

GREATER HAMILTON FOOD SHARE
FINANCIAL STATEMENTS
Year Ended March 31, 2017



GREATER HAMILTON FOOD SHARE
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Year Ended March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Greater Hamilton Food Share

We have audited the accompanying financial statements of Greater Hamilton Food Share, which comprise the statement of financial position as at March 31, 2017 and the statements of operations and changes in fund balances 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, Greater Hamilton Food Share 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 Greater Hamilton Food Share. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2017, current assets and net assets as at April 1, 2016 and March 31, 2017.

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 Greater Hamilton Food Share as at March 31, 2017 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.



Ancaster, Ontario
June 27, 2017

GIBB WIDDIS CHARTERED ACCOUNTANTS PROFESSIONAL CORPORATION
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

GREATER HAMILTON FOOD SHARE
STATEMENT OF FINANCIAL POSITION
March 31, 2017

	2017	2016
ASSETS		
Current		
Cash	\$ 406,733	\$ 576,225
Accounts receivable	93,475	87,583
Prepaid expenses	34,760	17,202
	534,968	681,010
Capital assets (Note 3)	1,289,265	1,123,608
	\$ 1,824,233	\$ 1,804,618
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 32,083	\$ 40,455
Deferred capital contributions (Note 4)	770,379	732,840
	802,462	773,295
NET ASSETS		
General Fund (Note 5)	299,845	399,791
Invested in Capital Assets	518,886	390,768
Board Restricted Funds (Note 6)		
Hunger Relief Fund	-	-
Emergency Operating Fund	199,033	199,033
Capital Replacement Fund	4,007	41,731
	1,021,771	1,031,323
	\$ 1,824,233	\$ 1,804,618

ON BEHALF OF THE BOARD

Director

Director



GREATER HAMILTON FOOD SHARE

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year Ended March 31, 2017

	General Fund	Invested in Capital Assets	Hunger Relief Fund	Emergency Operating Fund	Capital Replacement Fund	Total 2017	Total 2016
Revenue							
Donations	\$ 908,611	\$ -	\$ 31,538	\$ -	\$ -	\$ 940,149	\$ 893,468
Membership capacity grants	315,000	-	-	-	-	315,000	315,000
Project funding	741	-	-	-	-	741	11,706
Operational grants	170,730	-	-	-	-	170,730	171,663
Membership dues	12,000	-	-	-	-	12,000	12,000
Nevada	3,209	-	-	-	-	3,209	2,552
Interest	-	-	-	-	-	-	1,234
Amortization of deferred capital contributions (Note 5)	-	37,461	-	-	-	37,461	35,233
Gain on disposal of assets	-	1,367	-	-	-	1,367	-
	1,410,291	38,828	31,538	-	-	1,480,657	1,442,856
Expenses							
Food acquisition and distribution							
Food purchases	-	-	220,628	-	-	220,628	271,416
Operational (Schedule 1)	748,256	-	-	-	-	748,256	731,211
	748,256	-	220,628	-	-	968,884	1,002,627
Resource development (Schedule 2)	156,083	-	-	-	-	156,083	128,565
Community development and public education (Schedule 3)	146,035	-	-	-	-	146,035	132,672
Administrative (Schedule 4)	160,807	-	-	-	-	160,807	145,743
Amortization of capital assets	-	58,400	-	-	-	58,400	49,789
	462,925	58,400	-	-	-	521,325	456,769
	1,211,181	58,400	220,628	-	-	1,490,209	1,459,396
Food raised (Note 2)	199,110	(19,572)	(189,090)	-	-	(9,552)	(16,540)
Distribution of food raised	6,910,000	-	-	-	-	6,910,000	6,030,000
	(6,910,000)	-	-	-	-	(6,910,000)	(6,030,000)
Excess (deficiency) of revenue over expenses	199,110	(19,572)	(189,090)	-	-	(9,552)	(16,540)
Fund balances - beginning of year	399,791	390,768	-	199,033	41,731	1,031,323	1,047,863
Purchase of capital assets	(188,466)	226,190	-	-	(37,724)	-	-
Sale of capital assets	3,500	(3,500)	-	-	-	-	-
Capital contributions received	75,000	(75,000)	-	-	-	-	-
Transfers	(189,090)	-	189,090	-	-	-	-
Fund balances - end of year	\$ 299,845	\$ 518,886	\$ -	\$ 199,033	\$ 4,007	\$ 1,021,771	\$ 1,031,323



GREATER HAMILTON FOOD SHARE
STATEMENT OF CASH FLOWS
Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Deficiency of revenue over expenses - All funds	\$ (9,552)	\$ (16,540)
Items not affecting cash:		
Amortization of capital assets	58,400	49,789
Amortization of deferred capital contributions	(37,461)	(35,233)
Gain on disposal of assets	(1,367)	-
	10,020	(1,984)
Changes in non-cash working capital:		
Accounts receivable	(5,892)	(13,222)
Prepaid expenses	(17,558)	2,070
Accounts payable and accrued liabilities	(8,372)	8,183
	(31,822)	(2,969)
Cash flow used by operating activities	(21,802)	(4,953)
INVESTING ACTIVITIES		
Purchase of capital assets	(226,190)	(14,894)
Capital contributions received	75,000	-
Proceeds on disposal of capital assets	3,500	-
Investments	-	346,343
Cash flow from (used by) investing activities	(147,690)	331,449
Increase (decrease) in cash	(169,492)	326,496
Cash - beginning of year	576,225	249,729
Cash - end of year	\$ 406,733	\$ 576,225



GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2017

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. It is registered charity under the Income Tax Act.

