

Financial Statements of

**HAMILTON FARMERS'
MARKET CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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.

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 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.



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- 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.
- 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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 5, 2023

HAMILTON FARMERS' MARKET CORPORATION

Financial Statements

Year ended December 31, 2022

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HAMILTON FARMERS' MARKET CORPORATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

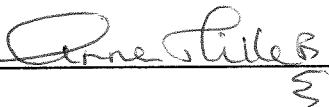
	2022	2021
Financial assets		
Cash	\$ 2,300	\$ 2,300
HST recoverable	46,998	54,012
Accounts receivable (note 3)	131,583	134,441
Inventory	2,092	3,124
	<u>182,973</u>	<u>193,877</u>
Financial liabilities		
Accounts payable and accrued liabilities	27,480	14,945
Deferred revenues	7,752	4,758
Due to City of Hamilton (note 2)	125,954	157,614
Unredeemed gift certificates	22,850	16,560
	<u>184,036</u>	<u>193,877</u>
Net financial assets and accumulated deficit	\$ (1,063)	\$ -

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

HAMILTON FARMERS' MARKET CORPORATION

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 4)	2022	2021
Revenue:			
Safe restart agreement funding (note 5)	\$ —	\$ 70,000	\$ 147,187
Merchandise sales	4,500	1,106	1,947
Rental income	515,000	500,780	459,809
Other revenues	43,000	112,850	166,186
	<u>562,500</u>	<u>684,736</u>	<u>775,129</u>
City levy funded deficit (note 2)	242,360	380,055	126,242
Hamilton Farmers Market reserve (note 2)	—	—	78,262
	<u>804,860</u>	<u>1,064,791</u>	<u>979,633</u>
Expenses:			
Agencies and support payments	—	979	—
Employee related costs	339,800	262,481	293,760
Building and grounds	268,330	438,499	397,122
Contractual	123,520	125,044	126,851
Materials and supplies	54,736	33,561	89,991
Financial	10,450	62,571	60,726
Consulting	3,000	137,695	11,183
Reserves/Recoveries	5,024	5,024	—
	<u>804,860</u>	<u>1,065,854</u>	<u>979,633</u>
Annual deficit, being net financial assets and accumulated deficit, end of year	\$ —	\$ (1,063)	\$ —

See accompanying notes to financial statements.

HAMILTON FARMERS' MARKET CORPORATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by:		
Operating activities:		
Annual deficit	\$ (1,063)	\$ -
Changes in non-cash assets and liabilities:		
Increase (decrease) in HST receivable	7,014	(26,882)
Decrease in accounts receivable	2,858	161,999
Decrease (increase) in inventory	1,032	(2,165)
Increase in accounts payable and accrued liabilities	12,535	4,480
Increase (decrease) in deferred revenue	2,994	(3,525)
Decrease in due to City of Hamilton	(31,660)	(138,112)
Increase in unredeemed gift certificates	6,290	4,405
Net change in cash	-	200
Cash, beginning of year	2,300	2,100
Cash, end of year	\$ 2,300	\$ 2,300

See accompanying notes to financial statements.

HAMILTON FARMERS' MARKET CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

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 revenues:

Rental and other revenues are reported as revenue in the period earned. Other revenues are comprised of merchandise sales, utility recovery and sponsorships.

HAMILTON FARMERS' MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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) Gift Certificates:

Hamilton Farmers' Market issues gift certificates. These gift certificates make up the Unredeemed gift certificates balance on the statement of financial position. They have an indefinite life and do not expire.

(h) 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:

	2022	2021
Revenue:		
City levy funded deficit	\$ 380,055	\$ 126,242
Hamilton Farmers Market reserve adjustment	-	78,262
	<u>\$ 380,055</u>	<u>\$ 204,504</u>

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 party:

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, 2022 is \$83,524 (2021 - \$78,662).

HAMILTON FARMERS' MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Related party transactions (continued):

(c) Outstanding balances due to related party:

	2022	2021
City of Hamilton	\$ 125,954	\$ 157,614

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

3. Accounts receivable:

In fiscal 2020, the Market Corporation approved an optional deferral plan that allowed stallholders to pay their fees for April through September 2020 in 2021 without interest. This plan has continued into fiscal 2022 and during the year ended December 31, 2022, stallholders that were able to demonstrate financial hardship were allowed to extend their fee payment deferral into 2023. In total, there is 1 (2021 – 6) stallholder that received fee payment deferral extensions.

4. Budget data:

The budget data presented in these financial statements is based upon the 2022 budget approved by Council.