



GHUMMAN & PARTNERS LLP
Chartered Professional Accountants

**SIKHS SERVING CANADA ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

**SIKHS SERVING CANADA ASSOCIATION
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YEAR ENDED DECEMBER 31, 2014**

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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, 2014 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, 2014, current assets and net assets as at January 1, 2014 and December 31, 2014.

(continues)



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, 2014 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.

Emphasis of Matter

Without further qualifying our report, we draw attention to Note 2 (Amendment and reissuance of the previously issued financial statements) to the financial statements which describes that the Company previously issued the financial statements for the year ended December 31, 2014 on which we issued our qualified independent auditor's report dated May 29, 2015. As described in Note 2 to the financial statements, the previously issued financial statements were prepared in error resulting in an overstatement of marketable securities and net assets at December 31, 2014 by \$52,045 each and, overstatement of donations and understatement of deficiency of donations over expenses for the year ended December 31, 2014 by \$52,045 each. The Company has corrected this error and amended and reissued the accompanying financial statements for the year ended December 31, 2014.

Ghorman & Partners LLP

CHARTERED ACCOUNTANTS

Licensed Public Accountants

MISSISSAUGA, ONTARIO
June 18, 2015

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash - General Fund	\$ 61,265	\$ 138,981
Cash - United Way Fund	18,267	26,558
Marketable securities <i>(Note 4)</i>	-	51,012
Accounts receivable <i>(Note 5)</i>	58,042	39,327
Prepaid expenses and deposits	25,907	16,053
	\$ 163,481	\$ 271,931
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 44,852	\$ 16,564
Deferred rent	12,269	-
	57,121	16,564
NET ASSETS	106,360	255,367
	\$ 163,481	\$ 271,931

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, 2014

	2014	2013
DONATIONS	\$ 201,889	\$ 249,281
EXPENSES		
Advertising and promotion	3,313	803
Delivery charges	470	2,750
Food costs	35,609	12,807
Fundraising	6,751	24,766
Insurance	3,521	1,330
Interest and bank charges	1,885	1,003
Meetings and conventions	2,973	1,919
Occupancy costs	72,424	43,873
Office and general	29,310	8,303
Professional fees	11,436	34,159
Repairs and maintenance	26,134	1,711
Salaries and wages	118,982	80,229
Telephone and communications	7,430	3,228
Volunteer	5,367	6,122
	325,605	223,003
EXCESS (DEFICIENCY) OF DONATIONS OVER EXPENSES FROM OPERATIONS	(123,716)	26,278
OTHER INCOME	-	806
EXCESS (DEFICIENCY) OF DONATIONS OVER EXPENSES	\$ (123,716)	\$ 27,084

See auditor's report and accompanying notes.

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2014

	2014 Balance	Deficiency of donations over expenses	Contributions	Withdrawals	2014 Balance
General Fund <i>(Note 6)</i>	\$ 228,809	\$ (123,716)	\$ -	\$ -	\$ 105,093
Community Fund of Mississauga <i>(Note 7)</i>	26,558	-	50,000	(76,558)	-
Ontario Trillium Foundation Fund <i>(Note 9)</i>	-	-	-	(17,000)	(17,000)
United Way Fund <i>(Note 10)</i>	-	-	30,000	(11,733)	18,267
Region of Peel - Sustainability <i>(Note 11)</i>	-	-	82,700	(82,700)	-
Canada Summer Jobs Fund <i>(Note 12)</i>	-	-	5,764	(5,764)	-
	\$ 255,367	\$ (123,716)	\$ 168,464	\$ (193,755)	\$ 106,360

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

See auditor's report and accompanying notes.

SIKHS SERVING CANADA ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of donations over expenses	\$ (123,716)	\$ 27,084
Changes in non-cash working capital:		
Accounts receivable	(18,715)	(23,148)
Accounts payable and accrued liabilities	28,288	8,349
Deferred rent	12,269	-
Prepaid expenses and deposits	(9,854)	(11,256)
	<u>11,988</u>	<u>(26,055)</u>
Cash flow from (used by) operating activities	<u>(111,728)</u>	<u>1,029</u>
INVESTING ACTIVITIES		
Purchase of marketable securities <i>(Note 4)</i>	51,012	(1,012)
United Way Fund expenditures <i>(Note 10)</i>	(11,733)	(3,750)
Ontario Trillium Foundation Fund expenditures <i>(Note 9)</i>	(17,000)	(19,155)
Region of Peel - Sustainability Fund expenditures <i>(Note 9)</i>	(82,700)	(3,442)
Canada Summer Jobs Fund expenditures <i>(Note 9)</i>	(5,764)	(3,442)
Community Fund of Mississauga expenditures <i>(Note 7)</i>	(76,558)	(3,442)
Cash flow used by investing activities	<u>(142,743)</u>	<u>(27,359)</u>
FINANCING ACTIVITIES		
Proceeds from United Way grant <i>(Note 10)</i>	30,000	3,750
Proceeds from Ontario Trillium Foundation grant <i>(Note 9)</i>	-	30,000
Region of Peel - Sustainability Fund grant <i>(Note 9)</i>	82,700	-
Community Fund of Mississauga grant <i>(Note 9)</i>	50,000	-
Canada Summer Jobs Fund grant <i>(Note 9)</i>	5,764	-
Cash flow from financing activities	<u>168,464</u>	<u>33,750</u>
INCREASE (DECREASE) IN CASH FLOW	(86,007)	7,420
Cash - beginning of year	<u>165,539</u>	<u>158,119</u>
CASH - END OF YEAR	\$ 79,532	\$ 165,539

See auditor's report and accompanying notes.

SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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 living in the L5S, L5T, L4T, L5P, L4V, L5C, and L5B postal-code areas.

2. BASIS OF PRESENTATION

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

AMENDMENT AND REISSUANCE OF THE PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company previously issued the financial statements for the year ended December 31, 2014 on which we issued our qualified independent auditor's report dated May 29, 2015. The previously issued financial statements were prepared in error resulting in an overstatement of marketable securities and net assets at December 31, 2014 by \$52,045 each and, overstatement of donations and understatement of deficiency of donations over expenses for the year ended December 31, 2014 by \$52,045 each. The Company has corrected this error and amended and reissued the accompanying financial statements for the year ended December 31, 2014.

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.

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SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

3. 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 when received.

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 cannot be estimated, in-kind donations have not been recorded in 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

	2014	2013
Guaranteed investment certificate	\$ -	\$ 51,012

5. ACCOUNTS RECEIVABLE

The accounts receivable balance includes \$51,290 (2013: \$31,676) of harmonized sales tax recoverable.

SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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 a grant of \$50,000 to the Organization to be used to fund eligible expenditures incurred for the Malton location located at 2824-2848 Slough Street, Unit 5, Mississauga, Ontario.

During the year ended December 31, 2014, withdrawals from the fund consisted of payments of \$70,207 (2013: \$3,442) for rent, utilities, and repairs and maintenance at the Malton location and payroll cost of \$6,350 (2013: \$nil). During the year, the Organization received the total grant of \$50,000.

8. INSPIRIT FOUNDATION

The Inspirit Foundation provided the Organization a grant of \$15,000 in 2013 to be utilized for the following purposes: (i) to fund the Operations Manager's salary; (ii) for volunteer-related expenses; and (iii) for Seva fellow stipends.

No grant was received from this foundation during the year ended December 31, 2014.

9. ONTARIO TRILLIUM FOUNDATION FUND

The Ontario Trillium Foundation agreed to provide the 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 the year ended December 31, 2014, expenses incurred consisted of program expenses of \$2,000 (2013: \$nil) and salary expenses of \$15,000 (2013: \$nil). Since no funds were received from the Ontario Foundation in 2014, the amount of \$17,000 was funded by the general fund. Subsequent to the year end, the Organization received a grant of \$124,000 from the Ontario Trillium Foundation.

10. UNITED WAY FUND

The United Way has provided the Organization with a grant of \$30,000 to be used for the following purposes: (i) Seva School Breakfast Program - \$10,000; (ii) Infrastructure Support (Strategic Plan) - \$20,000.

During the year ended December 31, 2014, withdrawals from the fund consisted of payments for the Seva School Breakfast Program of \$8,497 (2013: \$nil) and Infrastructure support expenses of \$7,795 (2013: \$4,558). During the year, the Organization received the total amount of the grant.

SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

11. REGION OF PEEL - SUSTAINABILITY GRANTS

During 2014, the Region of Peel provided the Organization with two grants: one for \$135,400 over two years to be used for the salaries of the Finance Manager and the Volunteer Engagement Director, and the second grant of \$15,000 to be used for Donor Management Software costs.

During the year ended December 31, 2014, withdrawals from the fund consisted of payments for the Finance Manager and the Volunteer Engagement Director of \$67,700 (2013: \$nil) and for Donor Management software costs of \$15,000 (2013: \$nil). The Organization received \$82,700 during the year ended December 31, 2014.

12. CANADA SUMMER JOB FUND

Service Canada provided the Organization with a grant of \$5,764 from the Canada Summer Job Fund to be used to fill two positions during the period May 5, 2014 to August 30, 2014.

During the year ended December 31, 2014, withdrawals from the fund consisted of payments for two employees of \$2,882 each.

13. 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, 2014 was \$175,437 (2013: \$225,044).

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.

14. LEASE COMMITMENTS

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

2015	\$	105,372
2016		54,803
2017		49,490
2018		51,545
2019		47,249
		<u>308,459</u>

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

SIKHS SERVING CANADA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

15. 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, 2014.

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.

Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The Organization's exposure to credit risk is indicated by its accounts receivable. The concentration of credit risk with respect to its accounts receivable is considered to be low as the amounts are receivable from the government. The Organization is also exposed to credit risk through its cash balances. This risk is mitigated by maintaining its accounts with credit worthy institutions.

16. COMPARATIVE FIGURES

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

