

Canadian Organic Growers Inc.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

DRAFT FOR REVIEW

INDEPENDENT AUDITOR'S REPORT

To the Members,
Canadian Organic Growers Inc.:

Opinion

We have audited the financial statements of Canadian Organic Growers Inc. ("the Entity"), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, operations 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 Entity as at December 31, 2021, 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 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 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.

Other matter

The financial statements for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statement on April 6, 2021

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 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 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.

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.

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants
Ottawa, Ontario

Canadian Organic Growers Inc.

 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2021

	2021	2020
CURRENT ASSETS		
Cash	\$ 967,367	\$ 529,060
Accounts receivable	10,281	54,429
Government amounts receivable	34,025	39,289
Inventory	13,992	15,766
Prepaid expenses	4,035	9,012
	\$ 1,029,700	\$ 647,556
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 81,692	\$ 34,168
Government remittances payable	1,348	10,162
Deferred revenue (note 2)	400,689	198,314
	483,729	242,644
NET ASSETS		
Unrestricted net assets	545,971	404,912
	\$ 1,029,700	\$ 647,556

Approved on behalf of the Board:

Director

Director

Canadian Organic Growers Inc.STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
UNRESTRICTED NET ASSETS		
Balance - beginning of year	\$ 404,912	\$ 219,689
Net revenue for the year	141,059	185,223
Balance - end of year	\$ 545,971	\$ 404,912

Canadian Organic Growers Inc.STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Membership fees	\$ 3,935	\$ 10,125
Corporate sponsorships	20,017	18,895
Project grant	672,314	427,965
Publication grants	916	906
Donations	560,932	366,439
Trade sales	18,575	52,018
Foreign exchange gains	426	939
Consulting revenue	13,189	-
Other revenue	9,770	11,590
	1,300,074	888,877
EXPENSE		
Administration	71,967	73,656
Contractors	519,291	235,448
Meeting and conferences	21,857	42,409
Printing and shipping	15,014	23,660
Salaries and wages	481,261	278,300
Travel	11,250	13,396
Project expenditure	5,660	36,785
Other	32,715	-
	1,159,015	703,654
NET REVENUE FOR THE YEAR	\$ 141,059	\$ 185,223

Canadian Organic Growers Inc.STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 141,059	\$ 185,223
Changes in non-cash working capital:		
Accounts Receivable	49,412	(51,330)
Inventory	1,774	(350)
Prepaid expenses	4,977	221
Accounts payable	47,524	9,844
Government remittances payable	(8,814)	4,344
Deferred revenue	202,375	29,817
	438,307	177,769
CHANGE IN CASH FOR THE YEAR	438,307	177,769
Cash beginning of the year	529,060	351,291
CASH END OF YEAR	\$ 967,367	\$ 529,060

Canadian Organic Growers Inc.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

The Canadian Organic Growers Inc. ('COG') is incorporated under the Canada Not-for-profit Corporations Act and is a Registered Charity under the Income Tax Act. COG provides education, advocacy and leadership to help build an agricultural system that empowers farmers and consumers, enhances human health, builds community and mitigates climate change while increasing Canadian food sovereignty.

COG establishes chapters throughout Canada to promote and carry out the objects of COG. Upon dissolution, a chapter's assets and liabilities remain with COG. These financial statements include the assets, liabilities, net assets and activity of the chapters.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Capital assets

Capital assets are recorded at cost net of accumulated amortization. Assets are amortized using the declining balance method at the rate of 20% per annum. One half of this rate is recorded in the year of acquisition.

(b) Revenue recognition

COG follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Membership fees are recognized as revenue when received or receivable. Sales of publications and products are recognized on delivery and collectability is reasonably assured.

(c) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires 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 reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

(d) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at amortized cost or cost less appropriate allowances for impairment. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Canadian Organic Growers Inc.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Inventory

Inventory consists of goods held for resale and is recorded at the lower of cost, on an average cost basis, and net realizable value.

(f) Volunteer services

The work of COG is dependent on the provision of services by members. Because of the difficulty in determining their fair value, these in-kind services are not recognized in the financial statements.

2. DEFERRED REVENUE

Deferred revenue consists of grants and contributions related to future projects and publications.

	2021	2020
Balance, beginning of year	\$ 198,314	\$ 168,497
Less: amount recognized as income in the year	(198,314)	(168,497)
Plus: amount received related to the following year	400,689	198,314
Balance, end of year	\$ 400,689	\$ 198,314

3. FINANCIAL INSTRUMENTS

COG uses financial instruments that consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the COG is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

4. COMMITMENTS

COG leases office space under an operating lease which ends on August 31, 2022. Minimum 2022 lease payments are \$14,000.

5. COMPARATIVE FIGURES

The comparative figures were audited by another firm of Chartered Professional Accountants.