

**THE ORGANIC COUNCIL OF ONTARIO**

**Financial Statements**

**Year Ended December 31, 2020**

**THE ORGANIC COUNCIL OF ONTARIO**

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**Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Organic Council of Ontario

### *Opinion*

We have audited the financial statements of The Organic Council of Ontario (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of revenue and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *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 report. We are independent of the Organization in accordance with 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.

### *Other Matter*

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on March 11, 2020 for the completeness of donations.

### *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 ASNPO, 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 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.

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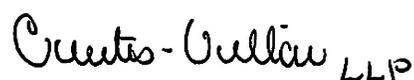
Independent Auditor's Report to the Members of The Organic Council of Ontario *(continued)*

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.
- 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  
March 23, 2021

  
**CURTIS-VILLAR LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

**THE ORGANIC COUNCIL OF ONTARIO**

**Statement of Financial Position**

**As at December 31, 2020**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 61,116	\$ 30,909
Accounts receivable	24,806	74,127
Harmonized sales tax recoverable	-	4,068
Prepaid expenses	2,093	2,028
Government assistance receivable <i>(Note 5)</i>	27,119	-
	115,134	111,132
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	573	1,173
	\$ 115,707	\$ 112,305
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 19,142	\$ 19,255
Harmonized sales tax payable	2,225	-
Deferred revenue <i>(Note 6)</i>	16,038	64,610
Government assistance payable <i>(Note 5)</i>	30,000	-
	67,405	83,865
<b>NET ASSETS</b>		
Unrestricted fund <i>(Note 2)</i>	47,730	27,267
Invested in capital assets fund <i>(Note 2)</i>	572	1,173
	48,302	28,440
	\$ 115,707	\$ 112,305

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**THE ORGANIC COUNCIL OF ONTARIO**  
**Statement of Revenue and Expenditures**  
**Year Ended December 31, 2020**

	2020	%	2019	%
<b>REVENUE</b>				
Grants <i>(Note 7)</i>	\$ 201,124	73.76	\$ 163,120	59.61
Membership fees	34,169	12.53	38,844	14.19
Fundraising and other	32,423	11.89	71,157	26.00
Donations	4,688	1.72	154	0.06
Sale of products	284	0.10	378	0.14
	<b>272,688</b>	<b>100.00</b>	<b>273,653</b>	<b>100.00</b>
<b>EXPENDITURES</b>				
Salaries and wages <i>(Note 5)</i>	203,488	74.62	180,834	66.08
Project expenditures	52,837	19.38	663	0.24
Professional and consulting fees	23,425	8.59	36,859	13.47
Office	10,016	3.67	576	0.21
Rent	7,780	2.85	15,040	5.50
Accounting and legal	7,509	2.75	5,985	2.19
Meetings	6,640	2.44	9,690	3.54
Interest and bank charges	3,457	1.27	3,425	1.25
Insurance	3,286	1.21	2,514	0.92
Membership fees	2,742	1.01	3,624	1.32
Travel	1,058	0.39	4,600	1.68
Amortization <i>(Note 3)</i>	942	0.35	1,142	0.42
Telephone	614	0.23	510	0.19
Advertising and promotion	189	0.07	120	0.04
	<b>323,983</b>	<b>118.83</b>	<b>265,582</b>	<b>97.05</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS</b>	<b>(51,295)</b>	<b>(18.83)</b>	<b>8,071</b>	<b>2.95</b>
<b>OTHER INCOME</b>				
Government assistance <i>(Note 5)</i>	71,157	26.09	-	-
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 19,862</b>	<b>7.26</b>	<b>\$ 8,071</b>	<b>2.95</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**THE ORGANIC COUNCIL OF ONTARIO**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2020**

	Unrestricted Fund	Invested in Capital Assets Fund	<b>2020</b>	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 27,267	\$ 1,173	<b>\$ 28,440</b>	\$ 20,369
EXCESS OF REVENUE OVER EXPENDITURES	19,862	-	<b>19,862</b>	8,071
Interfund transfers <i>(Note 8)</i>	601	(601)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 47,730</b>	<b>\$ 572</b>	<b>\$ 48,302</b>	<b>\$ 28,440</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

