

**Greater Hamilton Food Share**  
**Financial Statements**  
For the year ended March 31, 2022

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## Independent Auditor's Report

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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, 2022, 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, 2022 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, 2022, current assets as at March 31, 2022, and net assets as at April 1 and March 31, 2022.

In addition, the Organization derives revenue from procured food. The predecessor auditor was not able to verify the completeness of donations and procured food. As a result, the verification of this revenue was limited to the amounts recorded in the records of the Organization and the audit report for the year ended March 31, 2021 was modified accordingly because of the possible effects of these limitations in scope. In the current year, we were able to obtain sufficient, appropriate audit evidence regarding the completeness of procured food. As a result, our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the comparative information regarding procured food.

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.

### Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on June 29, 2021 for the reasons described in the *Basis for Qualified Opinion* section of our report.

### 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.



### **Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)**

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  
July 19, 2022

## Greater Hamilton Food Share Statement of Financial Position

March 31	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,350,871	\$ 2,159,032
Accounts receivable	156,430	91,507
Prepaid expenses	95,535	77,617
	1,602,836	2,328,156
<b>Capital assets (Note 2)</b>	1,406,126	1,276,956
	\$ 3,008,962	\$ 3,605,112
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 120,188	\$ 94,427
Deferred contributions	-	60,000
Deferred COVID-19 relief funding (Note 3)	-	933,020
	120,188	1,087,447
<b>Deferred capital contributions (Note 4)</b>	836,717	722,055
	956,905	1,809,502
<b>Net Assets</b>		
General fund	567,312	435,376
Invested in capital assets	569,409	554,901
Internally restricted funds		
Hunger relief fund	225,000	75,000
Emergency operating fund	390,033	350,033
Capital replacement fund	300,303	380,300
	2,052,057	1,795,610
	\$ 3,008,962	\$ 3,605,112

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

2022

2021

	General Fund	Invested in Capital Assets	Hunger Relief Fund	Emergency Operating Fund	Capital Replacement Fund	Total	Total
<b>Revenue</b>							
Donations	\$ 2,544,438	\$ -	\$ 65,900	\$ -	\$ -	\$ 2,610,338	\$ 3,415,623
Operating grants	1,499,710	-	-	-	-	1,499,710	645,012
Other	49,043	-	-	-	-	49,043	17,728
Amortization of deferred capital contributions	-	80,143	-	-	-	80,143	76,684
Loss on disposal of assets	-	(17,898)	-	-	-	(17,898)	(28,205)
Procured food value (Note 1)	13,128,650	-	-	-	-	13,128,650	11,459,880
	<b>17,221,841</b>	<b>62,245</b>	<b>65,900</b>	<b>-</b>	<b>-</b>	<b>17,349,986</b>	<b>15,586,722</b>
<b>Expenses</b>							
Food purchases	-	-	1,630,418	-	-	1,630,418	1,437,694
Food acquisition and distribution operational (schedule 1)	1,443,281	-	-	-	-	1,443,281	1,305,935
Resource development (schedule 2)	270,147	-	-	-	-	270,147	219,348
Community development and public education (schedule 3)	154,269	-	-	-	-	154,269	167,936
Administrative (schedule 4)	341,541	-	-	-	-	341,541	300,967
Amortization	-	125,233	-	-	-	125,233	113,693
Distributed food value (Note 1)	13,128,650	-	-	-	-	13,128,650	11,459,880
	<b>15,337,888</b>	<b>125,233</b>	<b>1,630,418</b>	<b>-</b>	<b>-</b>	<b>17,093,539</b>	<b>15,005,453</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,883,953</b>	<b>(62,988)</b>	<b>(1,564,518)</b>	<b>-</b>	<b>-</b>	<b>256,447</b>	<b>581,269</b>
<b>Net assets, beginning of year</b>	<b>435,376</b>	<b>554,901</b>	<b>75,000</b>	<b>350,033</b>	<b>380,300</b>	<b>1,795,610</b>	<b>1,214,341</b>
Purchase of capital assets	(194,805)	274,802	-	-	(79,997)	-	-
Capital contributions	194,805	(194,805)	-	-	-	-	-
Proceeds on disposal of capital assets	2,501	(2,501)	-	-	-	-	-
Transfers	(1,754,518)	-	1,714,518	40,000	-	-	-
<b>Net assets, end of year</b>	<b>\$ 567,312</b>	<b>\$ 569,409</b>	<b>\$ 225,000</b>	<b>\$ 390,033</b>	<b>\$ 300,303</b>	<b>\$ 2,052,057</b>	<b>\$ 1,795,610</b>

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	2022	2021
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 256,447	\$ 581,269
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of capital assets	125,233	113,693
Amortization of deferred capital contributions	(80,143)	(76,684)
Loss on disposal of capital assets	17,898	28,205
Changes in non-cash working capital balances		
Accounts receivable	(64,923)	(40,084)
Prepaid expenses	(17,918)	(40,600)
Accounts payable and accrued liabilities	25,761	17,941
Deferred contributions	(60,000)	(107,933)
Deferred COVID-19 relief funding	(933,020)	933,020
	<b>(730,665)</b>	<b>1,408,827</b>
<b>Investing activities</b>		
Purchase of capital assets	(274,802)	(109,772)
Proceeds on disposal of capital assets	2,501	2,000
	<b>(272,301)</b>	<b>(107,772)</b>
<b>Financing activity</b>		
Capital contributions	194,805	6,000
<b>Increase (decrease) in cash during the year</b>	<b>(808,161)</b>	<b>1,307,055</b>
<b>Cash, beginning of year</b>	<b>2,159,032</b>	<b>851,977</b>
<b>Cash, end of year</b>	<b>\$ 1,350,871</b>	<b>\$ 2,159,032</b>

