

Greater Hamilton Food Share
Financial Statements
For the year ended March 31, 2023

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Independent Auditor's Report

To the Board of Directors 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, 2023, and the statements of revenue and expenses 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, 2023 and its results of 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 charitable organizations, the Organization derives revenue from monetary donations, 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from donations, excess of revenue over expenses and cash flows from operations for the year ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both 2023 and 2022 years. Our opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in 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 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 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.

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:

- 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 28, 2023

Greater Hamilton Food Share Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash	\$ 1,803,694	\$ 1,350,871
Accounts receivable	90,125	156,430
Prepaid expenses	75,954	95,535
	1,969,773	1,602,836
Capital assets (Note 2)	1,314,592	1,406,126
	\$ 3,284,365	\$ 3,008,962
 Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 163,594	\$ 120,188
Deferred revenue	50,000	-
	213,594	120,188
Deferred capital contributions (Note 3)	745,685	836,717
	959,279	956,905
 Net Assets		
General fund	988,364	567,312
Invested in capital assets	568,907	569,409
Internally restricted funds		
Hunger relief fund	-	225,000
Emergency operating fund	390,033	390,033
Capital replacement fund	377,782	300,303
	2,325,086	2,052,057
	\$ 3,284,365	\$ 3,008,962

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Greater Hamilton Food Share Statement of Revenue and Expenses and Changes in Net Assets

For the year ended March 31						2023	2022
	General Fund	Invested in Capital Assets	Hunger Relief Fund	Emergency Operating Fund	Capital Replacement Fund	Total	Total
Revenue							
Donations	\$ 2,825,442	\$ -	\$ 99,500	\$ -	\$ -	\$ 2,924,942	\$ 2,610,338
Operating grants	242,585	-	-	-	-	242,585	1,499,710
Membership fees	26,000	-	-	-	-	26,000	-
Other	55,629	-	-	-	-	55,629	49,043
Amortization of deferred capital contributions	-	102,421	-	-	-	102,421	80,143
Loss on disposal of capital assets	-	(11,129)	-	-	-	(11,129)	(17,898)
Procured food value (Note 1)	12,557,318	-	-	-	-	12,557,318	13,128,650
	15,706,974	91,292	99,500	-	-	15,897,766	17,349,986
Expenses							
Food purchases	-	-	1,050,529	-	-	1,050,529	1,630,418
Food acquisition and distribution operational (schedule 1)	1,155,368	-	-	-	-	1,155,368	1,443,281
Resource development (schedule 2)	248,924	-	-	-	-	248,924	270,147
Community development and public education (schedule 3)	125,043	-	-	-	-	125,043	154,269
Administrative (schedule 4)	348,240	-	-	-	-	348,240	341,541
Amortization	-	139,315	-	-	-	139,315	125,233
Distributed food value (Note 1)	12,557,318	-	-	-	-	12,557,318	13,128,650
	14,434,893	139,315	1,050,529	-	-	15,624,737	17,093,539
Excess (deficiency) of revenue over expenses	1,272,081	(48,023)	(951,029)	-	-	273,029	256,447
Net assets, beginning of year	567,312	569,409	225,000	390,033	300,303	2,052,057	1,795,610
Purchase of capital assets	(11,389)	58,910	-	-	(47,521)	-	-
Capital contributions	11,389	(11,389)	-	-	-	-	-
Transfers	(851,029)	-	726,029	-	125,000	-	-
Net assets, end of year	\$ 988,364	\$ 568,907	\$ -	\$ 390,033	\$ 377,782	\$ 2,325,086	\$ 2,052,057

The accompanying notes are an integral part of these financial statements.

Greater Hamilton Food Share Statement of Cash Flows

For the year ended March 31	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 273,029	\$ 256,447
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	139,315	125,233
Amortization of deferred capital contributions	(102,421)	(80,143)
Loss on disposal of capital assets	11,129	17,898
Changes in non-cash working capital balances		
Accounts receivable	66,305	(64,923)
Prepaid expenses	19,581	(17,918)
Accounts payable and accrued liabilities	43,406	25,761
Deferred contributions	50,000	(60,000)
Deferred COVID-19 relief funding	-	(933,020)
	500,344	(730,665)
Investing activities		
Purchase of capital assets	(58,910)	(274,802)
Proceeds on disposal of capital assets	-	2,501
	(58,910)	(272,301)
Financing activity		
Capital contributions	11,389	194,805
	452,823	(808,161)
Increase (decrease) in cash during the year	452,823	(808,161)
Cash, beginning of year	1,350,871	2,159,032
Cash, end of year	\$ 1,803,694	\$ 1,350,871

The accompanying notes are an integral part of these financial statements.

Greater Hamilton Food Share Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies

Purpose of the Organization

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 expenses applicable to the Organization. They do not include any assets, liabilities, revenue or expenditures of the member agencies, or any other organizations.

Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Donations, grants and other revenue are recognized as revenue when the amount can be reasonably estimated and collection is reasonable assured. Restricted contributions are initially recorded as deferred revenue and 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 asset.