THE ORGANIC COUNCIL OF ONTARIO

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 19,862	\$ 8,071
Items not affecting cash:		
Amortization of property, plant and equipment	942	1,142
Correction of prior year accounting error	-	(45,232)
	<u>20,804</u>	<u>(36,019)</u>
Changes in non-cash working capital:		
Accounts receivable	49,321	31,720
Accounts payable and accrued liabilities	(114)	1,636
Deferred revenue	(48,572)	31,332
Prepaid expenditures	(65)	(1,328)
Harmonized sales tax payable	6,293	(193)
Government assistance receivable	(27,119)	-
Government assistance payable	30,000	-
	<u>9,744</u>	<u>63,167</u>
Cash flow from operating activities	<u>30,548</u>	<u>27,148</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(790)	(2,295)
Adjustment of property, plant and equipment to actual	449	-
	<u>(341)</u>	<u>(2,295)</u>
Cash flow used by investing activities	<u>(341)</u>	<u>(2,295)</u>
<b>INCREASE IN CASH FLOW</b>	<b>30,207</b>	<b>24,853</b>
Cash - beginning of year	<u>30,909</u>	<u>6,056</u>
<b>CASH - END OF YEAR</b>	<b>\$ 61,116</b>	<b>\$ 30,909</b>
<b>CASH CONSISTS OF:</b>		
Cash	<u>\$ 61,116</u>	<u>\$ 30,909</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

# THE ORGANIC COUNCIL OF ONTARIO

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. DESCRIPTION OF BUSINESS

The Organic Council of Ontario is a non-profit organization incorporated without share capital under the Canada Corporations act. It is a membership based organization representing the organic sector in Ontario at the provincial and national levels.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Cash and cash equivalents

Cash and cash equivalents consists of bank balances and cash on hand.

#### Fund accounting

The Organic Council of Ontario follows the deferral method of accounting for contributions.

Revenue and expenditures related to program delivery and administrative activities are reported in the Unrestricted Fund.

The Invested in Capital Assets Fund reports the assets, liabilities, revenue, and expenditures related to The Organic Council of Ontario's capital assets.

#### Revenue recognition

The Organic Council of Ontario follows the deferral method of accounting for grant revenue.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recognized as revenue in the year in which the related expenditures are incurred.

Membership fees are recognized as revenue in the year in which the membership relates to.

Fundraising and other, sale of products, and donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Other revenue consists of interest, partnership revenue, sponsorships, production contribution payments, event revenue, and fees for service.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	declining balance method
Computer software	100%	declining balance method

#### Tax Exempt Status

The organization is a not-for-profit organization and is therefore exempt from corporate income taxes.

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THE ORGANIC COUNCIL OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Measurement uncertainty exists for deferred revenue and amortization. Actual results could differ from these estimates.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 573	\$ -	\$ 573	\$ 52
Computer software	2,359	2,359	-	1,121
	<u>\$ 2,932</u>	<u>\$ 2,359</u>	<u>\$ 573</u>	<u>\$ 1,173</u>

4. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2020	2019
Workers' safety insurance	\$ 831	\$ -
Employee deductions payable	<u>3,363</u>	<u>3,161</u>
	<u>\$ 4,194</u>	<u>\$ 3,161</u>

**THE ORGANIC COUNCIL OF ONTARIO**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

5. GOVERNMENT ASSISTANCE

During 2020, the Government of Canada created a program for organizations and businesses to apply for a wage subsidy, to help continue to pay their employees despite no work or less work due to COVID-19. One of the programs is the Temporary Wage Subsidy which allows eligible employers to reduce the amount of payroll deductions they need to remit and is equal to 10% of the remuneration paid from March 18 - June 19, 2020, up to \$1,375 for each eligible employee. The subsidy has been credited to government assistance and is not expected to be repaid.

Another program is the Canadian Emergency Wage Subsidy (CEWS) for 75% of employee wages is to help prevent further jobs losses and better position organizations to resume normal operations following the crisis and began on March 15, 2020. The subsidy has been credited to government assistance and is not expected to be repaid. The CEWS receivable at year end is for the period August 30 - December 31.

