

**GREATER HAMILTON FOOD SHARE**  
**FINANCIAL STATEMENTS**  
**Year Ended March 31, 2018**



**GREATER HAMILTON FOOD SHARE**  
**INDEX TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2018**

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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, 2018 and the statements of revenues and expenditures and 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, Greater Hamilton Food Share 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 Greater Hamilton Food Share. 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 years ended March 31, 2018 and March 31, 2017, current assets as at March 31, 2018 and March 31, 2017 and net assets as at April 1 and March 31 for both 2018 and 2017. Consequently, we expressed a qualified audit opinion on the financial statements for the year ended March 31, 2017, because of the possible effects of this scope limitation.

### 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, 2018 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 26, 2018

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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, 2018**

	2018	2017
<b>ASSETS</b>		
Current		
Cash	\$ 593,283	\$ 406,733
Accounts receivable	48,242	93,475
Prepaid expenses	29,169	34,760
	670,694	534,968
Capital assets <i>(Note 3)</i>	1,211,341	1,289,265
	<b>\$ 1,882,035</b>	<b>\$ 1,824,233</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 38,441	\$ 32,083
Deferred contributions	20,000	-
	58,441	32,083
Deferred capital contributions <i>(Note 4)</i>	772,732	770,379
	831,173	802,462
<b>NET ASSETS</b>		
General fund <i>(Note 5)</i>	382,213	299,845
Invested in capital assets	438,609	518,886
Board restricted funds <i>(Note 6)</i>		
Hunger relief fund	-	-
Emergency operating fund	201,133	199,033
Capital replacement fund	28,907	4,007
	1,050,862	1,021,771
	<b>\$ 1,882,035</b>	<b>\$ 1,824,233</b>

**ON BEHALF OF THE BOARD**

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

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



# GREATER HAMILTON FOOD SHARE

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year Ended March 31, 2018

	General Fund	Invested in Capital Assets	Hunger Relief Fund	Emergency Operating Fund	Capital Replacement Fund	Total 2018	Total 2017
<b>Revenue</b>							
Donations	\$ 999,241	\$ -	\$ 36,300	\$ -	\$ -	\$ 1,035,541	\$ 940,149
Membership capacity grants	315,000	-	-	-	-	315,000	315,000
Project funding	993	-	-	-	-	993	741
Operational grants	170,730	-	-	-	-	170,730	170,730
Membership dues	12,000	-	-	-	-	12,000	12,000
Nevada	2,687	-	-	-	-	2,687	3,209
Other	507	-	-	-	-	507	-
Amortization of deferred capital contributions (Note 4)	-	74,647	-	-	-	74,647	37,461
Gain (loss) on disposal of assets	-	(363)	-	-	-	(363)	1,367
	1,501,158	74,284	36,300	-	-	1,611,742	1,480,657
<b>Expenses</b>							
Food acquisition and distribution							
Food purchases	-	-	260,597	-	-	260,597	220,628
Operational (Schedule 1)	749,883	-	-	-	-	749,883	748,256
	749,883	-	260,597	-	-	1,010,480	968,884
Resource development (Schedule 2)	159,678	-	-	-	-	159,678	156,083
Community development and public education (Schedule 3)	152,302	-	-	-	-	152,302	146,035
Administrative (Schedule 4)	159,115	-	-	-	-	159,115	160,807
Amortization of capital assets	-	101,076	-	-	-	101,076	58,400
	471,095	101,076	-	-	-	572,171	521,325
	1,220,978	101,076	260,597	-	-	1,582,651	1,490,209
Food raised (Note 2)	280,180	(26,792)	(224,297)	-	-	29,091	(9,552)
Distribution of food raised	7,125,000	-	-	-	-	7,125,000	6,910,000
	(7,125,000)	-	-	-	-	(7,125,000)	(6,910,000)
<b>Excess (deficiency) of revenue over expenses</b>	280,180	(26,792)	(224,297)	-	-	29,091	(9,552)
Fund balances - beginning of year	299,845	518,886	-	199,033	4,007	1,021,771	1,031,323
Purchase of capital assets	(23,515)	23,515	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Capital contributions received	77,000	(77,000)	-	-	-	-	-
Transfers	(251,297)	-	224,297	2,100	24,900	-	-
<b>Fund balances - end of year</b>	\$ 382,213	\$ 438,609	\$ -	\$ 201,133	\$ 28,907	\$ 1,050,862	\$ 1,021,771