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

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# Greater Hamilton Food Share Notes to Financial Statements

**March 31, 2022**

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## **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 4,089,922 pounds of food items (2021 - 4,374,000 pounds) that have been valued based on national standards recommended by Food Banks Canada at \$3.21 per pound (2021 - \$2.62), which management believes to be a reasonable reflection of fair value.

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# Greater Hamilton Food Share Notes to Financial Statements

**March 31, 2022**

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## 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, 2022**

**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**

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 195,384	\$ -	\$ 195,384	\$ -
Building	1,490,446	667,876	1,435,753	633,602
Computer equipment	15,749	6,448	37,250	23,901
Facility machinery and equipment	123,912	44,909	117,271	25,436
Furniture and fixtures	51,009	13,478	32,346	6,428
Vehicles	481,627	231,889	372,750	240,180
Website	39,700	27,101	39,700	23,951
	<b>\$ 2,397,827</b>	<b>\$ 991,701</b>	<b>\$ 2,230,454</b>	<b>\$ 953,498</b>
		<b>\$ 1,406,126</b>		<b>\$ 1,276,956</b>

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## Greater Hamilton Food Share Notes to Financial Statements

**March 31, 2022**

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### 3. Deferred COVID-19 Relief Funding

In 2021, Foods Banks Canada provided funding and 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 on food purchasing, transportation, storage, staffing, equipment or operational and general expenses in connection with COVID-19, and were required to be spent in fiscal 2022. The funding was utilized during the year in accordance with the requirements noted.

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### 4. Deferred Capital Contributions

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 722,055	\$ 792,739
Contributions received	194,805	6,000
Amount amortized to revenue	<u>(80,143)</u>	<u>(76,684)</u>
	<u>\$ 836,717</u>	<u>\$ 722,055</u>

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### 5. 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, 2022, the outstanding balance was \$Nil (2021 - \$Nil).

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## Greater Hamilton Food Share Notes to Financial Statements

**March 31, 2022**

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### **6. Commitments**

The Organization has entered into an operating lease for warehouse space with aggregate minimum annual lease payments for the next year of \$48,247.

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### **7. 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 \$1,602,836 (2021 - \$2,328,156) and current liabilities of \$120,188 (2021 - \$1,087,447). 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.

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### **8. COVID-19**

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The Organization was declared an essential service and continued to operate. Due to the pandemic, there has been an increase in need for the services provided by the Organization. The Organization relies on revenue from donations and grants, and has received significant funds from multiple sources since the global pandemic began. Management is actively monitoring the affects of COVID-19 on its financial condition, liquidity, operations, suppliers, sector and workforce.

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

<b>For the year ended March 31</b>	<b>2022</b>	<b>2021</b>
Communications	\$ 1,237	\$ 8,014
Emergency membership grants	350,441	343,928
Equipment repair and maintenance	13,414	7,201
Facility costs	263,201	186,306
Insurance - property and vehicles	54,153	40,038
Membership fees	12,750	12,500
Office supplies	11,145	7,297
Shipping and receiving transportation	130,699	113,125
Staff development	1,833	746
Staff travel	6,715	8,625
Volunteer	-	166
Wages and benefits	568,911	558,789
Warehouse supplies	28,782	19,200
	<b>\$ 1,443,281</b>	<b>\$ 1,305,935</b>

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

<b>For the year ended March 31</b>	<b>2022</b>	<b>2021</b>
Communications	\$ 54,668	\$ 26,214
Direct mail	50,199	17,674
Membership fees	1,182	1,156
Software and supplies	25,044	24,481
Staff development	919	2,028
Staff travel	1,372	290
Wages and benefits	136,763	147,505
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	\$ 270,147	\$ 219,348

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

<b>For the year ended March 31</b>	<b>2022</b>	<b>2021</b>
Advertising and promotion	\$ 12,702	\$ 16,047
Communications	-	2,390
Project costs	2,099	1,993
Volunteer	360	375
Wages and benefits	<u>139,108</u>	<u>147,131</u>
	<b>\$ 154,269</b>	<b>\$ 167,936</b>

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**Greater Hamilton Food Share  
Schedule 4 - Administrative Expenses**

<b>For the year ended March 31</b>	<b>2022</b>	<b>2021</b>
Bank and administrative	\$ 49,609	\$ 59,245
Board development	12,473	-
Communications	14,031	16,614
Computer service and maintenance	23,230	30,180
Office supplies	13,743	19,467
Officer and director insurance	2,276	2,095
Professional fees	51,572	38,865
Recruitment	5,975	7,878
Staff development	7,058	6,864
Wages and benefits	161,574	119,759
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	\$ 341,541	\$ 300,967

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