SIKHS SERVING CANADA ASSOCIATION

Financial Statements

Year Ended December 31, 2024

SIKHS SERVING CANADA ASSOCIATION
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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sikhs Serving Canada Association

Qualified Opinion

We have audited the financial statements of Sikhs Serving Canada Association (the Association), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2024, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations and fundraising activities, 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 Association and we were not able to determine whether any adjustments might be necessary to donations and fundraising activities income, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023 and net assets as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 the food received and distributed by the 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 the Organization as expressed above.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Affinity LLP

Mississauga, Ontario
July 4, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

SIKHS SERVING CANADA ASSOCIATION

Statement of Financial Position

As at December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash *(Note 5)*	**$ 502,713**	$ 739,019
Term deposits *(Note 6)*	**1,861,796**	1,531,245
Receivable from Government of Canada	**27,907**	-
Harmonized sales tax recoverable	**49,318**	58,158
Prepayment and utility deposit	**29,001**	30,446
	2,470,735	2,358,868
PROPERTY, PLANT AND EQUIPMENT *(Note 7)*	**268,260**	301,522
TOTAL ASSETS	**$ 2,738,995**	$ 2,660,390
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities *(Note 8)*	**$ 105,507**	$ 84,358
DEFERRED CONTRIBUTIONS *(Note 9)*	**439,345**	566,513
TOTAL LIABILITIES	**544,852**	650,871
NET ASSETS		
Unrestricted net assets	**1,134,575**	949,951
Internally restricted net assets *(Note 11)*	**1,059,568**	1,059,568
	2,194,143	2,009,519
TOTAL LIABILITIES AND NET ASSETS	**$ 2,738,995**	$ 2,660,390

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

SIKHS SERVING CANADA ASSOCIATION

Statement of Operations

Year Ended December 31, 2024

	2024	2023
REVENUES		
Donations	**$ 1,167,911**	$ 1,271,109
Region of Peel *(Note 9)*	**469,523**	265,215
Government of Canada - Age Well at Home Grant	**198,651**	50,838
Interest and other income	**121,959**	80,716
TD Kitchen Grant	**115,830**	-
Canada Summer Job Fund	**74,688**	78,496
Other Grants	**60,044**	181,305
Ontario Trillium Foundation Fund	**6,533**	26,297
	2,215,139	1,953,976
EXPENSES		
Salaries and wages *(Note 4)*	**1,150,355**	991,239
Rent	**227,045**	213,028
Food costs	**163,286**	105,578
Food-raising and fundraising	**155,300**	143,907
Amortization	**101,312**	119,596
Office	**83,670**	61,820
Professional fees	**55,839**	46,405
Utilities	**32,221**	29,995
Vehicle	**16,632**	14,680
Insurance	**15,048**	9,080
Telephone	**12,173**	10,867
Business taxes, licenses and memberships	**6,159**	1,792
Meals and entertainment	**5,708**	1,757
Travel	**4,101**	1,007
Interest and bank charges	**1,666**	2,256
	2,030,515	1,753,007
EXCESS OF REVENUES OVER EXPENSES	**$ 184,624**	$ 200,969

See notes to financial statements

SIKHS SERVING CANADA ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2024

	Unrestricted net assets	Internally restricted net assets	**2024**	2023
NET ASSETS - BEGINNING OF YEAR	$ 949,951	$ 1,059,568	**$ 2,009,519**	$ 1,808,550
FUND TRANSFER *(Note 11)*	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	184,624	-	**184,624**	200,969
NET ASSETS - END OF YEAR	$ 1,134,575	$ 1,059,568	**$ 2,194,143**	$ 2,009,519

See notes to financial statements

SIKHS SERVING CANADA ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 184,624**	$ 200,969
Item not affecting cash:		
Amortization of property, plant and equipment	**101,312**	119,596
	285,936	320,565
Changes in non-cash working capital:		
Accounts receivable	**(27,907)**	-
Accounts payable and accrued liabilities	**21,149**	16,457
Prepayment and utility deposit	**1,445**	(10,515)
Harmonized sales tax payable	**8,840**	10,671
Deferred contributions	**(127,168)**	138,617
	(123,641)	155,230
Cash flow from operating activities	**162,295**	475,795
INVESTING ACTIVITY		
Purchase of property, plant and equipment	**(68,050)**	(211,587)
INCREASE IN CASH FLOW	**94,245**	264,208
Cash - beginning of year	**2,270,264**	2,006,056
CASH - END OF YEAR	**$ 2,364,509**	$ 2,270,264
CASH CONSISTS OF:		
Cash	**$ 502,713**	$ 739,019
Term deposits	**1,861,796**	1,531,245
	$ 2,364,509	$ 2,270,264

