
**COMMUNITY FOOD CENTRES
CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015, and the statements of operations, 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 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 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, 2015, 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.

Other Matter

The financial statements of Community Food Centres Canada as at and for the year ended December 31, 2014 were audited by another auditor who expressed a qualified opinion on those financial statements on March 27, 2015. The qualification related to the auditor's inability to satisfy themselves concerning the completeness of donation and fundraising revenue.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 24, 2016
Toronto, Ontario

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash	\$ 1,407,866	\$ 1,939,126
Guaranteed investment certificates (note 3)	1,133,431	1,263,544
Accounts receivable	-	8,800
HST rebate recoverable	26,999	24,389
Prepaid expenses	25,597	11,728
Advances to affiliate Community Food Centres (note 5)	<u>294,930</u>	<u>50,000</u>
	<u>\$ 2,888,823</u>	<u>\$ 3,297,587</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 24,657	\$ 21,752
Deferred contributions (note 4)	<u>1,775,511</u>	<u>2,681,935</u>
	<u>1,800,168</u>	<u>2,703,687</u>
Net assets		
Unrestricted	588,655	593,900
Designated (note 6)	<u>500,000</u>	<u>-</u>
	<u>1,088,655</u>	<u>593,900</u>
	<u>\$ 2,888,823</u>	<u>\$ 3,297,587</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 DECEMBER 31, 2015

	2015			2014
	Unrestricted	Designated	Total	Total
Balance, beginning of year	\$ 593,900	\$ -	\$ 593,900	\$ 288,882
Excess of revenue over expenses for the year	494,755	-	494,755	305,018
Transfer to designated (note 6)	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 588,655</u>	<u>\$ 500,000</u>	<u>\$1,088,655</u>	<u>\$ 593,900</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
REVENUE		
Contributions		
Foundations	\$ 3,376,873	\$ 1,726,954
Corporations	803,373	485,070
Government	335,071	307,985
Individuals	161,639	400,501
Interest	27,912	14,739
Other	<u>13,396</u>	<u>3,663</u>
	<u>4,718,264</u>	<u>2,938,912</u>
EXPENSES		
Program		
Affiliate Community Food Centres (note 5)	2,088,676	1,364,536
Personnel	647,464	546,345
Grants (note 7)	400,000	-
Communications	80,681	53,559
Knowledge exchange	59,343	16,212
Evaluation	45,665	32,257
Travel	20,196	14,923
Purchased services	5,725	77,018
Administrative		
Office and general	121,063	55,986
Personnel	73,101	65,561
Professional fees	67,238	5,147
Occupancy	49,248	44,752
Fundraising		
Personnel	323,733	116,553
Events	<u>241,376</u>	<u>241,045</u>
	<u>4,223,509</u>	<u>2,633,894</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 494,755</u>	<u>\$ 305,018</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 494,755	\$ 305,018
Net change in non-cash working capital items (see below)	<u>(1,156,128)</u>	<u>611,074</u>
Net cash generated from (used for) operations	(661,373)	916,092
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	<u>130,113</u>	<u>(998,614)</u>
NET CASH USED IN THE YEAR	(531,260)	(82,522)
Cash, beginning of year	<u>1,939,126</u>	<u>2,021,648</u>
CASH, END OF YEAR	<u>\$ 1,407,866</u>	<u>\$ 1,939,126</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ 8,800	\$ (4,309)
HST rebate recoverable	(2,610)	(305)
Prepaid expenses	(13,869)	(3,079)
Advances to affiliate Community Food Centres	(244,930)	44,809
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	2,905	4,602
Deferred contributions	<u>(906,424)</u>	<u>569,356</u>
	<u>\$ (1,156,128)</u>	<u>\$ 611,074</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 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.

Allocation of expenses

The organization allocates personnel costs based on time spent.

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.

COMMUNITY FOOD CENTRES CANADA

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3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at rates ranging from 0.70% to 1.65% and have maturity dates ranging from June 2016 to December 2016.

4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise amounts received from the following sources:

	2015	2014
Foundations	\$ 1,478,826	\$ 2,175,689
Government	271,685	206,756
Corporations	25,000	57,216
Individuals	-	242,274
	<u> </u>	<u> </u>
Deferred contributions, end of year	<u>\$ 1,775,511</u>	<u>\$ 2,681,935</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 2,681,935	\$ 2,112,579
Add cash received from contributions	3,770,532	3,489,866
Less contribution revenue recognized	<u>(4,676,956)</u>	<u>(2,920,510)</u>
Deferred contributions, end of year	<u>\$ 1,775,511</u>	<u>\$ 2,681,935</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 \$2,088,676 to affiliate Community Food Centres to fund their program expenditures (\$1,364,536 paid in 2014). In December 2015, the organization advanced \$294,930 to affiliate Community Food Centres for program expenditures to be incurred in fiscal 2016 (\$50,000 advanced to affiliates in December 2014 for program expenditures to be incurred in fiscal 2015).

6. DESIGNATED NET ASSETS

The organization established an internally restricted reserve for strategic purposes and future sustainability. During the year \$500,000 was added to the reserve.

7. GRANTS

In 2015, Community Food Centres Canada initiated a grants program. Individual grants range between \$25,000 to \$50,000 and have a duration of up to one year. The program has three granting streams: Child & Youth programming, Good Food Grants and Food Fit. In 2015, the total approved grants was \$450,000, of which \$400,000 was disbursed in 2015 across 12 organizations.

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8. LEASE COMMITMENTS

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

2016	\$	43,789
2017		44,949
2018		46,905
2019		48,495
2020		50,085

