

GREATER HAMILTON FOOD SHARE
FINANCIAL STATEMENTS
Year Ended March 31, 2021



GREATER HAMILTON FOOD SHARE
INDEX TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10
Food Acquisition and Distribution Operational Expenditures (<i>Schedule 1</i>)	11
Resource Development Expenditures (<i>Schedule 2</i>)	11
Community Development and Public Education Expenditures (<i>Schedule 3</i>)	12
Administrative Expenditures (<i>Schedule 4</i>)	12

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, 2021, 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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, 2021, current assets and net assets as at March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 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 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 these 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 ASNPO, 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 related 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.

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:

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Independent Auditor's Report to the Members of Greater Hamilton Food Share *(continued)*

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 29, 2021

GIBB WIDDIS CHARTERED ACCOUNTANTS PROFESSIONAL CORPORATION
Licensed Public Accountants



GREATER HAMILTON FOOD SHARE
STATEMENT OF FINANCIAL POSITION
March 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 2,159,032	\$ 851,977
Accounts receivable	91,507	51,423
Prepaid expenses	77,617	37,017
	2,328,156	940,417
Capital assets <i>(Note 3)</i>	1,276,956	1,311,082
	\$ 3,605,112	\$ 2,251,499
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 94,427	\$ 76,486
Deferred contributions <i>(Note 5)</i>	60,000	167,933
Deferred COVID-19 relief funding <i>(Note 6)</i>	933,020	-
	1,087,447	244,419
Deferred capital contributions <i>(Note 7)</i>	722,055	792,739
	1,809,502	1,037,158
NET ASSETS		
General Fund <i>(Note 8)</i>	435,376	350,965
Invested in Capital Assets	554,901	518,343
Board restricted funds <i>(Note 9)</i>		
Hunger Relief Fund	75,000	-
Emergency Operating Fund	350,033	250,033
Capital Replacement Fund	380,300	95,000
	1,795,610	1,214,341
	\$ 3,605,112	\$ 2,251,499

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, 2021

	General Fund	Invested in Capital Assets	Hunger Relief Fund	Emergency Operating Fund	Capital Replacement Fund	2021	2020
Revenues							
Donations	\$ 3,368,026	\$ -	\$ 47,597	\$ -	\$ -	\$ 3,415,623	\$ 1,342,338
Operational grants	645,012	-	-	-	-	645,012	244,483
Membership capacity grants	-	-	-	-	-	-	315,000
Membership dues	-	-	-	-	-	-	16,000
Project funding	-	-	-	-	-	-	8,352
Other	17,728	-	-	-	-	17,728	66,273
Amortization of deferred capital contributions	-	76,684	-	-	-	76,684	72,791
Loss on disposal of assets	-	(28,205)	-	-	-	(28,205)	(720)
	4,030,766	48,479	47,597	-	-	4,126,842	2,064,517
Expenditures							
Food purchases	-	-	1,437,694	-	-	1,437,694	299,664
Food Acquisition and Distribution Operational (<i>Schedule 1</i>)	1,305,935	-	-	-	-	1,305,935	1,026,409
Resource Development (<i>Schedule 2</i>)	219,348	-	-	-	-	219,348	180,221
Community Development and Public Education (<i>Schedule 3</i>)	167,936	-	-	-	-	167,936	143,775
Administrative (<i>Schedule 4</i>)	300,967	-	-	-	-	300,967	165,201
Amortization of capital assets	-	113,693	-	-	-	113,693	108,855
	1,994,186	113,693	1,437,694	-	-	3,545,573	1,924,125
Excess (deficiency) of revenues over expenditures	2,036,580	(65,214)	(1,390,097)	-	-	581,269	140,392
Value of food raised	11,459,880	-	-	-	-	11,459,880	9,924,560
Distribution of food raised	(11,459,880)	-	-	-	-	(11,459,880)	(9,924,560)
Net excess (deficiency) of revenues over expenditures	2,036,580	(65,214)	(1,390,097)	-	-	581,269	140,392
Net assets - beginning of year	350,965	518,343	-	250,033	95,000	1,214,341	1,073,949
Purchase of capital assets	(14,772)	109,772	-	-	(95,000)	-	-
Sale of capital assets	2,000	(2,000)	-	-	-	-	-
Capital contributions	6,000	(6,000)	-	-	-	-	-
Transfers	(1,945,397)	-	1,465,097	100,000	380,300	-	-
Net assets - end of year	\$ 435,376	\$ 554,901	\$ 75,000	\$ 350,033	\$ 380,300	\$ 1,795,610	\$ 1,214,341

