

THE STOP COMMUNITY FOOD CENTRE

FINANCIAL STATEMENTS

AUGUST 31, 2023

THE STOP COMMUNITY FOOD CENTRE

FINANCIAL STATEMENTS

AUGUST 31, 2023

INDEX	PAGE
Independent Auditors' Report	1 - 3
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 15

INDEPENDENT AUDITORS' REPORT

To the Members of
The Stop Community Food Centre

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Stop Community Food Centre (the "Centre"), which comprise the statement of financial position as at August 31, 2023, 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, 2023, 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 Centre 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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. 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.

INDEPENDENT AUDITORS' REPORT (Continued)

- 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 Centre'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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw 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 Centre 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.

KRIENS~LAROSE, LLP

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
January 31, 2024

THE STOP COMMUNITY FOOD CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2023

	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash	284,817	386,998
Investments (Notes 2, 5)	3,420,583	2,614,635
Accounts receivable	45,744	54,489
HST rebate recoverable	57,553	75,823
Prepaid expenses	29,421	49,229
	3,838,118	3,181,174
CAPITAL ASSETS (Note 3)	14,225	10,039
	3,852,343	3,191,213
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	118,423	102,924
Deferred contributions (Note 4)	1,158,533	1,109,528
	1,276,956	1,212,452
NET ASSETS		
Unrestricted	762,173	762,173
Designated (Note 5)	1,813,214	1,216,588
	2,575,387	1,978,761
	3,852,343	3,191,213

APPROVED ON BEHALF OF THE BOARD:



, Director



, Director

THE STOP COMMUNITY FOOD CENTRE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022
	\$	\$
REVENUES		
Contributions (Note 6)	4,016,942	3,870,573
Food donations (Note 7)	610,772	708,260
Government funding (Note 8)	580,612	545,248
Social enterprise	125,306	98,409
Rental and other	146,870	24,804
	5,480,502	5,247,294
EXPENSES		
Program		
Personnel	1,912,984	1,830,638
Community programs	860,552	869,737
Food donations distributed (Note 7)	610,772	708,260
Occupancy	107,213	134,967
Fund Development		
Personnel	423,898	528,216
Fund development	242,921	242,632
Events	176	1,597
Social Enterprises		
Personnel	80,935	84,816
Occupancy	28,771	31,063
Social enterprise	4,201	3,842
Administrative		
Personnel	349,705	455,997
Administrative	183,094	276,601
Occupancy	70,790	73,352
Amortization	7,864	5,576
	4,883,876	5,247,294
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR		
	596,626	-
NET ASSETS , beginning of year	1,978,761	1,978,761
NET ASSETS , end of year	2,575,387	1,978,761

THE STOP COMMUNITY FOOD CENTRE
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED AUGUST 31, 2023

Page 6

	2023	2022
	\$	\$
CASH WAS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	596,626	-
Charges to income not involving cash:		
Amortization	7,864	5,576
Food donations distributed	610,772	708,260
Food donations received	(610,772)	(708,260)
	604,490	5,576
Changes in non-cash working capital balances:		
Accounts receivable	8,745	(5,562)
Government assistance receivable	-	113,922
HST rebate recoverable	18,270	(6,547)
Prepaid expenses	19,808	(26,434)
Accounts payable and accrued liabilities	15,499	15,545
Deferred contributions	49,005	313,240
	111,327	404,164
	715,817	409,740
CASH FROM INVESTING ACTIVITIES		
Guaranteed investment certificates (purchased)	(816,588)	(900,000)
Other investments (purchased) redeemed (net)	10,640	67,937
Capital assets purchased	(12,050)	-
	(817,998)	(832,063)
Change in cash	(102,181)	(422,323)
Cash, beginning of year	386,998	809,321
Cash, end of year	284,817	386,998

See accompanying notes to the financial statements

PURPOSE OF THE CENTRE

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

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

The Centre is economically dependent on contributions, donations and Government funding as these revenue sources comprise 97% (2022: 98%) of the Centre's total revenue.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Centre initially measures its financial assets and financial liabilities at fair value. The Centre subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Continued...

1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

Prepaid Expenses

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided annually at rates calculated to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Kitchen equipment	5 year, straight-line basis
Furniture and equipment	5 year, straight-line basis
Computer equipment	5 year, straight-line basis
Leasehold improvements	5 year, straight-line basis

Revenue Recognition

The Centre uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. 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.

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 is included in other income. Investment income is recognized as revenue when earned.

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

All other revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledges are not recorded as revenue.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Assistance

Government assistance is a restricted contribution and is accounted for using the deferral method based on the assistance provided:

Wage Subsidies

Wage subsidies are recognized as revenue in the year the related wages are incurred.

Donated Property and Services

Except for food, contributed goods and services which are not normally purchased by the organization, are not recognized in these financial statements because of the difficulty of determining their fair value.

Food donations are recognized as revenue when received.

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.

Allocation of Expenses

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

Continued...

