

GREATER HAMILTON FOOD SHARE
FINANCIAL STATEMENTS
Year Ended March 31, 2020



GREATER HAMILTON FOOD SHARE
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Year Ended March 31, 2020

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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, 2020, 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, 2020, 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 expenditures, and cash flows from operations for the year ended March 31, 2020, current assets and net assets as at March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2019 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.

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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
October 5, 2020

GIBB WIDDIS CHARTERED ACCOUNTANTS PROFESSIONAL CORPORATION
Licensed Public Accountants



GREATER HAMILTON FOOD SHARE
STATEMENT OF FINANCIAL POSITION
March 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 851,977	\$ 519,377
Accounts receivable	51,423	177,008
Prepaid expenses	37,017	28,865
	940,417	725,250
Capital assets (Note 3)	1,311,082	1,240,683
	\$ 2,251,499	\$ 1,965,933
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 76,486	\$ 39,540
Deferred contributions (Note 5)	167,933	2,500
	244,419	42,040
Deferred capital contributions (Note 6)	792,739	849,944
	1,037,158	891,984
NET ASSETS		
General Fund (Note 7)	350,965	460,377
Invested in Capital Assets	518,343	390,739
Board restricted funds (Note 8)		
Hunger Relief Fund	-	-
Emergency Operating Fund	250,033	201,133
Capital Replacement Fund	95,000	21,700
	1,214,341	1,073,949
	\$ 2,251,499	\$ 1,965,933

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, 2020**

	General Fund	Invested in Capital Assets	Hunger Relief Fund	Emergency Operating Fund	Capital Replacement Fund	2020	2019
Revenues							
Donations	\$ 1,303,238	\$ -	\$ 39,100	\$ -	\$ -	\$ 1,342,338	\$ 1,118,795
Membership capacity grants	315,000	-	-	-	-	315,000	315,000
Operational grants	244,483	-	-	-	-	244,483	170,730
Membership dues	16,000	-	-	-	-	16,000	12,000
Project funding	8,352	-	-	-	-	8,352	10,941
Other	66,273	-	-	-	-	66,273	800
Amortization of deferred capital contributions	-	72,791	-	-	-	72,791	63,012
Gain (loss) on disposal of assets	-	(720)	-	-	-	(720)	40
	1,953,346	72,071	39,100	-	-	2,064,517	1,691,318
Expenditures							
Food purchases	-	-	299,664	-	-	299,664	193,326
Food Acquisition and Distribution Operational (Schedule 1)	1,026,409	-	-	-	-	1,026,409	888,150
Resource Development (Schedule 2)	180,221	-	-	-	-	180,221	175,361
Community Development and Public Education (Schedule 3)	143,775	-	-	-	-	143,775	145,775
Administrative (Schedule 4)	165,201	-	-	-	-	165,201	173,037
Amortization of capital assets	-	108,855	-	-	-	108,855	92,582
	1,515,606	108,855	299,664	-	-	1,924,125	1,668,231
	437,740	(36,784)	(260,564)	-	-	140,392	23,087
Value of food raised	9,924,560	-	-	-	-	9,924,560	8,723,000
Distribution of food raised	(9,924,560)	-	-	-	-	(9,924,560)	(8,723,000)
Net excess (deficiency) of revenues over expenditures							
Net assets - beginning of year	437,740	(36,784)	(260,564)	-	-	140,392	23,087
Purchase of capital assets	460,377	390,739	-	201,133	21,700	1,073,949	1,050,862
Capital contributions	(158,274)	179,974	-	-	(21,700)	-	-
Transfers	15,586	(15,586)	-	-	-	-	-
	(404,464)	-	260,564	48,900	95,000	-	-
Net assets - end of year	\$ 350,965	\$ 518,343	\$ -	\$ 250,033	\$ 95,000	\$ 1,214,341	\$ 1,073,949

GREATER HAMILTON FOOD SHARE
STATEMENT OF CASH FLOWS
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 140,392	\$ 23,087
Items not affecting cash:		
Amortization of capital assets	108,855	92,582
Amortization of deferred capital contributions	(72,791)	(63,012)
Loss (gain) on disposal of assets	720	(40)
	177,176	52,617
Changes in non-cash working capital:		
Accounts receivable	125,585	(128,766)
Prepaid expenses	(8,152)	304
Accounts payable and accrued liabilities	36,946	1,099
Deferred contributions	165,433	(17,500)
	319,812	(144,863)
Cash flow from (used by) operating activities	496,988	(92,246)
INVESTING ACTIVITY		
Purchase of capital assets	(179,974)	(121,884)
Cash flow used by investing activity	(179,974)	(121,884)
FINANCING ACTIVITY		
Capital contributions	15,586	140,224
Cash flow from financing activity	15,586	140,224
Increase (decrease) in cash	332,600	(73,906)
Cash - beginning of year	519,377	593,283
Cash - end of year	\$ 851,977	\$ 519,377



GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2020

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 co-ordinator 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 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 (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, 2020

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 3,788,000 pounds of donated food items (2019 - 3,355,000). Using a national industry rate established by Food Banks Canada of \$2.62 per pound (2019 - \$2.60), management estimates the fair value of donated food items is \$9,924,560 (2019 - \$8,723,000).

