

**Owen Sound Hunger and Relief Effort
Financial Statements
For the Year Ended December 31, 2018**

Owen Sound Hunger and Relief Effort
Financial Statements
For the Year Ended December 31, 2018

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Independent Auditor's Report

To the Board of Directors of
Owen Sound Hunger and Relief Effort

Qualified Opinion

We have audited the accompanying financial statements of Owen Sound Hunger and Relief Effort, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in fund balance 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 Owen Sound Hunger and Relief Effort as at December 31, 2018, 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 not-for-profit organizations, Owen Sound Hunger and Relief Effort derives revenue from charitable cash donations and 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 Owen Sound Hunger and Relief Effort. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years.

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 December 31, 2017 were audited by another auditor who expressed a qualified opinion on those statements on April 30, 2018 for the reasons described in the *Basis for Qualified Opinion* section.

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 had no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibility 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

Owen Sound, Ontario
April 15, 2019

Owen Sound Hunger and Relief Effort
Statement of Financial Position

December 31 2018 2017

Assets

Current

Cash and short term investments	\$ 127,090	\$ 100,879
Accounts receivable	184	184
HST receivable	978	1,069
Prepaid expenses	221	46
	<hr/>	<hr/>
	\$ 128,473	\$ 102,178

Liabilities and Fund Balance

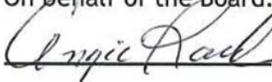
Current

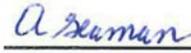
Accounts payable and accrued liabilities (Note 2)	\$ 10,142	\$ 13,388
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Fund Balance

General Fund (Page 6)	118,331	88,790
	<hr/>	<hr/>
	\$ 128,473	\$ 102,178

On behalf of the Board:

 Director

 Director

Owen Sound Hunger and Relief Effort
Statement of Operations and Changes in Fund Balance

For the year ended December 31	2018	2017
Revenue		
Business Community Support	\$ 39,171	\$ 26,986
Community Group Support	6,272	7,467
Faith Community Support	31,290	37,708
Fundraising	47,991	37,538
Grants	15,000	18,000
Individual Support	34,158	43,024
Other revenue	581	567
	<u>174,463</u>	<u>171,290</u>
Expenses		
Advertising	2,382	1,206
Bank and Interest Charges	622	664
Food	26,102	29,138
Fundraising	588	410
Insurance	1,977	1,741
Miscellaneous	802	265
Office	1,660	2,578
Premise Costs	4,114	4,054
Professional Services	3,846	5,738
Rent	15,600	15,600
Salaries and benefits	80,187	74,917
Supplies	1,982	5,851
Telephone	721	961
Utilities	4,339	5,121
	<u>144,922</u>	<u>148,244</u>
Excess of revenues over expenses	29,541	23,046
Fund balance, beginning of the year	<u>88,790</u>	<u>65,744</u>
Fund balance, end of the year	<u>\$ 118,331</u>	<u>\$ 88,790</u>

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

Owen Sound Hunger and Relief Effort
Statement of Cash Flows

For the year ended December 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses (Page 6)	\$ 29,541	\$ 23,046
Changes in non-cash working capital:		
Accounts receivable	-	(184)
HST receivable	91	645
Prepaid expenses	(175)	(46)
Accounts payable and accrued liabilities	(3,246)	1,036
Net increase in cash	26,211	24,497
Cash and short term investments, beginning of the year	100,879	76,382
Cash and short term investments, end of the year	\$ 127,090	\$ 100,879

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

Owen Sound Hunger and Relief Effort Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies

Management Responsibility	The Board of Owen Sound Hunger and Relief Effort is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Board reviews and approves the financial statements.
Nature and Purpose of Organization	<p>The purpose of Owen Sound Hunger and Relief Effort (OSHaRE) is to provide balanced meals for the underprivileged. OSHaRE is determined to transform the Owen Sound community by overcoming hunger at every level and providing relief from the effects of poverty - one life at a time. OSHaRE operates in Owen Sound.</p> <p>OSHaRE is a registered charity under paragraph 149(1)(f) of the Income Tax Act and is exempt from tax by virtue of that same section.</p>
Basis of Accounting	<p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p> <p>Revenues and expenses are accounted for on the accrual basis. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and creating a legal obligation to pay.</p>
Capital Assets	Capital assets are not recorded on the statement of financial position. Expenses for capital assets in the year are recorded as expenses and presented in the statement of operations.
Contributed Materials and Services	<p>OSHaRE receives donated food during the year to assist the organization in providing its services to its customers. Due to the difficulty in determining fair value, contributed materials are not recognized in the financial statements.</p> <p>Volunteers also assist OSHaRE in many ways to deliver services. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.</p>

Owen Sound Hunger and Relief Effort Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>OSHaRE follows the deferral method of accounting for contributions.</p> <p>Unrestricted contributions (donations, grants, gift cards, fundraising) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.</p>
Cash and Short Term Investments	<p>Cash and Short Term Investments consist of cash on hand, cash deposited in Canadian bank accounts, gift cards, and short term GIC investments readily convertible to cash at the holder's option.</p>
Financial Instruments	<p>OSHaRE measures its financial assets and financial liabilities initially at fair value. Subsequently, financial assets and financial liabilities are measured at amortized cost. Financial instruments measured at amortized cost are tested for impairment annually.</p> <p>Financial assets measured at amortized cost include cash and short term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.</p>

2. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$7,668 (2017 - \$5,596).

Owen Sound Hunger and Relief Effort
Notes to Financial Statements

December 31, 2018

3. Financial Instruments

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. It is management's opinion that OSHaRE is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting its obligations associated with financial liabilities. OSHaRE manages its liquidity risk by maintaining positive working capital.
