
**THE STOP COMMUNITY FOOD
CENTRE**

FINANCIAL STATEMENTS

AUGUST 31, 2016

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, 2016, 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, 2016, 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

November 23, 2016
Toronto, Ontario

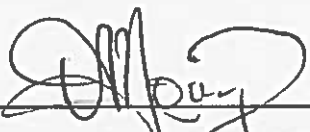
THE STOP COMMUNITY FOOD CENTRE


STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 452,409	\$ 794,604
Amounts receivable	122,024	91,497
HST recoverable	62,556	59,563
Prepaid expenses	<u>8,275</u>	<u>12,300</u>
	645,264	957,964
Capital assets (note 3)	<u>19,786</u>	<u>47,695</u>
	<u>\$ 665,050</u>	<u>\$ 1,005,659</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 155,899	\$ 118,231
Deferred contributions (note 4)	<u>261,552</u>	<u>354,838</u>
	417,451	473,069
Long-term liabilities		
Deferred capital funding	<u>12,128</u>	<u>18,508</u>
	<u>429,579</u>	<u>491,577</u>
Net assets		
Invested in capital assets	7,658	29,187
Unrestricted	111,225	368,307
Designated (note 5)	<u>116,588</u>	<u>116,588</u>
	<u>235,471</u>	<u>514,082</u>
	<u>\$ 665,050</u>	<u>\$ 1,005,659</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, 2016

	2016	2015
REVENUE		
Contributions (note 6)	\$ 1,853,690	\$ 1,944,788
Special events	850,906	912,503
Food donations (note 7)	484,205	462,958
Government funding (note 8)	344,123	287,369
Social enterprise	206,059	194,798
Interest	<u>28,394</u>	<u>25,195</u>
	<u>3,767,377</u>	<u>3,827,611</u>
EXPENSES		
Program		
Personnel	1,644,955	1,469,311
Community programs (note 9)	765,333	688,913
Food donations distributed (note 7)	484,205	462,958
Occupancy	47,585	109,072
Fund development		
Personnel	321,607	346,776
Events	176,326	167,618
Fund development (note 10)	78,020	93,950
Social enterprise		
Personnel	59,616	58,143
Social enterprise (note 11)	47,299	44,230
Occupancy	38,017	28,856
Administrative		
Personnel	213,299	206,743
Administrative (note 12)	83,264	85,775
Occupancy	<u>64,934</u>	<u>52,571</u>
	<u>4,024,460</u>	<u>3,814,916</u>
Excess of revenue over expenses from operations	<u>(257,083)</u>	<u>12,695</u>
Non-operating revenue and expenses -		
Capital funding recognized	6,380	11,157
Amortization	<u>(27,908)</u>	<u>(46,801)</u>
Excess of non-operating expenses over revenue	<u>(21,528)</u>	<u>(35,644)</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(278,611)	(22,949)
Net assets, beginning of year	<u>514,082</u>	<u>537,031</u>
NET ASSETS, END OF YEAR	<u>\$ 235,471</u>	<u>\$ 514,082</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ (278,611)	\$ (22,949)
Add back (subtract) non-cash items -		
Amortization of capital assets	27,908	46,801
Capital funding recognized in year	(6,380)	(11,157)
Food donations distributed (note 7)	484,205	462,958
Food donations received (note 7)	(484,205)	(462,958)
Net change in non-cash working capital items (see below)	<u>(85,112)</u>	<u>135,323</u>
NET CASH GENERATED (USED) IN THE YEAR	(342,195)	148,018
Cash, beginning of year	<u>794,604</u>	<u>646,586</u>
CASH, END OF YEAR	<u>\$ 452,409</u>	<u>\$ 794,604</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (30,527)	\$ (7,206)
HST recoverable	(2,993)	(1,745)
Prepaid expenses	4,025	3,460
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	37,669	31,905
Deferred contributions	<u>(93,286)</u>	<u>108,909</u>
	<u>\$ (85,112)</u>	<u>\$ 135,323</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2016

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
Computer equipment	- 3 years, straight-line basis
Leasehold improvements	- 5 years, straight-line basis

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NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2016

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	2016 Net	2015 Net
Office furniture and equipment	\$ 70,842	\$ (64,706)	\$ 6,136	\$ 11,969
Kitchen equipment	44,701	(37,839)	6,862	10,689
Leasehold improvements				
1884 Davenport	212,002	(205,214)	6,788	22,899
Green Barn	<u>44,655</u>	<u>(44,655)</u>	<u>-</u>	<u>2,138</u>
	<u>\$ 372,200</u>	<u>\$ (352,414)</u>	<u>\$ 19,786</u>	<u>\$ 47,695</u>

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4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise the following:

	2016	2015
Green Barn and 1884 Davenport	<u>\$ 261,552</u>	<u>\$ 354,838</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 354,838	\$ 245,929
Add cash received from contributions and government funding	2,104,527	2,341,066
Less contributions and government funding recognized	<u>(2,197,813)</u>	<u>(2,232,157)</u>
Deferred contributions, end of year	<u>\$ 261,552</u>	<u>\$ 354,838</u>

5. DESIGNATED NET ASSETS

The Board of Directors designated net assets of \$116,588 as at August 31, 2016 (\$116,588 designated as at August 31, 2015) 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:

	2016	2015
Foundations	\$ 1,106,355	\$ 1,120,234
Individuals	395,131	492,298
Corporations	78,032	158,145
Religious organizations	11,291	7,041
Other	<u>262,881</u>	<u>167,070</u>
	<u>\$ 1,853,690</u>	<u>\$ 1,944,788</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 2016 (\$2.50 per pound for 2015).

Management estimates the organization received and distributed a total of 193,682 pounds of food in 2016 from Daily Bread Food Bank and Second Harvest valued at \$484,205 (185,183 pounds of food received and distributed with a value of \$462,958 in 2015).

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8. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2016	2015
Government of Canada		
Public Health Agency of Canada	\$ 119,880	\$ 119,880
Employment and Social Development Canada	26,513	14,506
City of Toronto	<u>197,730</u>	<u>152,983</u>
	<u>\$ 344,123</u>	<u>\$ 287,369</u>

9. COMMUNITY PROGRAM EXPENSES

Direct costs incurred for delivering community programming comprise the following:

	2016	2015
Food supplies	\$ 321,912	\$ 293,494
Consultants	98,402	86,302
Community partners *	80,127	66,125
Other	<u>264,892</u>	<u>242,992</u>
	<u>\$ 765,333</u>	<u>\$ 688,913</u>

* During the year, the organization collaborated with Central Toronto Community Health Centres on community programming.

10. FUND DEVELOPMENT EXPENSES

Direct costs incurred for fundraising activities comprise the following:

	2016	2015
Printing	\$ 28,994	\$ 35,588
Other	<u>49,026</u>	<u>58,362</u>
	<u>\$ 78,020</u>	<u>\$ 93,950</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:

	2016	2015
Food supplies	\$ 42,336	\$ 34,420
Catering support	2,588	3,078
Events	30	496
Other	<u>2,345</u>	<u>6,236</u>
	<u>\$ 47,299</u>	<u>\$ 44,230</u>

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12. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2016	2015
Office and general	\$ 60,248	\$ 61,028
Professional fees	9,681	10,707
Consultants	8,134	7,842
Service charges	<u>5,201</u>	<u>6,198</u>
	<u>\$ 83,264</u>	<u>\$ 85,775</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:

2017	\$ 92,608
2018	92,608
2019	92,608
2020	92,608
2021	92,608