

**GREATER HAMILTON FOOD SHARE**  
**FINANCIAL STATEMENTS**  
**Year Ended March 31, 2019**



**GREATER HAMILTON FOOD SHARE**  
**INDEX TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Greater Hamilton Food Share

### ***Qualified Opinion***

We have audited the financial statements of Greater Hamilton Food Share (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures and 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 Organization as at March 31, 2019, 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 not-for-profit organizations, the Organization derives revenue from donations, both monetary and food items, the completeness and valuation of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and food raised, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 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 Organization 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.

### ***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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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***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 Organization'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 Organization'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 Organization 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.



Ancaster, Ontario  
June 25, 2019

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Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario

**GREATER HAMILTON FOOD SHARE**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2019**

	2019	2018
<b>ASSETS</b>		
Current		
Cash	\$ 519,377	\$ 593,283
Accounts receivable	177,008	48,242
Prepaid expenses	28,865	29,169
	<b>725,250</b>	670,694
Capital assets <i>(Note 3)</i>	<b>1,240,683</b>	1,211,341
	<b>\$ 1,965,933</b>	\$ 1,882,035
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 39,540	\$ 38,441
Deferred contributions <i>(Note 4)</i>	2,500	20,000
	<b>42,040</b>	58,441
Deferred capital contributions <i>(Note 5)</i>	<b>849,944</b>	772,732
	<b>891,984</b>	831,173
<b>NET ASSETS</b>		
General Fund <i>(Note 6)</i>	460,377	382,213
Invested in Capital Assets	390,739	438,609
Board restricted funds <i>(Note 7)</i>		
Hunger Relief Fund	-	-
Emergency Operating Fund	201,133	201,133
Capital Replacement Fund	21,700	28,907
	<b>1,073,949</b>	1,050,862
	<b>\$ 1,965,933</b>	\$ 1,882,035

**ON BEHALF OF THE BOARD**

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

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

**GREATER HAMILTON FOOD SHARE**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS**  
**Year Ended March 31, 2019**

	General Fund	Invested in Capital Assets	Hunger Relief Fund	Emergency Operating Fund	Capital Replacement Fund	2019	2018
<b>Revenues</b>							
Donations	\$ 1,061,895	\$ -	\$ 56,900	\$ -	\$ -	\$ 1,118,795	\$ 1,035,541
Membership capacity grants	315,000	-	-	-	-	315,000	315,000
Operational grants	170,730	-	-	-	-	170,730	170,730
Membership dues	12,000	-	-	-	-	12,000	12,000
Project funding	10,941	-	-	-	-	10,941	993
Other	429	-	-	-	-	429	507
Nevada	371	-	-	-	-	371	2,687
Amortization of deferred capital contributions	-	63,012	-	-	-	63,012	74,647
Gain (loss) on disposal of assets	-	40	-	-	-	40	(363)
	1,571,366	63,052	56,900	-	-	1,691,318	1,611,742
<b>Expenses</b>							
Food acquisition and distribution							
Food purchases	\$ 888,150	\$ -	\$ 193,326	\$ -	\$ -	\$ 193,326	\$ 260,597
Food acquisition and distribution operational <i>(Schedule 1)</i>	888,150	-	193,326	-	-	1,081,476	1,010,480
Resource development <i>(Schedule 2)</i>	175,361	-	-	-	-	175,361	159,678
Community development and public education <i>(Schedule 3)</i>	145,775	-	-	-	-	145,775	152,302
Administrative <i>(Schedule 4)</i>	173,037	-	-	-	-	173,037	159,115
Amortization of capital assets	-	92,582	-	-	-	92,582	101,076
	494,173	92,582	-	-	-	586,755	572,171
	1,382,323	92,582	193,326	-	-	1,668,231	1,582,651
Value of food raised <i>(Note 2)</i>	8,723,000	-	-	-	-	8,723,000	7,125,000
Distribution of food raised	(8,723,000)	-	-	-	-	(8,723,000)	(7,125,000)
<b>Net excess (deficiency) of revenues over expenses</b>	189,043	(29,530)	(136,426)	-	-	23,087	29,091
Fund balances - beginning of year	382,213	438,609	-	201,133	28,907	1,050,862	1,021,771
Purchase of capital assets	(92,977)	121,884	-	-	(28,907)	-	-
Capital contributions	140,224	(140,224)	-	-	-	-	-
Transfers	(158,126)	-	136,426	-	21,700	-	-
<b>Fund balances - end of year</b>	\$ 460,377	\$ 390,739	\$ -	\$ 201,133	\$ 21,700	\$ 1,073,949	\$ 1,050,862

