



**GHUMMAN & PARTNERS LLP**  
Chartered Professional Accountants

**SIKHS SERVING CANADA ASSOCIATION  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**SIKHS SERVING CANADA ASSOCIATION  
CONTENTS  
YEAR ENDED DECEMBER 31, 2015**

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	Page
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF REVENUES AND EXPENDITURES	3
STATEMENT OF CHANGES IN NET ASSETS	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 10



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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, 2015 and the statements of revenues and expenditures, 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 years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014, and net assets as at January 1 and December 31 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

*(continues)*

### 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, 2015 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 qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Organization has incurred a deficiency of donations over expenses of \$188,327 during the year ended December 31, 2015 and, as of that date, the Organization had a general fund's deficiency of \$83,234 and working capital deficit of \$27,234. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern.

Also and without further qualifying our report, we draw attention to Note 2 in the financial statements which indicates that, As of December 31, 2015 the Organization has utilized \$56,000 of its restricted funds in funding its general fund's deficiency during the year which have been spent on other than qualifying expenditures as per the grants agreements.

*Ghuffman & Partners LLP*

MISSISSAUGA, ONTARIO  
June 9, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

*Licensed Public Accountants*

**SIKHS SERVING CANADA ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - General Fund <i>(Note 2)</i>	\$ -	\$ 61,265
Accounts receivable <i>(Note 5)</i>	<b>60,000</b>	58,042
Prepaid expenses and deposits	<b>17,951</b>	25,907
	<b>77,951</b>	145,214
Cash - (Restricted) <i>(Note 2)</i>	<b>77,804</b>	18,267
	<b>\$ 155,755</b>	<b>\$ 163,481</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 32,605	\$ 44,852
Short term loans <i>(Note 7)</i>	<b>55,000</b>	-
Deferred rent	<b>17,580</b>	12,269
	<b>105,185</b>	57,121
Deferred Contributions <i>(Note 8.)</i>	<b>133,804</b>	1,267
	<b>238,989</b>	58,388
<b>NET ASSETS</b>		
General Fund <i>(Note 9)</i>	<b>(83,234)</b>	105,093
	<b>\$ 155,755</b>	<b>\$ 163,481</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

See auditor's report and accompanying notes.

**SIKHS SERVING CANADA ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2015**

	2015	2014
<b>REVENUES</b>		
Donations	\$ 282,303	\$ 201,889
Community Fund of Mississauga (Note 10)	29,815	76,558
Inspirit Foundation (Note 11)	6,250	-
Ontario Trillium Foundation Fund (Note 12)	31,975	17,000
United Way Fund (Note 13)	18,267	11,733
Region of Peel - Sustainability (Note 14)	72,960	82,700
Canada Summer Job Summer (Note 15)	6,286	5,764
Senior Community Fund (Note 16)	4,047	-
	<u>451,903</u>	<u>395,644</u>
<b>EXPENSES</b>		
Advertising and promotion	3,173	3,313
Insurance	332	3,521
Interest and bank charges	729	1,885
Meetings and conventions	3,292	2,973
Office and general	26,531	29,310
Fundraising	36,974	6,751
Volunteer	4,640	5,367
Delivery charges	690	470
Food costs	34,127	47,342
Professional fees	37,947	26,436
Occupancy costs	140,511	143,832
Repairs and maintenance	11,307	26,134
Salaries and wages	330,072	213,796
Telephone and telecommunications	8,151	7,730
Utilities	1,754	500
	<u>640,230</u>	<u>519,360</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (188,327)</u>	<u>\$ (123,716)</u>

See auditor's report and accompanying notes.

**SIKHS SERVING CANADA ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2015**

	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 105,093</b>	<b>\$ 228,809</b>
Deficiency of revenues over expenses	<u>(188,327)</u>	<u>(123,716)</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ (83,234)</u></b>	<b><u>\$ 105,093</u></b>

See auditor's report and accompanying notes.

