

SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION

Financial Statements

December 31, 2023

Draft for discussion purposes only



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**

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, 2023, 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, 2023, 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.

Chartered Professional Accountants
Licensed Public Accountants
Leamington, Ontario
March 8, 2024

SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION**Statement of Financial Position****As at December 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 282,258	\$ 175,570
HST receivable	6,622	11,653
Prepaid expenses and deposits	1,489	6,483
Short-term investments (Note 3)	427,567	302,398
	717,936	496,104
CAPITAL ASSETS (Note 4)	33,518	46,054
	<u>\$ 751,454</u>	<u>\$ 542,158</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,592	\$ 8,344
Deferred grant revenue (Note 5)	12,359	16,877
Deferred contributions (Note 6)	4,288	6,127
	28,239	31,348
NET ASSETS	<u>723,215</u>	<u>510,810</u>
	<u>\$ 751,454</u>	<u>\$ 542,158</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, 2023

	2023	2022
NET ASSETS, BEGINNING OF YEAR	\$ 510,810	\$ 508,120
REVENUES OVER EXPENSES	212,405	2,690
NET ASSETS, END OF YEAR	<u>\$ 723,215</u>	<u>\$ 510,810</u>

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SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION**Statement of Revenues and Expenses****For the Year Ended December 31, 2023**

	2023	2022
REVENUES		
Donations	\$ 431,031	\$ 301,392
Capital contribution revenue (Note 6)	1,839	2,627
Grant revenue (Note 5)	13,688	20,817
Fundraising	219,234	185,591
Membership fees	20	100
	<u>665,812</u>	<u>510,527</u>
EXPENSES		
Advertising and promotion	8,120	5,811
Amortization	12,536	17,475
Freight	15,929	-
Fundraising expense	16,248	13,536
HST (non-recoverable)	6,533	7,351
Insurance	10,861	11,109
Office	-	6,198
Product costs	120,209	99,002
Professional services	1,000	1,000
Property taxes	14,086	13,688
Rent	55,000	54,641
Repairs and maintenance	12,113	29,293
Salaries and benefits	149,163	146,441
Telephone	1,979	2,498
Utilities	46,231	50,709
	<u>470,008</u>	<u>458,752</u>
REVENUES OVER EXPENSES BEFORE OTHER ITEMS	<u>195,804</u>	<u>51,775</u>
OTHER ITEMS		
Loss on disposal of investments	(496)	(2,056)
Change in fair market value of investments	17,097	(47,029)
	<u>16,601</u>	<u>(49,085)</u>
REVENUES OVER EXPENSES	<u>\$ 212,405</u>	<u>\$ 2,690</u>

See accompanying notes to financial statements

SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION**Statement of Cash Flows****For the Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Revenues over expenses	\$ 212,405	\$ 2,690
Items not affecting cash:		
Amortization	12,536	17,475
Loss on disposal of investments	496	2,056
Change in fair market value of investments	(17,097)	47,029
	<u>208,340</u>	<u>69,250</u>
Changes in non-cash working capital:		
HST receivable	5,031	(5,089)
Prepaid expenses and deposits	4,994	(583)
Accounts payable and accrued liabilities	3,248	(1,955)
Deferred grant revenue	(4,518)	(6,260)
	<u>8,755</u>	<u>(13,887)</u>
	<u>217,095</u>	<u>55,363</u>
INVESTING ACTIVITIES		
Deferred contributions	(1,839)	(2,627)
Purchase of short-term investments	(108,568)	(82,875)
	<u>(110,407)</u>	<u>(85,502)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	106,688	(30,139)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>175,570</u>	<u>205,709</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 282,258</u>	<u>\$ 175,570</u>

SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION

Notes to Financial Statements

Year Ended December 31, 2023

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%
Warehouse	20%

(continues)

SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION

Notes to Financial Statements

Year Ended December 31, 2023

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 organization'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

	2023	2022
Manulife Investment Account	\$ 427,567	\$ 302,398

The Manulife investment account is recorded at fair market value.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Processing equipment	\$ 326,955	\$ 311,864	\$ 15,091	\$ 21,559
Furniture and equipment	21,160	15,998	5,162	6,453
Automotive	27,596	19,602	7,994	11,420
Computer	4,927	4,894	33	74
Signs	757	685	72	90
Warehouse	14,250	9,084	5,166	6,458
	<u>\$ 395,645</u>	<u>\$ 362,127</u>	<u>\$ 33,518</u>	<u>\$ 46,054</u>

SOUTHWESTERN ONTARIO GLEANERS ORGANIZATION

Notes to Financial Statements

Year Ended December 31, 2023

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 and Farm Credit Canada totaling \$53,724 in prior years to purchase office chairs, knives, an onion peeler, cooling fans and a delivery truck. The amount recorded as deferred revenue in the year ended December 31, 2023 was \$12,359 (2022 - \$16,877). Revenue is recorded on the same basis as the related assets are amortized and the amount recognized for 2023 was \$4,518 (2022 - \$6,260).

The organization received one time funding in 2023 from various sources totaling \$9,170 (2022 - \$14,557) to assist with the day to day operations and these amounts have been recorded as grant revenue.

Grant revenue recorded in 2023 totals \$13,688 (2022 - \$20,817).

6. DEFERRED CONTRIBUTIONS

Capital assets purchased from contributions and donations received in prior years was \$26,500 and \$100,000 respectively. An amount of \$1,839 (2022 - \$2,627) is included in capital contribution revenue, this revenue is recorded on the same basis, the related assets are amortized.

	Amortization 2023	Deferred contributions 2023	Deferred contributions 2022
Vehicles	\$ 190	\$ 442	\$ 632
Computer	1	1	2
Processing equipment	1,648	3,845	5,493
	<u>\$ 1,839</u>	<u>\$ 4,288</u>	<u>\$ 6,127</u>

7. FINANCIAL INSTRUMENTS

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company's investments in publicly traded securities expose the company to market risk as such investments are subject to price changes in the open market. The company does not use derivative financial instruments to alter the effects of this risk.