
**THE DAILY BREAD FOOD BANK FOUNDATION OF
TORONTO**

FINANCIAL STATEMENTS

MARCH 31, 2010



Saeed & Company

Chartered Accountant Professional Corporation



AUDITORS' REPORT

To the Members of
The Daily Bread Food Bank Foundation of Toronto:

We have audited the statement of financial position of The Daily Bread Food Bank Foundation of Toronto as at March 31, 2010, and the statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from public donations 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 organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess (deficiency) of revenues over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of The Daily Bread Food Bank Foundation of Toronto as at March 31, 2010 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

SAEED & COMPANY
CHARTERED ACCOUNTANT PROFESSIONAL CORPORATION
Authorized to practice public accounting by
The Institute of Chartered Accountants of Ontario

Toronto, Ontario
July 16, 2010

THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2010

	Operating Fund	Food Fund	Community Action Fund	Building Reserve Fund	Invested in Capital Assets	2010 Total	2009 Total
ASSETS							
Current:							
Cash and cash equivalents (Note 4)	\$ 2,371,029	\$ 516,014	\$ 376,862	\$ 1,505,676	\$	\$ 4,769,581	\$ 5,035,251
Accounts receivable	106,126	897				107,023	63,622
Inventory of food	60,399	87,374	17,602			87,374	90,361
Prepaid expenses	2,537,554	629,285	394,464	1,505,676		103,001	153,971
						5,066,979	5,343,205
Long-term investments (Note 5)	1					1	1
Capital assets (Note 6)					4,313,124	4,313,124	4,098,642

	\$ 2,537,555	\$ 629,285	\$ 394,464	\$ 1,505,676	\$ 4,313,124	\$ 9,380,104	\$ 9,441,848
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LIABILITIES AND NET ASSETS

Current:							
Accounts payable and accrued liabilities \$	295,338	\$ 63,436	\$ 2,469	\$	\$	\$ 361,243	\$ 417,162
Deferred revenue (Note 7)	250,242	16,470	71,760			338,472	402,690
	545,580	79,906	74,229			699,715	819,852
Net assets: (Note 3)							
Unrestricted operating fund	1,991,975					1,991,975	2,164,435
Invested in capital assets					4,313,124	4,313,124	4,098,642
Food fund		549,379				549,379	692,431
Community action fund			320,235	1,505,676		320,235	267,790
Building reserve fund						1,505,676	1,398,698
	1,991,975	549,379	320,235	1,505,676	4,313,124	8,680,389	8,621,996
	\$ 2,537,555	\$ 629,285	\$ 394,464	\$ 1,505,676	\$ 4,313,124	\$ 9,380,104	\$ 9,441,848

See accompanying notes to the financial statements.

Approved by the Board:



Director



Director

THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2010

	Operating Fund	Food Fund	Community Action Fund	Building Reserve Fund	Invested in Capital Assets	2010 Total	2009 Total
Revenues:							
Donations (note 8)	\$ 5,118,049	\$ 751,017	\$ 285,765	\$	\$	\$ 6,154,831	\$ 6,611,440
Government grants	54,390	240,910				295,300	81,871
Foundation grants	186,347					186,347	30,152
Fee-for-service revenues	86,259			19,500		86,259	74,346
Investment income	36,568					36,568	104,048
Other income	26,611					26,611	3,956
	5,508,224	991,927	285,765	19,500		6,805,416	6,905,813
Expenses:							
Compensation	3,519,267		46,427			3,565,694	3,469,515
Other personnel costs	193,599	6,367	480			200,446	138,332
General office expense	264,174					264,174	240,126
Facilities	484,883			31,313		516,196	486,932
Plant, warehouse, and kitchen	420,043					420,043	390,022
Transportation	201,739					201,739	245,643
Public education	5,859					5,859	21,443
Food purchases		1,384,168				1,384,168	956,834
Grants awarded	2,291		186,413			188,704	158,648
	5,091,855	1,390,535	233,320	31,313		6,747,023	6,107,495
Excess (deficiency) of revenues over expenses	416,369	(398,608)	52,445	(11,813)		58,393	798,318
Net assets, beginning of year (Note 12)	2,164,435	692,431	267,790	1,398,698	4,098,642	8,621,996	7,823,678
Amortization	266,187				(266,187)		
Purchase of capital assets	(464,166)			(16,503)	480,669		
Approved Board allocations	(390,850)	255,556		135,294			
Net assets, end of year	\$ 1,991,975	\$ 549,379	\$ 320,235	\$ 1,505,676	\$ 4,313,124	\$ 8,680,389	\$ 8,621,996


See accompanying notes to the financial statements.

THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
Operating activities:		
Excess of revenues over expenses for the year	\$ 58,393	\$ 798,318
Adjusted for non-cash items:		
Amortization	266,187	237,121
	324,580	1,035,439
Net change in non-cash working capital balances (note 9)	(109,581)	396,001
Cash provided by operating activities	214,999	1,431,440
Financing and investing activities:		
Expenditures on capital assets	(480,669)	(220,354)
Net increase (decrease) in cash during the year	(265,670)	1,211,086
Cash and short-term investments, beginning of year	5,035,251	3,824,165
Cash and short-term investments, end of year	\$ 4,769,581	\$ 5,035,251

See accompanying notes to the financial statements.

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THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2010

1. Organization:

The Daily Bread Food Bank Foundation of Toronto was incorporated under the Canada Business Corporations Act on October 19, 1983. It is a registered charity under the Income Tax Act of Canada, (the "Act") and as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act the organization must meet certain requirements of the Act.

The Organization's objective is to alleviate hunger and help fight the underlying poverty that causes hunger. This is done through the solicitation, purchase and distribution of food to those in need, via member agencies that directly serve clients. It is also accomplished through research, education, and advocating for improved government policies to eliminate the need for food banks. In addition, the organization supports the establishment and running of member food banks across Toronto, as well as running a kitchen training program. The value of food donated to, and redistributed by, the Foundation is not included in these financial statements.

The organization also acts as a distribution hub for Food Banks Canada and the Ontario Association of Food Banks in the distribution of food across Canada and Ontario, respectively.

The funding has been primarily through voluntary contributions and grants from members of the public, corporations, and charitable foundations.

2. Accounting policies:

The accounting policies of the Foundation are in accordance with Canadian generally accepted accounting principles followed by not for profit organizations. Outlined below are those policies considered particularly significant.

(a) Capital assets:

Capital assets are valued at cost. Amortization rates are as follows:

Building	- 4% declining balance basis
Warehouse equipment	- 20% - 30%, declining balance basis
Automotive	- 30% declining balance basis
Kitchen equipment	- 30% declining balance basis
Computer and office equipment	- 20% - 30%, declining balance basis
Warehouse management software	- Straight line over 5 years

Amortization commences in the month of acquisition of the asset.

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THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2010

2. Accounting policies: (cont'd)

(b) Revenue recognition:

All revenues are recognized on a cash basis with the exception of interest earned on investments which is recognized in the period earned and revenues related to services such as deliveries which are recognized when service is rendered. Revenues from government and other designated grants are recognized when the related expenses they are intended to fund are incurred. Expense recoveries are recorded in the period in which the related expenses are incurred.

All donations designated by donors for the acquisition of food are allocated to the Food Fund. Similarly, donations and event proceeds designated for community support are allocated to the Community Action Fund.

Donations of physical capital assets are shown as revenues at values for which income tax receipts were issued. These values are based upon the fair market values of the assets.

(c) Inventory

Food which has been purchased from suppliers but not yet distributed to member agencies is recorded on the balance sheet at cost.

(d) Financial instruments:

The Foundation designates its cash, short-term investments, accounts receivable, long-term investment and accounts payable and accrued liabilities as held-for-trading. These financial assets and liabilities, with the exception of the long-term investment, are measured at their carrying amount which is comparable to fair value due to their short-term nature.

The long-term investment is carried at a nominal value, which in the opinion of management, approximates its fair market value.

The Foundation has elected to use the exemption made available to not-for-profit organizations by the Canadian Institute of Chartered Accountants ("CICA") not to apply Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would have otherwise applied to these financial statements. The Foundation has adopted the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.



THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2010

3. Description of Funds:

(a) Unrestricted operating fund

The Operating Fund records the operating activities of the Foundation.

(b) Invested in capital assets

The Invested in Capital Assets Fund records the Foundation's investment in capital assets used in its operations less the accumulated amortization.

(c) Restricted funds

(i) Food Fund

All donations designated by donors for the acquisition of food are allocated to the Food Fund and the majority of food expenditures are made from this fund. Additional monies are also transferred to the fund as necessary to maintain an adequate balance.

(ii) Community Action Fund

Donations designated for community support are allocated to the Community Action Fund. Grants awarded to member agencies and direct operating costs are made from this fund in support of their food banks.

