

---

**THE STOP COMMUNITY FOOD  
CENTRE**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2017**

---

## INDEPENDENT AUDITOR'S REPORT

To the Members,  
The Stop Community Food Centre

We have audited the accompanying financial statements of The Stop Community Food Centre, which comprise the statement of financial position as at August 31, 2017, 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 organization'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 organization'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 these revenues 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 expenses over revenue for the year, assets and net assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Stop Community Food Centre as at August 31, 2017, 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.



Chartered Professional Accountants  
Licensed Public Accountants

November 22, 2017  
Toronto, Ontario

# THE STOP COMMUNITY FOOD CENTRE

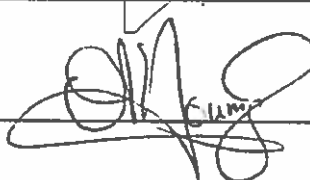
## STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2017

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash	\$ 562,454	\$ 452,409
Amounts receivable	30,402	122,024
HST recoverable	35,417	62,556
Prepaid expenses	<u>15,337</u>	<u>8,275</u>
	643,610	645,264
Capital assets (note 3)	<u>10,632</u>	<u>19,786</u>
	<u>\$ 654,242</u>	<u>\$ 665,050</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 83,085	\$ 155,899
Deferred contributions (note 4)	<u>309,795</u>	<u>261,552</u>
	392,880	417,451
Long-term liabilities		
Deferred capital funding	<u>6,397</u>	<u>12,128</u>
	<u>399,277</u>	<u>429,579</u>
Net assets		
Invested in capital assets	4,235	7,658
Unrestricted	134,142	111,225
Designated (note 5)	<u>116,588</u>	<u>116,588</u>
	<u>254,965</u>	<u>235,471</u>
	<u>\$ 654,242</u>	<u>\$ 665,050</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, 2017

	2017	2016
<b>REVENUE</b>		
Contributions (note 6)	\$ 1,856,826	\$ 1,853,690
Special events	1,063,626	850,906
Food donations (note 7)	462,388	484,205
Government funding (note 8)	374,468	344,123
Social enterprise	196,772	206,059
Interest	<u>19,815</u>	<u>28,394</u>
	<u>3,973,895</u>	<u>3,767,377</u>
<b>EXPENSES</b>		
<b>Program</b>		
Personnel	1,380,338	1,644,955
Community programs (note 9)	861,931	765,333
Food donations distributed (note 7)	462,388	484,205
Occupancy	69,541	47,585
<b>Fund development</b>		
Personnel	369,767	321,607
Events	193,631	176,326
Fund development (note 10)	93,578	78,020
<b>Social enterprise</b>		
Personnel	60,132	59,616
Social enterprise (note 11)	50,032	47,299
Occupancy	36,033	38,017
<b>Administrative</b>		
Personnel	221,843	213,299
Administrative (note 12)	78,915	83,264
Occupancy	<u>72,848</u>	<u>64,934</u>
	<u>3,950,977</u>	<u>4,024,460</u>
Excess of revenue over expenses before below noted items	<u>22,918</u>	<u>(257,083)</u>
Capital funding recognized	5,731	6,380
Amortization	<u>(9,155)</u>	<u>(27,908)</u>
	<u>(3,424)</u>	<u>(21,528)</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	19,494	(278,611)
Net assets, beginning of year	<u>235,471</u>	<u>514,082</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 254,965</u>	<u>\$ 235,471</u>

see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 19,494	\$ (278,611)
Add back (subtract) non-cash items -		
Amortization of capital assets	9,155	27,908
Capital funding recognized in year	(5,731)	(6,380)
Food donations distributed (note 7)	462,388	484,205
Food donations received (note 7)	(462,388)	(484,205)
Net change in non-cash working capital items (see below)	<u>87,127</u>	<u>(85,112)</u>
<b>NET CASH INCREASE (DECREASE) IN THE YEAR</b>	110,045	(342,195)
Cash, beginning of year	<u>452,409</u>	<u>794,604</u>
<b>CASH, END OF YEAR</b>	<u>\$ 562,454</u>	<u>\$ 452,409</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 91,622	\$ (30,527)
HST recoverable	27,139	(2,993)
Prepaid expenses	(7,062)	4,025
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(72,815)	37,669
Deferred contributions	<u>48,243</u>	<u>(93,286)</u>
	<u>\$ 87,127</u>	<u>\$ (85,112)</u>

see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

---

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.

