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**THE STOP COMMUNITY FOOD  
CENTRE**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members,  
The Stop Community Food Centre

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Stop Community Food Centre, which comprise the statement of financial position as at August 31, 2013, 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 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 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 this revenue 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 effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of The Stop Community Food Centre as at August 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants  
Licensed Public Accountants

December 4, 2013  
Toronto, Ontario

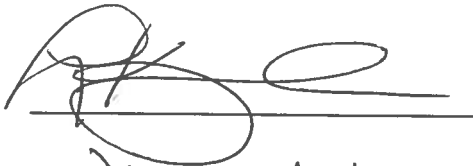
# THE STOP COMMUNITY FOOD CENTRE


## STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2013

	2013	2012
<b>ASSETS</b>		
Current assets		
Cash	\$ 962,504	\$ 2,174,337
Catering fees receivable	73,781	17,969
Grants receivable	56,461	37,335
HST recoverable	78,308	80,267
Prepaid expenses	<u>31,226</u>	<u>26,641</u>
	1,202,280	2,336,549
Capital assets (note 3)	<u>154,002</u>	<u>664,324</u>
	<u>\$ 1,356,282</u>	<u>\$ 3,000,873</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 127,759	\$ 240,766
Deferred revenue (note 5)	503,324	1,586,408
Catering deposits	<u>38,886</u>	<u>-</u>
	669,969	1,827,174
Long-term liabilities		
Deferred capital funding	<u>69,714</u>	<u>573,154</u>
	<u>739,683</u>	<u>2,400,328</u>
Net assets		
Unrestricted	415,723	392,787
Invested in capital assets	84,288	91,170
Designated (note 6)	<u>116,588</u>	<u>116,588</u>
	<u>616,599</u>	<u>600,545</u>
	<u>\$ 1,356,282</u>	<u>\$ 3,000,873</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, 2013

	2013	2012
<b>REVENUE</b>		
Donations (note 7)	\$ 2,118,013	\$ 1,904,814
Social enterprise (note 8)	755,185	584,980
Special events	708,371	763,090
Food donations (note 9)	619,642	606,403
Government funding (note 10)	262,508	323,590
Interest	64,550	32,984
	<u>4,528,269</u>	<u>4,215,861</u>
<b>EXPENSES</b>		
<b>Program</b>		
Personnel	1,342,784	1,328,669
Community programs (note 11)	822,355	701,178
Food donations distributed (note 9)	619,642	606,403
Occupancy	65,132	70,774
<b>Fund development</b>		
Personnel	320,345	327,057
Events	153,829	193,494
Fund development (note 12)	84,659	73,281
<b>Social enterprise</b>		
Personnel	181,165	183,969
Social enterprise (note 13)	405,298	185,587
Occupancy	67,946	24,290
<b>Administrative</b>		
Personnel	203,232	204,411
Administrative (note 14)	181,439	116,468
Occupancy	44,710	22,906
	<u>4,492,536</u>	<u>4,038,487</u>
Excess of revenue over expenses from operations	<u>35,733</u>	<u>177,374</u>
Non-operating revenue and expenses -		
Capital funding recognized	503,440	489,072
Amortization	(523,119)	(489,208)
Excess of non-operating expenses over revenue	<u>(19,679)</u>	<u>(136)</u>
Discontinued operations (note 15)		
Replication program revenue	989,122	713,649
Replication program expense	(989,122)	(713,649)
Excess of revenue over expenses from discontinued operations	<u>nil</u>	<u>nil</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	16,054	177,238
Net assets, beginning of year	<u>600,545</u>	<u>423,307</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 616,599</u>	<u>\$ 600,545</u>
see accompanying notes		