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 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, 2020

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 195,384	\$ -	\$ 195,384	\$ 195,384
Building	1,420,234	600,794	819,440	842,776
Capital asset under construction	9,251	-	9,251	9,251
Computer equipment	61,675	45,936	15,739	13,930
Facility machinery and equipment	59,686	14,505	45,181	45,008
Furniture and fixtures	43,071	26,616	16,455	13,864
Vehicles	395,898	205,952	189,946	95,862
Website	39,700	20,014	19,686	24,608
	\$ 2,224,899	\$ 913,817	\$ 1,311,082	\$ 1,240,683

4. GOVERNMENT REMITTANCES PAYABLE

Government remittances include, payroll taxes, health taxes, and workers' safety insurance premiums. Government remittances payable at year end total \$12,782 (2019 - \$8,042) and are included in accounts payable and accrued liabilities.

5. DEFERRED CONTRIBUTIONS

	2019	Contributions	Recognized in revenue	2020
Donations	\$ 2,500	\$ 159,000	\$ 2,500	\$ 159,000
City of Hamilton - Enrichment Grant	-	33,600	24,667	8,933
	\$ 2,500	\$ 192,600	\$ 27,167	\$ 167,933

Deferred contributions represent externally restricted donations and grants which are restricted by the donor to be used to fund programs of the following fiscal year.

6. DEFERRED CAPITAL CONTRIBUTIONS

	2019	Contributions	Amortized into revenue	2020
Building	\$ 633,925	\$ 3,184	\$ 25,431	\$ 611,678
Facility machinery and equipment	38,064	10,586	9,024	39,626
Furniture and fixtures	4,639	1,816	1,146	5,309
Vehicles	173,316	-	37,190	136,126
	\$ 849,944	\$ 15,586	\$ 72,791	\$ 792,739

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.



GREATER HAMILTON FOOD SHARE
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2020

7. 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.

8. 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.

9. 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 (2019 - Nil).

10. SUBSEQUENT EVENT

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. 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, and corporate partners has allowed the organization to continue to adapt during these changing conditions. Subsequent to year end, the organization received 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 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.



GREATER HAMILTON FOOD SHARE**FOOD ACQUISITION AND DISTRIBUTION OPERATIONAL EXPENDITURES (Schedule 1)****Year Ended March 31, 2020**

	2020	2019
Communications	\$ 886	\$ 1,179
Conferences	723	79
Emergency membership grants	245,908	216,124
Equipment repair and maintenance	3,172	1,539
Facility costs	84,371	72,513
Fundraising	-	57
Insurance - property and vehicles	25,926	15,907
Membership fees	10,000	10,000
Office supplies	3,037	1,460
Shipping and receiving transportation	121,120	75,239
Staff development	11,596	1,845
Staff travel	9,847	7,243
Volunteer	1,528	1,828
Wages and benefits	499,201	473,654
Warehouse supplies	9,094	9,483
	\$ 1,026,409	\$ 888,150

RESOURCE DEVELOPMENT EXPENDITURES**(Schedule 2)****Year Ended March 31, 2020**

	2020	2019
Communications	\$ 5,950	\$ 4,944
Contract labour	3,955	7,997
Direct mail	15,185	16,259
Membership fees	1,211	1,529
Office supplies	11,018	9,765
Staff development	1,238	500
Staff travel	2,885	3,679
Wages and benefits	138,779	130,688
	\$ 180,221	\$ 175,361



GREATER HAMILTON FOOD SHARE**COMMUNITY DEVELOPMENT AND PUBLIC EDUCATION EXPENDITURES (Schedule 3)****Year Ended March 31, 2020**

	2020	2019
Advertising and promotion	\$ 7,628	\$ 5,386
Communications	125	-
Project costs	1,902	1,850
Volunteer	908	281
Wages and benefits	133,212	138,258
	\$ 143,775	\$ 145,775

ADMINISTRATIVE EXPENDITURES**(Schedule 4)****Year Ended March 31, 2020**

	2020	2019
Bank and administrative charges	\$ 18,632	\$ 16,207
Communications	12,840	12,156
Computer service and maintenance	21,138	21,006
Office supplies	7,280	7,380
Officer and director insurance	1,990	1,896
Professional fees	16,015	16,029
Recruitment	3,809	1,681
Staff development	5,949	6,394
Wages and benefits	77,548	90,288
	\$ 165,201	\$ 173,037

