

EDMONTON GLEANERS ASSOCIATION
(Operating as Edmonton's Food Bank)
Financial Statements
For the Year Ended December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Edmonton Gleaners Association

We have audited the accompanying financial statements of Edmonton Gleaners Association (Operating as Edmonton's Food Bank), which comprise the statement of financial position as at December 31, 2014 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.

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 the auditors' 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.

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Basis for Qualified Opinion

In common with many not-for-profit organizations, Edmonton Gleaners Association derives revenue from donations, 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 Edmonton Gleaners Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2014, current assets and net assets as at December 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 Edmonton Gleaners Association as at December 31, 2014 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.

Other Matter

The financial statements of the Edmonton Gleaner's Association for the year ended December 31, 2013 were audited by another auditor who expressed a qualified opinion on those statements on April 28, 2014.



Edmonton, Alberta
May 19, 2015

Hawkings Epp Dumont LLP
Chartered Accountants

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Statement of Financial Position
As At December 31, 2014

	2014	2013 <i>Restated (Note 13)</i>
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 3)</i>	\$ 1,437,447	\$ 1,114,140
Short term investments <i>(Note 4)</i>	156,338	1,647,666
Accounts receivable	62,017	131,103
Prepaid expenses	15,593	27,558
Gift certificates on hand	7,684	18,995
	<u>1,679,079</u>	<u>2,939,462</u>
LONG TERM INVESTMENTS <i>(Note 5)</i>	829,700	772,392
PROPERTY, PLANT AND EQUIPMENT <i>(Note 6)</i>	<u>3,919,839</u>	<u>1,588,939</u>
	<u>\$ 6,428,618</u>	<u>\$ 5,300,793</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 47,626	\$ 55,171
Employee deductions payable	8,382	7,225
Current portion of deferred capital contributions <i>(Note 7)</i>	47,559	9,556
Current portion of long term debt <i>(Note 8)</i>	44,191	-
	<u>147,758</u>	<u>71,952</u>
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 7)</i>	440,087	206,063
LONG TERM DEBT <i>(Note 8)</i>	<u>434,159</u>	<u>-</u>
	<u>1,022,004</u>	<u>278,015</u>
NET ASSETS		
Invested in property, plant, and equipment <i>(Note 9)</i>	2,953,843	1,373,320
Internally restricted for		
Property, plant and equipment reserve	250,000	1,727,178
Legacy reserve	425,655	291,235
Food purchase reserve	1,000,000	1,000,000
Unrestricted net assets	<u>777,116</u>	<u>631,045</u>
	<u>5,406,614</u>	<u>5,022,778</u>
	<u>\$ 6,428,618</u>	<u>\$ 5,300,793</u>

ON BEHALF OF THE BOARD

 Director

 Director

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Statement of Operations
For The Year Ended December 31, 2014

	2014	2013
REVENUE		
Food donations-in-kind <i>(Note 12)</i>	\$ 17,429,731	\$ 17,689,645
Contributions	2,590,449	2,413,088
United Way	193,653	207,697
Foundations	175,653	223,839
Interest, investment and sundry income	122,766	266,302
Amortization of deferred capital contributions <i>(Note 7)</i>	48,224	10,298
Grants <i>(Note 10)</i>	18,952	18,613
	<u>20,579,428</u>	<u>20,829,482</u>
EXPENSES		
Food donations-in-kind <i>(Note 12)</i>	17,429,731	17,689,645
Salaries and employee benefits	1,538,223	1,372,003
Food purchases	442,536	460,356
Amortization	207,507	145,922
Promotion, recruitment and education	129,750	93,962
Warehouse operations	107,755	109,957
Transportation and trucking	106,418	110,314
Supplies and sundry	74,813	61,983
Utilities	67,210	67,162
Repairs and maintenance	64,626	37,756
Insurance	40,209	29,564
Goods and Services Tax	26,709	23,686
Telephone	17,900	15,280
Purchased services	12,899	10,458
Property taxes	10,281	-
Interest on long term debt	6,399	-
Edmonton Community Foundation endowment fund	5,422	5,572
	<u>20,288,388</u>	<u>20,233,620</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>291,040</u>	<u>595,862</u>
OTHER INCOME		
Gain on disposal of property, plant and equipment	12,806	3,396
Realized gain on disposal of long term investments	25,139	4,787
Unrealized gain on changes in market value of long term investments	54,851	93,458
	<u>92,796</u>	<u>101,641</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 383,836</u>	<u>\$ 697,503</u>

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Statement of Changes in Net Assets
For The Year Ended December 31, 2014