GREATER HAMILTON FOOD SHARE
STATEMENT OF CASH FLOWS
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 581,269	\$ 140,392
Items not affecting cash:		
Amortization of capital assets	113,693	108,855
Amortization of deferred capital contributions	(76,684)	(72,791)
Loss on disposal of assets	28,205	720
	646,483	177,176
Changes in non-cash working capital:		
Accounts receivable	(40,084)	125,585
Prepaid expenses	(40,600)	(8,152)
Accounts payable and accrued liabilities	17,941	36,946
Deferred contributions	(107,933)	165,433
Deferred COVID-19 relief funding	933,020	-
	762,344	319,812
Cash flow from operating activities	1,408,827	496,988
INVESTING ACTIVITIES		
Purchase of capital assets	(109,772)	(179,974)
Proceeds on disposal of capital assets	2,000	-
Cash flow used by investing activities	(107,772)	(179,974)
FINANCING ACTIVITY		
Capital contributions	6,000	15,586
Cash flow from financing activity	6,000	15,586
Increase in cash	1,307,055	332,600
Cash - beginning of year	851,977	519,377
Cash - end of year	\$ 2,159,032	\$ 851,977



GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

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 is the systems coordinator for the Emergency Food System and procures and distributes food for its member agencies and other local hunger relief agencies.

These financial statements include the assets, liabilities, revenue and expenditures applicable to the organization. They do not include any assets, liabilities, revenue or expenditures 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 (ASNFPO).

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

Greater Hamilton Food Share follows the deferral method of accounting for contributions.

Restricted contributions are initially recorded as deferred revenue and recognized as revenue in the year in which the related expenditures 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 asset.

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, 2021

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

Donated food items and services

The organization measures the weight of all donated food that enters the warehouse. During the year, the organization received approximately 4,374,000 pounds of donated food items (2020 - 3,788,000). Using a national industry rate established by Food Banks Canada of \$2.62 per pound (2020 - \$2.62), management estimates the fair value of donated food items is \$11,459,880 (2020 - \$9,924,560).

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.

Purchased food items and inventory

Food purchases are recorded as an expense at the date of purchase. As it is not practical to track and determine the fair value of food items, including donated food on hand at year end, food items are not reflected as inventory in these financial statements.

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 under construction 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, 2021

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 195,384	\$ -	\$ 195,384	\$ 195,384
Building	1,435,753	633,602	802,151	819,440
Capital asset under construction	-	-	-	9,251
Computer equipment	37,250	23,901	13,349	15,739
Facility machinery and equipment	117,271	25,436	91,835	45,181
Furniture and fixtures	32,346	6,428	25,918	16,455
Vehicles	372,750	240,180	132,570	189,946
Website	39,700	23,951	15,749	19,686
	\$ 2,230,454	\$ 953,498	\$ 1,276,956	\$ 1,311,082

4. GOVERNMENT REMITTANCES PAYABLE

Government remittances include, payroll taxes, health taxes, and workers' safety insurance premiums. Government remittances payable at year end total \$2,968 (2020 - \$12,782) and are included in accounts payable and accrued liabilities.

5. DEFERRED CONTRIBUTIONS

	2020	Contributions	Recognized in revenue	2021
Donations	\$ 159,000	\$ 10,000	\$ 159,000	\$ 10,000
City of Hamilton - Enrichment Grant	8,933	-	8,933	-
Emergency Food Security Fund	-	50,000	-	50,000
	\$ 167,933	\$ 60,000	\$ 167,933	\$ 60,000

Deferred donations and grants are restricted by the donor to be used to purchase specified food items or to fund programs of the following fiscal year. The Emergency Food Security Fund contribution represents funding received through the Federal Government restricted for the purpose of securing continued access to food for people experiencing food insecurity during the COVID-19 pandemic. The majority of this funding is intended to support the purchase of needed food and must be spent by September 30, 2021.

GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

6. DEFERRED COVID-19 RELIEF FUNDING

	2020	Contributions	Recognized in revenue	2021
Food Banks Canada COVID-19 relief funding	\$ -	\$ 933,020	\$ -	\$ 933,020

Food Banks Canada has specified that these funds be used to assist the organization, and its member agencies', respond to COVID-19 or help cope with the impact of COVID-19. The funds may be invested broadly, at the organization's discretion, on food purchasing, transportation, storage, staffing, equipment or operational and general expenses. Since none of the funding was utilized during the fiscal year, Food Banks Canada has required that all of the above funding be utilized in fiscal 2022.

7. DEFERRED CAPITAL CONTRIBUTIONS

	2020	Contributions	Amortized into revenue	2021
Building	\$ 611,678	\$ -	\$ 24,467	\$ 587,211
Facility machinery and equipment	39,626	6,000	8,725	36,901
Furniture and fixtures	5,309	-	2,654	2,655
Vehicles	136,126	-	40,838	95,288
	\$ 792,739	\$ 6,000	\$ 76,684	\$ 722,055

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.

8. 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 expenditures during the period of the year when community donations are low.

9. 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 expenditures 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.

GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2021

10. 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. At year end, no amounts were outstanding under the business line of credit (2020 - Nil).

11. COVID-19

The COVID-19 pandemic developed rapidly during fiscal 2021 and the situation is continually evolving. Since the onset of COVID-19, the priority of Greater Hamilton Food Share has been to ensure that member agencies have the food resources they need to continue to provide emergency food services to those in need.

The organization relies on revenue from grants and donations. The continued generous support from donors, community, corporate partners, and government agencies has allowed the organization to continue to adapt during these changing conditions. The organization continues to receive significant funds from multiple sources in response to the pandemic.

The extent of the impact of COVID-19 on the organization's future service delivery and operations will continue to depend on certain developments, including the duration and spread of the outbreak, impact on the community, employees, and funders all of which are uncertain and cannot be predicted.

12. 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 EXPENDITURES (Schedule 1)****Year Ended March 31, 2021**

	2021	2020
Communications	\$ 8,014	\$ 886
Conferences	-	127
Emergency membership grants	343,928	245,908
Equipment repair and maintenance	7,201	3,172
Facility costs	186,306	84,371
Insurance - property and vehicles	40,038	25,926
Membership fees	12,500	10,000
Office supplies	7,297	3,037
Shipping and receiving transportation	113,125	121,716
Staff development	746	11,596
Staff travel	8,625	9,847
Volunteer	166	1,528
Wages and benefits	558,789	499,201
Warehouse supplies	19,200	9,094
	\$ 1,305,935	\$ 1,026,409

RESOURCE DEVELOPMENT EXPENDITURES**(Schedule 2)****Year Ended March 31, 2021**

	2021	2020
Communications	\$ 26,214	\$ 5,950
Contract labour	-	3,955
Direct mail	17,674	15,185
Membership fees	1,156	1,211
Office supplies	24,481	11,018
Staff development	2,028	1,238
Staff travel	290	2,885
Wages and benefits	147,505	138,779
	\$ 219,348	\$ 180,221



GREATER HAMILTON FOOD SHARE**COMMUNITY DEVELOPMENT AND PUBLIC EDUCATION EXPENDITURES (Schedule 3)****Year Ended March 31, 2021**

	2021	2020
Advertising and promotion	\$ 16,047	\$ 7,628
Communications	2,390	125
Project costs	1,993	1,902
Volunteer	375	908
Wages and benefits	147,131	133,212
	\$ 167,936	\$ 143,775

ADMINISTRATIVE EXPENDITURES**(Schedule 4)****Year Ended March 31, 2021**

	2021	2020
Bank and administrative charges	\$ 59,245	\$ 18,632
Communications	16,614	12,840
Computer service and maintenance	30,180	21,138
Office supplies	19,467	7,280
Officer and director insurance	2,095	1,990
Professional fees	38,865	16,015
Recruitment	7,878	3,809
Staff development	6,864	5,949
Wages and benefits	119,759	77,548
	\$ 300,967	\$ 165,201

