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**THE STOP COMMUNITY FOOD  
CENTRE**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2018**

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## 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, 2018, 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, 2018, 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 28, 2018  
Toronto, Ontario

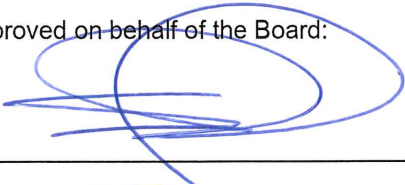
# THE STOP COMMUNITY FOOD CENTRE

## STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2018

	2018	2017
<b>ASSETS</b>		
Current assets		
Cash	\$ 430,002	\$ 562,454
Amounts receivable	105,147	30,402
HST recoverable	67,247	35,417
Prepaid expenses	<u>37,805</u>	<u>15,337</u>
	640,201	643,610
Capital assets (note 3)	<u>9,367</u>	<u>10,632</u>
	<u>\$ 649,568</u>	<u>\$ 654,242</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 109,100	\$ 83,085
Deferred contributions (note 4)	<u>289,930</u>	<u>309,795</u>
	399,030	392,880
Long-term liabilities		
Deferred capital funding	<u>-</u>	<u>6,397</u>
	<u>399,030</u>	<u>399,277</u>
Net assets		
Unrestricted	133,950	138,377
Designated (note 5)	<u>116,588</u>	<u>116,588</u>
	<u>250,538</u>	<u>254,965</u>
	<u>\$ 649,568</u>	<u>\$ 654,242</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, 2018**

	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Contributions (note 6)	\$ 1,777,962	\$ 1,856,826
Special events	1,033,808	1,063,626
Food donations (note 7)	579,320	462,388
Government funding (note 8)	391,612	374,468
Social enterprise	204,048	196,772
Rental and other	48,721	16,833
Interest	<u>4,151</u>	<u>2,981</u>
	<u>4,039,622</u>	<u>3,973,894</u>
<b>EXPENSES</b>		
<b>Program</b>		
Personnel	1,512,419	1,380,338
Community programs (note 9)	642,206	861,931
Food donations distributed (note 7)	579,320	462,388
Occupancy	62,774	69,541
<b>Fund development</b>		
Personnel	342,198	369,767
Events	200,104	193,631
Fund development (note 10)	154,262	93,578
<b>Social enterprise</b>		
Personnel	64,921	60,132
Social enterprise (note 11)	44,275	50,032
Occupancy	44,252	36,033
<b>Administrative</b>		
Personnel	204,838	221,843
Administrative (note 12)	115,686	78,914
Occupancy	<u>74,714</u>	<u>72,848</u>
	<u>4,041,969</u>	<u>3,950,976</u>
Excess of revenue over expenses before below noted items	<u>(2,347)</u>	<u>22,918</u>
Capital funding recognized	6,397	5,731
Amortization	<u>(8,477)</u>	<u>(9,155)</u>
	<u>(2,080)</u>	<u>(3,424)</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	(4,427)	19,494
Net assets, beginning of year	<u>254,965</u>	<u>235,471</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 250,538</u>	<u>\$ 254,965</u>

see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ (4,427)	\$ 19,494
Add back (subtract) non-cash items -		
Amortization of capital assets	8,477	9,155
Capital funding recognized in year	(6,397)	(5,731)
Food donations distributed (note 7)	579,320	462,388
Food donations received (note 7)	(579,320)	(462,388)
Net change in non-cash working capital items (see below)	<u>(122,893)</u>	<u>87,127</u>
Net cash generated from (used for) operating activities	<u>(125,240)</u>	<u>110,045</u>
<b>INVESTING ACTIVITIES</b>		
Capital assets purchased	<u>(7,212)</u>	<u>-</u>
<b>NET CASH INCREASE (DECREASE) IN THE YEAR</b>	(132,452)	110,045
Cash, beginning of year	<u>562,454</u>	<u>452,409</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 430,002</u></u>	<u><u>\$ 562,454</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (74,745)	\$ 91,622
HST recoverable	(31,830)	27,139
Prepaid expenses	(22,468)	(7,062)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	26,015	(72,815)
Deferred contributions	<u>(19,865)</u>	<u>48,243</u>
	<u><u>\$ (122,893)</u></u>	<u><u>\$ 87,127</u></u>

see accompanying notes

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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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, 2018

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### 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, 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.

### 3. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2018 Net	2017 Net
Office furniture and equipment	\$ 34,122	\$ (30,300)	\$ 3,822	\$ 3,762
Kitchen equipment	50,157	(45,492)	4,665	3,035
Leasehold improvements	<u>132,271</u>	<u>(131,391)</u>	<u>880</u>	<u>3,835</u>
	<u>\$ 216,550</u>	<u>\$ (207,183)</u>	<u>\$ 9,367</u>	<u>\$ 10,632</u>

### 4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 309,795	\$ 261,552
Add cash received from contributions and government funding	2,149,709	2,279,537
Less contributions and government funding recognized	<u>(2,169,574)</u>	<u>(2,231,294)</u>
Deferred contributions, end of year	<u>\$ 289,930</u>	<u>\$ 309,795</u>

### 5. DESIGNATED NET ASSETS

The Board of Directors designated net assets of \$116,588 as at August 31, 2018 (\$116,588 designated as at August 30, 2017) to be used to strategically increase the organization's capacity to deliver on its mission.

# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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### 6. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2018	2017
Foundations	\$ 1,022,027	\$ 964,362
Individuals	464,005	400,179
Corporations	52,250	154,556
Religious organizations	-	8,050
Other	<u>239,680</u>	<u>329,679</u>
	<u>\$ 1,777,962</u>	<u>\$ 1,856,826</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 2018 (\$2.50 per pound for 2017).

Management estimates the organization received and distributed a total of 233,450 pounds of food in 2018 from Daily Bread Food Bank and Second Harvest valued at \$579,320 (184,955 pounds of food received and distributed with a value of \$462,388 in 2017).

### 8. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2018	2017
City of Toronto	\$ 239,677	\$ 227,107
Government of Canada		
Public Health Agency of Canada	119,880	130,390
Employment and Social Development Canada	25,655	16,971
Province of Ontario	<u>6,400</u>	<u>-</u>
	<u>\$ 391,612</u>	<u>\$ 374,468</u>

### 9. COMMUNITY PROGRAM EXPENSES

Direct costs incurred for delivering community programming comprise the following:

	2018	2017
Food supplies	\$ 261,652	\$ 256,845
Consultants	51,881	43,877
Community partners	45,091	276,199
Other	<u>283,582</u>	<u>285,010</u>
	<u>\$ 642,206</u>	<u>\$ 861,931</u>

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# THE STOP COMMUNITY FOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

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### 10. FUND DEVELOPMENT EXPENSES

Direct costs incurred for fundraising activities comprise the following:

	2018	2017
Printing	\$ 21,426	\$ 17,442
Other	<u>132,836</u>	<u>76,136</u>
	<u>\$ 154,262</u>	<u>\$ 93,578</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:

	2018	2017
Food supplies	\$ 38,457	\$ 45,399
Catering support	2,468	2,974
Other	<u>3,350</u>	<u>1,659</u>
	<u>\$ 44,275</u>	<u>\$ 50,032</u>

### 12. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2018	2017
Consultants	\$ 64,488	\$ 17,946
Office and general	37,186	45,754
Professional fees	9,614	9,352
Service charges	<u>4,398</u>	<u>5,862</u>
	<u>\$ 115,686</u>	<u>\$ 78,914</u>

### 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:

2019	\$ 133,478
2020	141,486
2021	149,976
2022	158,974
2023	168,512