	Invested in Property, Plant, and Equipment	Property, Plant and Equipment Reserve	Legacy Reserve	Food Purchase Reserve	Unrestricted	2014	2013
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 1,373,320	\$ 1,727,178	\$ 291,235	\$ 1,000,000	\$ 631,045	\$ 5,022,778	\$ 4,204,708
PRIOR PERIOD ADJUSTMENT (Note 13)	-	-	-	-	-	-	120,567
NET ASSETS - BEGINNING OF YEAR, RESTATED	1,373,320	1,727,178	291,235	1,000,000	631,045	5,022,778	4,325,275
EXCESS OF REVENUE OVER EXPENSES	(152,876)	-	134,420	-	402,292	383,836	697,503
TRANSFERS	2,525,601	(1,477,178)	-	-	(1,048,423)	-	-
NET CHANGE IN INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT	(792,202)	-	-	-	792,202	-	-
NET ASSETS - END OF YEAR	\$ 2,953,843	\$ 250,000	\$ 425,655	\$ 1,000,000	\$ 777,116	\$ 5,406,614	\$ 5,022,778

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Statement of Cash Flows
For The Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 383,836	\$ 697,503
Items not affecting cash:		
Amortization	207,507	145,922
Gain on disposal of property, plant and equipment	(12,806)	(3,396)
Realized gain on disposal of long term investments	(25,139)	(4,787)
Net reinvested income	(22,117)	(20,749)
Edmonton Community Foundation operating assessment	10,042	9,112
Amortization of deferred capital contributions	(48,224)	(10,298)
Unrealized gain on changes in market value of long term investments	(54,851)	(93,458)
	<u>438,248</u>	<u>719,849</u>
Changes in non-cash working capital:		
Short term investments	1,491,328	(388,598)
Accounts receivable	69,086	(112,645)
Prepaid expenses	11,965	(4,578)
Gift certificates on hand	11,311	21,406
Accounts payable and accrued liabilities	(7,545)	24,939
Employee deductions payable	1,157	554
	<u>1,577,302</u>	<u>(458,922)</u>
	<u>2,015,550</u>	<u>260,927</u>
INVESTING ACTIVITIES		
Distribution from Edmonton Community Foundation	34,757	31,218
Purchase of property, plant and equipment	(2,455,350)	(301,695)
Proceeds on disposal of property, plant and equipment	-	3,800
	<u>(2,420,593)</u>	<u>(266,677)</u>
FINANCING ACTIVITIES		
Receipt of deferred capital contributions (Note 7)	250,000	44,425
Proceeds from long term financing	500,000	-
Repayment of long term debt	(21,650)	-
	<u>728,350</u>	<u>44,425</u>
INCREASE IN CASH FLOW	323,307	38,675
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,114,140</u>	<u>1,075,465</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)	\$ 1,437,447	\$ 1,114,140

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Notes to Financial Statements
For The Year Ended December 31, 2014

1. NATURE OF OPERATIONS

Edmonton Gleaners Association (the "Association") was incorporated under the *Societies Act* of Alberta. The Association's principal business activity is to be stewards in the collection of surplus and donated food for the effective distribution, free of charge, to people in need in our community. The Association operates under the name "Edmonton's Food Bank". The Association is designated as a charitable organization with Canada Revenue Agency and therefore is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount can be reasonably assured. Externally restricted contributions are initially deferred and then recognized as revenue in the year the related expenses are incurred. Donated property, plant and equipment and capital contributions received are initially deferred and recognized as revenue on the same basis as the related amortization expense.

Donations received in kind are recorded at estimated fair market value at the date the donation is made.

Food donations-in-kind are recorded at \$5.50 per kilogram based on the Food Banks Canada national valuation standard.

Cash and cash equivalents

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

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EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Notes to Financial Statements
For The Year Ended December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life at the following rates and methods:

Land		non-amortizable
Buildings	4%	declining balance method
Equipment	20%	declining balance method
Automotive	30%	declining balance method
Computer hardware/software	30%	declining balance method
Parking lot	8%	declining balance method

The Association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost. In the year of acquisition, half rates are applied.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Reserve policy

The Association maintains the following internally restricted reserves: Property, Plant and Equipment, Legacy and Food Purchases. The Property, Plant and Equipment Reserve is designated to fund major capital expenditures. Examples of major capital expenditures may include building renovations, equipment and vehicle purchases or repairs. The Legacy Reserve consists of donations left to the Association from estates. In consultation with the family members and other major funders, these gifts are invested to ensure long term benefits for the people we serve within the organization. The Food Purchases Reserve is designated for the purchase of high protein, non-perishable food required by the hamper programs when food supplies are inadequate to meet the needs of the clients.

Donated services

Volunteer hours representing fundraising, special events, administrative and warehouse activity for the year ended December 31, 2014 are not reflected in these financial statements as the fair value of these services cannot be reasonably estimated.

Use of estimates

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Notes to Financial Statements
For The Year Ended December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

The Association's financial instruments consist of cash, gift certificates on hand, short term investments, accounts receivable, long term investments, accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Conflict of Interest Policy

The Edmonton Gleaners Association has adopted a Conflict of Interest Policy. A conflict of interest exists wherever an individual could benefit, disproportionately from others, directly or indirectly, from access to information or from a decision over which they might have influence, or, where someone might reasonably perceive there to be such a benefit and influence. Members of the board, staff and volunteers have a duty to disclose any personal, family, or business interests that may, in the eyes of another person, influence their judgement.