# THE STOP COMMUNITY FOOD CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2013

	2013	2012
<b>OPERATIONS</b>		
Excess of revenue over expenses for the year	\$ 16,054	\$ 177,238
Add back (subtract) non-cash items -		
Amortization of capital assets	523,119	489,208
Capital funding recognized in year	(503,440)	(489,072)
Food donations distributed	619,642	606,403
Food donations received	(619,642)	(606,403)
Net change in non-cash working capital items (see below)	<u>(1,234,769)</u>	<u>(84,627)</u>
Net cash generated from (used for) operations	(1,199,036)	92,747
<b>INVESTING ACTIVITIES</b>		
Capital assets purchased	<u>(12,797)</u>	<u>(70,731)</u>
<b>NET CASH GENERATED (USED) IN THE YEAR</b>	(1,211,833)	22,016
Cash, beginning of year	<u>2,174,337</u>	<u>2,152,321</u>
<b>CASH, END OF YEAR</b>	<u>\$ 962,504</u>	<u>\$ 2,174,337</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Catering fees receivable	\$ (55,812)	\$ (17,969)
Grants receivable	(19,126)	36,326
HST recoverable	1,958	(21,452)
Prepaid expenses	(4,583)	11,094
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(113,008)	60,996
Deferred revenue	(1,083,084)	(153,622)
Catering deposits	<u>38,886</u>	<u>-</u>
	<u>\$ (1,234,769)</u>	<u>\$ (84,627)</u>

Interest received in year	<u>\$ 64,550</u>	<u>\$ 32,984</u>
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see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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### 1. THE ORGANIZATION

The Stop Community Food Centre (the "organization") is incorporated as a not-for profit organization 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.

### 2. 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 applied on a basis consistent with the prior year. Outlined below are those policies considered particularly significant:

#### **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.

#### **Revenue recognition**

The organization follows the deferral method of revenue recognition. Under the deferral method, amounts received in the year for expenses to be incurred in the following year are recorded as deferred revenue. The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted grants and donations, including those received for the Replication program, are recognized as revenue when they are received or receivable. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred. Pledges are not recorded as revenue. Except for food, donated materials and services which are normally purchased by the organization, are not recorded in the accounts.
- ii) Contributions received for the purpose of purchasing capital assets are deferred and recognized as revenue in the same period as the related capital asset is amortized and charged to operations.
- iii) Special event revenue and expenses are recognized in the year in which the related event occurs.
- iv) Food donations are recognized as revenue when received.
- v) Social enterprise revenue, which includes revenue from catering and from farmers' market related activities, is recognized as revenue in the period the service is delivered.
- vi) Interest income is recognized as revenue when earned.

#### **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.

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### 3. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2013 Net	2012 Net
Computer equipment	\$ 88,833	\$ (86,072)	\$ 2,761	\$ 43,991
Office furniture and equipment	65,855	(47,315)	18,540	23,571
Kitchen equipment	102,803	(100,232)	2,571	3,640
Leasehold improvements				
Green Barn	2,297,551	2,213,504	84,047	531,201
1884 Davenport	<u>297,562</u>	<u>(251,479)</u>	<u>46,083</u>	<u>61,921</u>
	<u>\$ 2,852,604</u>	<u>\$(2,698,602)</u>	<u>\$ 154,002</u>	<u>\$ 664,324</u>

### 4. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, grants receivable, catering fees receivable, and accounts payable and accrued liabilities. The following are those financial instruments and related financial risks considered particularly significant:

- i) The organization minimizes the likelihood of uncollected revenue by regularly monitoring amounts receivable.
- ii) Existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks.

### 5. DEFERRED REVENUE

Deferred revenue comprises amounts for the following projects:

	2013	2012
Green Barn and 1884 Davenport Replication (note 15)	\$ 503,324 <u>-</u>	\$ 781,017 <u>805,391</u>
Deferred revenue, end of year	<u>\$ 503,324</u>	<u>\$ 1,586,408</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 1,586,408	\$ 947,305
Add cash received from donations, government funding and replication program	1,297,437	2,867,507
Less donation, government funding and replication revenue recognized	<u>(2,380,521)</u>	<u>(2,228,404)</u>
Deferred revenue, end of year	<u>\$ 503,324</u>	<u>\$ 1,586,408</u>

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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### 6. DESIGNATED NET ASSETS

The Board of Directors designated net assets of \$116,588 as at August 31, 2013 (\$116,588 designated as at August 30, 2012) to be used to strategically increase the organization's capacity to deliver on its mission.

