
**THE STOP COMMUNITY FOOD
CENTRE**

FINANCIAL STATEMENTS

AUGUST 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members,
The Stop Community Food Centre

Report on the Financial Statements

We have audited the accompanying financial statements of The Stop Community Food Centre, which comprise the statement of financial position as at August 31, 2014, 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 entity'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 entity'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 this revenue 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 revenue over expenses 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

November 27, 2014
Toronto, Ontario


THE STOP COMMUNITY FOOD CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2014

	2014	2013
ASSETS		
Current assets		
Cash	\$ 646,586	\$ 962,504
Catering fees receivable	-	73,781
Grants receivable	84,292	56,462
HST recoverable	57,818	78,308
Prepaid expenses	<u>15,762</u>	<u>31,224</u>
	804,458	1,202,279
Capital assets (note 3)	<u>94,495</u>	<u>154,002</u>
	<u>\$ 898,953</u>	<u>\$ 1,356,281</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 86,327	\$ 127,758
Deferred contributions (note 4)	245,929	503,324
Catering deposits	<u>-</u>	<u>38,886</u>
	332,256	669,968
Long-term liabilities		
Deferred capital funding	<u>29,666</u>	<u>69,714</u>
	<u>361,922</u>	<u>739,682</u>
Net assets		
Invested in capital assets	64,829	84,288
Unrestricted	355,614	415,723
Designated (note 5)	<u>116,588</u>	<u>116,588</u>
	<u>537,031</u>	<u>616,599</u>
	<u>\$ 898,953</u>	<u>\$ 1,356,281</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, 2014

	2014	2013
REVENUE		
Contributions (note 6)	\$ 1,874,979	\$ 2,118,013
Special events	747,302	708,371
Food donations (note 7)	591,373	619,642
Government funding (note 8)	305,181	262,508
Social enterprise (note 9)	236,982	755,185
Interest	<u>31,687</u>	<u>64,550</u>
	<u>3,787,504</u>	<u>4,528,269</u>
EXPENSES		
Program		
Personnel	1,405,636	1,342,784
Community programs (note 10)	650,462	822,355
Food donations distributed (note 7)	591,373	619,642
Occupancy	73,798	65,132
Fund development		
Personnel	343,289	320,345
Events	138,057	153,829
Fund development (note 11)	79,435	84,659
Social enterprise		
Social enterprise (note 12)	131,978	405,298
Personnel	67,115	181,165
Occupancy	33,355	67,946
Administrative		
Personnel	208,331	203,232
Administrative (note 13)	97,684	181,439
Occupancy	<u>26,942</u>	<u>44,710</u>
	<u>3,847,455</u>	<u>4,492,536</u>
Excess of revenue over expenses from operations	<u>(59,951)</u>	<u>35,733</u>
Non-operating revenue and expenses -		
Capital funding recognized	67,387	503,440
Amortization	<u>(87,004)</u>	<u>(523,119)</u>
Excess of non-operating expenses over revenue	<u>(19,617)</u>	<u>(19,679)</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(79,568)	16,054
Net assets, beginning of year	<u>616,599</u>	<u>600,545</u>
NET ASSETS, END OF YEAR	\$ <u>537,031</u>	\$ <u>616,599</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2014

	2014	2013
OPERATIONS		
Excess of revenue over expenses for the year	\$ (79,568)	\$ 16,054
Add back (subtract) non-cash items -		
Amortization of capital assets	87,004	523,119
Capital funding recognized in year	(67,387)	(503,440)
Food donations distributed	591,373	619,642
Food donations received	(591,373)	(619,642)
Net change in non-cash working capital items (see below)	<u>(255,808)</u>	<u>(1,234,769)</u>
Net cash used for operations	<u>(315,759)</u>	<u>(1,199,036)</u>
INVESTING ACTIVITIES		
Capital assets purchased	<u>(27,498)</u>	<u>(12,797)</u>
FINANCING		
Capital grants received	<u>27,339</u>	<u>-</u>
NET CASH USED IN THE YEAR	(315,918)	(1,211,833)
Cash, beginning of year	<u>962,504</u>	<u>2,174,337</u>
CASH, END OF YEAR	<u>\$ 646,586</u>	<u>\$ 962,504</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Catering fees receivable	\$ 73,781	\$ (55,812)
Grants receivable	(27,831)	(19,126)
HST recoverable	20,490	1,958
Prepaid expenses	15,464	(4,583)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(41,432)	(113,008)
Deferred contributions	(257,394)	(1,083,084)
Catering deposits	<u>(38,886)</u>	<u>38,886</u>
	<u>\$ (255,808)</u>	<u>\$ (1,234,769)</u>

see accompanying notes

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

THE ORGANIZATION

The Stop Community Food Centre (the organization) is incorporated as a not-for profit organization 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 organization follows the deferral method of revenue recognition. Under the deferral method, amounts received in the year for expenses to be incurred in the following year are recorded as deferred revenue. The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted contributions are recognized as revenue when they are received. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Pledges are not recorded as revenue. Except for food, donated materials and services which are normally purchased by the organization, are not recorded in the accounts.
- ii) Contributions received for the purpose of purchasing capital assets are deferred and recognized as revenue in the same period as the related capital asset is amortized and charged to operations.
- iii) Special event revenue is recognized in the period the event occurs.
- iv) Food donations are recognized as revenue when received.
- v) Social enterprise revenue, which includes revenue from catering and from farmers' market related activities, is recognized as revenue in the period the service is delivered.
- vi) 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