(iii) Building Reserve Fund

During a previous year management commissioned a study to estimate expenditures required to maintain the building and to provide a means of levelling large maintenance charges to the Operating Fund. The study recommended setting up a Building Reserve Fund with an initial capitalization of \$1,285,463 and future annual contributions of \$103,572 plus any amount required to bring interest revenues up to the study's assumed rate of return of 4%. The Board of Directors has implemented these recommendations. All capital expenditures other than for the building are provided by Operating Fund resources.



THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2010

4. Cash and cash equivalents:

Cash and cash equivalents are made up of:

	2010	2009
Cash in interest bearing deposit accounts	\$ 32,475	\$ 1,800,251
Short-term investments	4,737,106	3,235,000
	<u>\$ 4,769,581</u>	<u>\$ 5,035,251</u>

The organization maintains substantially all of its cash in interest bearing short-term investments with the exception of amounts required for operations in accordance with the Board of Directors' approved investment policy.

5. Long-term investment:

The Foundation received a donation in a prior year of \$100,000 designated by the donor solely for the purchase of 1,000 preference shares in a co-operative which operates a wind turbine for the purpose of generating electricity. Members of the co-operative known as TREC WindPower Co-operative (No.1) Incorporated are to receive a portion of the revenue generated by the sale of the wind generated electricity. The Foundation is restricted by the membership agreement in its ability to resell the investment other than back to the co-operative unless certain conditions are met. During the 2008 fiscal year it became clear the investment had declined significantly in value and the Board of Directors decided to write the investment down to \$1.



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NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2010

6. Capital assets:

	Cost	Accumulated Amortization	Net 2010	Net 2009
Land	\$ 871,388	\$ -	\$ 871,388	\$ 871,388
Building	3,734,719	966,038	2,768,681	2,846,259
Warehouse equipment	761,942	567,943	193,999	200,876
Automotive	480,765	338,531	142,234	90,600
Kitchen equipment	24,431	14,116	10,315	7,739
Computer and office equipment	445,870	358,988	86,882	81,780
Warehouse management system	263,620	23,995	239,625	-
	\$ 6,582,735	\$ 2,269,611	\$ 4,313,124	\$ 4,098,642

Amortization of capital assets is included on the Statement of Operations and Changes in Net Assets in the following expense categories:

	2010	2009
Facilities	\$ 114,916	\$ 139,039
Plant, warehouse, and kitchen	107,680	59,253
Transportation	43,591	38,829
	\$ 266,187	\$ 237,121

7. Deferred contributions:

All of the deferred contributions to the Foundation have been designated for a specific use. These amounts are recognized as revenue as the related program expenses are incurred. Changes in deferred contributions are as follows:

	2010	2009
Beginning balance	\$ 402,690	\$ 61,221
Add: contributions received	413,578	491,926
	816,268	553,147
Less: contributions recognized as revenue	(477,796)	(150,457)
Ending balance	\$ 338,472	\$ 402,690

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NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2010

8. Donations:

Certain costs incurred by the Foundation directly in its fund raising efforts have been netted against the donation revenues. These costs amounted to \$205,419 in 2010 (\$262,210 in 2009).

9. Changes in non-cash working capital:

Cash provided by (applied to) changes in other working capital components is summarized as follows:

	2010	2009
(Increase) decrease in current assets:		
Accounts receivable	\$ (43,401)	\$ (26,665)
Inventory	2,987	40,359
Prepaid expenses	50,970	(75,888)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(55,919)	116,726
Deferred contributions	(64,218)	341,469
	\$ (109,581)	\$ 396,001

10. Commitments:

The Foundation is committed under operating leases for equipment with the following minimum annual rental payments:

2011	\$ 20,652
2012	20,652
2013	20,652
2014	18,876
2015	17,100

\$ 97,932

THE DAILY BREAD FOOD BANK FOUNDATION OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2010

11. Disclosure in compliance with Imagine Canada's Ethical Fundraising and Financial Accountability Code:

The Foundation has adopted the "Ethical Fundraising and Financial Accountability Code" of Imagine Canada. During the 2010 fiscal year the organization issued \$3,869,462 of charitable tax receipts. During this same period the Organization spent \$5,779,912 of its resources on activities which are "charitable activities" as defined by the Canada Revenue Agency. In addition during the year the Foundation received and distributed approximately 7.9 million pounds of donated food to its member agencies and other Daily Bread programs. Management estimates the wholesale value of this food at approximately \$0.92 per pound. The value of this food has not been included in these financial statements.

12. Opening balances of net assets:

The opening balances of the Operating and Food Funds have been amended to reflect the reclassification by the Board of activities relating to the "Drop In Centre Program" to operations.

13. Comparative figures:

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.



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