



**GHUMMAN & PARTNERS LLP**  
Chartered Professional Accountants

**SIKHS SERVING CANADA ASSOCIATION**

**Financial Statements**

**Year Ended December 31, 2017**

**SIKHS SERVING CANADA ASSOCIATION**

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**Year Ended December 31, 2017**

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## **INDEPENDENT AUDITOR'S REPORT**

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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, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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, 2017, current assets and net assets as at December 31, 2017.

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

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, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

As more fully described in Note 3 which describes the Summary of Significant Accounting Policies and particularly the policy regarding donated goods, the financial statements did not include food the received and distributed by the Sikhs Serving Canada Association. Management has justified the departure from Canadian accounting standards for not-for-profit organizations due to the inability to reasonably estimate the fair value of received foods. Our Opinion of revenues was limited to the amounts recorded in the records of Sikhs Serving Canada Association as expressed above.

Mississauga, Ontario  
June 19, 2018

*Ghummam & Partners LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**SIKHS SERVING CANADA ASSOCIATION**

**Statement of Financial Position**

**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 4)	\$ 440,229	\$ 244,728
Accounts receivable from employees (Note 5)	-	1,500
Harmonized sales tax recoverable	22,598	22,165
Prepaid expenses (Note 6)	18,927	24,476
<b>TOTAL ASSETS</b>	<b>\$ 481,754</b>	<b>\$ 292,869</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 15,708	\$ 7,500
Short term loans (Note 8)	-	15,000
Deferred rent liabilities	10,462	14,103
	26,170	36,603
DEFERRED CONTRIBUTIONS (Note 9)	147,728	156,181
<b>TOTAL LIABILITIES</b>	<b>173,898</b>	<b>192,784</b>
NET ASSETS (Note 10)	307,856	100,085
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 481,754</b>	<b>\$ 292,869</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**SIKHS SERVING CANADA ASSOCIATION****Statement of Revenues and Expenditures****For the Year Ended December 31, 2017**

	2017	2016
<b>REVENUES</b>		
Donations	\$ 579,849	\$ 480,807
Region of Peel <i>(Note 9)</i>	131,960	140,200
Canada Summer Jobs Fund <i>(Note 9)</i>	53,727	51,069
Mississauga Milk Fund <i>(Note 9)</i>	21,000	20,000
Ontario Trillium Foundation Fund <i>(Note 9)</i>	17,200	13,245
Senior Community Fund	-	3,532
Community Fund of Mississauga	-	27,185
	<u>803,736</u>	<u>736,038</u>
<b>EXPENDITURES</b>		
Salaries and wages	273,255	271,288
Rent	123,081	121,479
Professional fees	50,316	21,872
Food-raising and fundraising	43,055	44,994
Food costs	36,224	24,061
Warehouse and office	27,091	25,380
Utilities	16,047	16,519
Vehicle	6,669	4,705
Telephone	6,172	5,456
Meals and entertainment	4,769	2,350
Volunteers	2,924	6,244
Travel	2,391	897
Business taxes, licenses and memberships	1,450	2,100
Insurance	2,207	4,156
Interest and bank charges	314	1,219
	<u>595,965</u>	<u>552,720</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ 207,771</u>	<u>\$ 183,318</u>

See notes to financial statements

**SIKHS SERVING CANADA ASSOCIATION**

**Statement of Changes in Net Assets  
For the Year Ended December 31, 2017**

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	<b>2017</b>	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 100,085</b>	\$ (83,233)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>207,771</b>	183,318
<b>NET ASSETS - END OF YEAR</b> <i>(Note 10)</i>	<b>\$ 307,856</b>	\$ 100,085

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**SIKHS SERVING CANADA ASSOCIATION****Statement of Cash Flow****For the Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 207,771	\$ 183,318
Changes in non-cash working capital:		
Accounts receivable from employees	1,500	-
Accounts payable and accrued liabilities	8,208	(25,105)
Deferred rent liabilities	(3,641)	(3,475)
Prepaid expenses	5,549	(6,525)
Harmonized sales tax payable	(433)	36,335
Deferred contributions	(8,453)	22,376
	<u>2,730</u>	<u>23,606</u>
Cash flow from operating activities	<u>210,501</u>	<u>206,924</u>
<b>FINANCING ACTIVITY</b>		
Short term loans	<u>(15,000)</u>	<u>(40,000)</u>
<b>INCREASE IN CASH FLOW</b>	<b>195,501</b>	<b>166,924</b>
Cash - beginning of year	<u>244,728</u>	<u>77,804</u>
<b>CASH - END OF YEAR (Note 4)</b>	<b>\$ 440,229</b>	<b>\$ 244,728</b>



# SIKHS SERVING CANADA ASSOCIATION

## Notes to Financial Statements

For the Year Ended December 31, 2017

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### 1. PURPOSE OF THE CHARITABLE ORGANIZATION

Sikhs Serving Canada Association (the "Charitable Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario on January 28, 2009. As a registered charity the Charitable Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Charitable Organization provides safe, nutritious and culturally appropriate food to low income families living in Mississauga's L5B, L5C, L4V, L5S, L4T, L5T, and L5P postal code areas through the Wolfedale Road and Slough Street locations.

