

SIKHS SERVING CANADA ASSOCIATION
(Operating as Seva Food Bank)
Financial Statements
Year Ended December 31, 2011

SIKHS SERVING CANADA ASSOCIATION
(Operating as Seva Food Bank)
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Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sikhs Serving Canada Association (Operating as Seva Food Bank)

We have audited the accompanying financial statements of Sikhs Serving Canada Association, operating as Seva Food Bank, which comprise the statement of financial position as at December 31, 2011, 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 generally accepted accounting principles, 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.

(continues)

Independent Auditor's Report to the Members of Sikhs Serving Canada Association (Operating as Seva Food Bank)
(continued)

Basis for Qualified Opinion

In common with many charitable organizations, the company derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the company and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Sikhs Serving Canada Association, operating as Seva Food Bank, as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the year ended December 31, 2010 were reviewed and are presented for comparative purposes only.



CHARTERED ACCOUNTANTS
Licensed Public Accountants

Mississauga, Ontario
March 29, 2012

SIKHS SERVING CANADA ASSOCIATION

(Operating as Seva Food Bank)

Statement of Financial Position

December 31, 2011

	2011	2010 <i>(Unaudited)</i>
ASSETS		
CURRENT		
Cash	\$ 180,298	\$ 15,251
Accounts receivable	10,000	-
Prepaid expenses and deposits	6,026	7,158
	<u>\$ 196,324</u>	<u>\$ 22,409</u>
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,001	\$ 3,501
 NET ASSETS		
General Fund	162,202	18,908
United Way Fund <i>(Note 4)</i>	10,594	-
Ontario Trillium Foundation Fund <i>(Note 5)</i>	16,527	-
	<u>189,323</u>	<u>18,908</u>
	<u>\$ 196,324</u>	<u>\$ 22,409</u>

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

SIKHS SERVING CANADA ASSOCIATION

(Operating as Seva Food Bank)

Statement of Operations

Year Ended December 31, 2011

	2011	2010 <i>(Unaudited)</i>
DONATIONS	\$ 217,741	\$ 52,578
EXPENSES		
Advertising and promotion	1,391	1,979
Credit card processing	1,308	358
Insurance	1,091	1,560
Bank charges	158	248
Meetings and memberships	330	605
Office	8,708	2,887
Fundraising	3,226	-
Professional fees	-	3,550
Building lease	42,033	17,298
Repairs and maintenance	141	1,797
Supplies	8,929	1,000
Telephone	1,938	800
Utilities	5,194	1,643
	74,447	33,725
EXCESS OF DONATIONS OVER EXPENSES	\$ 143,294	\$ 18,853

SIKHS SERVING CANADA ASSOCIATION

(Operating as Seva Food Bank)

Statement of Changes in Net Assets

Year Ended December 31, 2011

	General Fund	United Way Fund	Ontario Trillium Foundation Fund	2011	2010 <i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 18,908	\$ -	\$ -	\$ 18,908	\$ 55
Contributions	-	15,000	35,000	50,000	-
Purchase of walk-in cooler	-	-	(8,830)	(8,830)	-
Salaries - Operation Manager	-	-	(9,643)	(9,643)	-
Accounting fees	-	(3,500)	-	(3,500)	-
Volunteer Appreciation	-	(906)	-	(906)	-
Excess of donations over expenses	143,294	-	-	143,294	18,853
NET ASSETS - END OF YEAR	\$ 162,202	\$ 10,594	\$ 16,527	\$ 189,323	\$ 18,908

SIKHS SERVING CANADA ASSOCIATION*(Operating as Seva Food Bank)***Statement of Cash Flows****Year Ended December 31, 2011**

	2011	2010 <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Excess of donations over expenses	\$ 143,294	\$ 18,853
Changes in non-cash working capital:		
Accounts receivable	(10,000)	-
Accounts payable and accrued liabilities	3,500	3,501
Prepaid expenses and deposits	1,132	(7,158)
	<u>(5,368)</u>	<u>(3,657)</u>
Cash flow from operating activities	<u>137,926</u>	<u>15,196</u>
INVESTING ACTIVITIES		
Ontario Trillium Foundation Fund Expenditures	(18,473)	-
United Way Fund Expenditures	(4,406)	-
Cash flow used by investing activities	<u>(22,879)</u>	<u>-</u>
FINANCING ACTIVITIES		
Proceeds from United Way contributions	15,000	-
Proceeds from Ontario Trillium Foundation	35,000	-
Cash flow from financing activities	<u>50,000</u>	<u>-</u>
INCREASE IN CASH FLOW	165,047	15,196
Cash - beginning of year	<u>15,251</u>	<u>55</u>
CASH - END OF YEAR	\$ 180,298	\$ 15,251
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 158</u>	<u>\$ 248</u>

SIKHS SERVING CANADA ASSOCIATION

(Operating as Seva Food Bank)

Notes to Financial Statements

Year Ended December 31, 2011

1. DESCRIPTION OF ORGANIZATION

Sikhs Serving Canada Association (the "Organization") was incorporated on January 28, 2009 pursuant to the Business Corporations Act of Ontario.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Fund accounting

The Organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The United Way Fund reports resources contributed for the expenditures of occupancy costs, computer and accessories, volunteer appreciation grocery supplement and audit and administration fees as approved by the United Way.

The Ontario Trillium Foundation Fund reports resources contributed for the expenditures of a walk-in cooler and the employment of a part time operation manager.

Revenue recognition

The Organization 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.

Financial Instruments

The Organization has designated all of its cash as held for trading and is carried at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which are also measured at amortized cost.

3. GENERAL FUND

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

SIKHS SERVING CANADA ASSOCIATION

(Operating as Seva Food Bank)

Notes to Financial Statements

Year Ended December 31, 2011

4. UNITED WAY FUND

The United Way has provided the Organization with a grant of \$15,000 in order to fund program occupancy expenses of \$8,750, one-time expenses for a computer and accessories, volunteer appreciation, grocery supplement and audit/admin fees to a maxim of \$6,250.

5. ONTARIO TRILLIUM FOUNDATION FUND

The Ontario Trillium Fund has 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 operation manager for a two year period. As of December 31, 2011 a total of \$35,000 have been received by the Organization.

6. FINANCIAL INSTRUMENTS

Fair value

The Organization's carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

7. 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, 2011 is \$162,202 (2010-\$18,908).

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.

8. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises. Future minimum lease payments as at December 31, 2011, are as follows:

2012	\$	43,071
2013		<u>21,795</u>
	\$	<u>64,866</u>