
**THE STOP COMMUNITY FOOD
CENTRE**

FINANCIAL STATEMENTS

AUGUST 31, 2012

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, 2012 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 generally accepted accounting principles 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 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.

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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

November 28, 2012
Toronto, Ontario

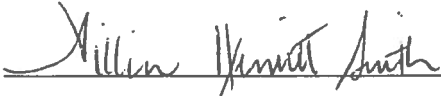
THE STOP COMMUNITY FOOD CENTRE


STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2012

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,174,337	\$ 2,152,321
Amounts receivable	55,303	73,662
HST recoverable	80,267	58,815
Prepaid expenses	<u>26,643</u>	<u>37,735</u>
	2,336,550	2,322,533
Capital assets (note 3)	<u>664,323</u>	<u>1,082,800</u>
	<u>\$ 3,000,873</u>	<u>\$ 3,405,333</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 240,767	\$ 179,770
Deferred revenue (note 6)	<u>1,586,408</u>	<u>1,740,030</u>
	1,827,175	1,919,800
Long-term liabilities		
Deferred capital funding	<u>573,154</u>	<u>1,062,226</u>
	<u>2,400,329</u>	<u>2,982,026</u>
Net assets		
Unrestricted	392,787	286,145
Invested in capital assets	91,169	20,574
Designated (note 7)	<u>116,588</u>	<u>116,588</u>
	<u>600,544</u>	<u>423,307</u>
	<u>\$ 3,000,873</u>	<u>\$ 3,405,333</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, 2012

	2012	2011
REVENUE		
Donations (note 8)	\$ 1,904,814	\$ 1,673,940
Special events	763,090	539,703
Replication (note 9)	713,649	
Food donations (note 10)	606,403	560,000
Social enterprise	584,980	428,364
Capital funding recognized	489,072	480,754
Government funding (note 11)	323,590	434,252
Interest	<u>32,984</u>	<u>19,223</u>
	<u>5,418,582</u>	<u>4,136,236</u>
EXPENSES		
Community programs	2,095,028	1,689,915
Replication (note 9)	713,649	91,870
Food donations distributed (note 10)	606,403	560,000
Fundraising	471,957	552,405
Administrative	384,508	234,622
Social enterprise	327,667	285,696
Occupancy costs	123,537	127,839
Insurance	15,956	14,823
Professional fees	13,432	16,996
Amortization	<u>489,208</u>	<u>486,208</u>
	<u>5,241,345</u>	<u>4,060,374</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	177,237	75,862
Net assets, beginning of year	<u>423,307</u>	<u>347,445</u>
NET ASSETS, END OF YEAR	<u>\$ 600,544</u>	<u>\$ 423,307</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2012

	2012	2011
OPERATIONS		
Excess of revenue over expenses for the year	\$ 177,237	\$ 75,862
Add back non-cash items -		
Amortization of capital assets	489,208	486,208
Capital funding recognized in year	(489,072)	(480,754)
Net change in non-cash working capital items (see below)	<u>(84,626)</u>	<u>788,250</u>
Net cash generated from operations	92,747	869,566
INVESTING ACTIVITIES		
Capital assets purchased	<u>(70,731)</u>	<u>(110,871)</u>
NET CASH GENERATED IN THE YEAR	22,016	758,695
Cash and cash equivalents, beginning of year	<u>2,152,321</u>	<u>1,393,626</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,174,337</u>	<u>\$ 2,152,321</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ 18,358	\$ (40,022)
Prepaid expenses	11,094	(10,290)
HST recoverable	(21,452)	(37,812)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	60,996	(11,218)
Deferred revenue	<u>(153,622)</u>	<u>887,592</u>
	<u>\$ (84,626)</u>	<u>\$ 788,250</u>

Cash and cash equivalents at year end comprise:

Cash	\$ 2,174,337	\$ 652,321
Term deposits	<u> </u>	<u>1,500,000</u>
	<u>\$ 2,174,337</u>	<u>\$ 2,152,321</u>

Interest received in year	<u>\$ 32,984</u>	<u>\$ 19,223</u>
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see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

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 generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

Cash and cash equivalents

Cash equivalents, which include term deposits held by a major Canadian chartered bank, are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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 Replication, 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.

