
**THE STOP COMMUNITY FOOD
CENTRE**

FINANCIAL STATEMENTS

AUGUST 31, 2021

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, 2021, 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, 2021 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

January 27, 2022
Toronto, Ontario

THE STOP COMMUNITY FOOD CENTRE


STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2021

	2021	2020
ASSETS		
Current assets		
Cash	\$ 809,321	\$ 480,350
Designated cash (note 7)	-	716,588
Guaranteed investment certificates (notes 3 and 7)	483,412	-
Designated guaranteed investment certificates (note 7)	1,216,588	500,000
Other investments (note 4)	82,572	-
Amounts receivable	48,927	150,994
Canada Emergency Wage Subsidy receivable	113,922	302,569
HST rebate recoverable	69,276	31,412
Prepaid expenses	<u>22,795</u>	<u>26,644</u>
	2,846,813	2,208,557
Long-term assets		
Capital assets (note 5)	<u>15,615</u>	<u>21,191</u>
	<u>\$ 2,862,428</u>	<u>\$ 2,229,748</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 87,379	\$ 240,262
Deferred contributions (note 6)	<u>796,288</u>	<u>473,193</u>
	<u>883,667</u>	<u>713,455</u>
Net assets		
Unrestricted	762,173	299,705
Designated (note 7)	<u>1,216,588</u>	<u>1,216,588</u>
	<u>1,978,761</u>	<u>1,516,293</u>
	<u>\$ 2,862,428</u>	<u>\$ 2,229,748</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, 2021

	2021	2020
REVENUE		
Contributions (note 8)	\$ 3,499,725	\$ 3,228,399
Food donations	456,665	450,431
Government funding (note 9)	440,601	606,833
Canada Emergency Wage Subsidy (CEWS)	359,143	441,419
Rental and other	78,775	7,694
Social enterprise	45,237	111,363
Special events	<u>-</u>	<u>545,184</u>
	<u>4,880,146</u>	<u>5,391,323</u>
EXPENSES		
Program		
Personnel	1,679,370	1,745,963
Community programs	898,746	652,054
Food donations distributed	456,665	450,431
Occupancy	154,204	144,936
Fund development		
Personnel	374,231	344,328
Fund development	186,198	167,580
Events	2,252	64,023
Social enterprise		
Personnel	101,675	82,798
Social enterprise	8,586	14,928
Occupancy	5,478	24,807
Administrative		
Personnel	286,890	194,320
Administrative	183,289	148,774
Occupancy	74,518	64,325
Amortization	<u>5,576</u>	<u>7,238</u>
	<u>4,417,678</u>	<u>4,106,505</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	462,468	1,284,818
Net assets, beginning of year	<u>1,516,293</u>	<u>231,475</u>
NET ASSETS, END OF YEAR	<u>\$ 1,978,761</u>	<u>\$ 1,516,293</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 462,468	\$ 1,284,818
Add back (subtract) non-cash items -		
Amortization of capital assets	5,576	7,238
Food donations distributed	456,665	450,431
Food donations received	(456,665)	(450,431)
Net change in non-cash working capital items (see below)	<u>426,911</u>	<u>205,691</u>
Net cash generated from operating activities	<u>894,955</u>	<u>1,497,747</u>
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	(1,200,000)	(500,000)
Other investments purchased	(82,572)	-
Capital assets purchased	<u>-</u>	<u>(2,695)</u>
Net cash used for investing activities	<u>(1,282,572)</u>	<u>(502,695)</u>
NET CASH INCREASE (DECREASE) IN THE YEAR	(387,617)	995,052
Cash, beginning of year	<u>1,196,938</u>	<u>201,886</u>
CASH, END OF YEAR	<u><u>\$ 809,321</u></u>	<u><u>\$ 1,196,938</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 102,067	\$ 17,407
Canada Emergency Wage Subsidy receivable	188,647	(302,569)
HST rebate recoverable	(37,864)	520
Prepaid expenses	3,849	3,214
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(152,883)	122,767
Deferred contributions	<u>323,095</u>	<u>364,352</u>
	<u>\$ 426,911</u>	<u>\$ 205,691</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2021

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.

Investment income

Included in other income is investment income, which comprises interest from cash and guaranteed investment certificates, dividends from equity securities, reinvested distributions from index pooled funds and unrealized and realized gains and losses on the sale of equities and mutual funds. Investment 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, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Food donations received and distributed

Food donations received and distributed are valued at based on the prices per pound by type 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.

Allocation of expenses

The organization allocates salary and other costs by financial statement expense category. Salary and other allocations are based on time spent in an activity.

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, other investments, 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. Other investment are initially recorded at fair value and subsequently measured at fair market value, determined by reference to published price quotations in an active market at period end.

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. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates, which are issued by a major Canadian chartered bank, bear an interest rate of 0.40% and mature between September 2021 and July 2022.

4. OTHER INVESTMENTS

Other investments include equities and mutual funds. As at August 31, 2021, equities were valued at \$70,732 (\$nil - 2020) and mutual funds were valued at \$11,840 (\$nil - 2020).

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2021

5. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2021 Net	2020 Net
Kitchen equipment	\$ 55,427	\$ (50,586)	\$ 4,841	\$ 6,639
Office furniture and equipment	38,925	(34,538)	4,387	6,023
Computer equipment	6,682	(2,584)	4,098	5,355
Leasehold improvements	<u>136,085</u>	<u>(133,796)</u>	<u>2,289</u>	<u>3,174</u>
	<u>\$ 237,119</u>	<u>\$ (221,504)</u>	<u>\$ 15,615</u>	<u>\$ 21,191</u>

6. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2021	2020
Deferred contributions, beginning of year	\$ 473,193	\$ 108,841
Add cash received from contributions and government funding	4,263,421	4,199,584
Less contributions and government funding recognized	<u>(3,940,326)</u>	<u>(3,835,232)</u>
Deferred contributions, end of year	<u>\$ 796,288</u>	<u>\$ 473,193</u>

7. 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 2020	Transfer to / from unrestricted net assets	Designated net assets 2021
Emergency reserve	\$ 800,000	\$ -	\$ 800,000
Working capital reserve	316,588	-	316,588
Capital reserve	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 1,216,588</u>	<u>\$ -</u>	<u>\$ 1,216,588</u>

Amounts maintained for designated net assets comprise:

	2020	2021
Designated cash	\$ 716,588	\$ -
Designated guaranteed investment certificates	<u>500,000</u>	<u>1,216,588</u>
	<u>\$ 1,216,588</u>	<u>\$ 1,216,588</u>

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2021

8. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2021	2020
Foundations	\$ 1,518,813	\$ 1,389,208
Individuals	1,309,102	1,469,662
Corporations	399,941	170,579
Other	<u>271,869</u>	<u>198,950</u>
	<u>\$ 3,499,725</u>	<u>\$ 3,228,399</u>

9. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2021	2020
City of Toronto	\$ 297,828	\$ 505,101
Government of Canada		
Public Health Agency of Canada	142,773	84,994
Employment and Social Development Canada	-	11,988
Province of Ontario	<u>-</u>	<u>4,750</u>
	<u>\$ 440,601</u>	<u>\$ 606,833</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:

2022	226,462
2023	231,325
2024	204,390
2025	209,500
2026	214,738