
**COMMUNITY FOOD CENTRES
CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members,
Community Food Centres Canada

Report on the Financial Statements

We have audited the accompanying financial statements of Community Food Centres Canada, which comprise the statement of financial position as at December 31, 2012, and the statements of operations and changes in net assets and cash flows for the period August 28, 2012 (date of commencement of operations) to December 31, 2012, 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 effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of Community Food Centres Canada as at December 31, 2012, and its financial performance and its cash flows for the period August 28, 2012 (date of commencement of operations) to December 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Cooperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 13, 2013
Toronto, Ontario

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

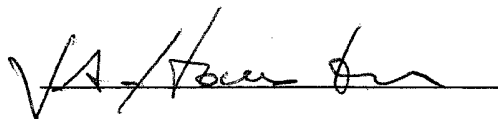
ASSETS

Current assets	
Cash	\$ 306,927
Guaranteed investment certificates (note 3)	226,000
Grants receivable	22,412
HST recoverable	1,181
Rent deposit	<u>6,893</u>
	<u>\$ 563,413</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued liabilities	\$ 22,340
Deferred revenue (note 5)	<u>510,000</u>
	<u>532,340</u>
Net assets	
Unrestricted	<u>31,073</u>
	<u>\$ 563,413</u>

Approved on behalf of the Board:

 Director

 Director

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE PERIOD AUGUST 28, 2012 (date of commencement of operations)
TO DECEMBER 31, 2012

REVENUE

Contributions	
Foundations	\$ 37,128
Individuals	<u>33,421</u>
	<u>70,549</u>

EXPENSES

Occupancy costs	13,817
Program	11,897
Professional fees	8,374
Administrative	<u>5,388</u>
	<u>39,476</u>

EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD 31,073

Net assets, beginning of period nil

NET ASSETS, END OF PERIOD \$ 31,073

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF CASH FLOWS

FOR THE PERIOD AUGUST 28, 2012 (date of commencement of operations)
TO DECEMBER 31, 2012

OPERATIONS

Excess of revenue over expenses for the period \$ 31,073

Net change in non-cash working capital items (see below) 501,854

Net cash generated from operations 532,927

INVESTING ACTIVITIES

Guaranteed investment certificates purchased (226,000)

NET CASH GENERATED IN THE PERIOD 306,927

Cash, beginning of period nil

CASH, END OF PERIOD \$ 306,927

Net change in non-cash working capital items:

Decrease (increase) in current assets-

Grants receivable \$ (22,412)

Rent deposit (6,893)

HST recoverable (1,181)

Increase (decrease) in current liabilities-

Accounts payable and accrued liabilities 22,340

Deferred revenue 510,000

\$ 501,854

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. THE ORGANIZATION

Community Food Centres Canada (the "organization") was incorporated on December 21, 2011 in the Province of Ontario as a not-for profit organization without share capital. The organization commenced operations on August 28, 2012 and received charitable status on that date. There was no financial activity in the organization from the date of incorporation to August 27, 2012. The organization is exempt from income tax in Canada as a registered charitable organization under the the Income Tax Act (Canada).

Community Food Centres Canada provides ideas, resources and a proven approach to partner organizations across Canada so they can establish responsive, financially stable Community Food Centres. These centres work to bring people together to grow, cook, and share good food. With our partners and communities, we are working toward a healthy and fair food system.

2. 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:

Guaranteed investment certificates

The organization carries guaranteed investment certificates at cost plus accrued interest income which approximates fair market value.

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 grants and donations are recognized as revenue when they are received. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred. Pledges are not recorded as revenue. Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.
- ii) Interest income is recognized as revenue when earned.

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by major Canadian chartered banks and bear interest rates ranging 0.90% to 1.15% established by contract.

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

4. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, 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 accounts receivable.
- ii) Fluctuations in market interest rates do not affect future cash flows from the entity's fixed rate guaranteed investments certificates.
- iii) 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.

5. DEFERRED REVENUE

Deferred revenue comprises amounts received from the following sources:

Individuals	\$ 210,000
Foundations	200,000
Corporations	<u>100,000</u>
Deferred revenue, end of period	<u>\$ 510,000</u>

Continuity of deferred revenue for the period is as follows:

Deferred revenue, beginning of period	\$ nil
Add cash received from grants	510,000
Less grant revenue recognized	<u>nil</u>
Deferred revenue, end of period	<u>\$ 510,000</u>