

ALBERTA FOOD PROCESSORS ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2018

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PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To The Members of Alberta Food Processors Association

I have audited the accompanying financial statements of Alberta Food Processors Association which comprise the statements of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's judgement, 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 controls 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position of Alberta Food Processors Association as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-profit organizations.

May 28, 2018
Calgary, Alberta



CHARTERED PROFESSIONAL ACCOUNTANT

ALBERTA FOOD PROCESSORS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018


ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 28,643	\$ 19,673
Accounts receivable	160,231	159,609
GST receivable	1,997	7,818
Prepaid expenses	<u>11,663</u>	<u>53,808</u>
	202,534	240,908
RESTRICTED CASH		288,601
INVESTMENTS (Note 3)	160,750	160,750
EQUIPMENT (Note 4)	-	574
	<u>\$ 363,284</u>	<u>\$ 690,833</u>

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts payable and accruals	\$ 8,840	\$ 34,974
Payroll deductions payable	3,597	14,651
Loan payable (Note 5)	35,000	-
Stan Ballard scholarship fund	844	5,665
Deferred revenue (Note 6)	<u>178,524</u>	<u>413,561</u>
	226,805	468,851
NET ASSETS		
Unrestricted net assets	136,479	221,408
Net investment in equipment	-	574
	<u>136,479</u>	<u>221,982</u>
	<u>\$ 363,284</u>	<u>\$ 690,833</u>

APPROVED BY THE BOARD:

 DIRECTOR

 DIRECTOR

ALBERTA FOOD PROCESSORS ASSOCIATION
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2018

	<u>Unrestricted Net Assets</u>	Net Investment In <u>Equipment</u>	<u>Total Net Assets 2018</u>	<u>2017</u>
Balance at Beginning of the Year	\$221,408	\$ 574	\$221,982	\$241,474
Excess (expenses over revenues)	(85,503)		(85,503)	(19,492)
Investment in equipment for the year	<u>574</u>	<u>(574)</u>	_____	_____
BALANCE AT END OF THE YEAR	<u>\$136,479</u>	<u>\$ -</u>	<u>\$136,479</u>	<u>\$221,982</u>

ALBERTA FOOD PROCESSORS ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>Unrestricted</u>	<u>Invested in Equipment</u>	<u>Externally Restricted</u> (Note 5)	<u>2018</u>	<u>2017</u>
REVENUES					
Memberships and programs	\$ 881,757			\$ 881,757	\$ 997,450
Grants	102,588			102,588	65,095
Investment income and other	30,992			30,992	15,426
Sustainability	-	-	<u>288,601</u>	<u>288,601</u>	<u>392,183</u>
	<u>1,015,337</u>	<u> </u>	<u>288,601</u>	<u>1,303,938</u>	<u>1,470,154</u>
EXPENSES					
Memberships and programs	900,271			900,271	1,030,355
Wages and benefits	355,525			355,525	335,310
Office	59,838			59,838	53,143
Rent and occupancy	33,528			33,528	30,450
Travel	22,705			22,705	29,289
Website Redesign	10,000			10,000	-
Professional fees	7,000			7,000	7,000
Annual general meeting	-		-	-	3,852
Amortization	-	574		574	247
	<u>1,388,867</u>	<u>574</u>	<u> </u>	<u>1,389,441</u>	<u>1,489,696</u>
Allocated	<u>(288,601)</u>	<u>-</u>	<u>288,601</u>	<u>-</u>	<u>-</u>
	<u>1,100,266</u>	<u>574</u>	<u>288,601</u>	<u>1,389,441</u>	<u>1,489,696</u>
(EXPENSES OVER REVENUE)					
FOR THE YEAR	<u>(\$84,929)</u>	<u>(\$574)</u>	<u>-</u>	<u>(\$85,803)</u>	<u>(\$19,492)</u>

