
**COMMUNITY FOOD
CENTRES CANADA**

FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018, 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 March 31, 2018, 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 21, 2018
Toronto, Ontario

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

(with comparative amounts for the period January 1 to March 31, 2017)

	2018 (12 months)	2017 (3 months)
ASSETS		
Current assets		
Cash	\$ 1,192,088	\$ 1,577,058
Guaranteed investment certificates (note 3)	2,645,000	1,562,918
Accounts receivable	269,309	170,013
HST rebate recoverable	37,303	23,205
Prepaid expenses	30,288	38,421
Prepaid grants (note 7)	100,000	-
Advances to affiliate Community Food Centres (note 5)	<u>-</u>	<u>219,831</u>
	<u>\$ 4,273,988</u>	<u>\$ 3,591,446</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 247,935	\$ 56,311
Deferred contributions (note 4)	<u>1,956,396</u>	<u>1,927,835</u>
	<u>2,204,331</u>	<u>1,984,146</u>
Net assets		
Unrestricted	569,657	607,300
Designated (note 6)	<u>1,500,000</u>	<u>1,000,000</u>
	<u>2,069,657</u>	<u>1,607,300</u>
	<u>\$ 4,273,988</u>	<u>\$ 3,591,446</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 MARCH 31, 2018

(with comparative amounts for the period January 1 to March 31, 2017)

	2018 (12 months)			2017 (3 months)
	Unrestricted	Designated	Total	Total
Balance, beginning of year	\$ 607,300	\$ 1,000,000	\$ 1,607,300	\$ 1,528,915
Excess of revenue over expenses for the year	462,357	-	462,357	78,385
Transfer to designated (note 6)	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 569,657</u>	<u>\$ 1,500,000</u>	<u>\$ 2,069,657</u>	<u>\$ 1,607,300</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

(with comparative amounts for the period January 1 to March 31, 2017)

	2018 (12 months)	2017 (3 months)
REVENUE		
Contributions		
Foundations	\$ 3,795,717	\$ 718,121
Corporations	1,275,925	70,279
Government	740,900	93,380
Individuals	332,017	77,108
Interest	20,447	870
Other	<u>113,622</u>	<u>33,095</u>
	<u>6,278,628</u>	<u>992,853</u>
EXPENSES		
Program		
Affiliate Community Food Centres (note 5)	2,641,028	400,181
Personnel	1,177,784	262,628
Grants (note 7)	522,181	-
Communications	161,173	2,428
Knowledge exchange	96,819	7,336
Evaluation	96,205	14,122
Travel	68,385	5,285
Purchased services	56,714	9,192
Administrative		
Personnel	170,694	38,012
Office and general	136,789	27,411
Occupancy	71,104	18,934
Professional fees	43,193	6,000
Fundraising		
Personnel	358,456	79,480
Events	<u>215,746</u>	<u>43,459</u>
	<u>5,816,271</u>	<u>914,468</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 462,357</u>	<u>\$ 78,385</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

(with comparative amounts for the period January 1 to March 31, 2017)

	2018 (12 months)	2017 (3 months)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 462,357	\$ 78,385
Net change in non-cash working capital items (see below)	<u>234,755</u>	<u>220,747</u>
Net cash generated from operating activities	697,112	299,132
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	<u>(1,082,082)</u>	<u>143,750</u>
NET CASH INCREASE (DECREASE) IN THE YEAR	(384,970)	442,882
Cash, beginning of year	<u>1,577,058</u>	<u>1,134,176</u>
CASH, END OF YEAR	<u>\$ 1,192,088</u>	<u>\$ 1,577,058</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ (99,297)	\$ (67,810)
HST rebate recoverable	(14,099)	(7,814)
Prepaid expenses	8,133	(10,598)
Prepaid grants	(100,000)	-
Advances to affiliate Community Food Centres	219,831	(219,831)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	191,626	(18,175)
Deferred contributions	<u>28,561</u>	<u>544,775</u>
	<u>\$ 234,755</u>	<u>\$ 220,747</u>

see accompanying notes

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018 and the results of its activities for the year then ended. The prior period's comparative figures include activities for the period January 1 to March 31, 2017. The organization changed its fiscal year end to better align with its operating cycle and the change was approved by the Canada Revenue Agency in 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 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 year 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, 2018

2. FINANCIAL INSTRUMENTS

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, which approximates fair value.

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at rates of 0.85% to 1.55% and have maturity dates ranging from May 2018 to March 2019.

4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise amounts received from the following sources:

	2018 (12 months)	2017 (3 months)
Foundations	\$ 1,878,302	\$ 1,784,937
Corporations	<u>78,094</u>	<u>142,898</u>
	<u>\$ 1,956,396</u>	<u>\$ 1,927,835</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 1,927,835	\$ 1,383,060
Add cash received from contributions	6,173,120	1,503,663
Less contribution revenue recognized	<u>(6,144,559)</u>	<u>(958,888)</u>
Deferred contributions, end of year	<u>\$ 1,956,396</u>	<u>\$ 1,927,835</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 \$2,641,028 to affiliate Community Food Centres to fund their program expenditures (\$400,181 for the 3 months ended March 31, 2017).

As at March 31, 2017, the organization advanced \$219,831 to affiliate Community Food Centres for programming to be delivered in fiscal 2018.

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 including future sustainability. During the year \$500,000 was added to the reserve (\$nil for the 3 months ended March 31, 2017).

COMMUNITY FOOD CENTRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

7. GRANTS

The Good Food Grants program supports the development of organizations in the areas of core operating costs, and new food program initiatives. Individual grant amounts range between \$25,000 and \$50,000 and may have a duration of up to two years. As at March 31, 2018, the organization advanced \$100,000 to grantees for programming to be delivered in fiscal 2019 (\$nil for the 3 months ended March 31, 2017).

8. LEASE COMMITMENTS

The organization leases office space in Toronto, Canada. Minimum annual lease payments under the lease agreements, which expire in June 2022, are as follows:

2019	\$	71,005
2020		56,096
2021		57,045
2022		58,842
2023		14,823