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the year end.

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.

3. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2012 Net	2011 Net
Computer equipment	\$ 86,166	\$ (42,175)	\$ 43,991	\$ 2,356
Office furniture and equipment	65,855	(42,285)	23,570	7,565
Kitchen equipment	102,803	(99,163)	3,640	4,709
Leasehold improvements				
Green Barn	2,287,421	1,756,220	531,201	978,983
1884 Davenport	<u>297,562</u>	<u>(235,641)</u>	<u>61,921</u>	<u>89,187</u>
	<u>\$ 2,839,807</u>	<u>\$ (2,175,484)</u>	<u>\$ 664,323</u>	<u>\$ 1,082,800</u>

4. RISK MANAGEMENT

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

5. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide the organization with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at August 31, 2012, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

6. DEFERRED REVENUE

Deferred revenue comprises amounts for the following projects:

	2012	2011
Replication	\$ 805,391	\$ 509,357
Green Barn and 1884 Davenport	<u>781,017</u>	<u>1,230,673</u>
Deferred revenue, end of year	<u>\$ 1,586,408</u>	<u>\$ 1,740,030</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 1,740,030	\$ 947,305
Add cash received from donations, government funding and replication	2,788,431	2,900,917
Less donation, government funding and replication revenue recognized	<u>(2,942,053)</u>	<u>(2,108,192)</u>
Deferred revenue, end of year	<u>\$ 1,586,408</u>	<u>\$ 1,740,030</u>

7. DESIGNATED NET ASSETS

The Board of Directors designated net assets of \$116,588 as at August 31, 2012 (\$116,588 designated as at August 31, 2011) to be used to strategically increase the organization's capacity to deliver on its mission.

8. DONATIONS

Donations were received from the following sources in the year:

	2012	2011
Foundations	\$ 1,303,179	\$ 1,025,883
Individuals	429,580	437,612
Corporations	133,522	153,310
Religious organizations	21,470	36,308
Other	<u>17,063</u>	<u>20,827</u>
	<u>\$ 1,904,814</u>	<u>\$ 1,673,940</u>

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NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

9. REPLICATION

The organization is collaborating 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 building community, reducing poverty and supporting local agriculture.

10. FOOD DONATIONS RECEIVED AND DISTRIBUTED

The Canadian Association of Food Banks has valued the average price per pound of food at \$2.50 for 2012 (\$2.10 per pound for 2011).

In 2012 management estimates the organization received and distributed a total of 242,561 pounds of food from Daily Bread Food Bank and Second Harvest valued at \$606,403 (266,667 pounds of food received and distributed with a value of \$560,000 in 2011).

11. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2012	2011
Government of Canada	\$ 89,565	\$ 181,584
Province of Ontario	163,227	181,171
City of Toronto	<u>70,798</u>	<u>71,497</u>
	<u>\$ 323,590</u>	<u>\$ 434,252</u>

12. ALLOCATED PERSONNEL COSTS

The organization allocates personnel costs including salaries and benefits by financial statement expense category based on the percentage of time spent and space used in a given year for program delivery, administration and fundraising activities.

Personnel costs are allocated in the statement of operations as follows:

	2012	2011
Community programs	1,461,981	1,316,317
Fundraising	350,589	347,738
Administrative	199,882	127,790
Replication	<u>133,552</u>	<u> </u>
	<u>\$ 2,146,004</u>	<u>\$ 1,791,845</u>

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NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

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:

2013	\$	59,300
2014		28,900
2015		23,200
2016		23,500
2017		20,500

14. COMPARATIVE AMOUNTS

Comparative amounts as at August 31, 2011 and for the year then ended were audited by the organization's prior auditor. Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.