
**THE STOP COMMUNITY FOOD
CENTRE**

FINANCIAL STATEMENTS

AUGUST 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of The Stop Community Food Centre,

Opinion

We have audited the financial statements of The Stop Community Food Centre (the organization), which comprise the statement of financial position as at August 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Stop Community Food Centre as at August 31, 2020 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 30, 2021
Toronto, Ontario

THE STOP COMMUNITY FOOD CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 480,350	\$ 85,298
Designated cash (note 6)	716,588	116,588
Designated guaranteed investment certificates (note 6)	500,000	-
Amounts receivable	150,994	168,401
Canada Emergency Wage Subsidy receivable	302,569	-
HST rebate recoverable	31,412	31,932
Prepaid expenses	<u>26,644</u>	<u>29,858</u>
	2,208,557	432,077
Capital assets (note 4)	<u>21,191</u>	<u>25,734</u>
	<u>\$ 2,229,748</u>	<u>\$ 457,811</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 240,262	\$ 117,495
Deferred contributions (note 5)	<u>473,193</u>	<u>108,841</u>
	<u>713,455</u>	<u>226,336</u>
Net assets		
Unrestricted	299,705	114,887
Designated (note 6)	<u>1,216,588</u>	<u>116,588</u>
	<u>1,516,293</u>	<u>231,475</u>
	<u>\$ 2,229,748</u>	<u>\$ 457,811</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, 2020

	2020	2019
REVENUE		
Contributions (note 7)	\$ 3,228,399	\$ 1,841,857
Government funding (note 9)	606,833	360,034
Special events	545,184	1,163,381
Food donations (note 8)	450,431	500,817
Canada Emergency Wage Subsidy (CEWS)	441,419	-
Social enterprise	111,363	197,755
Rental and other	<u>7,694</u>	<u>27,657</u>
	<u>5,391,323</u>	<u>4,091,501</u>
EXPENSES		
Program		
Personnel	1,745,963	1,591,438
Community programs	652,054	620,286
Food donations distributed (note 8)	450,431	500,817
Occupancy	144,936	109,717
Fund development		
Personnel	344,328	358,835
Fund development	167,580	174,915
Events	64,023	206,279
Social enterprise		
Personnel	82,798	81,229
Occupancy	24,807	41,616
Social enterprise	14,928	31,813
Administrative		
Personnel	194,320	230,781
Administrative	148,773	101,325
Occupancy	<u>64,326</u>	<u>57,312</u>
	<u>4,099,267</u>	<u>4,106,363</u>
Excess of revenue over expenses before below noted items	<u>1,292,056</u>	<u>(14,862)</u>
Amortization	<u>(7,238)</u>	<u>(4,201)</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	1,284,818	(19,063)
Net assets, beginning of year	<u>231,475</u>	<u>250,538</u>
NET ASSETS, END OF YEAR	<u>\$ 1,516,293</u>	<u>\$ 231,475</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 1,284,818	\$ (19,063)
Add back (subtract) non-cash items -		
Amortization of capital assets	7,238	4,201
Food donations distributed (note 8)	450,431	500,817
Food donations received (note 8)	(450,431)	(500,817)
Net change in non-cash working capital items (see below)	<u>205,691</u>	<u>(192,687)</u>
Net cash generated from (used for) operating activities	<u>1,497,747</u>	<u>(207,549)</u>
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	(500,000)	-
Capital assets purchased	<u>(2,695)</u>	<u>(20,567)</u>
Net cash used for investing activities	<u>(502,695)</u>	<u>(20,567)</u>
NET CASH INCREASE (DECREASE) IN THE YEAR	995,052	(228,116)
Cash, beginning of year	<u>201,886</u>	<u>430,002</u>
CASH, END OF YEAR	<u><u>\$ 1,196,938</u></u>	<u><u>\$ 201,886</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 17,407	\$ (63,255)
Canada Emergency Wage Subsidy receivable	(302,569)	-
HST rebate recoverable	520	35,315
Prepaid expenses	3,214	7,947
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	122,767	8,395
Deferred contributions	<u>364,352</u>	<u>(181,089)</u>
	<u>\$ 205,691</u>	<u>\$ (192,687)</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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 and government funding

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

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.

Canadian Emergency Wage Subsidy

CEWS revenue is recognized in the period to which it relates.

Contributed goods and services

Except for food, contributed goods 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:

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

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable (including CEWS 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. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear an interest rate of 0.71% and mature in June 2021.

4. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2020 Net	2019 Net
Kitchen equipment	\$ 55,427	\$ (48,788)	\$ 6,639	\$ 8,299
Office furniture and equipment	38,925	(32,902)	6,023	7,550
Computer equipment	6,682	(1,327)	5,355	5,802
Leasehold improvements	<u>136,085</u>	<u>(132,911)</u>	<u>3,174</u>	<u>4,083</u>
	<u>\$ 237,119</u>	<u>\$ (215,928)</u>	<u>\$ 21,191</u>	<u>\$ 25,734</u>

5. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2020	2019
Deferred contributions, beginning of year	\$ 108,841	\$ 289,930
Add cash received from contributions and government funding	4,199,584	2,020,802
Less contributions and government funding recognized	<u>(3,835,232)</u>	<u>(2,201,891)</u>
Deferred contributions, end of year	<u>\$ 473,193</u>	<u>\$ 108,841</u>

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

6. DESIGNATED NET ASSETS

The Board of Directors of the organization has established designated net assets for contingency and strategic purposes. Continuity of designated net assets is as follows:

	designated net assets 2019	Transfer from unrestricted net assets	designated net assets 2020
Emergency reserve	\$ -	\$ 800,000	\$ 800,000
Working capital reserve	116,588	200,000	316,588
Capital reserve	<u>-</u>	<u>100,000</u>	<u>100,000</u>
	<u>\$ 116,588</u>	<u>\$ 1,100,000</u>	<u>\$ 1,216,588</u>

Amounts maintained for designated net assets comprise:

	2019	2020
Cash	\$ 116,588	\$ 716,588
Guaranteed investment certificates	<u>-</u>	<u>500,000</u>
	<u>\$ 116,588</u>	<u>\$ 1,216,588</u>

7. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2020	2019
Individuals	\$ 1,469,662	\$ 557,977
Foundations	1,389,208	1,015,670
Corporations	170,579	61,598
Other	<u>198,950</u>	<u>206,612</u>
	<u>\$ 3,228,399</u>	<u>\$ 1,841,857</u>

8. FOOD DONATIONS RECEIVED AND DISTRIBUTED

The Canadian Association of Food Banks has valued the average price per pound of food at \$2.60 for 2020 (\$2.60 per pound for 2019).

The organization received and distributed a total of 173,242 pounds of food in 2020 from Daily Bread Food Bank and Second Harvest valued at \$450,431 (192,622 pounds of food received and distributed with a value of \$500,817 in 2019).

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

9. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2020	2019
City of Toronto	\$ 505,101	\$ 255,442
Government of Canada		
Public Health Agency of Canada	84,994	88,732
Employment and Social Development Canada	11,988	14,260
Province of Ontario	<u>4,750</u>	<u>1,600</u>
	<u>\$ 606,833</u>	<u>\$ 360,034</u>

10. 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:

2021	162,000
2022	171,000
2023	175,000
2024	176,000
2025	177,000

11. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.