During 2020, the Canadian Emergency Benefit Account loan was created by the Government of Canada to help support businesses due to the implications from COVID-19. The Organic Council of Ontario received \$40,000 and there are no interest payments due until the demand loan renews December 31, 2022. If \$30,000 of the demand loan is paid by December 31, 2022 then the remaining balance of the loan is forgivable. If less than \$30,000 is paid by December 31, 2022, interest only payments will begin January 1, 2023 at 5% interest. The principal balance of the loan is due on December 31, 2025. Per ITA 12(1)(x), the forgivable portion of the loan is to be included in income in the year it is received. This has been recorded to government assistance in the current year.

	2020	2019
Temporary Wage Subsidy	\$ 843	\$ -
Canadian Emergency Wage Subsidy	60,314	-
	61,157	-
Canadian Emergency Benefit Account loan - forgivable portion	10,000	-
	\$ 71,157	\$ -

6. DEFERRED REVENUE

The deferred grant represents restricted funding that is related to the subsequent year. The other deferred revenue relates to revenue from memberships and fees for service for the subsequent year.

	Deferred grants		Other deferred revenue	
	2020	2019	2020	2019
Balance, beginning of the year	\$ 53,033	\$ -	\$ 11,577	\$ 33,278
Less amount recognized as revenue in the year	(53,033)	-	(11,577)	(33,278)
Plus amount received for the subsequent year	-	53,033	16,038	11,577
	\$ -	\$ 53,033	\$ 16,038	\$ 11,577

THE ORGANIC COUNCIL OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2020

7. MAJOR CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
Canada Agricultural Partnership	\$ 46,862	\$ 83,034
Ontario Trillium Foundation	44,534	22,267
Canadian Experiences Fund	32,984	4,228
Ontario Job Creation Partnership - in-kind	29,080	-
Youth Employment Skills Program	20,614	-
Canada Summer Jobs grant	13,107	17,248
Colleges and Institutes Canada	8,572	6,429
Ontario Job Creation Partnership	5,371	2,030
Career Focus Program	-	27,884
	<u>\$ 201,124</u>	<u>\$ 163,120</u>

8. INTERFUND TRANSFERS

The Invested in Capital Assets Fund transferred \$601 to the Unrestricted fund to account for the purchase, write off, and amortization of capital assets during the year.

9. BRIDGE LOAN

During the year, the organization acquired a bridge loan while waiting for grant funding to come in. The loan was issued March 13, 2020 and was to be repaid on or before May 10, 2020. The loan had an annual interest rate of 30%. The full amount of the loan including interest and fees were repaid on April 21, 2020.

10. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2020.

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**THE ORGANIC COUNCIL OF ONTARIO**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

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10. FINANCIAL INSTRUMENTS *(continued)*

***(a) Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. The organization has a significant number of customers which minimizes concentration of credit risk.

***(b) Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers, government assistance payable, and accounts payable.

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

11. COVID-19 IMPLICATIONS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

**THE ORGANIC COUNCIL OF ONTARIO**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

12. ACCOUNTING ERROR

During the course of our audit, there were several opening balances that were materially misstated. This includes accrued wages, accrued storage fees, accrued audit fees, grant revenue relating to the 2019 fiscal year recorded in 2020, and an adjustment to the credit card balance to actual. Below is a summary of the financial areas impacted by the prior year errors:

	2020	2019
Opening balance impact		
Accounts receivable	\$ 10,621	\$ -
Harmonized sales tax recoverable	(271)	-
	-	-
Accounts payable	9,993	-
Net assets	357	-
Statement of Financial Position impact		
Accounts receivable	-	10,621
Harmonized sales tax recoverable	-	(271)
Accounts payable	-	9,993
Statement of Revenue and expenditures impact		
Grants	-	5,212
Fundraising and other	-	5,408
Wages and salaries	-	8,684
Accounting and legal	-	2,180
Rent	-	1,200
Office	-	(599)
Travel	-	(565)
Telephone	-	(20)
Meetings	-	(616)
Statement of Changes in Net Assets impact		
Net Assets - Beginning of year	357	-
Excess of revenue over expenditures	-	357
Net assets - end of year	357	357

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.