



SIKHS SERVING CANADA ASSOCIATION
FINANCIAL STATEMENTS
Year Ended December 31, 2012

SIKHS SERVING CANADA ASSOCIATION
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YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sikhs Serving Canada Association

We have audited the accompanying financial statements of Sikhs Serving Canada Association, which comprise the statement of financial position as at December 31, 2012 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 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, Sikhs Serving Canada Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Sikhs Serving Canada Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2012, current assets and net assets as at January 1, 2012 and December 31, 2012

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 Sikhs Serving Canada Association as at December 31, 2012 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.

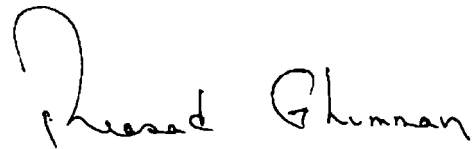
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Independent Auditor's Report to the Members of Sikhs Serving Canada Association *(continued)*

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that Sikhs Serving Canada Association adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and January 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

MISSISSAUGA, ONTARIO
AUGUST 15, 2013

A handwritten signature in black ink that reads "Rashed Ghuman". The signature is written in a cursive style with a large initial 'R'.

CHARTERED ACCOUNTANTS LLP
Licensed Public Accountants

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF FINANCIAL POSITION
December 31, 2012

	<i>December 31</i>	<i>December 31</i>	<i>January 1</i>
	2012	2011	2011 (Unaudited)
ASSETS			
CURRENT			
Cash	\$ 158,117	\$ 180,298	\$ 15,251
Marketable securities <i>(Note 5)</i>	50,000	-	-
Accounts receivable <i>(Note 6)</i>	15,723	10,000	-
Interest receivable	456	-	-
Prepaid expenses and deposits	4,797	6,026	7,158
	<u>\$ 229,093</u>	<u>\$ 196,324</u>	<u>\$ 22,409</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 8,213	\$ 7,000	\$ 3,501
NET ASSETS			
General fund <i>(Note 7)</i>	201,725	162,202	18,908
United Way fund <i>(Note 8)</i>	-	10,594	-
Ontario Trillium Foundation fund <i>(Note 9)</i>	19,155	16,527	-
	<u>220,880</u>	<u>189,323</u>	<u>18,908</u>
	<u>\$ 229,093</u>	<u>\$ 196,323</u>	<u>\$ 22,409</u>

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See accompanying notes

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012

	2012	2011
DONATIONS	\$ 121,601	\$ 217,741
EXPENSES		
Advertising and promotion	971	1,391
Credit card charges	562	1,308
Fundraising	5,041	3,226
Insurance	128	1,091
Interest and bank charges	766	158
Meetings and conventions	1,229	330
Office and general	10,422	8,708
Professional fees	1,665	-
Rent	22,681	42,033
Repairs and maintenance	968	141
Salaries and wages	10,041	-
Supplies	22,053	8,929
Telephone	2,420	1,938
Utilities	3,891	5,194
	82,838	74,447
EXCESS OF DONATIONS OVER EXPENSES FROM OPERATIONS	38,763	143,294
INTEREST INCOME	760	-
EXCESS OF DONATIONS OVER EXPENSES FOR THE YEAR	\$ 39,523	\$ 143,294

See accompanying notes

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2012

	General Fund	United Way Fund	Ontario Trillium Foundation Fund	2012	2011
NET ASSETS - BEGINNING OF YEAR	\$ 162,202	\$ 10,594	\$ 16,527	\$ 189,323	\$ 18,908
Contributions	-	11,250	25,000	36,250	50,000
Purchase of walk-in cooler	-	-	-	-	(8,830)
Operations manager salary	-	-	(22,372)	(22,372)	(9,643)
Program occupancy costs	-	(15,500)	-	(15,500)	-
Grocery supplement	-	(1,844)	-	(1,844)	-
Accounting fees	-	(3,500)	-	(3,500)	(3,500)
Volunteer appreciation	-	(1,000)	-	(1,000)	(906)
Excess of donations over expenses	39,523	-	-	39,523	143,294
NET ASSETS - END OF YEAR	\$ 201,725	\$ -	\$ 19,155	\$ 220,880	\$ 189,323

