



SIKHS SERVING CANADA ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

**SIKHS SERVING CANADA ASSOCIATION
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YEAR ENDED DECEMBER 31, 2013**

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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, 2013 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, 2013, current assets and net assets as at January 1, 2013 and December 31, 2013

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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, 2013 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.

Prasad Ghuman LLP

CHARTERED ACCOUNTANTS

Licensed Public Accountants

MISSISSAUGA, ONTARIO
July 15, 2014

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 165,539	\$ 158,119
Marketable securities <i>(Note 4)</i>	51,012	50,000
Accounts receivable <i>(Note 5)</i>	39,077	15,723
Interest receivable	250	456
Prepaid expenses and deposits	16,053	4,797
	\$ 271,931	\$ 229,095
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 16,564	\$ 8,215
NET ASSETS	255,367	220,880
LIABILITIES AND NET ASSETS	\$ 271,931	\$ 229,095

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See auditor's report and accompanying notes.

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013

	2013	2012
DONATIONS	\$ 249,281	\$ 121,601
EXPENSES		
Advertising and promotion	803	971
Delivery charges	2,750	6,350
Food costs	12,807	14,737
Fundraising	24,766	5,283
Insurance	1,330	128
Interest and bank charges	1,003	1,323
Meetings and conventions	1,919	1,229
Occupancy costs	43,873	26,572
Office and general	8,303	5,952
Professional fees	34,159	1,665
Repairs and maintenance	1,711	1,635
Salaries and wages	80,229	10,041
Telephone and communications	3,228	2,420
Volunteer	6,122	4,527
	223,003	82,833
EXCESS OF DONATIONS OVER EXPENSES FROM OPERATIONS	26,278	38,768
OTHER INCOME	806	760
EXCESS OF DONATIONS OVER EXPENSES	\$ 27,084	\$ 39,523

See auditor's report and accompanying notes.

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2013

	2012 Balance	Excess of donations over expenses	Contributions	Withdrawals	2013 Balance
General Fund (Note 6)	\$ 201,725	\$ 27,084	\$ -	\$ -	\$ 228,809
Community Fund of Mississauga (Note 7)	-	-	30,000	(3,442)	26,558
Inspirit Foundation (Note 8)	-	-	15,000	(15,000)	-
Ontario Trillium Foundation Fund (Note 9)	19,155	-	-	(19,155)	-
United Way Fund (Note 10)	-	-	3,750	(3,750)	-
	<u>\$ 220,880</u>	<u>\$ 27,084</u>	<u>\$ 48,750</u>	<u>\$ (41,347)</u>	<u>\$ 255,367</u>

	2011 Balance	Excess of donations over expenses	Contributions	Withdrawals	2012 Balance
General Fund (Note 6)	\$ 162,202	\$ 39,523	\$ -	\$ -	\$ 201,725
Ontario Trillium Foundation Fund (Note 9)	16,527	-	25,000	(22,372)	19,155
United Way Fund (Note 10)	10,594	-	11,250	(21,844)	-
	<u>\$ 189,323</u>	<u>\$ 39,523</u>	<u>\$ 36,250</u>	<u>\$ (44,216)</u>	<u>\$ 220,880</u>

See auditor's report and accompanying notes.

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of donations over expenses	\$ 27,084	\$ 39,523
Changes in non-cash working capital:		
Accounts receivable	(23,354)	(5,723)
Accounts payable and accrued liabilities	8,349	1,214
Interest receivable	206	(456)
Prepaid expenses and deposits	(11,256)	1,229
	<u>(26,055)</u>	<u>(3,736)</u>
Cash flow from operating activities	<u>1,029</u>	<u>35,787</u>
INVESTING ACTIVITIES		
Purchase of marketable securities <i>(Note 4)</i>	(1,012)	(50,000)
United Way Fund expenditures <i>(Note 10)</i>	(3,750)	(21,844)
Ontario Trillium Foundation Fund expenditures <i>(Note 9)</i>	(19,155)	(22,372)
Community Fund of Mississauga expenditures <i>(Note 7)</i>	(3,442)	-
	<u>(27,359)</u>	<u>(94,216)</u>
Cash flow used by investing activities	<u>(27,359)</u>	<u>(94,216)</u>
FINANCING ACTIVITIES		
Proceeds from United Way grant <i>(Note 10)</i>	3,750	11,250
Proceeds from Ontario Trillium Foundation grant <i>(Note 9)</i>	30,000	25,000
	<u>33,750</u>	<u>36,250</u>
Cash flow from financing activities	<u>33,750</u>	<u>36,250</u>
INCREASE (DECREASE) IN CASH FLOW	7,420	(22,179)
Cash - beginning of year	<u>158,119</u>	<u>180,298</u>
CASH - END OF YEAR	\$ 165,539	\$ 158,119

See auditor's report and accompanying notes.

SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1. DESCRIPTION OF ORGANIZATION

Sikhs Serving Canada Association (the "Organization") was incorporated on January 28, 2009 pursuant to the Canada Corporations Act 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 L5S, L5T, L4T, L5P, L4V, L5C and L5B postal codes.

2. BASIS OF PRESENTATION

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

3. 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.

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.

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SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reasonable to be estimated, 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.

4. MARKETABLE SECURITIES

	2013	2012
Guaranteed investment certificate	<u>\$ 51,012</u>	<u>\$ 50,000</u>

On September 10, 2013, the Organization renewed a guaranteed investment certificate maturing December 14, 2014, earning interest at a rate of 1.60%.

5. ACCOUNTS RECEIVABLE

The accounts receivable balance includes \$31,676 (2012: \$11,715) of harmonized sales tax recoverable.

6. GENERAL FUND

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

7. COMMUNITY FUND OF MISSISSAUGA

The Community Fund of Mississauga provided to the Organization a grant of \$30,000 to be utilized to fund eligible expenditures incurred for the Malton location located at 2824-2848 Slough Street, Unit 5, Mississauga, Ontario.

For the year ended December 31, 2013, withdrawals from the fund consisted of payments made of \$3,442 (2012: \$nil) for rent, utilities, and repairs and maintenance at the Malton location. As at the year end date, the total grant of \$30,000 had been received by the Organization.

SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

8. INSPIRIT FOUNDATION

The Inspirit Foundation Fund provided the Organization a grant of \$15,000 to be utilized for the following purposes and amounts: (i) fund the operations manager's salary; (ii) volunteer related expenses; and, (iii) seva fellow stipends.

For the year ended December 31, 2013, withdrawals from the fund consisted of payments made for the operations manager's salary of \$10,714 (2012: \$nil), volunteer related expenses of \$2,143 (2012: \$nil), and seva fellow stipends of \$2,143 (2012: \$nil). As at the year end date, the total grant of \$15,000 had been received by the Organization.

9. ONTARIO TRILLIUM FOUNDATION FUND

The Ontario Trillium Fund provided the Organization a grant of \$60,000 to be utilized for the following purposes and amounts: (i) purchase of a walk-in cooler for a maximum of \$10,000; and, (ii) to hire a operations manager for a two-year period for a maximum of \$25,000 annually.

For the year ended December 31, 2013, withdrawals from the fund consisted of the operations manager's salary of \$19,155 (2012: \$22,372). As at the year end date, the total grant of \$60,000 had been received by the Organization.

10. UNITED WAY FUND

United Way has provided the Organization with a grant of \$30,000 to be utilized for the following purposes and amounts: (i) program occupancy expenses to a maximum of \$16,625; (ii) one-time expenses for computer and accessories, volunteer appreciation, and grocery supplement to a maximum of \$7,250; and, (ii) administrative expenses to a maximum of \$6,125.

For the year ended December 31, 2013, withdrawals from the fund consisted of payments made for program occupancy costs of \$1,125 (2012: \$15,500), volunteer related expenses of \$nil (2012: \$1,000), grocery supplement of \$nil (2012: \$1,844) and administrative expenses of \$2,625 (2012: \$3,500). As at the year end date, the total grant of \$30,000 had been received by the Organization.

11. 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, 2013 was \$225,044 (2012: \$203,225).

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.

SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

12. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises. Future minimum lease payments as at December 31, 2013, are as follows:

2014	\$	58,558
2015		85,685
2016		30,152
2017		24,745
2018		25,772
Thereafter		<u>23,625</u>
	<u>\$</u>	<u>248,537</u>

Future minimum lease payments include a rent-free period for the months of December 2013, January 2014, February 2014, December 2014, January 2015 and February 2015 for the Malton location located at 2824-2848 Slough Street, Unit 5, Mississauga, Ontario.

13. 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, 2013.

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.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



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