months)</i>
<b>REVENUE</b>		
Fundraising <i>(Note 13)</i>	\$ 456,154	\$ 48,189
Donations	370,419	168,764
Program <i>(Note 14)</i>	184,267	32,205
Casino <i>(Note 8)</i>	56,341	9,916
Grants	35,867	18,754
Interest, parking and other <i>(Note 15)</i>	32,655	23,533
Recognition of revenue from capital replacement expenditures <i>(Note 11)</i>	3,837	-
Amortization of deferred contributions related to equipment and leasehold improvements <i>(Note 10)</i>	2,543	1,483
	<u>1,142,083</u>	<u>302,844</u>
<b>EXPENSES</b>		
Salaries and benefits	415,382	164,273
Rent	148,109	86,205
Food purchases	112,513	41,300
Office	70,457	22,967
Fundraising <i>(Note 16)</i>	63,887	27,701
Supplies	44,388	14,983
Travel	21,035	7,400
Utilities	16,399	12,164
Advertising and promotion	16,328	2,449
Bad debts	14,430	-
Insurance	11,936	7,715
Amortization of equipment and leasehold improvements	10,877	3,773
Professional fees	7,865	7,964
Telecommunications	7,182	2,759
Subcontracts	5,160	2,931
Board	3,527	2,661
Vehicle	2,555	330
Licenses and fees	2,305	1,226
Repairs and maintenance	2,021	1,112
Equipment rentals	1,880	-
Interest and bank charges	612	264
Property taxes	-	1,208
	<u>978,848</u>	<u>411,385</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 163,235</b>	<b>\$ (108,541)</b>

**WOOD BUFFALO FOOD BANK ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended July 31, 2015**

	Internally restricted (Note 12)	Unrestricted	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 30,000	\$ 572,504	\$ 602,504	\$ 711,045
Excess (deficiency) of revenue over expenses	-	163,235	163,235	(108,541)
Transfers	514,000	(514,000)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 544,000</b>	<b>\$ 221,739</b>	<b>\$ 765,739</b>	<b>\$ 602,504</b>

**WOOD BUFFALO FOOD BANK ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended July 31, 2015**

	2015	2014 <i>(7 months)</i>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from fundraising, donations, program, grants, parking and other	\$ 1,046,500	\$ 430,684
Interest received	5,280	2,989
Interest paid	(612)	(263)
Cash paid to suppliers and employees	<u>(921,319)</u>	<u>(410,957)</u>
Cash flow from operating activities	<u>129,849</u>	<u>22,453</u>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Contributions for equipment and leasehold improvements	-	12,714
Purchase of equipment and leasehold improvements	(11,012)	(15,184)
Purchase of term deposits	<u>(150,350)</u>	<u>(26,650)</u>
Cash flow used by financing and investing activities	<u>(161,362)</u>	<u>(29,120)</u>
<b>DECREASE IN CASH</b>	<b>(31,513)</b>	<b>(6,667)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b><u>330,177</u></b>	<b><u>336,844</u></b>
<b>CASH - END OF YEAR</b>	<b><u>\$ 298,664</u></b>	<b><u>\$ 330,177</u></b>

## WOOD BUFFALO FOOD BANK ASSOCIATION

### Notes to Financial Statements

Year Ended July 31, 2015

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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.

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# WOOD BUFFALO FOOD BANK ASSOCIATION

## Notes to Financial Statements

Year Ended July 31, 2015

### 1. 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
Computer equipment	50%	declining balance method
Furniture and fixtures	20%	straight-line method
Leasehold improvements	10%	straight-line method
Vehicles	30%	declining balance 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.

### 2. CASH

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ 171,681	\$ 235,751
Externally restricted for expenses approved by the Alberta Gaming and Liquor Commission (casino funds) (Note 8)	51,783	52,880
Internally restricted for capital replacement expenditure reserve (Note 12)	42,000	30,000
Externally restricted for capital replacement expenditure reserve (Note 11)	33,200	11,546
	<u>\$ 298,664</u>	<u>\$ 330,177</u>

**WOOD BUFFALO FOOD BANK ASSOCIATION**

**Notes to Financial Statements**

**Year Ended July 31, 2015**

**3. ACCOUNTS RECEIVABLE**

	<u>2015</u>	<u>2014</u>
Regional Municipality of Wood Buffalo	\$ 78,898	\$ 21,376
Goods and services tax	14,011	4,588
Donations	3,901	5,577
Other	2,986	2,986
	<u>\$ 99,796</u>	<u>\$ 34,527</u>

**4. PREPAID EXPENSES**

	<u>2015</u>	<u>2014</u>
Insurance	\$ 5,528	\$ 4,987
Salaries	4,314	-
Gift cards	2,105	36,327
	<u>\$ 11,947</u>	<u>\$ 41,314</u>

**5. TERM DEPOSITS**

	<u>2015</u>	<u>2014</u>
Internally restricted for emergency operating fund (Note 12)	\$ 368,000	\$ -
Internally restricted for capital building fund (Note 12)	134,000	-
Externally restricted for capital replacement expenditure reserve (Note 11), maturing in October 2016, average interest rate of 1.50% (2014 - 0.90%)	25,000	50,000
Unrestricted	-	326,650
	<u>\$ 527,000</u>	<u>\$ 376,650</u>

Internally restricted term deposits are non-redeemable, maturing between August 2015 and July 2017, with an average interest rate of 1.44%.