**SIKHS SERVING CANADA ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (188,327)	\$ (123,716)
Changes in non-cash working capital:		
Accounts receivable	(1,958)	(18,715)
Accounts payable and accrued liabilities	(12,250)	28,288
Deferred rent	5,314	12,269
Prepaid expenses and deposits	7,956	(9,854)
Deferred contribution ( <i>Note 8.</i> )	132,537	(25,291)
	<u>131,599</u>	<u>(13,303)</u>
Cash flow used by operating activities	<u>(56,728)</u>	<u>(137,019)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	-	51,012
Cash - (Restricted)	(59,537)	8,291
	<u>(59,537)</u>	<u>59,303</u>
Cash flow from (used by) investing activities	<u>(59,537)</u>	<u>59,303</u>
<b>FINANCING ACTIVITY</b>		
Short term loans ( <i>Note 7</i> )	55,000	-
	<u>55,000</u>	<u>-</u>
<b>DECREASE IN CASH FLOW</b>	<b>(61,265)</b>	<b>(77,716)</b>
Cash - beginning of year	<u>61,265</u>	<u>138,981</u>
<b>CASH - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 61,265</b>

See auditor's report and accompanying notes.



**SIKHS SERVING CANADA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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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 food banks 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-codes.

2. GOING CONCERN

These financial statements have been prepared on a going-concern basis that contemplates the realization of assets and the payment of liabilities in the ordinary course of operation. Should the Organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Organization has incurred a deficiency of donations over expenses of \$188,327 during the year ended December 31, 2015 and, as of that date, the Organization had a general fund's deficiency of \$83,234 and working capital deficit of \$27,234.

Also as of December 31, 2015 the Company has utilized \$56,000 of its restricted funds in funding its general fund's deficiency during the year which have been spent on other than qualifying expenditures as per the grants agreements.

The Organization's ability to continue as a going concern is dependant upon its ability to get donations or grants and generate funds therefrom and/or on borrowing from third parties sufficient to meet current and future obligations.

Subsequent to the financial statement date and before the issuance of the auditor report, the Organization's unaudited results for the four months ended April 30, 2016 shows an excess of revenues over expenses by \$50,693. Also the management anticipates a positive result of \$136,800 by the end of the year. This is a direct result of streamline & cost restructuring initiative undertaken by the board.

3. BASIS OF PRESENTATION

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

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, 2015**

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

Revenue recognition

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

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue 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.

Tangible Capital Assets

The Organization expense all of its tangible capital assets. Its unrecorded tangible capital assets consists mainly of furniture and fixtures.

5. ACCOUNTS RECEIVABLE

The accounts receivable balance includes \$58,500 (2014: \$51,290) of harmonized sales tax recoverable.

6. Accounts payable and accrued liabilities

Included within accounts payables and accrued liabilities are government remittances payables totalling \$21,655 (2014: \$20,411).

**SIKHS SERVING CANADA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

7. SHORT TERM LOANS

During the year ended December 31, 2015, management has provided the organisation with loans to fund its operation. Following is the outstanding balance as of December 31, 2015:

Kulvir Gill	\$25,000
Sundeeep Bhatia	\$20,000
Gurmeet Ahluwalia	\$10,000

8. DEFERRED CONTRIBUTIONS

<u>Grants Name</u>	<u>2014</u>	<u>Contributed</u>	<u>Recognized</u>	<u>2015</u>
Community Fund of Mississauga (Note 10)	\$ -	\$ 42,000	\$ (29,815)	\$ <b>12,185</b>
Inspirit Foundation (Note 11)	-	6,250	(6,250)	-
Ontario Trillium Foundation Fund (Note 12)	(17,000)	141,000	(31,974)	<b>92,026</b>
United Way Fund (Note 13)	18,267	-	(18,267)	-
Region of Peel - Sustainability (Note 14)	-	100,200	(72,960)	<b>27,240</b>
Canada Summer Jobs fund (Note 15)	-	6,286	(6,286)	-
Senior Community Fund (Note 16)	-	6,400	(4,047)	<b>2,353</b>
	<b>\$ 1,267</b>	<b>\$ 302,136</b>	<b>\$ (169,599)</b>	<b>\$ 133,804</b>

