

Financial Statements of

**Hamilton Farmers' Market
Corporation**

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Hamilton Farmers' Market Corporation and Members of Council of the City of Hamilton.

Opinion

We have audited the financial statements of The Hamilton Farmer's Market Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity 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 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 Canadian public sector accounting standards 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.

Hamilton Farmers' Market Corporation

Financial Statements

Year ended December 31, 2018

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Hamilton Farmers' Market Corporation

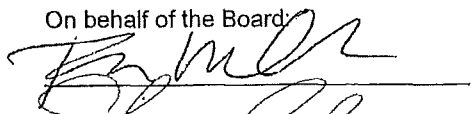

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 1,600	\$ 1,000
HST receivable	14,432	10,778
Accounts receivable	62,155	50,776
Inventory	8,015	10,796
	<u>86,202</u>	<u>73,350</u>
Financial liabilities		
Accounts payable and accrued liabilities	11,771	11,116
Deferred revenues	-	1,348
Due to City of Hamilton (note 2)	66,980	58,956
Unredeemed gift certificates	7,451	1,930
	<u>86,202</u>	<u>73,350</u>
Net financial assets and accumulated surplus	\$ -	\$ -

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

Hamilton Farmers' Market Corporation

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 3)	2018	2017
Revenue:			
Merchandise sales	\$ 20,000	\$ 3,654	\$ 7,292
Rental income	530,080	530,453	512,830
Other revenues	168,000	169,514	133,093
	718,080	703,621	653,215
City levy funded deficit	111,100	111,000	109,450
City of Hamilton subsidy	-	(39,419)	(71,593)
	829,180	775,202	691,072
Expenses:			
Employee related costs	327,510	310,275	279,127
Building and grounds	239,510	237,495	257,210
Contractual	173,400	133,738	104,181
Materials and Supplies	80,160	78,683	40,458
Financial	8,600	10,761	10,096
Consulting	-	4,250	-
Total expenses	829,180	775,202	691,072
Annual surplus, being net financial assets and accumulated surplus, end of year	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

Hamilton Farmers' Market Corporation

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by:		
Operating activities:		
Annual surplus	\$ -	\$ -
Changes in non-cash assets and liabilities:		
Change in HST receivable	(3,654)	15,409
Change in accounts receivable	(11,379)	32,240
Change in inventory	2,781	(10,796)
Change in accounts payable and accrued liabilities	655	740
Change in deferred revenue	8,024	1,348
Change in due to City of Hamilton	(1,348)	(39,361)
Change in unredeemed gift certificates	5,521	1,020
Net change in cash from operating activities	600	600
Net change in cash	600	600
Cash, beginning of year	1,000	400
Cash, end of year	\$ 1,600	\$ 1,000

See accompanying notes to financial statements.

Hamilton Farmers' Market Corporation

Notes to Financial Statements

Year ended December 31, 2018

The Hamilton Farmers' Market Corporation referred to herein as (the "Market Corporation") was established on December 21, 2015 by the Council of the City of Hamilton (the "City") and has been entrusted to provide the public with access to high quality, nutritious and locally grown food. The Market Corporation also provides opportunities for farmers and food producers to serve the general public. The City owns the market facilities and arranges with the Market Corporation to exclusively manage and operate the facilities on the City's behalf.

1. Significant accounting policies:

The financial statements of the Market Corporation are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Market Corporation are as follows:

(a) Basis of accounting:

These financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

(b) Cash:

Cash is comprised of cash on hand.

(c) Inventory:

Inventory is valued at the lower of cost and net realizable value.

(d) Government transfers:

Government transfers received relate to operating grants from the City of Hamilton. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(e) Rental and other income:

Other income is reported as revenue in the period earned.

Hamilton Farmers' Market Corporation

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(g) Use of estimates:

The preparation of financial statements required 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 revenues and expenses during the year. Actual results could differ from those estimates.

2. Related party transactions:

(a) Transactions with related parties:

	2018	2017
<u>Revenue:</u>		
City levy funded deficit	\$ 111,000	\$ 109,450
City of Hamilton subsidy adjustment	(39,419)	(71,593)
	\$ 71,581	\$ 37,857

These transactions have been reflected in the annual surplus for the current year and were measured at the exchange amount of consideration established and agreed to by the related parties.

(b) Reserves held by related parties:

The City of Hamilton holds a reserve fund on behalf of the Hamilton Farmers' Market Corporation. Use of the funds requires approval of both the Market Corporation's Board as well as the Council of the City of Hamilton. The funds are permitted to be used to ensure the viability of the Market Corporation if other sources of funding are not available. The balance of the reserve fund as at December 31, 2018 is \$75,687 (2017 – nil).

(c) Outstanding balances due to related parties:

	2018	2017
City of Hamilton	\$ 66,980	\$ 58,956

The amount due to City of Hamilton is non-interest bearing and has no fixed terms of repayment.

Hamilton Farmers' Market Corporation

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by Council.