

**SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION**

**Financial Statements**

**December 31, 2020**



**Baker Tilly Trillium LLP**

**Leamington • Essex • London  
Dorchester • Aylmer**

203 Talbot Street West  
Leamington, Ontario N8H 1N8  
Canada

T: 519.326.2666

F: 519.326.7008

leamington@bakertilly.ca

[www.bakertilly.ca](http://www.bakertilly.ca)

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Southwestern Ontario Gleaners Organization

### *Qualified Opinion*

We have audited the financial statements of Southwestern Ontario Gleaners Organization (the organization) that comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, revenues and expenses 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 December 31, 2020, 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 revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenues, revenues over expenses, current assets and net assets.

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.

### *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 relating 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.

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### **AUDIT • TAX • ADVISORY**

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Independent Auditor's Report to the Members of Southwestern Ontario Gleaners Organization  
(continued)

*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.

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.

*Baker Tilly Trillium LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Leamington, Ontario  
February 24, 2021

**SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION**

**Statement of Financial Position**

**As at December 31, 2020**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 268,407	\$ 190,287
HST receivable	7,707	7,352
Prepaid expenses and deposits	16,792	6,823
Short-term investments (Note 3)	116,323	112,870
	<u>409,229</u>	<u>317,332</u>
<b>CAPITAL ASSETS (Note 4)</b>	<u>84,888</u>	<u>87,308</u>
	<u>\$ 494,117</u>	<u>\$ 404,640</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 4,032	\$ 3,357
Government remittances payable	-	386
Deferred grant revenue (Note 5)	52,037	19,677
Deferred contributions (Note 6)	12,509	17,877
	<u>68,578</u>	<u>41,297</u>
<b>NET ASSETS</b>	<u>425,539</u>	<u>363,343</u>
	<u>\$ 494,117</u>	<u>\$ 404,640</u>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2020**

	2020	2019
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 363,343	\$ 285,676
<b>REVENUES OVER EXPENSES</b>	<u>62,196</u>	<u>77,667</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 425,539</u>	<u>\$ 363,343</u>

See accompanying notes to the financial statements

**SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION****Statement of Revenues and Expenses****For the Year Ended December 31, 2020**

	2020	2019
<b>REVENUES</b>		
Donations	\$ 283,900	\$ 276,313
Capital contribution revenue (Note 6)	5,368	7,678
Grant revenue (Note 5)	39,399	4,793
Fundraising	69,402	167,571
Membership fees	20	330
	<u>398,089</u>	<u>456,685</u>
<b>EXPENSES</b>		
Advertising and promotion	3,041	4,333
Amortization	27,345	29,585
Fundraising expense	-	14,179
HST (non-recoverable)	4,225	6,736
Insurance	9,353	8,634
Office	6,748	7,298
Product costs	83,588	74,184
Professional services	1,029	1,025
Property taxes	14,798	14,166
Rent	37,440	37,440
Repairs and maintenance	10,811	16,631
Salaries and benefits	104,051	126,957
Telephone	4,113	4,289
Utilities	29,953	35,958
	<u>336,495</u>	<u>381,415</u>
<b>REVENUES OVER EXPENSES BEFORE OTHER ITEMS</b>	<u>61,594</u>	<u>75,270</u>
<b>OTHER ITEMS</b>		
Loss on disposal of capital assets	(2,171)	-
Gain on disposal of investments	-	1,341
Change in fair market value of investments	2,773	1,056
	<u>602</u>	<u>2,397</u>
<b>REVENUES OVER EXPENSES</b>	<u>\$ 62,196</u>	<u>\$ 77,667</u>

See accompanying notes to the financial statements

**SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION****Statement of Cash Flows****For the Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Revenues over expenses	\$ 62,196	\$ 77,667
Items not affecting cash:		
Amortization	27,345	29,585
Loss on disposal of capital assets	2,171	-
Gain on disposal of investments	-	(1,341)
	<u>91,712</u>	<u>105,911</u>
<b>Changes in non-cash working capital:</b>		
HST receivable	(355)	(2,186)
Prepaid expenses and deposits	(9,969)	(1,164)
Accounts payable and accrued liabilities	675	(4,831)
Government remittances payable	(386)	386
Deferred grant revenue	32,360	8,251
	<u>22,325</u>	<u>456</u>
	<u>114,037</u>	<u>106,367</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(27,596)	(23,881)
Proceeds on disposal of capital assets	500	-
Deferred contributions	(5,368)	(7,678)
Purchase of short-term investments	(3,453)	(91,641)
	<u>(35,917)</u>	<u>(123,200)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	78,120	(16,833)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>190,287</u>	<u>207,120</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 268,407</u>	<u>\$ 190,287</u>

See accompanying notes to the financial statements

# SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. PURPOSE OF THE ORGANIZATION

Southwestern Ontario Gleaners Organization (the "organization") is incorporated under the Ontario Business Corporations Act. The organization processes and provides free dehydrated soup mix and dehydrated fruit for distribution to local community partners and reputable relief agencies around the world.