3. CASH AND CASH EQUIVALENTS

	2014	2013
CIBC operating account	\$ 1,437,330	\$ 1,114,043
Petty cash	83	83
CIBC raffle account	34	14
	\$ 1,437,447	\$ 1,114,140

4. SHORT TERM INVESTMENTS

	2014	2013
CIBC Guaranteed Investment Certificates	\$ 146,065	\$ 1,623,797
CIBC Equity Investments	5,465	1,997
CIBC Mutual Funds	3,880	3,855
Interest Accrued	928	18,017
	\$ 156,338	\$ 1,647,666

Guaranteed Investment Certificates bear interest at 0.80% to 1.10% and mature between April 15, 2015 and July 13, 2015. Equity Investments and Mutual Funds are held at fair market value.

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Notes to Financial Statements
For The Year Ended December 31, 2014

5. LONG TERM INVESTMENTS

	2014	2013
Edmonton Community Foundation	\$ 829,700	\$ 772,392

Long term investments are presented at fair market value and consist of pooled funds invested in Canadian, US and Global equity and managed by Edmonton Community Foundation.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 879,102	\$ -	\$ 879,102	\$ 212,827
Buildings	3,140,189	533,352	2,606,837	955,913
Equipment	389,636	315,251	74,385	85,816
Automotive	738,772	507,977	230,795	290,482
Computer hardware/software	322,798	212,092	110,706	24,320
Parking lot	41,472	23,458	18,014	19,581
	\$ 5,511,969	\$ 1,592,130	\$ 3,919,839	\$ 1,588,939

7. DEFERRED CAPITAL CONTRIBUTIONS

	2014	2013
Balance at beginning of year	\$ 215,619	\$ 181,492
Community Facility Enhancement Program Grant	-	44,425
Contribution from anonymous donor	250,000	-
Cisco contribution in kind	70,251	-
Amount amortized during the year	(48,224)	(10,298)
Subtotal	487,646	215,619
Current portion to be amortized	(47,559)	(9,556)
	\$ 440,087	\$ 206,063

Deferred contributions related to property, plant and equipment represent restricted contributions received for upgrading of the computer system and the purchasing of vehicles, land and building by the Association. The deferred contributions are amortized to revenue at the same rate as the respective property, plant and equipment is being amortized by the Association.

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Notes to Financial Statements
For The Year Ended December 31, 2014

8. LONG TERM DEBT

	2014	2013
Muttart Foundation loan bearing interest at 3% per annum, repayable in monthly blended payments of \$4,828. The loan matures on June 1, 2024 and is secured by land and a building with a total net book value of \$2,355, 436.	\$ 478,350	\$ -
Amounts payable within one year	(44,191)	-
	\$ 434,159	\$ -

Principal repayment terms are approximately:

2015	\$ 44,191
2016	45,535
2017	46,920
2018	48,347
2019	49,818
Thereafter	243,539
	\$ 478,350

9. INVESTED IN PROPERTY, PLANT AND EQUIPMENT

	2014	2013
Net Book Value of Property, Plant and Equipment	\$ 3,919,839	\$ 1,588,939
Current portion of deferred capital contributions	(47,559)	(9,556)
Current portion of long term debt	(44,191)	-
Deferred capital contributions	(440,087)	(206,063)
Long term debt	(434,159)	-
	\$ 2,953,843	\$ 1,373,320

10. GRANTS

	2014	2013
City of Edmonton - Community Services Fund Grant	\$ 17,000	\$ 17,500
Charities Aid Foundations America Grant	1,952	1,113
	\$ 18,952	\$ 18,613

11. RELATED PARTY TRANSACTIONS

In 2014, the Association incurred expenses with parties with which certain members of its Board of Directors are associated. Transactions involving the Association and these parties totalled \$14,102 (2013 - \$5,389). These transactions are considered to be in the normal course of business and are measured at or below fair market value.

EDMONTON GLEANERS ASSOCIATION
Operating as Edmonton's Food Bank
Notes to Financial Statements
For The Year Ended December 31, 2014

12. FOOD DONATIONS IN-KIND

The food donations are valued at an average price per kilogram of \$5.50 based on the Food Banks Canada national valuation standard. In 2014, management estimated that approximately 3,169,042 kilograms of food was received and distributed (3,216,299 kilograms at \$5.50 per kilogram in 2013) for a total value of \$17,429,731 (2013 - \$17,689,645).

13. PRIOR PERIOD ADJUSTMENT

During the year, the Association determined the fair market value of the long term investment was not properly adjusted for in prior years. The prior period entry was made to adjust the investment to its fair market value. As a result of this adjustment the 2013 opening net assets and long term investments were increased by \$120,567.

14. INCOME TAXES

The Association is a not-for-profit organization within the meaning of the *Income Tax Act* and is exempt from income taxes.

15. 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 December 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 from its accounts receivable. The Association manages the risk through proactive collection policies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members, donors, and other related sources, and accounts payable and accrued liabilities.

Market risk

The Association is exposed to market risk through changes in marketable security prices, other than changes arising from interest rate or currency risk.

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. The Association does not use any hedging instruments to manage this risk.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
