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Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.

Combined Financial Statements

December 31, 2015

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Independent Auditors' Report

To the Members of:
Canadian Organic Growers Inc.

Cultivons Biologique Canada Inc.

We have audited the accompanying financial statements of Canadian Organic Growers Inc. (Cultivons Biologique Canada Inc.), which comprise the statement of financial position as at December 31, 2015 and December 31, 2014 and the statement of operations, changes in net assets and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Members' Responsibility for the Financial Statements

Members are 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Organic Growers Inc. (Cultivons Biologique Canada Inc.) as at December 31, 2015 and December 31, 2014 the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.



WGP Professional Corporation
Chartered Accountants

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Kemptville, ON
April 18, 2016

Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.

Statement of Financial Position

As At December 31, 2015

	Note	2015 \$	2014 \$
Assets			
Current Assets			
Cash		170,108	207,393
Accounts receivable		23,501	27,360
Government remittance receivable		2,540	4,480
Inventory		12,236	17,227
Prepaid		19,695	8,696
Total Current Assets		228,080	265,156
Investment	2.	5,125	5,018
Property, plant and equipment, net of accumulated amortization	3.	211	311
Total Assets		233,416	270,485

The accompanying notes are an integral part of these financial statements

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.**

Statement of Financial Position

As At December 31, 2015

	Note	2015 \$	2014 \$
Liabilities and Surplus			
Current Liabilities			
Accounts payable and accrued liabilities		15,328	17,279
Government remittances payable		292	-
Total Current Liabilities		15,620	17,279
Deferred contributions		68,106	85,594
Deferred project income		-	8,400
Total Liabilities		83,726	111,273
Surplus			
Surplus		149,690	159,212
Total Liabilities and Surplus		233,416	270,485

Approved on Behalf of the Board:

Sarah Debe

Marilyn Cook

The accompanying notes are an integral part of these financial statements



Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Combined Statement of Operations

For the Year Ended December 31, 2015

	2015	2014
	\$	\$
Revenue		
Membership fees	535	2,569
Corporate sponsorships	54,083	34,050
Grants and contributions		
Projects	139,681	174,233
Inventory of publications	382	-
Donations	72,630	84,362
Trade sales	129,107	163,641
Consulting fees	7,460	14,360
Other revenue	38,185	15,208
Total revenue	442,063	488,423
Expenditures		
Administration	45,283	31,853
Amortization of tangible assets	100	185
Contractors (Note 8)	108,976	114,509
Meetings and conferences	66,697	98,224
Printing and shipping	48,057	50,876
Salaries and wages	177,350	172,884
Travel	5,122	12,858
Total expenditures	451,585	481,389
(Shortfall) excess of revenues over expenditures	(9,522)	7,034

The accompanying notes are an integral part of these financial statements

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.**

Statement of Changes in Net Assets and Surplus

For the Year Ended December 31, 2015

	Internally Restricted	Unrestricted		2015	2014
	Invested in Inventory of Publications	Invested in Capital Assets			
	\$	\$	\$	\$	\$
Balance, beginning of year	16,424	311	142,476	159,212	152,177
(Shortfall) excess of revenue over expenditures for the year	-	(100)	(9,422)	(9,522)	7,034
Transfer, which represents the decrease in investment in the inventory of publications, net of the change in related deferred contributions	(4,609)	-	4,609	-	-
Balance, end of year	11,815	211	137,663	149,690	159,212

The accompanying notes are an integral part of these financial statements

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Statement of Cash Flows

For the Year Ended December 31, 2015

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Shortfall) excess of revenue over expenditures for the year	(9,522)	7,034
(Increase) decrease in accrued interest on investment	(107)	599
Amortization of capital assets	100	185
Decrease in receivables	5,800	57,626
Decrease (increase) in inventory of publications	4,991	(7,118)
(Increase) decrease in prepaid expenses	(10,999)	2,725
(Decrease) in accounts payable and accrued liabilities	(1,952)	(37,469)
Increase in government remittance payable	292	-
(Decrease) increase in deferred contributions	(17,488)	49,415
Increase in deferred membership fees	-	26
(Decrease) increase in deferred project income	(8,400)	8,400
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	(37,285)	81,423
Payments (to) from local chapters	-	(933)
Net (decrease) increase in cash and cash equivalents	(37,285)	80,490
Cash and cash equivalents at beginning of period	207,393	126,903
Cash and cash equivalents at end of period	170,108	207,393
Cash and cash equivalents consist of the following:		
Cash	170,108	207,393

The accompanying notes are an integral part of these financial statements

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

1. Significant Accounting Policies

a. Nature of organization

i. Basis of incorporation and principal operations

Canadian Organic Growers Inc. (COG) (Cultivons Biologique Canada Inc.) is a national not-for-profit organization and national charity founded by Letters Patent, issued by the Minister of Consumer and Corporate Affairs Canada (Industry Canada) and is incorporated under the Canada Not-for-profit Corporations Act. COG operates nationally with a mission is to lead local and national communities towards sustainable organic stewardship of land, food and fibre while respecting nature, upholding social justice and protecting natural resources. COG is a registered charitable organization and is exempt from income taxes.

ii. Consistent Canadian accounting standards for not-for-profit organizations

The accounting policies of the corporation are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

iii. Basis of presentation

These financial statements represent the financial position, results of operations and cash flows of COG. Under COG's bylaws, COG's Board of Directors may from time to time establish chapters throughout Canada to promote and carry out the objects of COG and may revoke a chapter's status and cause a dissolution of the same. A chapter's assets and liabilities remain with COG upon dissolution. A chapter may secede from COG and cease using COG as their name or part of their name, however, all remaining assets and property become the property of COG.

