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**THE STOP COMMUNITY FOOD  
CENTRE**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
The Stop Community Food Centre

We have audited the accompanying financial statements of The Stop Community Food Centre, which comprise the statement of financial position as at August 31, 2015, and the statements of operations and 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 organization'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 organization'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, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, 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 and fundraising revenue, excess of revenue over expenses for the year, 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 Stop Community Food Centre as at August 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.

### *Other Matter*

The financial statements of The Stop Community Food Centre as at and for the year ended August 31, 2014 were audited by another auditor who expressed a qualified opinion on those financial statements on November 27, 2014. The qualification related to the auditor's inability to satisfy themselves concerning the completeness of donation and fundraising revenue.

Pennylegion Chung LLP

Chartered Professional Accountants  
Licensed Public Accountants

November 25, 2015  
Toronto, Ontario

# THE STOP COMMUNITY FOOD CENTRE


## STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2015

	2015	2014
<b>ASSETS</b>		
Current assets		
Cash	\$ 794,604	\$ 646,586
Amounts receivable	91,497	84,292
HST recoverable	59,563	57,818
Prepaid expenses	<u>12,300</u>	<u>15,760</u>
	957,964	804,456
Capital assets (note 3)	<u>47,695</u>	<u>94,496</u>
	<u>\$ 1,005,659</u>	<u>\$ 898,952</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 118,231	\$ 86,326
Deferred contributions (note 4)	<u>354,838</u>	<u>245,929</u>
	473,069	332,255
Long-term liabilities		
Deferred capital funding	<u>18,508</u>	<u>29,666</u>
	<u>491,577</u>	<u>361,921</u>
Net assets		
Invested in capital assets	29,187	64,830
Unrestricted	368,307	355,613
Designated (note 5)	<u>116,588</u>	<u>116,588</u>
	<u>514,082</u>	<u>537,031</u>
	<u>\$ 1,005,659</u>	<u>\$ 898,952</u>

Approved on behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2015

	2015	2014
<b>REVENUE</b>		
Contributions (note 6)	\$ 1,944,788	\$ 1,874,979
Special events	912,503	747,302
Food donations (note 7)	462,958	591,373
Government funding (note 8)	287,369	305,181
Social enterprise	194,798	236,982
Interest	<u>25,195</u>	<u>31,687</u>
	<u>3,827,611</u>	<u>3,787,504</u>
<b>EXPENSES</b>		
<b>Program</b>		
Personnel	1,469,311	1,405,636
Community programs (note 9)	688,913	650,462
Food donations distributed (note 7)	462,958	591,373
Occupancy	109,072	73,798
<b>Fund development</b>		
Personnel	346,776	343,289
Events	167,618	138,057
Fund development (note 10)	93,950	79,435
<b>Social enterprise</b>		
Personnel	58,143	67,115
Social enterprise (note 11)	44,230	131,978
Occupancy	28,856	33,355
<b>Administrative</b>		
Personnel	206,743	208,331
Administrative (note 12)	85,775	97,684
Occupancy	<u>52,571</u>	<u>26,942</u>
	<u>3,814,916</u>	<u>3,847,455</u>
Excess of revenue over expenses from operations	<u>12,695</u>	<u>(59,951)</u>
Non-operating revenue and expenses -		
Capital funding recognized	11,157	67,387
Amortization	<u>(46,801)</u>	<u>(87,004)</u>
Excess of non-operating expenses over revenue	<u>(35,644)</u>	<u>(19,617)</u>
<b>EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR</b>	(22,949)	(79,568)
Net assets, beginning of year	<u>537,031</u>	<u>616,599</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 514,082</u>	<u>\$ 537,031</u>

see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2015

	2015	2014
<b>OPERATIONS</b>		
Excess of expenses over revenue for the year	\$ (22,949)	\$ (79,568)
Add back (subtract) non-cash items -		
Amortization of capital assets	46,801	87,004
Capital funding recognized in year	(11,157)	(67,387)
Food donations distributed (note 7)	462,958	591,373
Food donations received (note 7)	(462,958)	(591,373)
Net change in non-cash working capital items (see below)	<u>135,323</u>	<u>(255,808)</u>
Net cash generated from (used for) operations	<u>148,018</u>	<u>(315,759)</u>
<b>INVESTING ACTIVITIES</b>		
Capital assets purchased	<u>-</u>	<u>(27,498)</u>
<b>FINANCING</b>		
Capital grants received	<u>-</u>	<u>27,339</u>
<b>NET CASH GENERATED (USED) IN THE YEAR</b>	<b>148,018</b>	<b>(315,918)</b>
Cash, beginning of year	<u>646,586</u>	<u>962,504</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 794,604</u></b>	<b><u>\$ 646,586</u></b>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Catering fees receivable	\$ -	\$ 73,781
Amounts receivable	(7,206)	(27,831)
HST recoverable	(1,745)	20,490
Prepaid expenses	3,460	15,464
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	31,905	(41,432)
Deferred contributions	108,909	(257,394)
Catering deposits	<u>-</u>	<u>(38,886)</u>
	<u>\$ 135,323</u>	<u>\$ (255,808)</u>

see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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The Stop Community Food Centre (the organization) is incorporated in the Province of Ontario without share capital. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization provides programs, services and advocacy to address the problems of poverty and hunger in Toronto.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including project grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received. Pledges are not recorded as revenue.