**GREATER HAMILTON FOOD SHARE**  
**STATEMENT OF CASH FLOWS**  
**Year Ended March 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 23,087	\$ 29,091
Items not affecting cash:		
Amortization of capital assets	92,582	101,076
Amortization of deferred capital contributions	(63,012)	(74,647)
Loss (gain) on disposal of capital assets	(40)	363
	<b>52,617</b>	<b>55,883</b>
Changes in non-cash working capital:		
Accounts receivable	(128,766)	45,233
Prepaid expenses	304	5,591
Accounts payable and accrued liabilities	1,099	6,358
Deferred contributions	(17,500)	20,000
	<b>(144,863)</b>	<b>77,182</b>
Cash flow from operating activities	<b>(92,246)</b>	<b>133,065</b>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(121,884)	(23,515)
Cash flow used by investing activity	<b>(121,884)</b>	<b>(23,515)</b>
<b>FINANCING ACTIVITY</b>		
Capital contributions	140,224	77,000
Cash flow from financing activity	<b>140,224</b>	<b>77,000</b>
<b>Increase (decrease) in cash</b>	<b>(73,906)</b>	<b>186,550</b>
Cash - beginning of year	593,283	406,733
<b>Cash - end of year</b>	<b>\$ 519,377</b>	<b>\$ 593,283</b>



**GREATER HAMILTON FOOD SHARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2019**

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1. NATURE OF OPERATIONS

Greater Hamilton Food Share (the organization) was established on January 13, 1988 as a collective community group of emergency food providers. The organization was incorporated without share capital, by Letters Patent on September 25, 1992 and operates under the Ontario Charitable Institutions Act. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization co-ordinates the collection and distribution of food for its member agencies and other local hunger relief agencies. The member agencies include Good Shepherd Centres, Hamilton-Wentworth Chapter of Native Women Incorporated, Living Rock Ministries, Missions Services of Hamilton, Neighbour to Neighbour, St. Matthew's House, Stoney Creek Food Bank, The Salvation Army, Welcome Inn and Wesley Urban Ministries.

These financial statements include the assets, liabilities, revenue and expenses applicable to the organization. They do not include any assets, liabilities, revenue or expenses of the member agencies, or any other organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

**Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, 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.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant risks arising from its financial instruments. There have been no changes in the organization's financial instruments risk exposures from the prior year.

**Revenue recognition**

The organization 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.

Restricted contributions for the purchase of capital assets, and contributions of capital assets, are deferred and amortized into revenue on a basis that corresponds with the amortization of the related capital assets.

Restricted contributions for the purchase of bulk food items are recognized as revenue of the Hunger Relief Fund.

Donated food items are recognized as revenue when distributed to member agencies.

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**GREATER HAMILTON FOOD SHARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2019**

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

**Donated food items and services**

The organization measures the weight of all donated food that enter the warehouse. During the year, the organization received approximately 3,355,000 pounds of donated food items (2018 - 2,850,000). Using a national industry rate by Food Banks Canada of \$2.60 (2018 - \$2.50) per pound, management estimates the fair value of donated food items is \$8,723,000 (2018 - \$7,125,000).

The organization is dependent on the voluntary services of many of its members. Contributed services are not recorded in these financial statements as the fair values of these cannot be reasonably estimated.

**Capital assets**

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Building	4%
Computer equipment	30%
Facility machinery and equipment	20%
Furniture and fixtures	20%
Vehicles	30%
Website	20%

The organization regularly reviews its capital assets to eliminate obsolete items. Capital assets to be assembled are not amortized until they are placed into use.

**Use of Estimates**

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 include the determination by management of the value of donated food and the useful lives of capital assets.

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.

**GREATER HAMILTON FOOD SHARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2019**

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 195,384	\$ -	\$ 195,384	\$ 195,384
Building materials not assembled	9,251	-	9,251	-
Building	1,409,577	566,801	842,776	832,326
Computer equipment	78,841	64,911	13,930	9,491
Facility machinery and equipment	49,100	4,092	45,008	-
Furniture and fixtures	44,548	30,684	13,864	13,208
Vehicles	250,329	154,467	95,862	134,254
Website	39,700	15,092	24,608	26,678
	<b>\$ 2,076,730</b>	<b>\$ 836,047</b>	<b>\$ 1,240,683</b>	<b>\$ 1,211,341</b>

4. DEFERRED CONTRIBUTIONS

	2018	Contributions	Recognized in revenue	2019
Food purchases	\$ 15,000	\$ -	\$ 15,000	\$ -
Senior programs	5,000	2,500	5,000	2,500
	<b>\$ 20,000</b>	<b>\$ 2,500</b>	<b>\$ 20,000</b>	<b>\$ 2,500</b>

Deferred contributions represent externally restricted funding received in advance of the incurrence of the related expenditures.

