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**COMMUNITY FOOD  
CENTRES CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Community Food Centres Canada,

### Qualified Opinion

We have audited the financial statements of Community Food Centres Canada (the organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Community Food Centres Canada as at March 31, 2019 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 Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising revenue, 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.

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 organization 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.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

## INDEPENDENT AUDITOR'S REPORT (continued)

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

*Pennylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

June 20, 2019  
Toronto, Ontario

**COMMUNITY FOOD CENTRES CANADA**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,684,303	\$ 1,192,088
Guaranteed investment certificates (note 3)	1,545,000	2,645,000
Amounts receivable	184,926	269,309
HST rebate recoverable	40,363	37,303
Prepaid expenses	45,165	30,288
Prepaid grants	<u>-</u>	<u>100,000</u>
	<u>\$ 3,499,757</u>	<u>\$ 4,273,988</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 147,330	\$ 247,935
Deferred contributions (note 4)	<u>1,218,366</u>	<u>1,956,396</u>
	<u>1,365,696</u>	<u>2,204,331</u>
Net assets		
Unrestricted	634,061	569,657
Designated (note 6)	<u>1,500,000</u>	<u>1,500,000</u>
	<u>2,134,061</u>	<u>2,069,657</u>
	<u>\$ 3,499,757</u>	<u>\$ 4,273,988</u>

Approved on behalf of the Board:

 , Director

 , Director

see accompanying notes

**COMMUNITY FOOD CENTRES CANADA**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED MARCH 31, 2019**

	<b>2019</b>			<b>2018</b>
	Unrestricted	Designated	Total	Total
Balance, beginning of year	\$ 569,657	\$1,500,000	\$2,069,657	\$1,607,300
Excess of revenue over expenses for the year	<u>64,404</u>	<u>-</u>	<u>64,404</u>	<u>462,357</u>
Balance, end of year	<u>\$ 634,061</u>	<u>\$1,500,000</u>	<u>\$2,134,061</u>	<u>\$2,069,657</u>

see accompanying notes

# COMMUNITY FOOD CENTRES CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
<b>REVENUE</b>		
Contributions		
Foundations	\$ 4,638,861	\$ 3,795,717
Corporations	1,195,105	1,275,925
Government	784,876	740,900
Individuals	452,557	332,017
Interest	38,260	20,447
Other	81,607	113,622
	<u>7,191,266</u>	<u>6,278,628</u>
<b>EXPENSES</b>		
Program		
Affiliate Community Food Centres (note 5)	3,256,580	2,641,028
Personnel	1,492,392	1,177,784
Grants (note 7)	491,312	522,181
Communications	252,470	161,173
Knowledge exchange	162,807	96,821
Evaluation	127,314	96,205
Travel	87,511	68,385
Purchased services	41,952	56,714
Administrative		
Personnel	193,118	170,694
Professional fees	170,365	43,193
Office and general	115,722	136,787
Occupancy	105,533	71,104
Fundraising		
Personnel	408,231	358,456
Events	221,555	215,746
	<u>7,126,862</u>	<u>5,816,271</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 64,404</u>	<u>\$ 462,357</u>

see accompanying notes

# COMMUNITY FOOD CENTRES CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 64,404	\$ 462,357
Net change in non-cash working capital items (see below)	<u>(672,189)</u>	<u>234,755</u>
Net cash generated from (used for) operating activities	(607,785)	697,112
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates redeemed (purchased)	<u>1,100,000</u>	<u>(1,082,082)</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	492,215	(384,970)
Cash, beginning of year	<u>1,192,088</u>	<u>1,577,058</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 1,684,303</u></u>	<u><u>\$ 1,192,088</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 84,383	\$ (99,297)
HST rebate recoverable	(3,060)	(14,099)
Prepaid expenses	(14,877)	8,133
Prepaid grants	100,000	(100,000)
Advances to affiliate Community Food Centres	-	219,831
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(100,605)	191,626
Deferred contributions	<u>(738,030)</u>	<u>28,561</u>
	<u><u>\$ (672,189)</u></u>	<u><u>\$ 234,755</u></u>

see accompanying notes

# COMMUNITY FOOD CENTRES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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Community Food Centres Canada (the organization) is incorporated without share capital under the provisions of the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

Community Food Centres Canada provides resources and a proven approach to partner organizations across Canada to create Community Food Centres that bring people together to grow, cook, share, and advocate for good food. The organization also works with the broader food movement to build greater capacity for impact and to empower communities to work toward a healthy and fair food system.

### 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*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including restricted 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.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

#### *Donated materials and services*

Donated materials and services which are normally purchased by the organization are not recorded in the accounts. Volunteers contribute their time to assist the organization in delivering its services. Because of the difficulty of determining the fair value, donated services are not recognized in the financial statements.

#### *Other revenue*

Included in other revenue are event ticket sales. Ticket sale revenue is recognized in the year in which the event takes place.

#### *Interest income*

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

#### **Allocation of expenses**

The organization allocates personnel costs based on time spent.

### 2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, 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. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.



# COMMUNITY FOOD CENTRES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at rates of 2.10% to 2.70% and have maturity dates ranging from May 2019 to December 2019.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise amounts received from the following sources:

	2019	2018
Foundations	\$ 1,108,031	\$ 1,878,302
Corporations	<u>110,335</u>	<u>78,094</u>
	<u>\$ 1,218,366</u>	<u>\$ 1,956,396</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 1,956,396	\$ 1,927,834
Add cash received from contributions	6,333,369	6,173,121
Less contribution revenue recognized	<u>(7,071,399)</u>	<u>(6,144,559)</u>
Deferred contributions, end of year	<u>\$ 1,218,366</u>	<u>\$ 1,956,396</u>

### 5. AFFILIATE COMMUNITY FOOD CENTRES

A core aspect of the organization's mission is to create affiliate Community Food Centres across Canada that operate as independent organizations. During the year, the organization paid \$3,256,580 to affiliate Community Food Centres to fund their program expenses (\$2,641,028 for the year ended March 31, 2018).

### 6. DESIGNATED NET ASSETS

The organization's activities include long-term commitments to funding its affiliates and other projects and, accordingly, the organization has established an internally restricted reserve for this and other strategic purposes including future sustainability. During the year no amounts were added to the reserve (\$500,000 was added for the year ended March 31, 2018).

### 7. GRANTS

The Good Food Grants program supports the development of organizations in the areas of core operating costs, and new food program initiatives. Individual grant amounts range between \$25,000 and \$50,000 and may have a duration of up to two years.

### 8. LEASE COMMITMENTS

The organization leases office space in Toronto, Canada. Minimum annual lease payments under the lease agreements, which expire in June 2022, are as follows:

2020	\$ 56,096
2021	57,045
2022	58,842
2023	14,823

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