

Independent Auditors' Report

To the Directors of Winnipeg Harvest Inc.:

We have audited the accompanying financial statements of Winnipeg Harvest Inc., which comprise the statement of financial position as at March 31, 2015, 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 statement.

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, the Organization derives a significant portion of its revenue from donations and fundraising, 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 revenue, excess of revenues over expenses, 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 Winnipeg Harvest Inc. as at March 31, 2015, its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

June 25, 2015

MNP LLP
Chartered Accountants

Winnipeg Harvest Inc.
Statement of Financial Position
As at March 31, 2015

	<i>2015</i>	<i>2014</i>
Assets		
Current		
Cash (Note 6)	1,298,004	926,850
Goods and Services Tax receivable	13,515	44,860
Marketable securities (Note 3)	227,098	214,022
Prepaid expenses and deposits	72,449	71,985
	1,611,066	1,257,717
Capital assets (Note 4)	6,722,203	7,169,762
	8,333,269	8,427,479
Liabilities		
Current		
Accounts payable and accrued liabilities	93,681	87,378
Deferred revenue (Note 6)	436,781	310,410
Current portion of capital lease obligations (Note 7)	10,658	9,341
	541,120	407,129
Capital lease obligations (Note 7)	4,837	15,495
Deferred contributions related to capital assets (Note 8)	5,201,170	5,485,099
	5,747,127	5,907,723
Net Assets		
Internally restricted (Note 6)	700,000	-
Unrestricted	1,886,142	2,519,756
	2,586,142	2,519,756
	8,333,269	8,427,479

Approved on behalf of the Board

 Director

 Director

The accompanying notes are an integral part of these financial statements

Winnipeg Harvest Inc.
Statement of Operations
For the year ended March 31, 2015

	2015	2014
Revenue		
Donations	1,456,392	1,561,682
Donations in kind	251,172	124,330
Fundraising	1,283,994	1,240,662
Grant revenue	105,921	194,623
Capital asset contributions apportioned to income <i>(Note 8)</i>	283,929	262,913
Investment income	1,819	4,757
Fair value adjustment related to marketable securities <i>(Note 3)</i>	1,533	12,480
Total revenue	3,384,760	3,401,447
Expenses		
Board	1,005	213
Building	529,552	516,737
Food	190,169	194,005
In-kind expenses	251,172	124,330
Interest on capital lease	2,742	4,043
Public education	50,157	64,130
Salaries and benefits	1,616,888	1,432,230
Special events	181,081	130,648
Support services	131,634	148,605
Vehicles	187,682	161,077
Volunteer and training	93,663	101,504
Warehouse	82,629	81,154
	3,318,374	2,958,676
Excess of revenue over expenses	66,386	442,771

The accompanying notes are an integral part of these financial statements

Winnipeg Harvest Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2015

	<i>Unrestricted</i>	<i>Internally restricted</i>	2015	2014
Net assets, beginning of year	2,519,756	-	2,519,756	2,076,985
Excess of revenue over expenses	66,386	-	66,386	442,771
Interfund transfer	(700,000)	700,000	-	-
Net assets, end of year	1,886,142	700,000	2,586,142	2,519,756

The accompanying notes are an integral part of these financial statements

Winnipeg Harvest Inc.
Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	66,386	442,771
Fair value adjustment related to marketable securities	(1,819)	(4,757)
Amortization of capital assets	447,559	421,143
Capital asset contributions apportioned to income	(283,929)	(262,913)
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Changes in working capital accounts	228,197	596,244
Goods and Services Tax receivable	31,345	(28,137)
Prepaid expenses and deposits	(464)	(31,727)
Accounts payable and accrued liabilities	6,303	(29,472)
Deferred revenue	126,371	93,171
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	391,752	600,079
Financing		
Repayments of capital lease obligations	(9,341)	(8,276)
Cash contributions received for capital assets	-	285,792
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	(9,341)	277,516
Investing		
Purchase of marketable securities	(11,257)	-
Purchase of capital assets	-	(609,475)
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	(11,257)	(609,475)
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Increase in cash resources	371,154	268,120
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Cash resources, beginning of year	926,850	658,730
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Cash resources, end of year	1,298,004	926,850

The accompanying notes are an integral part of these financial statements

1. Purpose

Winnipeg Harvest Inc. (the "Organization") was incorporated on July 17, 1984 under the Manitoba Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act and therefore is not subject to income tax.

Our Vision:

A community that no longer requires the services of a food bank.

Our Mission:

1. Share food with hungry families
2. Facilitate training and learning opportunities for our clients
3. Focus attention on hunger within our community and move towards long-term solutions.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Organization 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. Endowment contributions are recognized as direct increases in net assets.

Externally restricted contributions for the acquisition of capital assets having limited lives are recorded as deferred capital asset contributions in the period in which they are received. Deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Donations in kind are valued based on the estimated fair value of similar items.

Contributed services

Volunteers contributed approximately 337,172 hours in the year (2014 - 374,389) to assist the Organization in carrying out its service delivery activities. Volunteer services are not recognized in the financial statements.