5. DEFERRED CAPITAL CONTRIBUTIONS

	2018	Contributions	Amortized into revenue	2019
Building	\$ 660,339	\$ -	\$ 26,414	\$ 633,925
Facility machinery and equipment	-	41,524	3,460	38,064
Furniture and fixtures	5,799	-	1,160	4,639
Vehicles	106,594	98,700	31,978	173,316
	<b>\$ 772,732</b>	<b>\$ 140,224</b>	<b>\$ 63,012</b>	<b>\$ 849,944</b>

Deferred capital contributions represent unamortized funding received for the purchase of capital assets and the unamortized balance of contributed capital assets. These contributions are amortized into revenue on a basis that corresponds with the amortization of the related capital assets.

During the year, the organization received a restricted contribution of \$41,524 for the purchase of a forklift and was awarded a capital grant of \$98,700 restricted for the purchase of a refrigerated truck to be purchased in fiscal 2020.



**GREATER HAMILTON FOOD SHARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2019**

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6. GENERAL FUND

The organization is dependant on community donations for a significant portion of its operating revenues. The balance of funds held in the General Fund are used to fund operating expenses during the period of the year when community donations are low.

7. BOARD RESTRICTED FUNDS

The Board restricted funds consist of the following:

Hunger Relief Fund: Established to provide a consistent supply of staple food products by bulk purchasing food as needed and to assist with capital purchases that will increase service delivery capacity.

Emergency Operating Fund: Established to provide a reserve for emergency expenses as approved by the Board of Directors. The balance in the fund is to be maintained at a level which approximates two months of operational costs.

Capital Replacement Fund: Established to meet current and future capital asset requirements including major repairs and replacements. Capital asset requirements are determined by management with reference to independent capital replacement evaluations.

8. BUSINESS LINE OF CREDIT

The organization has access to a business line of credit to finance working capital in the amount of \$200,000. The line of credit, with the Toronto Dominion Bank, bears interest when drawn at prime plus 2.5% per annum and is repayable on demand. It is secured by a \$400,000 collateral mortgage on the organization's building.

9. COMPARATIVE FIGURES

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



**GREATER HAMILTON FOOD SHARE****FOOD ACQUISITION AND DISTRIBUTION OPERATIONAL EXPENSES***(Schedule 1)***Year Ended March 31, 2019**

	2019	2018
Communications	\$ 1,179	\$ 716
Conferences	79	730
Emergency membership grants	216,124	184,506
Equipment repair and maintenance	1,539	4,934
Facility costs	72,513	86,427
Fundraising	57	1,492
Insurance - property and vehicles	15,907	14,410
Membership fees	10,000	10,000
Office supplies	1,460	1,794
Shipping and receiving transportation	75,239	61,711
Staff development	1,845	329
Staff travel	7,243	5,923
Volunteer	1,828	1,547
Wages and benefits	473,654	371,289
Warehouse supplies	9,483	4,075
	<b>\$ 888,150</b>	<b>\$ 749,883</b>

**RESOURCE DEVELOPMENT EXPENSES***(Schedule 2)***Year Ended March 31, 2019**

	2019	2018
Communications	\$ 4,944	\$ 2,573
Contract labour	7,997	-
Direct mail	16,259	17,685
Membership fees	1,529	1,529
Office supplies	9,765	9,188
Printing	-	364
Staff development	500	1,300
Staff travel	3,679	1,944
Wages and benefits	130,688	125,095
	<b>\$ 175,361</b>	<b>\$ 159,678</b>



**GREATER HAMILTON FOOD SHARE****COMMUNITY DEVELOPMENT AND PUBLIC EDUCATION EXPENSES***(Schedule 3)***Year Ended March 31, 2019**

	2019	2018
Advertising and promotion	\$ 5,386	\$ 10,029
Communications	-	800
Project costs	1,850	1,798
Volunteer	281	841
Wages and benefits	138,258	138,834
	\$ 145,775	\$ 152,302

**ADMINISTRATIVE EXPENSES***(Schedule 4)***Year Ended March 31, 2019**

	2019	2018
Bank and administrative charges	\$ 16,207	\$ 14,101
Communications	12,156	11,030
Computer service and maintenance	21,006	10,913
Office supplies	7,380	6,844
Officer and director insurance	1,896	1,806
Professional fees	16,029	7,276
Recruitment	1,681	6,777
Staff development	6,394	4,612
Wages and benefits	90,288	95,756
	\$ 173,037	\$ 159,115

