
**COMMUNITY FOOD CENTRES
CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016, 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, 2016, 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 22, 2017
Toronto, Ontario

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 1,134,176	\$ 1,407,866
Guaranteed investment certificates (note 3)	1,706,668	1,133,431
Accounts receivable	102,203	-
HST rebate recoverable	15,590	26,999
Prepaid expenses	27,823	25,597
Advances to affiliate Community Food Centres (note 5)	<u>-</u>	<u>294,930</u>
	<u>\$ 2,986,460</u>	<u>\$ 2,888,823</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 74,485	\$ 24,657
Deferred contributions (note 4)	<u>1,383,060</u>	<u>1,775,511</u>
	<u>1,457,545</u>	<u>1,800,168</u>
Net assets		
Unrestricted	528,915	588,655
Designated (note 6)	<u>1,000,000</u>	<u>500,000</u>
	<u>1,528,915</u>	<u>1,088,655</u>
	<u>\$ 2,986,460</u>	<u>\$ 2,888,823</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, 2016

	2016			2015
	Unrestricted	Designated	Total	Total
Balance, beginning of year	\$ 588,655	\$ 500,000	\$ 1,088,655	\$ 593,900
Excess of revenue over expenses for the year	440,260	-	440,260	494,755
Transfer to designated (note 6)	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 528,915</u>	<u>\$ 1,000,000</u>	<u>\$ 1,528,915</u>	<u>\$ 1,088,655</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Contributions		
Foundations	\$ 3,094,401	\$ 3,376,873
Corporations	853,638	803,373
Government	540,367	335,071
Individuals	277,792	161,639
Interest	18,272	27,912
Other	<u>122,192</u>	<u>13,396</u>
	<u>4,906,662</u>	<u>4,718,264</u>
EXPENSES		
Program		
Affiliate Community Food Centres (note 5)	2,001,785	2,088,676
Personnel	871,334	647,464
Grants (note 7)	510,000	400,000
Communications	118,045	80,681
Knowledge exchange	65,179	59,343
Evaluation	37,942	45,665
Travel	17,455	20,196
Purchased services	17,332	5,725
Administrative		
Personnel	98,642	73,101
Office and general	89,437	121,063
Occupancy	51,454	49,248
Professional fees	35,745	67,238
Fundraising		
Personnel	411,007	323,733
Events	<u>141,045</u>	<u>241,376</u>
	<u>4,466,402</u>	<u>4,223,509</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 440,260</u>	<u>\$ 494,755</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 440,260	\$ 494,755
Net change in non-cash working capital items (see below)	<u>(140,713)</u>	<u>(1,156,128)</u>
Net cash generated from (used for) operating activities	299,547	(661,373)
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	<u>(573,237)</u>	<u>130,113</u>
NET CASH USED IN THE YEAR	(273,690)	(531,260)
Cash, beginning of year	<u>1,407,866</u>	<u>1,939,126</u>
CASH, END OF YEAR	<u>\$ 1,134,176</u>	<u>\$ 1,407,866</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ (102,203)	\$ 8,800
HST rebate recoverable	11,409	(2,610)
Prepaid expenses	(2,226)	(13,869)
Advances to affiliate Community Food Centres	294,930	(244,930)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	49,828	2,905
Deferred contributions	<u>(392,451)</u>	<u>(906,424)</u>
	<u>\$ (140,713)</u>	<u>\$ (1,156,128)</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at rates ranging from 1.90% to 2.10% and have maturity dates ranging from April 2017 to June 2017.

4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise amounts received from the following sources:

	2016	2015
Foundations	\$ 1,250,558	\$ 1,478,826
Corporations	132,502	25,000
Government	-	271,685
Deferred contributions, end of year	<u>\$ 1,383,060</u>	<u>\$ 1,775,511</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 1,775,511	\$ 2,681,935
Add cash received from contributions	4,373,747	3,770,532
Less contribution revenue recognized	<u>(4,766,198)</u>	<u>(4,676,956)</u>
Deferred contributions, end of year	<u>\$ 1,383,060</u>	<u>\$ 1,775,511</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 \$2,001,785 to affiliate Community Food Centres to fund their program expenditures (\$2,088,676 paid in 2015).

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.

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 lease payments under the lease agreement are as follows:

2017	\$ 50,793
2018	53,003
2019	54,799
2020	56,596
2021	58,393