##### *Contributed materials and services*

Except for food, donated materials and services which are normally purchased by the organization, are not recorded in the accounts. Food donations are recognized as revenue when received.

##### *Special event and social enterprise revenue*

Special event revenue and social enterprise revenue, which includes revenue from farmers' market related activities, is recognized as revenue in the period the service is delivered.

##### *Interest income*

Interest income is recognized as revenue when earned.

#### **Capital assets**

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Office furniture and equipment	- 5 years, straight-line basis
Kitchen equipment	- 5 years, straight-line basis
Computer equipment	- 3 years, straight-line basis
Leasehold improvements	- 5 years, straight-line basis

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Food donations received and distributed

Food donations received and distributed are valued at the average annual price per pound of food established by the Canadian Association of Food Banks.

#### Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, assumptions have been made in arriving at the useful life of capital assets and the value of food donations received and distributed in the year. These estimates are reviewed annually, and, as adjustments become necessary, they are reported in the period in which they become known.

### 2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities.

Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities.

### 3. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2015 Net	2014 Net
Office furniture and equipment	\$ 70,842	\$ (58,873)	\$ 11,969	\$ 17,997
Kitchen equipment	117,171	(106,482)	10,689	14,516
Computer equipment	88,833	(88,833)	-	969
Leasehold improvements				
1884 Davenport	309,722	(286,823)	22,899	41,359
Green Barn	<u>2,291,583</u>	<u>(2,289,445)</u>	<u>2,138</u>	<u>19,655</u>
	<u>\$ 2,878,151</u>	<u>\$(2,830,456)</u>	<u>\$ 47,695</u>	<u>\$ 94,496</u>

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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### 4. DEFERRED CONTRIBUTIONS

Deferred contributions is composed of the following:

	2015	2014
Green Barn and 1884 Davenport	<u>\$ 354,838</u>	<u>\$ 245,929</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 245,929	\$ 503,324
Add cash received from contributions	2,341,066	1,922,765
Less contributions recognized	<u>(2,232,157)</u>	<u>(2,180,160)</u>
Deferred contributions, end of year	<u>\$ 354,838</u>	<u>\$ 245,929</u>

### 5. DESIGNATED NET ASSETS

The Board of Directors designated net assets of \$116,588 as at August 31, 2015 (\$116,588 designated as at August 31, 2014) to be used to strategically increase the organization's capacity to deliver on its mission.

### 6. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2015	2014
Foundations	\$ 1,120,234	\$ 1,132,363
Individuals	492,298	444,876
Corporations	158,145	127,270
Religious organizations	7,041	10,675
Other	<u>167,070</u>	<u>159,795</u>
	<u>\$ 1,944,788</u>	<u>\$ 1,874,979</u>

### 7. FOOD DONATIONS RECEIVED AND DISTRIBUTED

The Canadian Association of Food Banks has valued the average price per pound of food at \$2.50 for 2015 (\$2.50 per pound for 2014).

Management estimates the organization received and distributed a total of 185,183 pounds of food in 2015 from Daily Bread Food Bank and Second Harvest valued at \$462,958 (236,549 pounds of food received and distributed with a value of \$591,373 in 2014).



# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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### 8. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2015	2014
Government of Canada		
Public Health Agency of Canada	\$ 119,880	\$ 132,767
Employment and Social Development Canada	14,506	25,352
City of Toronto	<u>152,983</u>	<u>147,062</u>
	<u>\$ 287,369</u>	<u>\$ 305,181</u>

### 9. COMMUNITY PROGRAM EXPENSES

Direct costs incurred for delivering community programming comprise the following:

	2015	2014
Food supplies	\$ 293,494	\$ 270,054
Consultants	86,302	65,893
Community partners *	66,125	66,125
Other	<u>242,992</u>	<u>248,390</u>
	<u>\$ 688,913</u>	<u>\$ 650,462</u>

\* During the year, the organization collaborated with Central Toronto Community Health Centres on community programming.

### 10. FUND DEVELOPMENT EXPENSES

Direct costs incurred for fundraising activities comprise the following:

	2015	2014
Printing	\$ 35,588	\$ 45,378
Other	<u>58,362</u>	<u>34,057</u>
	<u>\$ 93,950</u>	<u>\$ 79,435</u>

### 11. SOCIAL ENTERPRISE EXPENSES

The direct costs of carrying out catering, café and farmers' market operations, included in social enterprise expenses, comprise the following:

	2015	2014
Food supplies	\$ 34,420	\$ 47,671
Catering support	3,078	51,892
Events	496	24,620
Other	<u>6,236</u>	<u>7,795</u>
	<u>\$ 44,230</u>	<u>\$ 131,978</u>

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# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

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### 12. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2015	2014
Office and general	\$ 61,028	\$ 66,344
Professional fees	10,707	12,704
Consultants	7,842	13,456
Service charges	<u>6,198</u>	<u>5,180</u>
	<u>\$ 85,775</u>	<u>\$ 97,684</u>

### 13. LEASE OBLIGATIONS

The organization leases kitchen and programming facilities and office space in Toronto, Canada. Minimum annual payments over the term of the leases are as follows:

2016	\$ 92,608
2017	92,608
2018	92,608
2019	92,608
2020	92,608