### 7. GRANTS AND DONATIONS

Donations were received from the following sources in the year:

	2013	2012
Foundations	\$ 1,319,971	\$ 1,303,179
Individuals	432,261	429,580
Corporations	273,992	133,522
Religious organizations	15,446	21,470
Other	<u>76,343</u>	<u>17,063</u>
	<u>\$ 2,118,013</u>	<u>\$ 1,904,814</u>

### 8. CATERING BUSINESS - SUBSEQUENT EVENT

On October 1, 2013 the organization ceased operating its catering business to better enable the organization to focus its resources on core activities. Included in social enterprise revenue in the statement of operations is catering revenue for the year of \$594,194 (\$277,125 in catering revenue in 2012). Full costing of the catering business is not segregated in the accounts and is therefore not presented separately in these financial statements.

### 9. FOOD DONATIONS RECEIVED AND DISTRIBUTED

The Canadian Association of Food Banks has valued the average price per pound of food at \$2.50 for 2013 (\$2.50 per pound for 2012).

In 2013 management estimates the organization received and distributed a total of 248,115 pounds of food from Daily Bread Food Bank and Second Harvest valued at \$619,642 (242,561 pounds of food received and distributed with a value of \$606,403 in 2012).

### 10. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2013	2012
Government of Canada	\$ 163,339	\$ 89,565
Province of Ontario	7,500	84,539
City of Toronto	<u>91,669</u>	<u>149,486</u>
	<u>\$ 262,508</u>	<u>\$ 323,590</u>

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# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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### 11. COMMUNITY PROGRAM EXPENSES

Direct costs incurred for delivering community programming comprise the following:

	2013	2012
Food supplies	\$ 287,277	\$ 330,224
Community partners *	133,625	-
Consultants	113,057	117,835
Other	<u>288,396</u>	<u>253,119</u>
	<u>\$ 822,355</u>	<u>\$ 701,178</u>

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

### 12. FUND DEVELOPMENT EXPENSES

Direct costs incurred for fundraising activities comprise the following:

	2013	2012
Printing	\$ 40,672	\$ 37,554
Other	<u>43,987</u>	<u>35,727</u>
	<u>\$ 84,659</u>	<u>\$ 73,281</u>

### 13. SOCIAL ENTERPRISE EXPENSES

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

	2013	2012
Catering support	\$ 154,962	\$ 70,523
Food supplies	122,145	55,676
Events	115,324	53,820
Other	<u>12,867</u>	<u>5,568</u>
	<u>\$ 405,298</u>	<u>\$ 185,587</u>

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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### 14. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2013	2012
Office and general	\$ 66,372	\$ 78,966
Consultants	58,024	-
Service charges	30,446	24,070
Professional fees	<u>26,598</u>	<u>13,432</u>
	<u>\$ 181,440</u>	<u>\$ 116,468</u>

### 15. DISCONTINUED OPERATIONS - REPLICATION PROGRAM

Until December 31, 2012, the organization collaborated with the Perth & District Food Bank in Perth, Ontario and the United Way Perth Huron in Stratford, Ontario to create two new community food centres with the aim of replicating the core activities of building community, reducing poverty and supporting local agriculture outside of Toronto. Consequently, an unrelated Canadian registered charitable organization, Community Food Centre Canada (CFCC) was founded to carry on the work of replicating the community food centre model across Canada.

Effective December 31, 2012, the organization transferred all assets and liabilities of the Replication program to Community Food Centres Canada (CFCC), an independent Canadian registered charitable organization. During the year, the organization transferred a total of \$989,122 to CFCC which comprised \$805,391 received in 2012 and \$183,731 received in 2013 from funders specifically for the Replication program.

### 16. COMPARATIVE AMOUNTS

Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.