Not included in donations revenue are approximately 14,318,371 pounds (2014 - 12,891,812) of donated food that is used in the Organization's service delivery activities. Donated food is not recognized in the financial statements.

Volunteer hours and donated food have not been subject to audit procedures.

Capital assets

Purchased capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Rate</i>
Buildings	25 years
Vehicles	5 years
Computer equipment	3 years
Kitchen equipment	5 years
Office equipment	5 years
Paved surfaces	5 years
Warehouse equipment	5 years
Equipment under capital lease	5.5 years

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 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 expenses during the reporting period. Significant estimates include the useful life of capital assets. Actual amounts could differ from these estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA 3840 *Related Party Transactions*. Subsequently, all financial instruments are measured at amortized cost, with the exception of marketable securities which are measured at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using straight-line method and recognized in the statement of operations.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in the statement of operations, an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations of the respective fund in the period the reversal occurs.

Winnipeg Harvest Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

3. Marketable securities

Marketable securities consists of the following:

	2015	2014
Guaranteed investment certificates, bearing interest at 2.25% and 2.50%, maturing June 22 and July 26, 2017	22,943	22,319
Money market mutual funds	61,220	44,221
RBC Capital Trust, bearing interest at 4.87% maturing December 31, 2015	114,020	116,972
Equities	28,915	30,510
	<hr/> 227,098	<hr/> 214,022

As at March 31, 2015 marketable securities were marked to market resulting in a gain of \$1,819 (2014 - \$4,757).

Winnipeg Harvest Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Land	643,905	-	643,905
Buildings	6,951,452	1,250,640	5,700,812
Vehicles	517,183	382,930	134,253
Computer equipment	192,487	192,289	198
Kitchen equipment	154,055	76,474	77,581
Office equipment	82,080	82,080	-
Paved surfaces	232,327	81,555	150,772
Warehouse equipment	358,396	358,396	-
	9,131,885	2,424,364	6,707,521
Equipment under capital lease	57,000	42,318	14,682
	9,188,885	2,466,682	6,722,203

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>
Land	643,905	-	643,905
Buildings	6,951,452	972,042	5,979,410
Vehicles	517,183	313,939	203,244
Computer equipment	192,487	180,892	11,595
Kitchen equipment	154,055	45,663	108,392
Office equipment	82,080	81,146	934
Paved surfaces	232,327	35,090	197,237
Warehouse equipment	358,396	358,396	-
	9,131,885	1,987,168	7,144,717
Equipment under capital lease	57,000	31,955	25,045
	9,188,885	2,019,123	7,169,762

5. Bank indebtedness

The Organization has entered into an agreement with an accredited financial institution to provide a commercial line of credit up to \$250,000 in financing. The facility bears interest at prime plus 1.5%, and has \$250,000 of available financing at March 31, 2015.

The following has been applied as security:

- First charge in the amount of \$3,000,000 against certain property, a general security agreement, assignment of rents and leases, accessory agreements and fire and theft insurance.

Winnipeg Harvest Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

6. Cash

Cash consists of the following:

	2015	2014
Cash	1,298,004	926,850
Deferred revenue - externally restricted funds consisting of amounts received related to the Organization's Hunger for Hope campaign	(436,781)	(310,410)
Internally restricted funds relating to future capital projects	(700,000)	-
Cash available for operations	161,223	616,440

7. Obligations under capital lease

	2015	2014
Capital lease obligation (implicit interest rate 13.26%, due August 1, 2016, monthly payments of \$1,007)	15,495	24,836
Less: Current portion	10,658	9,341
	4,837	15,495

Minimum lease payments related to the obligation under capital lease are as follows:

2015	12,084
2016	5,021
	<u>17,105</u>
Less: imputed interest	(1,610)
	15,495
Less: current portion	(10,658)
	<u>4,837</u>

8. Deferred capital asset contributions

	2015	2014
Balance, beginning of year	5,485,099	5,462,220
Add: contributions	-	285,792
Less: amounts apportioned to income	(283,929)	(262,913)
Balance, end of year	5,201,170	5,485,099

9. Commitments

The Organization indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Organization to the extent permitted by the law. The Organization has acquired and maintains liability insurance for its directors and officers.

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

11. Contingency

Under the terms of an agreement, if the Organization sells a specific property to fund operations that a previous year's donation of \$275,000 was used to fund, this amount may become repayable to the donor at the donor's option. The conditions related to this contingency have not occurred, nor are they expected to occur. Accordingly, no amount related to this contingency has been recorded.

12. Manitoba Association of Food Banks

In its operations, the Organization acts as a financial agent and administrator of the Manitoba Association of Food Banks ("MAFB"), an organization dedicated to providing food to Manitobans in need through a network of food banks and related organizations throughout Manitoba. The Organization and the MAFB share common management and Director representation, indicating the Organization's ability to exert significant influence over the MAFB. The MAFB was incorporated in 2011 under the Manitoba Corporations Act as a not-for-profit organization and is not subject to income tax. The operating results of the MAFB have not been included in these financial statements.

Included in accounts payable and accrued liabilities is \$153 (2014 - \$3,741) due to MAFB.