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### 2. BASIS OF PRESENTATION

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

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

The Charitable Organization follows the deferral method of accounting for contributions. Accordingly, there are three types of contributions:

1. A restricted contribution is a contribution subject to externally imposed stipulations as specified by the donor.
2. An endowment contribution is a type of restricted contribution specifying that the resources contributed be maintained permanently.
3. An unrestricted contribution has no externally imposed conditions and the Charitable Organization is free to use the funds in any manner it chooses.

Under the Deferral Method, the accounting treatment differs depending on the type of contribution and its purpose:

- A restricted contribution that is directed to expenditures in the current period is included in revenues of the current period.
- An externally restricted contribution for future expenditures is called a Deferred Contribution. When deferred contributions are utilized for operating expenses in a future period (expended as specified by the donor), the term used at that time is Recognition of Deferred Contributions and the amount is shown as a revenue item in that period.
- If the restricted contribution is for the purchase of a capital asset, the contribution is deferred and taken into revenues as the asset so acquired is amortized (i.e., depreciated) in the Charitable Organization's accounts. The term used in this case is Amortization of Deferred Contributions.
- An endowment contribution, which is essentially an asset contribution to be held in perpetuity, is recorded as an increase in a category of net assets called Net Assets Restricted for Endowments.
- An unrestricted contribution is taken into revenues immediately and forms part of the Unrestricted Net Assets balance if not expended in the current period.
- The Board of Directors can decide to designate a portion of the Charitable Organization's unrestricted net assets for certain purposes (e.g., research, special projects), in which case it is noted as Internally Restricted Net Assets.

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# SIKHS SERVING CANADA ASSOCIATION

## Notes to Financial Statements

For the Year Ended December 31, 2017

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Donated goods

Material donated goods (other than foods) are recorded at their fair market value at the time of the donation. When a fair market value can be reasonably estimated and when the donated goods would otherwise have been purchased, fair market value would be estimated using market or appraisal values at the date of the donation.

The Charitable Organization receives a significant volume of food products from its food bank network through the Mississauga Food Bank, grocery retailers, and independent stores. The volume of food products acquired and distributed was 1,152,360 pounds (2016: 857,920 pounds) with a value of \$2.50 per pound (research commissioned by Food Banks Canada which has determined \$2.50 per pound as a national measure for the value of food donations).

These donated food products are not reflected in the financial statements as their fair market value cannot be reasonably estimated.

#### Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair market value of donated materials and services cannot be reasonably determined and is therefore not reflected in these financial statements.

#### Pledges

Pledges which are legally enforceable (less an allowance for amounts considered uncollectible) are recorded as receivable in the year made. Pledges to support current operations are recorded as operating fund receipts. Pledges made for the acquisition of property or to support future operations are recorded as deferred amounts in their respective fund.

#### Net assets

- a) Net assets invested in property and equipment represent the organization's net investment in property and equipment which comprises of the unamortized amount of property and equipment purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the Charitable Organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Charitable Organization each year, not of transfers, and are available for general purposes.

#### Tangible Capital Assets

The Charitable Organization expenses all of its tangible capital assets. Its unrecorded tangible capital assets consist mainly of furniture and fixtures.

#### 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.

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**SIKHS SERVING CANADA ASSOCIATION**

**Notes to Financial Statements**

**For the Year Ended December 31, 2017**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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4. CASH

As of December 31, the cash is classified as per the following:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 292,501	\$ 88,547
Restricted	147,728	156,181
	<u>\$ 440,229</u>	<u>\$ 244,728</u>

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5. ACCOUNTS RECEIVABLE FROM EMPLOYEES

Accounts receivable from employees represent advances given to employees who make food purchases on behalf of the Charitable Organization.

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6. PREPAID EXPENSES

Prepaid expenses consist of the following:

	<u>2017</u>	<u>2016</u>
Security deposits	\$ 13,963	\$ 13,963
Prepaid expense	4,309	2,142
Insurance expense recoverable (i)	656	2,065
Payroll deduction recoverable (ii)	-	6,306
	<u>\$ 18,928</u>	<u>\$ 24,476</u>

(i) Insurance expense recoverable represents overpayment to Workplace Safety and Insurance Board.

(ii) Payroll deduction recoverable represents overpayment of government remittances.

**SIKHS SERVING CANADA ASSOCIATION**

**Notes to Financial Statements**

**For the Year Ended December 31, 2017**

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 8,208	\$ -
Accrued Liabilities	<u>7,500</u>	<u>7,500</u>
	<u>\$ 15,708</u>	<u>\$ 7,500</u>

Accounts payable consist of government remittances only.