**GREATER HAMILTON FOOD SHARE**  
**STATEMENT OF CASH FLOWS**  
**Year Ended March 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ 29,091	\$ (9,552)
Items not affecting cash:		
Amortization of capital assets	101,076	58,400
Amortization of deferred capital contributions	(74,647)	(37,461)
Loss (gain) on disposal of capital assets	363	(1,367)
	55,883	10,020
Changes in non-cash working capital:		
Accounts receivable	45,233	(5,892)
Prepaid expenses	5,591	(17,558)
Accounts payable and accrued liabilities	6,358	(8,372)
Deferred contributions	20,000	-
	77,182	(31,822)
Cash flow from (used by) operating activities	133,065	(21,802)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(23,515)	(226,190)
Capital contributions received	77,000	75,000
Proceeds on disposal of capital assets	-	3,500
Cash flow from (used by) investing activities	53,485	(147,690)
<b>Increase (decrease) in cash</b>	186,550	(169,492)
Cash - beginning of year	406,733	576,225
<b>Cash - end of year</b>	\$ 593,283	\$ 406,733





**GREATER HAMILTON FOOD SHARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2018**

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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. It is registered charity under 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, 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 (ASNFPPO) 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 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.

*(continues)*



**GREATER HAMILTON FOOD SHARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2018**

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 2,850,000 pounds of donated food items (2017 - 2,764,000). Using an industry standard rate of \$2.50 per, pound, management estimates the fair value of donated food items to approximate \$7,125,000 (2017 - \$6,910,000).

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 as the fair values of these cannot be reasonably estimated.

**Capital assets**

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

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

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	2018 Net book value	2017 Net book value
Land	\$ 195,384	\$ -	\$ 195,384	\$ 195,384
Building	1,364,880	532,553	832,327	867,007
Furniture and fixtures	40,939	27,731	13,208	10,324
Vehicles	247,730	113,476	134,254	176,511
Computer equipment	72,109	62,619	9,490	6,692
Website	36,379	9,701	26,678	33,347
	<b>\$ 1,957,421</b>	<b>\$ 746,080</b>	<b>\$ 1,211,341</b>	<b>\$ 1,289,265</b>





**GREATER HAMILTON FOOD SHARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended March 31, 2018**

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.

	2018	2017
Deferred capital contributions, beginning of the year	\$ 770,379	\$ 732,840
Grants received	77,000	75,000
	847,379	807,840
Amortization of deferred capital contributions	(74,647)	(37,461)
	\$ 772,732	\$ 770,379

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. 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.

8. 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, 2018**

	<b>2018</b>	<b>2017</b>
Communications	\$ 716	\$ 1,157
Conferences	3,676	551
Emergency membership grants	184,506	216,782
Equipment repair and maintenance	4,934	4,205
Facility costs	86,427	75,624
Fundraising	1,492	1,796
Insurance - property and vehicles	14,410	13,483
Membership fees	10,000	1,520
Office supplies	1,794	3,051
Staff development	329	809
Staff travel	5,923	7,383
Transportation	58,765	80,469
Volunteer	1,547	2,371
Wages and benefits	371,289	334,097
Warehouse supplies	4,075	4,958
	<b>\$ 749,883</b>	<b>\$ 748,256</b>

**RESOURCE DEVELOPMENT EXPENSES***(Schedule 2)***Year Ended March 31, 2018**

	<b>2018</b>	<b>2017</b>
Communications	\$ 2,573	\$ 2,329
Direct mail	17,685	13,815
Membership fees	1,529	1,676
Office supplies	9,188	8,614
Printing	364	-
Staff development	1,300	1,506
Staff travel	1,944	1,958
Wages and benefits	125,095	126,185
	<b>\$ 159,678</b>	<b>\$ 156,083</b>



**GREATER HAMILTON FOOD SHARE****COMMUNITY DEVELOPMENT AND PUBLIC EDUCATION EXPENSES***(Schedule 3)***Year Ended March 31, 2018**

	2018	2017
Advertising and promotion	\$ 10,029	\$ 9,855
Communications	800	2,197
Project costs	1,798	1,639
Volunteer	841	907
Wages and benefits	138,834	131,437
	\$ 152,302	\$ 146,035

**ADMINISTRATIVE EXPENSES***(Schedule 4)***Year Ended March 31, 2018**

	2018	2017
Bank and administrative charges	\$ 14,101	\$ 11,377
Communications	11,030	11,788
Office supplies	6,844	10,329
Officer and director insurance	1,806	1,950
Professional fees	18,189	22,262
Recruitment	6,777	420
Staff development	4,612	5,450
Wages and benefits	95,756	97,231
	\$ 159,115	\$ 160,807