ALBERTA FOOD PROCESSORS ASSOCIATION

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2018

CASH PROVIDED BY (USED FOR):		
OPERATIONS	<u>2018</u>	<u>2017</u>
(Expenses over revenues) for the year	(\$85,503)	(\$19,492)
Items not involving cash		
Amortization of equipment	<u>574</u>	<u>247</u>
	<u>(84,929)</u>	<u>(19,245)</u>
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	(622)	(75,956)
GST recoverable	5,821	(3,342)
Prepaid expenses	42,145	(30,582)
Accounts payable	(26,134)	17,139
Payroll deductions	(11,054)	4,666
Stan Ballard Scholarship Fund	(4,821)	4,543
Loan payable	35,000	-
Deferred revenue	(235,037)	(191,375)
	<u>(194,702)</u>	<u>(274,907)</u>
INVESTING ACTIVITIES		
Investments	<u>-</u>	<u>9,300</u>
(DECREASE) IN CASH	(279,631)	(284,852)
CASH AT BEGINNING OF THE YEAR	<u>308,274</u>	<u>593,126</u>
CASH AT END OF YEAR	<u>\$ 28,643</u>	<u>\$ 308,274</u>
CASH INCLUDES THE FOLLOWING:		
Cash and cash equivalents	28,643	19,673
Restricted cash – external	<u>-</u>	<u>288,601</u>
	<u>\$ 28,643</u>	<u>\$ 308,274</u>

ALBERTA FOOD PROCESSORS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

1. GENERAL

Alberta Food Processors Association (the "Association") is a not-for-profit industry organization committed to helping Alberta food and beverage processing companies compete successfully in the marketplace. As a not-for-profit organization, the Association is exempt from income tax in accordance with Subsection 149 (1)(1) of the Canadian Income Tax Act and Section 35 of the Alberta Corporate Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use Of Estimates

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Because the precise determination of many assets, liabilities, revenue and expenses are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates and those differences may be material. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Revenue Recognition

The Association follows the deferral method of accounting for grant revenue. Grant revenue is recognized as income as related expenses are incurred. Membership revenue is accounted for on a calendar year basis. Investment income is recognized on an accrual basis.

Cash And Cash Equivalents

Cash and cash equivalents consists of cash on deposit, investments in mutual funds and short term instruments.

Equipment

Equipment is recorded at cost. Amortization of equipment is recorded using the declining balance method at an annual rate of 30%. Amortization of computers is recorded using the straight line method over two years.

Financial Instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the deficiency of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

The carrying values of financial assets and financial liabilities are measured at amortized cost.

ALBERTA FOOD PROCESSORS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Asset Impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year deficiency of revenues over expenses.

3. INVESTMENTS

The Association has invested in a number of exempt market diversified funds which are recorded at cost, and are subject to certain restrictions on redemption.

4. EQUIPMENT

	<u>2018</u>	<u>2017</u>
Cost	\$226,735	\$226,735
Accumulated amortization	<u>226,735</u>	<u>226,161</u>
	<u>\$ -</u>	<u>\$ 574</u>

5. LOAN PAYABLE

During the year the Association was loaned \$35,000 by 814844 Alberta Ltd., a company owned by a Director of the Association. The loan calls for no terms of payment and interest at 3% per annum.

6. DEFERRED REVENUE

Deferred revenue relating to 2018 consists of the following:

	<u>2018</u>	<u>2017</u>
Environmental Footprint Reduction and Sustainability grant funding	\$ -	\$264,776
Meat Needs Assessment Grant	-	23,149
OHS Innovation Grant	-	676
	<u>-</u>	<u>288,601</u>
Memberships	113,618	115,975
Feastival	7,300	-
Courses	<u>57,606</u>	<u>8,985</u>
	<u>178,524</u>	<u>124,960</u>
	<u>\$178,524</u>	<u>\$413,561</u>

ALBERTA FOOD PROCESSORS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

6. DEFERRED REVENUE ...continued

	Unrestricted funds	Externally Restricted	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$124,960	\$288,601	\$413,561	\$604,936
Amount received during the year	333,953	-	333,953	402,231
Less amount recognized as revenue during the year	<u>(280,389)</u>	<u>(288,601)</u>	<u>(568,990)</u>	<u>(593,606)</u>
Balance, end of year	<u>\$178,524</u>	<u>\$ -</u>	<u>\$178,524</u>	<u>\$413,561</u>

7. COMMITMENTS

Lease

The Association entered into a lease extension agreement in Calgary with annual lease payments totalling \$25,365 plus operating costs. The lease expires January 31, 2022.

8. CONTINGENT LIABILITIES

Expenditures made under government sponsored funding agreements are subject to audit by representatives of the particular government department or agency. If such an audit determines expenditures made by the association do not meet the terms of the agreement the funding related to such expenditures may be repayable. At March 31, 2018 management is not aware of any such expenditures.