9. GENERAL FUND

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

10. COMMUNITY FUND OF MISSISSAUGA

During 2015, the Community Fund of Mississauga provided the Organization with three grants: one for \$30,000 to be used for the program costs for healthy body and healthy mind, the second grant of \$10,000 to be used for a documentary on poverty and food insecurity; and the third grant of \$2,000 to be used in engaging youth and senior in gardening program to learn from each other.

During the year ended December 31, 2015, withdrawals from the fund consisted of payments for Salaries of \$24,330 (2014: \$6,350), Seva Garden expenses of \$5,485 (2014: \$nil) and payments of \$nil (2014: \$70,207) for rent, utilities, and repairs and maintenance at the Malton location. The Organization received \$42,000 during the year ended December 31, 2015.

Work on documentary was outstanding as at December 31, 2015. This was completed in early 2016.

**SIKHS SERVING CANADA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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11. INSPIRIT FOUNDATION

The Inspirit Foundation provided the Organization a grant of \$6,250 in 2015 to be utilized for gardening program.

During the year ended December 31, 2015, expenses incurred consisted of program expenses of \$6,250. The Organization received \$6,250 during the year ended December 31, 2015.

12. 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 year ended December 31, 2015, expenses incurred consisted of program expenses of \$10,000 (2014: \$2,000), salary expenses of \$20,700 (2014: \$15,000) and renovation expenses of \$1,275 (2014: \$nil). The Organization received \$141,000 during the year ended December 31, 2015.

The remaining balance for renovation and capital asset will be spent in 2016.

13. UNITED WAY FUND

The United Way has provided the Organization with a grant of \$30,000 in 2014 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, 2015, withdrawals from the fund consisted of payments for the Seva School Breakfast Program of \$3,883 (2014: \$6,117) and Infrastructure support expenses of \$14,387 (2014: \$5,613). In 2014, the Organization received the total amount of the grant.

14. REGION OF PEEL - SUSTAINABILITY GRANTS

During 2015, the Region of Peel provided the Organization with three grants: one for \$135,400 over two years starting from 2014 to be used for the salaries of the Finance Manager and the Volunteer Engagement Director, the second grant of \$15,000 to be used for Donor Management software costs and the third grant of \$17,500 to be used for organizational effectiveness expenditures.

During the year ended December 31, 2015, withdrawals from the fund consisted of payments for the Finance Manager and the Volunteer Engagement Director of \$67,700 (2014: \$67,700) and for organizational effectiveness of \$5,260 (2014:\$nil). The Organization spent \$15,000 on the donor management Software costs in 2014. The Organization received \$100,200 during the year ended December 31, 2015.

The remaining balance of the organizational effectiveness grant was spent in early 2016.

15. CANADA SUMMER JOB FUND

Service Canada provided the Organization with a grant of \$6,286 from the Canada Summer Job Fund to be used to hire summer students.

During the year ended December 31, 2015, withdrawals from the fund consisted of payments for employees of \$6,286.

**SIKHS SERVING CANADA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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16. SENIORS GRANT

Senior Community provided the Organization with a grant of \$6,400 to be used in engaging seniors in food bank activities.

During the year ended December 31, 2015, withdrawals from the fund consisted of payments for food bank groceries of \$4,047. The balance of the grant was spent in early 2016.

17. LEASE COMMITMENTS

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

2016	\$	127,602
2017		127,875
2018		129,929
2019		<u>83,774</u>
	\$	<u>469,180</u>

18. 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, 2015.

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.

19. COMPARATIVE FIGURES

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