The organization co-ordinates the collection and distribution of food for its member agencies. The member agencies include Good Shepherd Centres, Living Rock Ministries, Mission 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, short term investments are reported at cost plus accrued interest which approximates fair value. All other financial instruments are reported at amortized cost, which approximates fair value due to their short term maturities, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

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 are recognized as revenue in the year in which the related expenses are incurred. 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.

(continues)



GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2017

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

Donated materials, services and food items

The organization measures the weight of all donated materials that enter the warehouse throughout the year. During the year, the organization received approximately 2,764,000 pounds of donated food items (2016 - 2,412,000). Using an industry standard rate of \$2.50 per pound, management estimates the fair value of donated food items to approximate \$6,910,000 (2016 - \$6,030,000).

The organization is dependent on the voluntary services of many of its members. Contributed volunteer time and services are not recorded in these financial statements due to the difficulty in determining a reasonable fair value.

Capital assets

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

Building	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	30%	declining balance method
Vehicles	30%	declining balance method
Website	20%	declining balance method

The organization regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired during the year but not placed into use 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.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 195,384	\$ -	\$ 195,384	\$ 195,384
Building	1,364,880	497,873	867,007	890,898
Furniture and fixtures	35,309	24,985	10,324	14,758
Vehicles	235,892	59,381	176,511	12,535
Computer equipment	68,603	61,911	6,692	10,033
Website	36,379	3,032	33,347	-
	\$ 1,936,447	\$ 647,182	\$ 1,289,265	\$ 1,123,608



GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2017

4. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions received for the purchase of depreciable capital assets. Deferred capital contributions are amortized into revenue on a basis that corresponds with the amortization of the related capital assets.

	2017	2016
Deferred capital contributions, beginning of year	\$ 732,840	\$ 768,073
Grants received	75,000	-
	807,840	768,073
Amortization of deferred capital contributions	(37,461)	(35,233)
	\$ 770,379	\$ 732,840

5. 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.

6. 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.

7. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from financial instruments.

There have been no changes in the organization's risk exposures from the prior year.

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 1.5% per annum and is repayable on demand. It is secured by a \$400,000 collateral mortgage on the organization's building.



GREATER HAMILTON FOOD SHARE**FOOD ACQUISITION AND DISTRIBUTION - OPERATIONAL EXPENSES***(Schedule 1)***Year Ended March 31, 2017**

	2017	2016
Communications	\$ 1,157	\$ 899
Conferences	551	832
Emergency membership grants	216,782	248,464
Equipment repair and maintenance	4,205	2,820
Facility costs	81,204	75,009
Fundraising	1,796	1,833
Insurance	831	1,801
Membership fees	1,520	1,448
Office supplies	3,493	3,635
Staff development	809	-
Staff travel	7,383	7,779
Transportation	87,099	85,059
Volunteer	2,371	2,221
Wages and benefits	334,097	293,653
Warehouse supplies	4,958	5,758
	\$ 748,256	\$ 731,211

RESOURCE DEVELOPMENT EXPENSES*(Schedule 2)***Year Ended March 31, 2017**

	2017	2016
Communications	\$ 2,329	\$ 2,462
Direct mail	13,815	10,855
Membership fees	1,676	782
Office supplies	8,614	6,711
Staff development	1,506	-
Staff travel	1,958	1,648
Wages and benefits	126,185	106,107
	\$ 156,083	\$ 128,565



GREATER HAMILTON FOOD SHARE**COMMUNITY DEVELOPMENT AND PUBLIC EDUCATION EXPENSES***(Schedule 3)***Year Ended March 31, 2017**

	2017	2016
Advertising and promotion	\$ 9,855	\$ 10,273
Communications	2,197	1,173
Project costs	1,639	1,620
Volunteer	907	726
Wages and benefits	131,437	118,880
	\$ 146,035	\$ 132,672

ADMINISTRATIVE EXPENSES*(Schedule 4)***Year Ended March 31, 2017**

	2017	2016
Bank and administrative charges	\$ 11,377	\$ 15,041
Communications	11,788	11,702
Office supplies	10,329	10,639
Officer and director insurance	1,950	2,160
Professional fees	22,262	21,983
Recruitment	420	9,195
Staff development	5,450	4,118
Staff travel	-	23
Wages and benefits	97,231	70,882
	\$ 160,807	\$ 145,743