**6. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer software	\$ 7,585	\$ 7,585	\$ -	\$ 1,053
Computer equipment	3,136	784	2,352	-
Furniture and fixtures	18,289	7,033	11,256	14,914
Leasehold improvements	2,819	1,010	1,809	2,091
Motor vehicles	33,999	5,100	28,899	-
	<u>\$ 65,828</u>	<u>\$ 21,512</u>	<u>\$ 44,316</u>	<u>\$ 18,058</u>

**WOOD BUFFALO FOOD BANK ASSOCIATION**

**Notes to Financial Statements**

**Year Ended July 31, 2015**

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2015</u>	<u>2014</u>
Trade	\$ 40,561	\$ 6,583
Salaries	18,647	11,971
Government remittances	-	12,289
	<u>\$ 59,208</u>	<u>\$ 30,843</u>

**8. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS**

	<u>2015</u>	<u>2014</u>
<b>Casino</b>		
Balance, beginning of year	\$ 52,880	\$ -
Contributions	55,244	62,796
Recognized as revenue	(56,341)	(9,916)
	<u>51,783</u>	<u>52,880</u>
<b>Snack Attack Program</b>		
Balance, beginning of year	\$ 16,895	\$ -
Contributions	-	16,895
Recognized as revenue	(16,895)	-
	<u>-</u>	<u>16,895</u>
<b>Mobile Pantry Program</b>		
Contributions	110,000	-
Recognized as revenue	(72,500)	-
	<u>37,500</u>	<u>-</u>
<b>Other</b>		
Contributions	<u>10,000</u>	<u>-</u>
Grand Total	<u>\$ 99,283</u>	<u>\$ 69,775</u>

**WOOD BUFFALO FOOD BANK ASSOCIATION****Notes to Financial Statements****Year Ended July 31, 2015****9. 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:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 36,327	\$ 34,840
Gift cards and contributions for card purchases received	67,360	43,184
Gift cards utilized during the year	<u>(101,582)</u>	<u>(41,697)</u>
Balance, end of year	<u>\$ 2,105</u>	<u>\$ 36,327</u>

**10. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 11,231	\$ 12,714
Recognized as revenue	<u>(2,543)</u>	<u>(1,483)</u>
Balance, end of year	<u>\$ 8,688</u>	<u>\$ 11,231</u>

**11. 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.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 61,547	\$ 61,087
Interest	490	459
Recognized as revenue	<u>(3,837)</u>	<u>-</u>
Balance, end of year	<u>\$ 58,200</u>	<u>\$ 61,546</u>

The above balance is comprised of:

Cash (Note 2)	\$ 33,200	\$ 11,546
Term deposits (Note 5)	<u>25,000</u>	<u>50,000</u>
	<u>\$ 58,200</u>	<u>\$ 61,546</u>

**WOOD BUFFALO FOOD BANK ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended July 31, 2015**

**12. INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets have been restricted by the Board for the following purposes:

	<u>2015</u>	<u>2014</u>
Emergency operating fund	\$ 368,000	\$ -
Capital building fund	134,000	-
Capital replacement expenditure reserve (internal restriction for lease agreement)	<u>42,000</u>	<u>30,000</u>
	<u>\$ 544,000</u>	<u>\$ 30,000</u>

**13. FUNDRAISING**

	<u>2015</u>	<u>2014</u>
Syncrude Food Drive and Corporate Challenge	\$ 382,284	\$ 1,278
Purse auction	29,897	46,911
Canstruction	20,800	-
Raffles	11,673	-
Spring Food Drive	<u>11,500</u>	<u>-</u>
	<u>\$ 456,154</u>	<u>\$ 48,189</u>

**14. PROGRAM**

	<u>2015</u>	<u>2014</u>
Housing First	\$ 88,767	\$ 29,005
Mobile Pantry	72,500	-
Basic Shelf	<u>23,000</u>	<u>3,200</u>
	<u>\$ 184,267</u>	<u>\$ 32,205</u>

**15. INTEREST, PARKING AND OTHER**

	<u>2015</u>	<u>2014</u>
Rent, parking and other	\$ 27,414	\$ 20,544
Interest	<u>5,241</u>	<u>2,989</u>
	<u>\$ 32,655</u>	<u>\$ 23,533</u>

# WOOD BUFFALO FOOD BANK ASSOCIATION

## Notes to Financial Statements

Year Ended July 31, 2015

### 16. FUNDRAISING

	2015	2014
Construction	\$ 38,804	\$ -
Purse auction	15,726	25,480
Spring Food Drive and Corporate Challenge	4,916	-
Casino	2,144	2,221
Other	1,871	-
Syncrude Food Drive	271	-
PayPal fees	155	-
	<u>\$ 63,887</u>	<u>\$ 27,701</u>

### 17. 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.

### 18. PENSION EXPENSE

Pension expense included in salaries and benefits is \$6,755 (2014 - \$4,352).

### 19. 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, 2015.

#### 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.

### 20. COMPARATIVE FIGURES

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