

**GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

# **GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**

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**YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of: Golden Horseshoe Food and Farming Alliance

### **Opinion**

We have audited the accompanying financial statements of Golden Horseshoe Food and Farming Alliance, which comprise the statement of financial position as at December 31, 2020 and the statements of operations 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, these financial statements present fairly, in all material respects, the financial position of Golden Horseshoe Food and Farming Alliance as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

### **Basis of 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 report. We are independent of Golden Horseshoe Food and Farming Alliance 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 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 a 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 judgement 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 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.



Guelph, Ontario  
May 25, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 108,881	\$ 250,015
Accounts receivable	116,970	35,000
HST recoverable	<u>27,464</u>	<u>18,332</u>
	253,315	303,347
<b>ASSET MAPPING DATABASE</b> (note 4)	<u>28,800</u>	<u>22,315</u>
	<u>\$ 282,115</u>	<u>\$ 325,662</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 12,685	\$ 17,978
Deferred contributions (note 6)	<u>0</u>	<u>41,452</u>
	<u>12,685</u>	<u>59,430</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b>	<u>269,430</u>	<u>266,232</u>
	<u>\$ 282,115</u>	<u>\$ 325,662</u>

**GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Municipal Partnerships	\$ 180,000	\$ 210,000
LTC Project	84,160	87,310
ConnectON Services	67,500	31,000
Friends of the Greenbelt	32,262	7,738
Food Terminal Project	0	20,000
Donations	0	25
	<u>363,922</u>	<u>356,073</u>
<b>EXPENDITURES</b>		
Subcontractors	195,909	93,166
LTC Project	84,160	87,310
General and administrative	42,709	21,805
Always in Season expenses	10,000	0
Value Chain Analysis	7,677	7,738
Professional fees	6,000	10,094
Amortization	5,679	2,480
Telephone	5,490	4,395
Rent	3,100	3,846
Food Terminal Project	0	25,985
	<u>360,724</u>	<u>256,819</u>
<b>NET SURPLUS for the year</b>	3,198	99,254
<b>NET ASSETS, beginning of year</b>	266,232	0
<b>CONTRIBUTION FROM TRCA (note 1)</b>	<u>0</u>	<u>166,978</u>
<b>NET ASSETS, end of year</b>	<u>\$ 269,430</u>	<u>\$ 266,232</u>

**GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net surplus for the year	\$ 3,198	\$ 99,254
Contribution from TRCA	0	166,978
Items not requiring an outlay of cash		
Amortization	<u>5,679</u>	<u>2,480</u>
	8,877	268,712
Changes in non-cash working capital		
Accounts receivable	(81,970)	(53,332)
HST recoverable	(9,132)	0
Accounts payable and accrued liabilities	(5,293)	17,978
Deferred contributions	<u>(41,452)</u>	<u>41,452</u>
	<u>(128,970)</u>	<u>274,810</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Additions to asset mapping database	<u>(12,164)</u>	<u>(24,795)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(141,134)	250,015
<b>NET CASH, BEGINNING OF YEAR</b>	<u>250,015</u>	<u>0</u>
<b>NET CASH, END OF YEAR</b>	<u>\$ 108,881</u>	<u>\$ 250,015</u>

**GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**1. NATURE OF OPERATIONS**

Golden Horseshoe Food and Farming Alliance is a not for profit organization incorporated under the laws of Ontario without share capital in December 2018. The organization commenced operating in January 2019 with the transfer of operations and net assets from the Toronto Region Conservation Authority. Golden Horseshoe Food and Farming Alliance is exempt from income tax.

Its purpose is to identify pathways for a more integrated and coordinated approach to food and farming viability in the area to ensure that the Golden Horseshoe enhances and expands its role as a leading food and farming cluster.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include collectability of accounts receivable and the useful life of the asset mapping database. Actual results could differ from those estimates.

(b) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.



**GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) ASSET MAPPING DATABASE

The asset mapping database is recorded at cost and amortized on the basis of its estimated useful life, which is 20% declining balance basis.

Amortization is recorded at 50% of the above rates in the year of addition.

(e) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

**3. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The organization does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the company by failing to discharge an obligation. The company's credit risk is mainly related to accounts receivable. The company provides credit to its clients in the normal course of its operations.

**GOLDEN HORSESHOE FOOD AND FARMING ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**4. ASSET MAPPING DATABASE**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2020</b>	<b>Net 2019</b>
Asset mapping database	\$ <u>36,959</u>	\$ <u>8,159</u>	\$ <u>28,800</u>	\$ <u>22,315</u>

In 2013, the Golden Horseshoe Food and Farming Alliance, which was at the time part of the Toronto Region Conservation Authority, developed a tool, as a pilot project, that defined a process for collecting available information about food and farming assets from municipal partners in the Golden Horseshoe. More than 15,000 records were collected in the pilot phase. Phase 2 of Asset Mapping, conducted in 2014/2015 with the support of Growing Forward 2 funding, resulted in an enhanced database structure, a template for data provision to streamline the process, data sharing agreements and protocols for housing and maintaining the database into the future. Existing data was cleaned and refined, and secondary data was also imported to the database, resulting in almost 20,000 database records. The database was transferred from the Toronto Region Conservation Authority to the newly incorporated Golden Horseshoe Food and Farming Alliance when it commenced operations in January 2019.

As the asset mapping database's estimated fair value at the time of transfer was indeterminable, the asset and related contribution were recognized at a nominal value. Subsequent expenditures are included in the above asset cost.

**5. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)**

During and subsequent to year end, impact of the Novel Coronavirus (COVID-19) in Canada and on the global economy increased significantly. This global pandemic has disrupted economic activities and has resulted in the cancellation of events and delay of certain projects. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Further, the timing and amounts realized on the organization's assets as well as its future ability to deliver all programming may be impacted by the evolving circumstances of the virus.

**6. DEFERRED CONTRIBUTIONS**

Deferred contributions consist of funding received in excess of expenditures for specific projects:

	<b>2020</b>	<b>2019</b>
Opening balance	\$ 41,452	\$ 0
Funding received	74,970	136,500
Expenditures incurred	<u>(116,422)</u>	<u>(95,048)</u>
	<u>\$ 0</u>	<u>\$ 41,452</u>