##### *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:

Office furniture and equipment	- 5 years, straight-line basis
Kitchen 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, 2017

---

### 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 AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, amounts 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.

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. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2017 Net	2016 Net
Office furniture and equipment	\$ 68,319	\$ (64,557)	\$ 3,762	\$ 6,136
Kitchen equipment	44,701	(41,665)	3,036	6,862
Leasehold improvements	<u>132,271</u>	<u>(128,437)</u>	<u>3,834</u>	<u>6,788</u>
	<u>\$ 245,291</u>	<u>\$ (234,659)</u>	<u>\$ 10,632</u>	<u>\$ 19,786</u>

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise the following:

	2017	2016
Green Barn and 1884 Davenport	<u>\$ 309,795</u>	<u>\$ 261,552</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 261,552	\$ 354,838
Add cash received from contributions and government funding	2,279,537	2,104,527
Less contributions and government funding recognized	<u>(2,231,294)</u>	<u>(2,197,813)</u>
Deferred contributions, end of year	<u>\$ 309,795</u>	<u>\$ 261,552</u>

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

---

### 5. DESIGNATED NET ASSETS

The Board of Directors designated net assets of \$116,588 as at August 31, 2017 (\$116,588 designated as at August 30, 2016) to be used to strategically increase the organization's capacity to deliver on its mission.

### 6. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2017	2016
Foundations	\$ 964,362	\$ 1,106,355
Individuals	400,179	395,131
Corporations	154,556	78,032
Religious organizations	8,050	11,291
Other	<u>329,679</u>	<u>262,881</u>
	<u>\$ 1,856,826</u>	<u>\$ 1,853,690</u>

### 7. FOOD DONATIONS RECEIVED AND DISTRIBUTED

The Canadian Association of Food Banks has valued the average price per pound of food at \$2.50 for 2017 (\$2.50 per pound for 2016).

Management estimates the organization received and distributed a total of 184,955 pounds of food in 2017 from Daily Bread Food Bank and Second Harvest valued at \$462,388 (193,682 pounds of food received and distributed with a value of \$484,205 in 2016).

### 8. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2017	2016
Government of Canada		
Public Health Agency of Canada	\$ 130,390	\$ 119,880
Employment and Social Development Canada	16,971	26,513
City of Toronto	<u>227,107</u>	<u>197,730</u>
	<u>\$ 374,468</u>	<u>\$ 344,123</u>



# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

---

### 9. COMMUNITY PROGRAM EXPENSES

Direct costs incurred for delivering community programming comprise the following:

	2017	2016
Community partners	\$ 276,199	\$ 80,127
Food supplies	256,845	321,912
Consultants	43,877	98,402
Other	<u>285,010</u>	<u>264,892</u>
	<u>\$ 861,931</u>	<u>\$ 765,333</u>

### 10. FUND DEVELOPMENT EXPENSES

Direct costs incurred for fundraising activities comprise the following:

	2017	2016
Printing	\$ 17,442	\$ 28,994
Other	<u>76,136</u>	<u>49,026</u>
	<u>\$ 93,578</u>	<u>\$ 78,020</u>

### 11. SOCIAL ENTERPRISE EXPENSES

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

	2017	2016
Food supplies	\$ 45,399	\$ 42,336
Catering support	2,974	2,588
Events	790	30
Other	<u>869</u>	<u>2,345</u>
	<u>\$ 50,032</u>	<u>\$ 47,299</u>

### 12. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2017	2016
Office and general	\$ 45,754	\$ 60,248
Consultants	17,946	8,134
Professional fees	9,352	9,681
Service charges	<u>5,863</u>	<u>5,201</u>
	<u>\$ 78,915</u>	<u>\$ 83,264</u>

---

**THE STOP COMMUNITY FOOD CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2017**

---

**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:

2018	\$ 141,122
2019	146,767
2020	152,638
2021	158,743
2022	165,093