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8. SHORT TERM LOANS

Short term loans are from Management who have provided the Charitable Organization with loans to fund its operation. As of December 31, the outstanding balances are:

	<u>2017</u>	<u>2016</u>
Kulvir Gill	\$ -	\$ 15,000

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**SIKHS SERVING CANADA ASSOCIATION**

**Notes to Financial Statements**

**For the Year Ended December 31, 2017**

9. DEFERRED CONTRIBUTIONS

	Opening balance	Contributed	Recognized	<b>2017</b>
<b>Contributors</b>				
Region of Peel	\$ 19,000	\$ 112,960	\$ (131,960)	\$ -
Canada Summer Jobs Fund	-	53,727	(53,727)	-
Mississauga Milk Fund - Carolyn Parrish	-	21,000	(21,000)	-
Ontario Trillium Foundation	137,181	-	(17,200)	<b>119,981</b>
Ministry of Employment and Social Development Canada (ESDC) - Accessibility Fund	-	22,747	-	<b>22,747</b>
Home Depot Foundation	-	5,000	-	<b>5,000</b>
<b>Total</b>	<b>\$ 156,181</b>	<b>\$ 215,434</b>	<b>\$ (223,887)</b>	<b>\$ 147,728</b>

**Region of Peel**

In 2017, the Region of Peel provided the Charitable Organization with one grants:

- Sustainability - Core Operational Funding to assist with core operating expenses that will empower an organization to be more effective and achieve greater community impact to better deliver human and social services in Peel Region. During the year, the Charitable Organization received the 2017 grant amounting to \$112,960 must be used for salaries.

In addition, in 2016, the Region of Peel provided the Charitable Organization with one grant:

- An operational effectiveness grant amounting to \$19,000 to increase the effectiveness of the Charitable Organization.

During the year ended December 31, 2017, the Charitable Organization incurred salaries of \$131,960 under both grants.

**Canada Summer Jobs Fund**

Service Canada provided the Charitable Organization with a grant of \$53,727 from the Canada Summer Job Fund to be used to hire summer students.

During the year ended December 31, 2017, withdrawals from the fund consisted of salaries of \$53,727

**Mississauga Milk Fund**

The Charitable Corporation has received a \$21,000 donation from Mississauga Milk Fund for the purpose of buying milk.

During the year ended December 31, 2017, the Charitable Organization has spent all the fund from this grant.

**Ontario Trillium Foundation**

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**SIKHS SERVING CANADA ASSOCIATION**

**Notes to Financial Statements**

**For the Year Ended December 31, 2017**

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9. DEFERRED CONTRIBUTIONS *(continued)*

In 2015, the Ontario Trillium Foundation provided the Charitable Organization a grant of \$199,400 to be paid over 24 months and to be used for the following purposes:

- (i) program expenses - \$16,000;
- (ii) to hire a food bank coordinator - \$41,400;
- (iii) for Renovations - \$132,000; and
- (iv) for Capital assets - \$10,000

During the previous years, expenses incurred consisted of:

- (i) program expenses - \$16,000;
- (ii) to hire a food bank coordinator - \$41,400;
- (iii) for Renovations - \$22,019; and
- (iv) for Capital assets - \$Nil

The Charitable Organization spent \$17,200 from this grant during the year ended December 31, 2017. The remaining balances will be spent in 2018.

**Ministry of Employment and Social Development Canada (ESDC) - Accessibility Fund**

The Ministry of Employment and Social Development Canada (ESDC) has granted the Charitable Organization \$22,747 for the purpose of accessibility improvements to the building which includes the installation of an automated door and building an accessible washroom.

The project is set to be completed in 2018 and the balances will be spent accordingly.

**Home Depot Foundation**

The Charitable Corporation has received a \$5,000 donation from Home Depot Foundation to support a Community Teaching Kitchen program.

The program is set to start in 2018 and the balances will be spent accordingly.

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10. NET ASSETS

As of December 31, the net assets are classified as per the following::

	<u>2017</u>	<u>2016</u>
Unrestricted balance (deficit)	\$ 307,856	\$ 100,085
Internally restricted balance (deficit)	-	-
	<u>\$ 307,856</u>	<u>\$ 100,085</u>

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11. LEASE COMMITMENTS

The Charitable Organization has a long-term lease with respect to its premises. Future minimum lease payments are as follows:

2018	\$ 139,826
2019	<u>93,671</u>
	<u>\$ 233,497</u>

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# SIKHS SERVING CANADA ASSOCIATION

## Notes to Financial Statements

For the Year Ended December 31, 2017

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### 12. FINANCIAL INSTRUMENTS

The Charitable 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 Charitable Organization's risk exposure and concentration as of December 31, 2017.

#### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Charitable Organization is exposed to credit risk from customers. In order to reduce its credit risk, the Charitable Organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Charitable Organization has a significant number of customers which minimizes concentration of credit risk.

#### *(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Charitable Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

Unless otherwise noted, it is Management's opinion that the Charitable Organization is not exposed to significant other price risks arising from these financial instruments.

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