

GROWING CHEFS! ONTARIO SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2023

GROWING CHEFS! ONTARIO SOCIETY
INDEX TO AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Growing Chefs! Ontario Society

Qualified Opinion

We have audited the accompanying financial statements of Growing Chefs! Ontario Society, which comprise the statement of financial position as at June 30, 2023, the statements of operations, 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 and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Growing Chefs! Ontario Society as at June 30, 2023, and its financial performance and its cash flows for the year ended June 30, 2023 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activity, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation and fundraising revenues, in the fiscal year ending June 30, 2023 and the fiscal year ending June 30, 2022 was limited to the amounts recorded in the records of the organization. Accordingly, we are unable to determine whether any adjustments for unrecorded amounts might be necessary to revenues, excess of deficiency of revenues over expenditures 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 opinion.

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 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on Davis Martindale LLP's website. This description forms part of our auditor's report. https://www.davismartindale.com/auditors_report.

London, Ontario
October 2, 2023

Davis Martindale LLP
Chartered Professional Accountants
Licensed Public Accountants



GROWING CHEFS! ONTARIO SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

ASSETS

	2023	2022
Current Assets		
Cash	\$ 300,463	\$ 425,435
Raffle account	4,496	5,168
Accounts receivable	87,468	82,040
Inventory	19,463	20,771
Prepaid expenses	<u>25,830</u>	<u>19,720</u>
	437,720	553,134
Equipment and Leaseholds (note 3)	173,713	182,251
Intangible Assets (note 4)	<u>50,000</u>	<u>-</u>
	<u>\$ 661,433</u>	<u>\$ 735,385</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 35,914	\$ 85,268
Government remittances payable	24,346	22,387
Deferred revenue (note 5)	<u>108,522</u>	<u>145,182</u>
	168,782	252,837
Long-term Debt (note 6)	60,000	60,000
Deferred Contributions Related to Tangible		
Capital Assets (note 7)	<u>207,756</u>	<u>208,776</u>
	436,538	521,613
Commitments (note 8)		
Net Assets		
Unrestricted	161,469	141,227
Invested in tangible capital assets	(16,574)	(7,455)
Internally restricted for future operations (note 9)	<u>80,000</u>	<u>80,000</u>
	<u>224,895</u>	<u>213,772</u>
	<u>\$ 661,433</u>	<u>\$ 735,385</u>

The attached Independent Auditor's Report and notes form an integral part of these audited financial statements.



GROWING CHEFS! ONTARIO SOCIETY
STATEMENT OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Invested In Tangible Capital Assets	Internally Restricted for Future Operations (note 9)	Unrestricted	Total 2023	Total 2022
Balance, Beginning of Year	\$ (7,455)	\$ 80,000	\$ 141,227	\$ 213,772	\$ 202,358
Excess (Deficit) of Revenues Over Expenditures	<u>(9,119)</u>	<u>-</u>	<u>20,242</u>	<u>11,123</u>	<u>11,414</u>
Balance, End of Year	<u>\$ (16,574)</u>	<u>\$ 80,000</u>	<u>\$ 161,469</u>	<u>\$ 224,895</u>	<u>\$ 213,772</u>

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GROWING CHEFS! ONTARIO SOCIETY

STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2023

	Unaudited Budget 2023 (note 10)	Actual 2023	Actual 2022
Revenue			
Lunches and catering	\$ 590,188	\$ 701,062	\$ 642,167
Foundations and sponsorships	370,500	405,660	475,489
Trillium grant	197,500	193,500	118,000
Other revenues	235,313	205,169	87,034
Fundraising and donations	205,000	69,347	50,451
Amortization of deferred contributions related to tangible capital assets	<u>-</u>	<u>26,020</u>	<u>21,795</u>
	1,598,501	1,600,758	1,394,936
General Expenditures			
Advertising and marketing	27,500	11,690	10,623
Amortization of tangible capital assets	-	35,139	29,959
Food, supplies and project costs	396,500	501,575	451,505
General office expense and rent	210,000	125,895	126,117
Insurance	14,000	12,133	12,151
Other expenses		92,840	-
Professional fees	32,000	20,963	20,797
Salaries and benefits (note 11)	<u>913,000</u>	<u>789,400</u>	<u>732,370</u>
	1,593,000	1,589,635	1,383,522
Excess (Deficit) of Operating Revenue over Expenditures	\$ <u>5,501</u>	\$ <u>11,123</u>	\$ <u>11,414</u>

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**GROWING CHEFS! ONTARIO SOCIETY
(UNAUDITED)**