The organization was incorporated under the laws of Ontario without share capital or benefit for its members. The organization is exempt from income taxes under section 149(1)(i) of the Income Tax Act (Canada).

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

#### (a) Revenue recognition

The organization follows the deferral method of accounting for contributions, which includes donations and fundraising activities. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the capital assets acquired.

#### (b) Contributed services

The organization would not be able to carry out its activities without the services of many volunteers who donate a considerable number of hours. Contributed services are not recognized in the financial statements because of the difficulty of compiling these hours.

#### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturity dates of three months or less at acquisition.

#### (d) Investments

Investments are measured at fair value.

#### (e) Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Processing equipment	30%
Furniture and equipment	20%
Automotive	30%
Computer	55%
Signs	20%

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# SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION

## Notes to Financial Statements

Year Ended December 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for non-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 reporting period. The significant item subject to such estimates and assumptions is the estimated useful life of capital assets. Actual results could differ from those estimates and those differences could be material.

(g) Financial instruments

The organization's financial assets consists of cash and short-term investments and the company's financial liabilities consist of accounts payable and accrued liabilities. These financial instruments are measured at amortized cost, evaluated for impairment at each balance sheet date with any write down recorded in revenues over expenses. Impairment reversals may occur and the asset can be written up to its original cost. Investments in equity instruments, which are quoted in an active market, are measured at fair value. Changes in fair value are recognized in net income.

### 3. INVESTMENTS

	2020	2019
GIC	\$ -	\$ 102,272
Manulife Investment Account	103,052	-
Mutual Funds	13,271	10,598
	<u>\$ 116,323</u>	<u>\$ 112,870</u>

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Processing equipment	\$ 324,405	\$ 283,504	\$ 40,901	\$ 58,430
Furniture and equipment	21,160	11,078	10,082	12,603
Automotive	27,596	4,289	23,307	2,671
Computer	4,927	4,561	366	813
Signs	757	615	142	178
Warehouse	14,250	4,160	10,090	12,613
	<u>\$ 393,095</u>	<u>\$ 308,207</u>	<u>\$ 84,888</u>	<u>\$ 87,308</u>

## SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION

### Notes to Financial Statements

Year Ended December 31, 2020

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#### 5. DEFERRED GRANT REVENUE

The organization received one time grants from the New Horizons for Seniors Program of the Department of Employment and Social Development totaling \$33,724 in prior years to purchase office chairs, knives, an onion peeler and cooling fans. In the current year, the organization received one time grants of \$20,000 and \$23,000 from Farm Credit Canada and Windsor Essex Community Foundation, respectively. The grants were to assist with the purchase of a truck and for use toward the Investment Readiness Program. The amount recorded as deferred revenue in the year ended December 31, 2020 was \$52,037 (2019 - \$19,677). In addition to the grants recorded as deferred, the organization received one time funding from various sources totaling \$28,760 to assist with the day to day operations and these amounts have been recorded as revenue. Grant revenue recorded in 2020 totals \$39,399 (2019 - \$4,793), revenue is recorded on the same basis as the related assets are amortized.

#### 6. DEFERRED CONTRIBUTIONS

Capital assets purchased from contributions and donations received in prior years was \$26,500 and \$100,000 respectively. An amount of \$5,368 (2019 - \$7,678) is included in income, this revenue is recorded on the same basis the related assets are amortized.

	Amortization 2020	Deferred contributions 2020	Deferred contributions 2019
Vehicles	\$ 553	\$ 1,290	\$ 1,843
Computer	11	9	20
Processing equipment	4,804	11,210	16,014
	<u>\$ 5,368</u>	<u>\$ 12,509</u>	<u>\$ 17,877</u>

#### 7. FINANCIAL INSTRUMENTS

The significant financial risk to which the company is exposed is liquidity risk.

##### *Liquidity risk*

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash available to meet operational and financial obligations.

#### 8. UNUSUAL EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets, possible disruption in supply chains, and measure being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations. The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.