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Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.

Combined Financial Statements

December 31, 2014

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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, 2014 and December 31, 2013 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.

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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, 2014 and December 31, 2013 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.

A handwritten signature in blue ink that reads 'WGP Professional Corporation'. The signature is written in a cursive, flowing style.

WGP Professional Corporation
Chartered Accountants

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

Kemptville, ON
June 08, 2015

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Statement of Financial Position

As At December 31, 2014

	Note	2014 \$	2013 \$
Assets			
Current Assets			
Cash		207,393	126,903
Short term investments	3.	5,018	5,617
Accounts receivable		27,360	89,466
Government remittance receivable		4,480	-
Inventory	4.	17,227	10,109
Prepaid		8,696	11,421
Total Current Assets		270,174	243,516
Property, plant and equipment, net of accumulated amortization	5.	311	496
Total Assets		270,485	244,012

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, 2014

	Note	2014 \$	2013 \$
Liabilities and Surplus			
Current Liabilities			
Accounts payable and accrued liabilities		17,279	54,722
Due to related parties		-	933
Total Current Liabilities		17,279	55,655
Deferred contributions		85,594	36,179
Deferred project income		8,400	-
Total Liabilities		111,273	91,834
Surplus			
Surplus		159,212	152,178
Total Liabilities and Surplus		270,485	244,012

Approved on Behalf of the Board:

Rochelle F. 88
Aggie Renner

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, 2014

	2014	2013
	\$	\$
Revenue		
Membership fees	2,569	3,362
Corporate sponsorships	34,050	25,605
Grants and contributions		
Projects	174,233	183,408
Inventory of publications	-	534
Donations	84,362	86,539
Trade sales	163,641	170,634
Consulting fees	14,360	-
Other revenue	15,208	18,512
Total revenue	488,423	488,594
Expenditures		
Administration	31,853	44,082
Amortization of tangible assets	185	189
Contractors	117,405	71,804
Meetings and conferences	96,242	120,875
Printing and shipping	50,876	69,192
Promotion	1,982	13,171
Staff	169,988	156,699
Travel	12,858	24,456
Total expenditures	481,389	500,468
Excess (shortfall) of revenues over expenditures	7,034	(11,874)

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, 2014

	Internally Restricted		2014	2013
	Invested in Inventory of Publications	Invested in Capital Assets	<u>Unrestricted</u>	
	\$	\$	\$	\$
Balance, beginning of year	9,306	496	142,375	152,177
Excess (deficiency) of revenue over expenses for the year	-	(185)	7,219	7,034
Transfer, which represents the increase in investment in the inventory of publications, net of the change in related deferred contributions	7,118	-	(7,118)	-
Transfer in net assets from Local Chapters	-	-	-	94,697
Balance, end of year	16,424	311	142,476	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, 2014

	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenue over expenses for the year	7,034	(11,874)
Decrease (increase) in accrued interest on investment	599	(161)
Amortization of capital assets	185	189
Decrease (increase) in receivables	57,626	(43,916)
(Increase) decrease in inventory of publications	(7,118)	26,301
(Increase) in prepaid expenses	2,725	(8,468)
(Decrease) in accounts payable and accrued liabilities	(37,443)	(1,726)
Increase in deferred contributions	49,415	34,842
Increase (decrease) in deferred project income	8,400	(12,128)
TOTAL CASH FLOWS (USED BY) OPERATING ACTIVITIES	81,423	(16,941)
Capital additions	-	(922)
Payments (to) from local chapters	(933)	933
NET CASH (USED) FROM INVESTING ACTIVITIES	(933)	11
Receipt from cash held in Chapter banks	-	94,934
NET CASH FROM FINANCING ACTIVITIES	-	94,934
Net cash increase in cash and cash equivalents	80,490	78,004
Cash and cash equivalents at beginning of period	126,903	48,899
Cash and cash equivalents at end of period	207,393	126,903
Cash and cash equivalents consist of the following:		
Cash	207,393	126,903

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, 2014

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 Corporations Act. COG's 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 has members in all regions of Canada and is connected to these regions through eight (2013 - eight) local chapters and four (2013 - four) affiliated organizations. 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, 2014

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, 2014.

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, 2014

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 and leasehold improvements are stated at cost. Amortization is calculated using the straight line method

Asset	Method
Office furniture and equipment	4 years -

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2014

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 pertain to.

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..

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2014

2. Related party transactions and balances

Transactions between COG and related parties, consisting of its local chapters and affiliates, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Transactions and balances with related parties include:

	2014	2013
	\$	\$
Revenue		
Sales	-	105
Event fees	-	905
	-	1,010
Expenses		
Contractors and staff expenses	-	105
Event fees	-	905
	-	1,010

3. 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%.

4. Inventory of publications

During the year, COG determined that certain books included in inventory were not readily marketable and would not be sold in the foreseeable future. Management's plan is to make use of these publications as educational material where possible. Should any be sold, they would be recognized as revenue at that time.

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2014

5. Property, plant and equipment

Property, plant and equipment consist of the following:

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office furniture and equipment	12,052	11,741	311	496
Total	12,052	11,741	311	496

6. 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.

7. Deferred contributions related to inventory of publications

	2014	2013
	\$	\$
Balance, beginning of year	803	1,337
Less: Contributions recognized as revenue	-	(534)
Balance, end of year	803	803

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2014

8. Net assets invested in inventory of publications

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

	2014	2013
	\$	\$
Inventory of publications	17,227	10,109
Less: Deferred contributions related to inventory of publications (Note 7)	(803)	(803)
Total	16,424	9,306

9. 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.

10. 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 even of any adjustment, it will be charged or credited to operations in the period of determination.

Further, COG may be contingently liable for funding agreements entered into under the COG name that have been assumed by local chapters. These contingent liabilities, if any, are not readily determinable by COG management.