SCHEDULE 1 - OPERATIONS BY PROJECT

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Education Project</u>	<u>HQ/ The Beet</u>	<u>Total 2023</u>	<u>Total 2022</u>
Revenues				
Lunches and catering	\$ 16,715	\$ 684,347	\$ 701,062	\$ 642,167
Foundations and sponsorships	393,611	12,049	405,660	475,489
Trillium grant	158,500	35,000	193,500	118,000
Other revenues	90,000	115,169	205,169	87,034
Fundraising and donations	15,057	54,290	69,347	50,451
Amortization of deferred contributions related to tangible capital assets	-	<u>26,020</u>	<u>26,020</u>	<u>21,795</u>
	<u>673,883</u>	<u>926,875</u>	<u>1,600,758</u>	<u>1,394,936</u>
Expenditures				
Advertising and marketing	10,144	1,546	11,690	10,623
Amortization of tangible capital assets	-	35,139	35,139	29,959
Food, supplies and project costs	117,023	384,552	501,575	451,505
General office expense and rent	1,203	124,692	125,895	126,117
Insurance	-	12,133	12,133	12,151
Other expenses	92,840	-	92,840	-
Professional fees	-	20,963	20,963	20,797
Salaries and benefits (note 11)	<u>467,235</u>	<u>322,165</u>	<u>789,400</u>	<u>732,370</u>
	<u>688,445</u>	<u>901,190</u>	<u>1,589,635</u>	<u>1,383,522</u>
Excess (Deficit) of Operating Revenues over Expenditures	<u>\$ (14,562)</u>	<u>\$ 25,685</u>	<u>\$ 11,123</u>	<u>\$ 11,414</u>

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GROWING CHEFS! ONTARIO SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Cash Flows from Operating Activities		
Excess of Revenue over Expenditures	\$ 11,123	\$ 11,414
Items not requiring an outlay of cash:		
Amortization of tangible capital assets	35,139	29,959
Amortization of deferred contributions related to tangible capital assets	<u>(26,020)</u>	<u>(21,795)</u>
	20,242	19,578
Changes in non-cash working capital:		
Accounts receivable	(5,428)	50,349
Inventory	1,308	(6,984)
Prepaid expenses	(6,110)	(1,814)
Accounts payable and accrued liabilities	(49,354)	(1,236)
Government remittances payable	1,959	5,245
Deferred revenue	<u>(61,660)</u>	<u>15,952</u>
	<u>(119,285)</u>	<u>61,512</u>
Net Cash Provided by (Used in) Operating Activities	(99,043)	81,090
Cash Flows from Investing Activities		
Additions to equipment and leaseholds	(26,601)	(57,914)
Increase in deferred contributions related to tangible capital assets	25,000	5,000
Additions to intangible assets	<u>(25,000)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(26,601)</u>	<u>(52,914)</u>
Net Increase (Decrease) in Cash	(125,644)	28,176
Cash, Beginning of Year	<u>430,603</u>	<u>402,427</u>
Cash, End of Year	<u>\$ 304,959</u>	<u>\$ 430,603</u>
Represented By:		
Cash	\$ 300,463	\$ 425,435
Raffle account	<u>4,496</u>	<u>5,168</u>
	<u>\$ 304,959</u>	<u>\$ 430,603</u>

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GROWING CHEFS! ONTARIO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. Nature of the Business

The organization was incorporated in the Province of Ontario under the Ontario Corporation Act as a not-for-profit corporation without share capital. The corporation qualifies as a not-for-profit organization which is exempt from income taxes under the Income Tax Act regulations 149(1)(1).

The purpose of the organization is to build and maintain an empowered community that is engaged with our food system by providing scratch-made, locally sourced food while engaging and educating children and youth in food preparation and literacy.

2. Significant Accounting Policies

(a) Basis of Preparation

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Inventory

Inventory is valued as the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Inventory consists of food and beverages.

(c) Equipment and Leaseholds Amortization

Tangible capital assets are recorded at cost and amortization is recorded in the accounts on the straight-line basis using the rates described in note 3.

(d) Impairment of Long-Lived Assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value 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.

(e) Intangible Asset

The intangible asset consists of the Londonlicious trademark and is recorded at cost and is not subject to amortization.

(f) Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the organization, the accounts are maintained in accordance with the principles of Fund Accounting. Under these principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund.

The attached Independent Auditor's Report and notes form an integral part of these audited financial statements.



GROWING CHEFS! ONTARIO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. Significant Accounting Policies (continued)

(f) Fund Accounting (continued)

Unrestricted Fund

The Unrestricted Fund of the organization records amounts used for the administrative and operational costs financed by program fees, private donations, grants and events.

Invested in Tangible Capital Assets Fund

The Invested in Tangible Capital Assets Fund accounts for monies received or internally designated for revenues and expenditures related to capital assets. These funds will be fully expended for their intended purpose.

Internally Restricted for Future Operations

The Internally Restricted for Future Operations accounts for monies received or internally designated for specific purposes other than operating programs. These funds will be fully expended for their intended purpose.

(g) Revenue Recognition

The organization 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 as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Foundation, sponsorships and trillium grant are recorded in the appropriate class when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising and donation is recognized as revenue in the corresponding class as appropriate in the year received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Lunches, catering and other revenues are recognized when services have been provided.

Capital grant revenues are recognized in the year in which the related capital assets are amortized.

