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**COMMUNITY FOOD CENTRES  
CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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## 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 December 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 Community Food Centres Canada as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants  
Licensed Public Accountants

March 27, 2015  
Toronto, Ontario

**COMMUNITY FOOD CENTRES CANADA**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,939,126	\$ 2,021,648
Marketable securities (note 2)	1,263,544	264,930
Accounts receivable	8,800	4,491
HST recoverable	23,971	24,085
Advance to affiliate Community Food Centres (note 5)	50,000	94,809
Prepaid expenses	<u>11,728</u>	<u>8,649</u>
	<u>\$ 3,297,169</u>	<u>\$ 2,418,612</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 16,531	\$ 17,150
Deferred revenue (note 4)	<u>2,681,935</u>	<u>2,112,580</u>
	<u>2,698,466</u>	<u>2,129,730</u>
Net assets		
Unrestricted	<u>598,703</u>	<u>288,882</u>
	<u>\$ 3,297,169</u>	<u>\$ 2,418,612</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 YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>REVENUE</b>		
Contributions		
Foundations	\$ 1,726,954	\$ 997,116
Corporations	485,070	359,685
Individuals	400,501	237,213
Government	307,985	484,092
Interest	14,739	8,009
Other	3,663	5,048
	<u>2,938,912</u>	<u>2,091,163</u>
<b>EXPENSES</b>		
Program		
Affiliate Community Food Centres	1,364,536	908,213
Personnel	546,345	446,701
Purchased services	77,018	51,114
Communications	53,559	61,449
Evaluation	32,257	36,476
Knowledge exchange	16,212	32,051
Travel	14,923	29,158
Administrative		
Personnel	65,561	52,894
Office and general	55,985	50,147
Occupancy	44,752	49,481
Purchased services	345	4,138
Fundraising		
Events	241,045	16,180
Personnel	116,553	95,352
	<u>2,629,091</u>	<u>1,833,354</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	309,821	257,809
Net assets, beginning of year	<u>288,882</u>	<u>31,073</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 598,703</u>	<u>\$ 288,882</u>

see accompanying notes

# COMMUNITY FOOD CENTRES CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>OPERATIONS</b>		
Excess of revenue over expenses for the year	\$ 309,821	\$ 257,809
Net change in non-cash working capital items (see below)	<u>606,271</u>	<u>1,495,842</u>
Net cash generated from operations	916,092	1,753,651
<b>INVESTING ACTIVITIES</b>		
Marketable securities purchased	<u>(998,614)</u>	<u>(38,930)</u>
<b>NET CASH GENERATED (USED) IN THE YEAR</b>	(82,522)	1,714,721
Cash, beginning of year	<u>2,021,648</u>	<u>306,927</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,939,126</u>	<u>\$ 2,021,648</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ (4,309)	\$ 17,921
Advance to affiliate Community Food Centres	44,809	(94,809)
Prepaid expenses	(3,079)	(1,756)
HST recoverable	114	(22,904)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(619)	(5,190)
Deferred revenue	<u>569,355</u>	<u>1,602,580</u>
	<u>\$ 606,271</u>	<u>\$ 1,495,842</u>

see accompanying notes

# COMMUNITY FOOD CENTRES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### THE ORGANIZATION

Community Food Centres Canada (the organization) is incorporated as a not-for-profit organization without share capital under the provisions of the Canada Not-for-profit Corporations Act (NFP 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 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 revenue.

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

##### *Other donated materials and services*

Other 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.

##### *Interest income*

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

### 2. MARKETABLE SECURITIES

Marketable securities at December 31 at market value were as follows:

	2014	2013
Guaranteed investment certificates	\$ 1,263,544	\$ 236,795
Equities	<u>-</u>	<u>28,135</u>
	<u>\$ 1,263,544</u>	<u>\$ 264,930</u>

Marketable securities include guaranteed investment certificates which are issued by major Canadian chartered banks and bear interest rates ranging 1.05% to 1.71% all mature between January and December 2015.

# COMMUNITY FOOD CENTRES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

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

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. The organization minimizes the likelihood of uncollected revenue by regularly monitoring amounts receivable. Fluctuations in market interest rates do not affect future cash flows from the organization's fixed rate guaranteed investments certificates.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise amounts received from the following sources:

Foundations	\$ 2,175,689	\$ 1,360,974
Individuals	242,274	453,135
Government	206,756	114,742
Corporations	<u>57,216</u>	<u>183,729</u>
Deferred contributions, end of period	<u>\$ 2,681,935</u>	<u>\$ 2,112,580</u>

Continuity of deferred contributions for the period is as follows:

Deferred contributions, beginning of period	\$ 2,112,580	\$ 510,000
Add cash received from contributions	877,340	2,086,672
Less contribution revenue recognized	<u>(307,985)</u>	<u>(484,092)</u>
Deferred contributions, end of period	<u>\$ 2,681,935</u>	<u>\$ 2,112,580</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 \$1,364,536 to affiliate Community Food Centres to fund their program expenditures (\$908,213 paid in 2013). In December 2014, the organization advanced \$50,000 to affiliate Community Food Centres for program expenditures to be incurred in fiscal 2015 (\$94,809 advanced to affiliates in 2013).