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

Distributed food is recognized as revenue and expense in the Statement of Operations and Changes in Net Assets when distributed. During the year, the Organization distributed 3,567,420 pounds of food items (2022 - 4,089,922 pounds) that have been valued based on national standards recommended by Food Banks Canada at \$3.52 per pound (2022 - \$3.21), which management believes to be a reasonable reflection of fair value.

Greater Hamilton Food Share Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is based on the 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.

Contributed Services

Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, financial instruments are reported at amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost. Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in excess of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in excess of revenue over expenses.

Purchased Food Items and Food Inventory

Food purchases are recorded as an expense at the date of purchase. As food is distributed at no charge, no inventory value has been recorded on the Statement of Financial Position for food on-hand at year end.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and value of distributed food. Actual results could differ from those estimates.

Greater Hamilton Food Share Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Allocation of Wages and Benefits

Wages and benefits are allocated to departments based upon estimates of staff time spent (Schedules 1 - 4).

Internally Restricted Funds

The Board internally 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.

2. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 195,384	\$ -	\$ 195,384	\$ -
Building	1,515,804	701,454	1,490,446	667,876
Computer equipment	19,080	9,239	15,749	6,448
Facility machinery and equipment	140,102	62,789	123,912	44,909
Furniture and fixtures	51,009	20,984	51,009	13,478
Vehicles	481,627	306,811	481,627	231,889
Website	14,032	1,169	39,700	27,101
	\$ 2,417,038	\$ 1,102,446	\$ 2,397,827	\$ 991,701
		\$ 1,314,592		\$ 1,406,126

Included in computer equipment is \$3,331 that has not been amortized as it is not yet in use.

Greater Hamilton Food Share Notes to Financial Statements

March 31, 2023

3. Deferred Capital Contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 836,717	\$ 722,055
Contributions received	11,389	194,805
Amount amortized to revenue	<u>(102,421)</u>	<u>(80,143)</u>
	<u>\$ 745,685</u>	<u>\$ 836,717</u>

4. Credit Facility

The Organization has a credit facility in the amount of \$200,000 bearing interest at prime plus 2.5%, repayable on demand, and secured by a \$400,000 collateral mortgage on the Organization's building. As at March 31, 2023, the outstanding balance was \$Nil (2022 - \$Nil).

5. Commitments

The Organization has entered into an operating lease for warehouse space with aggregate minimum annual lease payments for the next year of \$86,844.

6. Financial Instrument Risks

Liquidity risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. The Organization's objective in managing liquidity risk is to maintain sufficient readily available reserves of cash in order to meet its liquidity requirements at any point in time. The Organization is exposed to liquidity risk in respect of its accounts payable and accrued liabilities. The Organization has current assets of \$1,969,773 (2022 - \$1,602,836) and current liabilities of \$213,594 (2022 - \$120,188). The risk has not changed since the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk arising from its cash and accounts receivable. The Organization monitors its accounts receivable on a regular basis to mitigate this risk. The risk has not changed since the prior year.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant risks arising from its financial instruments.

Greater Hamilton Food Share
Schedule 1 - Food Acquisition and Distribution Operational
Expenses

For the year ended March 31	2023	2022
Communications	\$ 1,269	\$ 1,237
Emergency membership grants	46,802	350,441
Equipment repair and maintenance	21,103	13,414
Facility costs	244,194	263,201
Insurance - property and vehicles	56,343	54,153
Membership fees	13,400	12,750
Office supplies	3,104	11,145
Shipping and receiving transportation	155,341	130,699
Staff development	12,326	1,833
Staff travel	7,812	6,715
Wages and benefits	545,226	568,911
Warehouse supplies	48,448	28,782
	\$ 1,155,368	\$ 1,443,281

**Greater Hamilton Food Share
Schedule 2 - Resource Development Expenses**

For the year ended March 31	2023	2022
Communications	\$ 59,247	\$ 54,668
Direct mail	59,227	50,199
Membership fees	822	1,182
Software and supplies	26,053	25,044
Staff development	-	919
Staff travel	3,471	1,372
Wages and benefits	100,104	136,763
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	\$ 248,924	\$ 270,147

Greater Hamilton Food Share
Schedule 3 - Community Development and Public Education
Expenses

For the year ended March 31	2023	2022
Advertising and promotion	\$ 11,748	\$ 12,702
Project costs	2,166	2,099
Volunteer	577	360
Wages and benefits	<u>110,552</u>	<u>139,108</u>
	\$ 125,043	\$ 154,269

Greater Hamilton Food Share Schedule 4 - Administrative Expenses

For the year ended March 31	2023	2022
Bank and administrative	\$ 53,882	\$ 49,609
Board development	-	12,473
Communications	13,451	14,031
Computer service and maintenance	23,282	23,230
Office supplies	4,660	13,743
Officer and director insurance	2,608	2,276
Outside services	6,156	-
Professional fees	43,988	51,572
Recruitment	48,690	5,975
Staff development	8,601	7,058
Wages and benefits	<u>142,922</u>	<u>161,574</u>
	\$ 348,240	\$ 341,541