(h) Contributed Materials and Services

Volunteers contribute many hours per year to assist the organization in carrying out its activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

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GROWING CHEFS! ONTARIO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. Significant Accounting Policies (continued)

(i) Use of Estimates

The preparation of the financial statements of the organization, 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Financial Instruments

The organization financial instruments consist of cash, raffle account, accounts receivable, accounts payable and accrued liabilities, government remittances payable, and long-term debt. The organization initially recognizes these financial instruments at fair value and subsequently at amortized cost.

3. Equipment and Leaseholds

		Cost	Accumulated Amortization	Net 2023	Net 2022
Electronic equipment	3 yr S.L.	\$ 33,401	\$ 24,088	\$ 9,313	\$ 20,447
Kitchen equipment	10 yr S.L.	89,356	27,192	62,164	68,384
Website	5 yr S.L.	14,000	7,000	7,000	9,800
Greenhouse	10 yr S.L.	69,013	10,230	58,783	39,965
Leasehold improvements	10 yr S.L.	<u>72,020</u>	<u>35,567</u>	<u>36,453</u>	<u>43,655</u>
		<u>\$ 277,790</u>	<u>\$ 104,077</u>	<u>\$ 173,713</u>	<u>\$ 182,251</u>

4. Intangible Asset

The intangible asset consists of the Londonlicious trademark and is recorded at cost and is not subject to amortization.

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GROWING CHEFS! ONTARIO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

5. Deferred Revenue

Deferred revenue represents unspent funding received for operations of \$108,522 (2022 - \$145,182). These funds will be recognized into revenue as the related expenditures are incurred. Deferred revenue is associated with the following programs:

	2023	2022
Camp Revenue	\$ 43,678	\$ 24,688
Other	25,000	1,100
Londonlicious Sponsorships	25,625	15,000
Prepaid HQ/The Beet Meals	14,219	19,694
Catering	-	60,000
Greenhouse Operations	-	24,700
	<u>\$ 108,522</u>	<u>\$ 145,182</u>

6. Long-term Debt

	2023	2022
Canada Emergency Business Account (CEBA), an interest free loan with loan forgiveness up to \$20,000, if the loan is repaid by January 18, 2024.	\$ <u>60,000</u>	\$ <u>60,000</u>

The aggregate amount of principal payments required to meet retirement provisions are as follows:

Year ending 2026	\$ <u>60,000</u>
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7. Deferred Contributions Related to Tangible Capital Assets

Deferred capital contributions represent funding received for the capital assets. These contributions are being amortized into income on the same basis as the related tangible capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2023	2022
Balance, beginning of the year:	\$ 208,776	\$ 225,571
Less: amortization of deferred capital contribution	(26,020)	(21,795)
Add: amount received during the year for capital purchases	<u>25,000</u>	<u>5,000</u>
Balance, end of year	<u>\$ 207,756</u>	<u>\$ 208,776</u>

The balance is made up of the following:

Unamortized balance	190,287	189,706
Unspent balance	<u>17,469</u>	<u>19,070</u>
Balance, end of year	<u>\$ 207,756</u>	<u>\$ 208,776</u>

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GROWING CHEFS! ONTARIO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. Commitments

The organization has entered into a lease agreement for the premises. The lease agreement expires July 31, 2023.

The organization has entered into a second lease agreement for land and building it occupies, which expires on August 31, 2025.

The organization has entered into three vehicle leases. Two leases are for five years and are set to expire March 5, 2025 and February 28, 2026. The third lease is a 3 year lease set to expire on October 27, 2025.

The aggregate rental payments committed for each of the next five years are as follows:

Year ending June 30, 2024	\$ 71,217
June 30, 2026	66,010
June 30, 2026	<u>14,399</u>
	<u>\$ 151,626</u>

9. Internally Restricted for Future Operations

The Board of Directors has approved the restriction of funds received to be used in future years to cover deficits in future years.

10. Budget Figures

The budget amounts are presented for information purposes only. They were approved by the board of directors and are unaudited.

11. Salaries and Benefits

In the prior year the organization received government assistance associated with wages.

	2023	2022
Salaries and wages before assistance	\$ 789,400	\$ 745,736
Government assistance	<u>-</u>	<u>(13,366)</u>
Salaries and wages expense	<u>\$ 789,400</u>	<u>\$ 732,370</u>

The attached Independent Auditor's Report and notes form an integral part of these audited financial statements.



GROWING CHEFS! ONTARIO SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

12. Financial Instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at June 30, 2023.

Credit Risk

During the normal course of business, the organization is exposed to credit risk in the event of non-performance by customers in connection with its accounts receivable. The organization mitigates this risk by monitoring customer accounts on a continual basis and by dealing with what management believes to be financially sound customers. The organization determines, on a continuing basis, the probable uncollectible amounts and sets up provisions for these debts based on estimated realizable value. Management does not anticipate significant loss for non-performance.

Liquidity Risk

The organization is exposed to credit risk in respect of its receipt of funds from donors and customers and accounts receivable. The organization manages budgets to adjust expenditures when shortfalls are expected.

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