

Financial Statements of

**PARTNERS IN MISSION
FOOD BANK**

Year ended December 31, 2010



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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, 2010, the statements of revenue and expenditures, 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 any adjustments might be necessary to contributions, excess of revenues over expenditures, 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, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants, Licensed Public Accountants

May 13, 2011
Kingston, Canada

PARTNERS IN MISSION FOOD BANK

Financial Statements

Year ended December 31, 2010

Financial Statements

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PARTNERS IN MISSION FOOD BANK

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 333,973	\$ 280,477
Accounts receivable and accrued interest	13,647	11,871
Investments, current portion	257,208	251,829
Prepaid expenses and deposits	1,430	1,430
	<u>606,258</u>	<u>545,607</u>
Investments, non-current portion	105,193	104,307
Capital assets (note 3)	351,647	370,697
	<u>\$ 1,063,098</u>	<u>\$ 1,020,611</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,725	\$ 16,153
Deferred revenue	56,321	17,351
	<u>86,046</u>	<u>33,504</u>
Deferred capital contributions (note 2)	80,421	87,289
Net assets:		
Unrestricted	269,269	260,274
Internally restricted - operating reserve fund	125,000	125,000
Internally restricted - capital reserve fund	231,136	231,136
Investment in capital assets (note 2)	271,226	283,408
	<u>896,631</u>	<u>899,818</u>
	<u>\$ 1,063,098</u>	<u>\$ 1,020,611</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

PARTNERS IN MISSION FOOD BANK

Statement of Revenue and Expenditures

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Donated food (gifts-in-kind)	\$ 944,481	\$ 961,726
Donations	192,132	226,205
Non-receipted income	216,643	244,073
Loving Spoonful revenue	70,347	41,184
Donations - RHSJ Regional Administration	40,000	45,000
Interest	7,407	6,817
Amortization of deferred capital contributions	6,868	7,803
	<u>1,477,878</u>	<u>1,532,808</u>
Expenditures:		
Distributed food (gifts-in-kind)	944,481	961,726
Salaries and benefits	222,013	183,827
Food purchased	83,203	66,674
Loving Spoonful expenditures	70,347	41,184
Donated salaries and benefits	40,000	45,000
Administration	39,273	49,161
Amortization of capital assets	21,370	22,048
Other occupancy costs	18,528	16,577
Other	13,645	607
Delivery	12,338	11,788
Audit fees	5,740	4,603
Repairs and maintenance	4,797	4,036
Education and seminars	2,510	3,831
Insurance	1,734	1,792
Advertising	1,079	4,466
Interest charges	7	7
	<u>1,481,065</u>	<u>1,417,327</u>
Excess of revenue over expenditures (expenditures over revenue)	\$ (3,187)	\$ 115,481

See accompanying notes to financial statements.

PARTNERS IN MISSION FOOD BANK

Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009

	Unrestricted	Internally restricted Operating reserve fund	Capital reserve fund	Investment in capital assets	2010	2009
Net assets, beginning of year	\$ 260,274	\$ 125,000	\$ 231,136	\$ 283,408	\$ 899,818	\$ 784,338
Excess of revenue over expenditures (expenditures over revenue) (note 2)	11,315	-	-	(14,502)	(3,187)	115,480
Net change in investment in capital assets (note 2)	(2,320)	-	-	2,320	-	-
Net assets, end of year	\$ 269,269	\$ 125,000	\$ 231,136	\$ 271,226	\$ 896,631	\$ 899,818

See accompanying notes to financial statements.

PARTNERS IN MISSION FOOD BANK

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures (expenditures over revenue)	\$ (3,187)	\$ 115,481
Items not involving cash:		
Amortization of deferred capital contributions	(6,868)	(7,803)
Amortization of capital assets	21,370	22,048
Change in non-cash operating working capital:		
Accounts receivable and accrued interest	(1,776)	(5,000)
Accounts payable and accrued liabilities	13,572	5,106
Deferred revenue	38,970	2,231
	62,081	132,063
Financing activities:		
Increase in deferred capital contribution	-	13,000
Investing activities:		
Increase in investments, current portion	(5,379)	(106,172)
Increase in investments, non-current portion	(886)	(25,745)
Purchase of capital assets	(2,320)	(30,407)
	(8,585)	(162,324)
Increase (decrease) in cash	53,496	(17,261)
Cash, beginning of year	280,477	297,738
Cash, end of year	\$ 333,973	\$ 280,477

See accompanying notes to financial statements.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements

Year ended December 31, 2010

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	20%

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(c) Gifts in kind:

Gifts in kind are recorded at their fair market value as both revenue and expenditures on the "Statement of Revenue and Expenditures", when fair market value can be reasonably estimated and when the Entity would otherwise have required these items. Because the hours of service by volunteers are not normally purchased and due to the difficulty in determining their fair market value, contributed services are not recognized in the financial statements. Food, milk, and other supplies of \$944,481 (2009 - \$961,726) were donated during the year and are included in the statement of revenue and expenditures.

(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 expenditures 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.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2010

2. Investment in capital assets:

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

	2010	2009
Capital assets	\$ 351,647	\$ 370,697
Less:		
Amounts financed by deferred capital contributions	(80,421)	(87,289)
	\$ 271,226	\$ 283,408

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

	2010	2009
Excess of expenditure over revenue:		
Amortization of deferred capital contributions	\$ 6,868	\$ 7,803
Amortization of capital assets	(21,370)	(22,048)
	(14,502)	(14,245)
Net change in investment in capital assets:		
Purchase of capital assets	2,320	30,407
Amounts funded by deferred capital contributions	-	(13,000)
	2,320	17,407
	\$ (12,182)	\$ 3,162

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2010

3. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 67,252	\$ -	\$ 67,252	\$ 67,252
Building	305,566	81,416	224,150	235,948
Vehicles	66,836	47,126	19,710	24,638
Equipment	21,831	8,479	13,352	14,967
Office equipment	6,565	3,515	3,050	1,212
Computer hardware	14,636	13,412	1,224	1,749
Computer software	2,456	2,456	-	-
Outdoor equipment	2,775	1,752	1,023	1,279
Building improvements	24,573	2,687	21,886	23,652
	\$ 512,490	\$ 160,843	\$ 351,647	\$ 370,697

Cost and accumulated amortization of capital assets at December 31, 2009 amounted to \$510,168 and \$139,471 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 2009 comparative figures have been reclassified to conform with the financial presentation adopted per the current year.

PARTNERS IN MISSION FOOD BANK

Notes to Financial Statements (continued)

Year ended December 31, 2010

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 build one year's operating expenses for purchases and salaries for the current day-to-day operations.