2. INVESTMENTS

Investments consists of the following:

	2023 \$	2022 \$
Guaranteed investment certificates, 3.95% to 4.70%, maturing in October 2023 to April 2024	3,396,355	-
Guaranteed investment certificates, 0.85%, maturing in February 2023	-	2,600,000
Guaranteed investment certificates, 4.05%, Maturing in May 2024 held in RBC direct investing Equities	20,233 3,995	- 14,635
	3,420,583	2,614,635
Guaranteed investment certificates	1,603,374	1,383,412
Designated guaranteed investment certificates	1,813,214	1,216,588
Other investments	3,995	14,635
	3,420,583	2,614,635

3. CAPITAL ASSETS

	2023		2022	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Kitchen equipment	55,427	54,182	55,427	52,384
Furniture and equipment	38,925	37,809	38,925	36,174
Computer equipment	6,682	5,098	6,682	3,841
Leasehold improvements	148,134	137,854	136,085	134,681
	249,168	234,943	237,119	227,080
Net book value	14,225		10,039	

Continued...

4. DEFERRED CONTRIBUTIONS

The change in the deferred contributions balance is as follows:

	2023	2022
	\$	\$
Balance, beginning of year	1,109,528	796,288
Restricted contributions and government funding received during the year	4,646,559	2,052,155
Amounts recognized as revenue during the year	(4,597,554)	(1,738,915)
Balance, end of year	1,158,533	1,109,528

Deferred contributions consists of the following:

Contributions	1,071,029	976,814
Government funding	87,504	132,714
	1,158,533	1,109,528

5. DESIGNATED NET ASSETS

The Board of Directors of the Centre has established designated net assets for contingency and strategic purpose.

At the conclusion of each fiscal year, any surplus will be allocated to the reserve funds. The Board will approve the distribution in accordance with the following guiding principles:

- Ensure both funds are replenished to their minimum levels (equivalent to 3 months of monthly operating expenses for the Operating Reserve and a minimum of \$100,000 for the Capital Reserve).
- Top up the Capital Reserve Fund to fulfill the outlined requests specified by the Facilities Committee spend schedule for the year.
- Transfer any remaining surplus to the Operating Reserve.

Continued...

5. DESIGNATED NET ASSETS

Operating Reserve

In the fiscal year 2023, The Board of Directors has approved to combine the Emergency Reserve and Working Capital Reserve into the Operating Reserve.

This fund is intended to fund any short-term deficits within the fiscal year, providing continuity in program and operational costs (including staff and occupancy-related expenses). The amount of the Operating Reserve should remain between 3-6 months of the monthly budgeted expenses of the current fiscal year. Any recommendation to move funds must be approved by the Board

Capital Asset Reserve

This fund is intended to fund investments in capital assets that are required to increase the capacity and efficiency of the Stop program delivery and operations. The Capital Asset Reserve is intended to provide a source of funds for the repair or acquisition of buildings, leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the organization and programs. The amount of the Capital Asset Reserve should not fall below \$100,000. With the endorsement of the Executive Director, any withdrawal will require Board approval.

The change in the designated net assets balance is as follows:

	Beginning balance	Interfund transfer	Transfer to / from unrestricted net assets	Ending Balance
Emergency reserve	800,000	(800,000)	-	-
Working capital reserve	316,588	(316,588)	-	-
Operating reserve	-	1,116,588	536,963	1,653,551
Capital asset reserve	100,000	-	59,663	159,663
	1,216,588	-	596,626	1,813,214

Amounts maintained for designated net assets comprise of designated guaranteed investment certificates.

Continued...

6. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2023	2022
	\$	\$
Foundations	1,920,995	1,924,395
Individuals	1,379,480	1,354,291
Corporations	716,467	591,887
	<hr/> 4,016,942	<hr/> 3,870,573

7. FOOD DONATIONS RECEIVED AND DISTRIBUTED

Throughout the fiscal year, the Centre receives in-kind food donations from program partners and distribute them to those in need.

These in-kind food donations are reflected in the statement of operations and changes in net assets as food donations revenue and an offsetting food donations distributed expense.

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. The Centre recognizes the Food donations received and distributed in the period in which they are received and distributed.

Continued...

8. GOVERNMENT FUNDING

Government funding recognized in the year is as follows:

	2023	2022
	\$	\$
City of Toronto	405,204	416,116
Government of Canada		
Public Health Agency of Canada	113,959	119,880
Other Ministries	61,449	9,252
	580,612	545,248

9. COMMITMENTS

The Centre leases kitchen and programming facilities and office space in Toronto, Canada. In addition to minimum rent, the Centre is also required to pay for its share of operating cost and property taxes which are adjusted on an annual basis.

The approximate annual commitments under lease are as follows:

2024	\$94,572
2025	\$57,869
2026	\$30,685
2027	\$2,833
Total	\$185,959

Continued...

10. FINANCIAL INSTRUMENTS

The Centre is exposed to various risks through its financial instruments. The following presents the Centre's risk exposures and concentrations at August 31, 2023.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Centre's credit risk would occur with their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$0 (2022: \$0).

Liquidity Risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk as it depends on contributions, donations, and Government assistance for its operations. In order to reduce its liquidity risk, the Centre seeks to continue to receive these revenue sources on an annual basis, and manages its cash flow and set aside idle funds to fulfill its obligations. There has been no change in the risk assessment from the prior period.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Centre actively manages the currency risk by limiting foreign equities and mutual funds in the investment portfolio.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre has a low interest rate risk as majority of its investments is in GICs.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Centre actively manages the currency risk by limiting equities and mutual funds in the investment portfolio.