See accompanying notes

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of donations over expenses	\$ 39,523	\$ 143,294
Changes in non-cash working capital:		
Accounts receivable	(5,723)	(10,000)
Interest receivable	(456)	-
Prepaid expenses and deposits	1,229	1,132
Accounts payable and accrued liabilities	1,212	3,500
	<u>(3,738)</u>	<u>(5,368)</u>
Cash flow from operating activities	<u>35,785</u>	<u>137,926</u>
INVESTING ACTIVITIES		
Purchase of marketable securities <i>(Note 5)</i>	(50,000)	-
United Way Fund expenditures <i>(Note 8)</i>	(21,844)	(4,406)
Ontario Trillium Foundation Fund expenditures <i>(Note 9)</i>	(22,372)	(18,473)
	<u>(94,216)</u>	<u>(22,879)</u>
Cash flow used by investing activities	<u>(94,216)</u>	<u>(22,879)</u>
FINANCING ACTIVITIES		
Proceeds from United Way grant <i>(Note 8)</i>	11,250	15,000
Proceeds from Ontario Trillium Foundation grant <i>(Note 9)</i>	25,000	35,000
	<u>36,250</u>	<u>50,000</u>
Cash flow from financing activities	<u>36,250</u>	<u>50,000</u>
INCREASE (DECREASE) IN CASH FLOW	(22,181)	165,047
Cash - beginning of year	<u>180,298</u>	<u>15,251</u>
CASH - END OF YEAR	\$ 158,117	\$ 180,298
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 304</u>	<u>\$ -</u>
Interest paid	<u>\$ 1,357</u>	<u>\$ 158</u>

See accompanying notes

SIKHS SERVING CANADA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2012

1. DESCRIPTION OF ORGANIZATION

Sikhs Serving Canada Association (the "Organization") was incorporated pursuant to the Business Corporations Act of Ontario and is a registered charity under the Income Tax Act (Canada). The mission of the Organization is to relieve poverty by establishing, operating and maintaining a food bank in Mississauga, Ontario to provide safe, nutritious and culturally appropriate foods to persons of low income in the L5B and L5C postal codes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for profit organizations.

3. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Organization adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of ASPE had no impact on net assets as at January 1, 2011 or operations or cash flows for the year ended December 31, 2011 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

Sikhs Serving Canada Association follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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SIKHS SERVING CANADA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2012

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Sikhs Serving Canada Association follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources that must be spent on research activities is recognized as revenue of the Research Fund. Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Investment income earned on building campaign resources is recognized as revenue of the Capital Asset Fund. Other investment income is recognized as revenue of the General Fund when earned.

Seminar fees are recognized as revenue of the General Fund when the seminars are held.

Contributed materials and services

The Organization receives office equipment and food donations. The Organization's policy is to record contributed materials and services at fair market value only when a fair value can be reasonably estimated. As the fair value of contributed office equipment and food is not reasonably estimatable, the donation and expense has not been recorded to the financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized costs include accounts receivable and interest receivable.

Financial liabilities measured at amortized costs include accounts payable and accrued liabilities.

5. MARKETABLE SECURITIES

	<u>2012</u>	<u>2011</u>
Guaranteed investment certificate	<u>\$ 50,000</u>	<u>\$ -</u>

On June 7, 2012, the Organization purchased a guaranteed investment certificate maturing September 10, 2013, with an interest rate of 1.60%.

6. ACCOUNTS RECEIVABLE

The accounts receivable balance includes \$11,715 (2011 - \$nil) of harmonized sales tax recoverable.

SIKHS SERVING CANADA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2012

7. GENERAL FUND

These assets are used for the ongoing maintenance and operations of the Organization.

8. UNITED WAY FUND

United Way has provided the Organization with a grant of \$15,000 in order to fund program occupancy expenses of \$7,875, volunteer related expenses of \$1,000 and other administration expenses to a maximum of \$6,125.

9. ONTARIO TRILLIUM FOUNDATION FUND

The Ontario Trillium Fund committed to the Organization a grant of \$60,000 for the purchase of a walk-in cooler in the amount of \$10,000 and to hire a operations manager for a two year period in the amount of \$25,000 annually. As of December 31, 2012 the total grant of \$60,000 has been received by the Organization.

10. CAPITAL DISCLOSURES

The Organization defines capital as the total of its unrestricted net assets. The total capital position of the Organization as at December 31, 2012 is \$203,225 (2011 - \$162,202).

The Organization's objective when managing capital is to hold sufficient unrestricted net assets to maintain operations and to withstand unexpected financial events.

The Organization is not subject to any external capital restrictions.

11. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises. Future minimum lease payments as at December 31, 2012, are as follows:

2013	<u>\$ 21,795</u>
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12. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2012.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its donors and accounts payable.



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