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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, which are recorded at cost include cash, grants receivable, and accounts payable and accrued liabilities. The following are those financial instruments and related financial risks considered particularly significant:

- i) The organization minimizes the likelihood of uncollected revenue by regularly monitoring amounts receivable.
- ii) Existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks.

3. CAPITAL ASSETS

Capital assets comprise the following:

	Cost	Accumulated Amortization	2014 Net	2013 Net
Office furniture and equipment	\$ 70,842	\$ (52,845)	\$ 17,997	\$ 18,540
Kitchen equipment	117,171	(102,655)	14,516	2,571
Computer equipment	88,833	(87,864)	969	2,761
Leasehold improvements				
1884 Davenport	309,722	(268,364)	41,358	46,083
Green Barn	<u>2,291,583</u>	<u>2,271,928</u>	<u>19,655</u>	<u>84,047</u>
	<u>\$ 2,878,151</u>	<u>\$(2,783,656)</u>	<u>\$ 94,495</u>	<u>\$ 154,002</u>

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

4. DEFERRED CONTRIBUTIONS

Deferred contributions is composed of the following:

	2014	2013
Green Barn and 1884 Davenport	<u>\$ 245,929</u>	<u>\$ 503,324</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 503,324	\$ 947,305
Add cash received from contributions	1,922,765	1,936,540
Less contributions recognized	<u>(2,180,160)</u>	<u>(2,380,521)</u>
Deferred contributions, end of year	<u>\$ 245,929</u>	<u>\$ 503,324</u>

5. DESIGNATED NET ASSETS

The Board of Directors designated net assets of \$116,588 as at August 31, 2014 (\$116,588 designated as at August 31, 2013) 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:

	2014	2013
Foundations	\$ 1,132,363	\$ 1,319,971
Individuals	444,876	432,261
Corporations	127,270	273,992
Religious organizations	10,675	15,446
Other	<u>159,795</u>	<u>76,343</u>
	<u>\$ 1,874,979</u>	<u>\$ 2,118,013</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 2014 (\$2.50 per pound for 2013).

Management estimates the organization received and distributed a total of 236,549 pounds of food in 2014 from Daily Bread Food Bank and Second Harvest valued at \$591,373 (248,115 pounds of food received and distributed with a value of \$619,642 in 2013).

THE STOP COMMUNITY FOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

8. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2014	2013
Government of Canada		
Public Health Agency of Canada	\$ 132,767	\$ 119,880
Employment and Social Development Canada	25,352	43,459
City of Toronto	147,062	91,669
Province of Ontario	<u>-</u>	<u>7,500</u>
	<u>\$ 305,181</u>	<u>\$ 262,508</u>

9. CATERING BUSINESS

On October 1, 2013 the organization ceased operating its catering business to better enable the organization to focus its resources on core activities. Included in social enterprise revenue in the statement of operations is catering revenue for the year of \$92,883 (\$594,194 in catering revenue in 2013). Full costing of the catering business is not segregated in the accounts and is therefore not presented separately in these financial statements.

10. COMMUNITY PROGRAM EXPENSES

Direct costs incurred for delivering community programming comprise the following:

	2014	2013
Food supplies	\$ 270,054	\$ 287,277
Community partners *	66,125	133,625
Consultants	65,893	113,057
Other	<u>248,390</u>	<u>288,396</u>
	<u>\$ 650,462</u>	<u>\$ 822,355</u>

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

11. FUND DEVELOPMENT EXPENSES

Direct costs incurred for fundraising activities comprise the following:

	2014	2013
Printing	\$ 45,378	\$ 40,672
Other	<u>34,057</u>	<u>43,987</u>
	<u>\$ 79,435</u>	<u>\$ 84,659</u>

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AUGUST 31, 2014

12. SOCIAL ENTERPRISE EXPENSES

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

	2014	2013
Catering support	\$ 51,892	\$ 154,962
Food supplies	47,671	122,145
Events	24,620	115,324
Other	<u>7,795</u>	<u>12,867</u>
	<u>\$ 131,978</u>	<u>\$ 405,298</u>

13. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2014	2013
Office and general	\$ 66,343	\$ 66,371
Consultants	13,456	58,024
Professional fees	12,704	26,598
Service charges	<u>5,180</u>	<u>30,446</u>
	<u>\$ 97,683</u>	<u>\$ 181,439</u>