See notes to financial statements

1. PURPOSE OF THE ASSOCIATION

Sikhs Serving Canada Association (the "Association") 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 Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association 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.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Equipment	20%-30%	declining balance method
Motor vehicles	30%	declining balance method
Leasehold improvements	term of the lease	straight-line method

The Association regularly reviews its property, plant and equipment to eliminate obsolete items.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments

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

Revenue recognition

Sikhs Serving Canada Association 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 Association 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 Association'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 Association's unrestricted net assets for certain purposes (e.g., research, special projects), in which case it is noted as Internally Restricted Net Assets.

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 Association 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 2,255,231 pounds (2023: 1,804,185 pounds) with a value of $3.72 (2023: $3.66) per pound.

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

Donated services and materials

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

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

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 represents the Association's net investment in property and equipment which is comprised 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 organization's Board of Directors.

c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Association each year, not of transfers, and are available for general purposes.

Impairment of Long Lived Assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

4. SALARIES

Salaries consist of the following:

	2024	2023
Program-related Salaries	$ 441,428	$ 337,618
General, Administration and Operational Salaries	708,927	653,621
	$ 1,150,355	$ 991,239

5. CASH

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

	2024	2023
Unrestricted	$ 63,339	$ 172,506
Restricted	439,345	566,513
	$ 502,684	$ 739,019

6. TERM DEPOSITS

As of December 31, the term deposits are classified as per the following:

	2024	2023
Unrestricted	$ 802,228	$ 471,677
Restricted	1,059,568	1,059,568
	$ 1,861,796	$ 1,531,245

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Equipment	$ 48,798	$ 10,010	$ 38,788	$ 45,910
Motor Vehicles	195,874	109,126	86,748	123,926
Leasehold Improvements	550,324	407,600	142,724	131,686
	$ 794,996	$ 526,736	$ 268,260	$ 301,522

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts Payable	$ 33,087	$ 28,623
Payroll Liabilities	29,870	23,094
Accrued Liabilities	50,549	32,640
	$ 113,506	$ 84,357

9. DEFERRED CONTRIBUTIONS

This amount consists of contributions that have restrictions relating to specific projects that were imposed by the donor. A summary of the deferred contributions is as follows:

	Opening Balance	Contributed	Recognised	2024
Contributors				
Region of Peel	$ 356,399	$ 283,818	469,523	$ **170,694**
TD Kitchen Grant	-	136,618	115,830	$ **20,788**
Amazon Canada	81,000	-	27,000	$ **54,000**
Punjabi Community Health Services	12,000	-	4,000	$ **8,000**
Ontario Trillium Foundation	51,000	5,600	6,532	$ **50,068**
Community Foundation of Mississauga	-	25,000	-	$ **25,000**
Summer Student Grant	-	74,686	74,686	$ -
J.P. Bickell Foundation	-	25,000	-	$ **25,000**
City of Brampton	-	11,250	-	$ **11,250**
Horizon Seniors Grant	-	25,000	18,750	$ **6,250**
Tamarack Institute	-	25,045	11,545	$ **13,500**
Novo Nordisk Network	15,000	39,795	-	$ **54,795**
Government of Canada - Age Well at Home Grant	51,114	119,630	170,744	$ -
Total	566,513	771,442	898,610	439,345

10. LEASE COMMITMENTS

The Charitable Organization has long-term lease with respect to its premises which will be expired on January 31, 2026, April 30, 2026 and November 30, 2029 respectively. Future minimum lease payments are as follows:

2025	$ 233,470
2026	167,830
2027	169,997
2028	178,961
2029	171,580
	$ 921,838

11. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors established an internally restricted net assets to manage the Association's risk for future operations due to the fluctuations in cash flow and program funding during the year ended December 31, 2023. The Board of Directors approved a transfer of $1,059,568, which represented payment of all projected expenses for the coming six months, from unrestricted net assets to internally restricted net assets during the year ended December 31, 2023. During the current year, no transfer was made to this internally restricted net assets.

12. FINANCIAL INSTRUMENTS

The Association 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 Association's risk exposure and concentration as of December 31, 2024.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash. The Association monitors and maintains a level of bank balances deemed adequate to finance the Association's operations.

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