
**COMMUNITY FOOD CENTRES
CANADA**

FINANCIAL STATEMENTS

JANUARY 1, 2017 TO MARCH 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members,
Community Food Centres Canada

We have audited the accompanying financial statements of Community Food Centres Canada, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the period January 1, 2017 to March 31, 2017, 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 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 period, 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 Community Food Centres Canada as at March 31, 2017, and the results of its operations and its cash flows for the period January 1, 2017 to March 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants
Licensed Public Accountants

October 10, 2017
Toronto, Ontario

COMMUNITY FOOD CENTRES CANADA


STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

(with comparative amounts as at December 31, 2016)

	2017 March 31	2016 December 31
ASSETS		
Current assets		
Cash	\$ 1,413,265	\$ 1,134,176
Guaranteed investment certificates (note 3)	1,726,711	1,706,668
Accounts receivable	170,013	102,203
HST rebate recoverable	23,205	15,590
Prepaid expenses	38,421	27,823
Advances to affiliate Community Food Centres (note 5)	<u>219,831</u>	<u>-</u>
	<u>\$ 3,591,446</u>	<u>\$ 2,986,460</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,311	\$ 74,485
Deferred contributions (note 4)	<u>1,927,835</u>	<u>1,383,060</u>
	<u>1,984,146</u>	<u>1,457,545</u>
Net assets		
Unrestricted	607,300	528,915
Designated (note 6)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,607,300</u>	<u>1,528,915</u>
	<u>\$ 3,591,446</u>	<u>\$ 2,986,460</u>

Approved on behalf of the Board:

 Director

 Director

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD JANUARY 1, 2017 TO MARCH 31, 2017

(with comparative amounts as at and for the year ended December 31, 2016)

			2017	2016
			March 31	December 31
			(3 months)	(12 months)
	Unrestricted	Designated	Total	Total
Balance, beginning of period	\$ 528,915	\$ 1,000,000	\$ 1,528,915	\$ 1,088,655
Excess of revenue over expenses for the period	<u>78,385</u>	<u>-</u>	<u>78,385</u>	<u>440,260</u>
Balance, end of period	<u>\$ 607,300</u>	<u>\$ 1,000,000</u>	<u>\$ 1,607,300</u>	<u>\$ 1,528,915</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF OPERATIONS

FOR THE PERIOD JANUARY 1, 2017 TO MARCH 31, 2017

(with comparative amounts for the year ended December 31, 2016)

	2017 March 31 (3 months)	2016 December 31 (12 months)
REVENUE		
Contributions		
Foundations	\$ 718,121	\$ 3,094,401
Government	93,380	540,367
Individuals	77,108	277,792
Corporations	70,279	853,638
Interest	870	18,272
Other	<u>33,095</u>	<u>122,192</u>
	<u>992,853</u>	<u>4,906,662</u>
EXPENSES		
Program		
Affiliate Community Food Centres (note 5)	400,181	2,001,785
Personnel	262,628	871,334
Evaluation	14,122	37,942
Purchased services	9,192	17,332
Knowledge exchange	7,337	65,179
Travel	5,285	17,455
Communications	2,428	118,045
Grants (note 7)	-	510,000
Administrative		
Personnel	38,012	98,642
Office and general	27,410	89,437
Occupancy	18,934	51,454
Professional fees	6,000	35,745
Fundraising		
Personnel	79,480	411,007
Events	<u>43,459</u>	<u>141,045</u>
	<u>914,468</u>	<u>4,466,402</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD	<u>\$ 78,385</u>	<u>\$ 440,260</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF CASH FLOWS

FOR THE PERIOD JANUARY 1, 2017 TO MARCH 31, 2017
(with comparative amounts for the year ended December 31, 2016)

	2017 March 31 (3 months)	2016 December 31 (12 months)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the period	\$ 78,385	\$ 440,260
Net change in non-cash working capital items (see below)	<u>220,746</u>	<u>(140,713)</u>
Net cash generated from operating activities	299,131	299,547
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(20,042)</u>	<u>(573,237)</u>
NET CASH GENERATED (USED) IN THE PERIOD	279,089	(273,690)
Cash, beginning of period	<u>1,134,176</u>	<u>1,407,866</u>
CASH, END OF PERIOD	<u>\$ 1,413,265</u>	<u>\$ 1,134,176</u>
 Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ (67,810)	\$ (102,203)
HST rebate recoverable	(7,614)	11,409
Prepaid expenses	(10,598)	(2,226)
Advances to affiliate Community Food Centres	(219,831)	294,930
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(18,176)	49,828
Deferred contributions	<u>544,775</u>	<u>(392,451)</u>
	<u>\$ 220,746</u>	<u>\$ (140,713)</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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:

Basis of presentation

These financial statements present the financial position of the organization as at March 31, 2017 and the results of its activities for the period January 1, 2017 to March 31, 2017. The prior period's comparative figures include activities for the year ended December 31, 2016. The organization changed its fiscal year end to better align with its operating cycle and the change was approved by the Canada Revenue Agency during fiscal 2016.

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 period. Externally restricted contributions received in the period for expenses to be incurred in the following period 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, contributed 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 period 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.

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, accounts payable and accrued liabilities. 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.

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. Fluctuations in market interest rates do not affect future cash flows from the organization's fixed rate guaranteed investments certificates.

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at rates established by contract and have maturity dates ranging from April 2017 to December 2017.

4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise amounts received from the following sources:

	2017 March 31	2016 December 31
Foundations	\$ 1,784,937	\$ 1,250,558
Corporations	<u>142,898</u>	<u>132,502</u>
Deferred contributions, end of period	<u>\$ 1,927,835</u>	<u>\$ 1,383,060</u>

Continuity of deferred contributions for the period is as follows:

Deferred contributions, beginning of period	\$ 1,383,060	\$ 1,775,511
Add cash received from contributions	1,503,663	4,373,747
Less contribution revenue recognized	<u>(958,888)</u>	<u>(4,766,198)</u>
Deferred contributions, end of period	<u>\$ 1,927,835</u>	<u>\$ 1,383,060</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 period, the organization paid \$400,181 to affiliate Community Food Centres to fund their program expenditures (\$2,001,785 paid in 2016).

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 as well as future sustainability.

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

7. GRANTS

The Good Food Grants program supports the development of organizations in the areas of capacity-building, food program development and community and social change. Individual grant amounts range between \$25,000 to \$50,000 and may have a duration of up to 2 years.

8. LEASE COMMITMENTS

The organization leases office space in Toronto, Canada. Minimum annual lease payments under the lease agreement are as follows:

2018	\$	59,363
2019		53,452
2020		55,248
2021		57,045
2022		58,842