Under Canadian generally accepted accounting principles (GAAP), controlled not-for-profit organizations should be reported by consolidating the controlled organizations or by providing financial disclosure of the controlled organizations. This disclosure would include the total assets, liabilities and net assets as well as the revenues, expenses and cash flows of the controlled organizations.

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

1. Significant Accounting Policies continued

b. Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant estimates include assumptions used in: estimating the fair value of financial instruments; estimating the amounts and collectibility of accounts receivable; estimating the net realizable value of the inventory of publications; establishing the useful lives and related amortization of property, plant and equipment; estimating provisions for accrued liabilities; estimating the amounts of contributions earned and deferred; and estimating the allocation of expenses between projects.

c. Financial instruments

The entity initially measures its financial assets and liabilities at fair value. The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable, marketable securities. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date of December 31, 2015.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. This risk is mitigated by the corporation's cash and short term investments, which are more than sufficient to cover all obligations without impairing operations.

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

1. Significant Accounting Policies continued

c. Financial instruments continued

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relates to its accounts receivable. This risk is mitigated by maintaining receivables at a level such that any losses that may arise would not impair the corporation's operations.

Market, Interest rate and Other price 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. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The corporation had no financial instruments subject to market, interest or other price risks as of the statement date.

d. Financial risk management

From time to time COG places cash in investments to earn investment income and invests only in low risk investments. Other cash is held in a Canadian chartered bank. The majority of accounts receivable are from contribution agreements which are substantially all with Canadian government departments or agencies. COG is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

e. Inventories

Inventory of publications is stated at the lower of cost and net realizable value. Cost is generally determined on an average cost basis and includes the costs related to printers for producing and printing organic reference books.

f. Property, plant and equipment

Property, plant, equipment are stated at cost. Amortization is calculated using the declining balance method.

Asset

Office furniture and equipment

20.00

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

1. Significant Accounting Policies continued

g. Revenue recognition

COG follows the deferral method of accounting for contributions including sponsorships, government grants and contributions, and donations. 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 to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized as revenue in the year in which they are received.

Sales of publications and products are recognized on delivery and acceptance by the customer, and collectibility is reasonably assured.

Interest and investment revenue are unrestricted. They are included in other revenue and is recognized as revenue when it is earned on a time proportion basis.

h. Non-monetary transactions

The value of materials and services donated to COG are not reflected in these financial statements.

i. Gross revenues and expenses

There is a requirement for COG's statement of operations to present and recognize revenues and expenses on a gross basis when COG is acting as a principal in transactions and on a net basis when COG is acting in an agency capacity. However, given that revenues may be sourced to and from COG chapters, the operations of projects under certain funding agreements may be completed at a chapter level even though COG may be the prime obligator under the funding agreements.

2. Investment

The investment consists of a guaranteed investment certificate held by a Canadian financial institution with a face value of \$5,385, which matures November 16, 2017, and earns interest at an annual rate of 2.50%.

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

3. Property, plant and equipment

Property, plant and equipment consist of the following:

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office furniture and equipment	12,052	11,841	211	311
Total	12,052	11,841	211	311

4. Capital disclosures

As a not-for-profit entity, the corporation's operations are reliant on revenues generated annually. Over its history, the corporation has accumulated net assets in the operating fund. The accumulated net assets, in the operating fund, is retained as working capital which may be required from time to time due to timing delays in receiving external auditing. The remaining balance in the operating fund is available for the use of the corporation at management's discretion.

5. Deferred contributions related to inventory of publications

	2015	2014
	\$	\$
Balance, beginning of year	803	803
Less: Contributions recognized as revenue	(382)	-
Balance, end of year	421	803

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

6. Net assets invested in inventory of publications

Net assets invested in inventory of publications is calculated as follows:

	2015	2014
	\$	\$
Inventory of publications	12,236	17,227
Less: Deferred contributions related to inventory of publications (note 6)	(421)	(803)
Total	11,815	16,424

7. Agreements

COG has entered into agreements with contractors to provide support on COG projects with various expiry dates. These agreements are funded through grants and contributions that COG receives and are not expected to have any net cost to COG. Further, these agreements contain provisions for cancellation and amendment without penalty should the related grants and contribution agreements be cancelled or amended.

8. Contribution agreements

Funding received from Canadian government departments, agencies and others under certain contribution agreements contain restrictions on their use for specific purposes and may be subject to audit or final reconciliation under the terms and conditions of the respective contribution agreements. Should these audits or reconciliations reveal that any of the expenditures on the projects are not in accordance with funding guidelines or that there may be extraneous funding provided, the funders may require COG to reimburse a portion of the funds advanced or advance additional funding. No claim for reimbursement is currently pending and management is of the opinion that no claim is forthcoming. Consequently, no provision for reimbursement of funds have been made in these financial statements. In the event of any adjustment, it will be charged or credited to operations in the period of determination.