

**HARVEST MANITOBA INC.**

**Financial Statements**  
For the year ended March 31, 2024

# **HARVEST MANITOBA INC.**

## **Financial Statements**

**For the year ended March 31, 2024**

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## Independent Auditor's Report

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To the Board of Directors of Harvest Manitoba Inc.

### Qualified Opinion

We have audited the financial statements of **Harvest Manitoba Inc.** (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statement of operations, the statement of changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, 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 Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from cash donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising events revenue, excess of revenue over expenses, and cash flows from operations for the year ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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.

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 Organization'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 Organization'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 Organization 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.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
June 21, 2024

## HARVEST MANITOBA INC. Statement of Financial Position

**As at March 31** **2024** **2023**

### Assets

#### Current Assets

Cash and bank	\$ 194,705	\$ 558,408
Restricted cash and bank (Note 6)	569,503	1,939,349
Investments (Note 3)	5,811,938	6,327,362
Gift cards and credits (Note 4)	276,524	257,594
Interest and accounts receivable	170,563	142,012
Inventory of purchased food	586,783	510,919
Prepaid expenses	47,023	35,906
	7,657,039	9,771,550

**Restricted cash and bank (Note 10)** **2,135,000** 1,545,000

**Capital assets (Note 5)** **6,342,270** 5,810,125

**\$ 16,134,309** **\$ 17,126,675**

### Liabilities and Net Assets

#### Current Liabilities

Accounts payable and accrued liabilities	\$ 273,368	\$ 753,849
Deferred contributions (Note 6)	569,503	1,939,349
Deferred leasehold inducement (Note 7)	38,568	-
	881,439	2,693,198

**Deferred lease inducement (Note 7)** **334,252** -

**Deferred contributions related to capital assets (Note 8)** **3,631,363** 3,733,165

**4,847,054** **6,426,363**

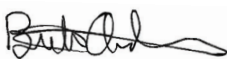
#### Net Assets

Unrestricted	549,405	1,183,352
Restricted for Stabilization Fund (Note 10)	4,270,000	3,090,000
Restricted for Resilience Fund (Note 11)	3,756,943	4,350,000
Invested in capital assets	2,710,907	2,076,960
	11,287,255	10,700,312

**\$ 16,134,309** **\$ 17,126,675**

Approved on behalf of the Board of Directors:





## HARVEST MANITOBA INC. Statement of Operations

For the year ended March 31	2024	2023
<b>Revenue</b>		
Contributions related to capital assets (Note 8)	\$ 354,984	\$ 345,976
Donations		
Unrestricted	5,357,559	5,424,776
In-kind	611,200	496,365
COVID-19 donations and grants	-	279,207
Restricted for First Steps (Note 6)	250,748	208,246
Restricted for Meals2Go (Note 6)	401,614	353,451
Fundraising events	1,201,763	661,114
Grants		
Restricted for Provincial Food Security Fund (Note 6)	2,495,966	504,034
Other	541,616	820,386
Investment income, interest and other	370,795	186,132
	<b>11,586,245</b>	<b>9,279,687</b>
<b>Expenses</b>		
Board	5,081	5,963
Community engagement	215,639	84,750
First Steps	361,402	208,246
Food distribution (Note 12)	4,386,828	2,737,090
Fundraising	609,472	398,527
In-kind expenses	611,200	496,365
Meals2Go	401,614	353,451
Salaries and benefits	3,878,864	3,122,179
Support services	450,046	456,741
Volunteer services	79,156	55,520
	<b>10,999,302</b>	<b>7,918,832</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 586,943</b>	<b>\$ 1,360,855</b>

**HARVEST MANITOBA INC.**  
**Statement of Changes in Net Assets**

**For the year ended March 31, 2024**

	<b>Unrestricted</b>	<b>Stabilization Fund (Note 10)</b>	<b>Resilience Fund (Note 11)</b>	<b>Invested in Capital Assets</b>	<b>2024 Total</b>	<b>2023 Total</b>
<b>Net assets, beginning of year</b>	<b>\$ 1,183,352</b>	<b>\$ 3,090,000</b>	<b>\$ 4,350,000</b>	<b>\$ 2,076,960</b>	<b>\$ 10,700,312</b>	<b>\$ 9,339,457</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>825,456</b>	<b>-</b>	<b>-</b>	<b>(238,513)</b>	<b>586,943</b>	<b>1,360,855</b>
<b>Interfund Transfers</b>						
Board transfers (Notes 10 and 11)	<b>(586,943)</b>	<b>1,180,000</b>	<b>(593,057)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Acquisition of capital assets	<b>(872,460)</b>	<b>-</b>	<b>-</b>	<b>872,460</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>\$ 549,405</b>	<b>\$ 4,270,000</b>	<b>3,756,943</b>	<b>\$ 2,710,907</b>	<b>\$ 11,287,255</b>	<b>\$ 10,700,312</b>

## HARVEST MANITOBA INC. Statement of Cash Flows

For the year ended March 31	2024	2023
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenses for the year	\$ 586,943	\$ 1,360,855
Adjustments for items not affecting cash		
Amortization of capital assets	593,497	544,785
Deferred contributions related to capital assets	(354,984)	(345,976)
Gain on disposal of capital assets	-	(1,260)
Amortization of lease inducement	(12,856)	-
	812,600	1,558,404
Changes in non-cash operating working capital balances		
Gift cards and deposits	(18,930)	(75,358)
Interest and accounts receivable	(28,551)	(60,182)
Inventory of purchased food	(75,864)	(510,919)
Prepaid expenses	(11,117)	22,197
Accounts payable and accrued liabilities	(480,481)	357,715
Deferred contributions	(1,369,846)	1,256,214
	(1,172,189)	2,548,071
<b>Cash Flows from Investing Activities</b>		
Acquisition of capital assets	(1,125,642)	(661,735)
Proceeds from disposal of capital assets	-	1,260
Investments acquired	(5,811,938)	(6,327,362)
Investments proceeds	6,327,362	3,384,215
	(610,218)	(3,603,622)
<b>Cash Flows from Financing Activities</b>		
Lease inducements received	385,676	-
Contributions related to capital assets received	253,182	64,280
Change in restricted cash and bank, net	779,846	(1,491,214)
	1,418,704	(1,426,934)
<b>Net decrease in cash and bank during the year</b>	<b>(363,703)</b>	<b>(2,482,485)</b>
<b>Cash and bank, beginning of year</b>	<b>558,408</b>	<b>3,040,893</b>
<b>Cash and bank, end of year</b>	<b>\$ 194,705</b>	<b>\$ 558,408</b>



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# HARVEST MANITOBA INC.

## Notes to Financial Statements

**For the year ended March 31, 2024**

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### 1. Nature of Operations

Harvest Manitoba Inc. (the "Organization") has as its vision working together towards a healthier future for all where no Manitoban goes hungry. The Organization has as its mission to reduce food insecurity by collecting and distributing food, providing client-centred long term solutions, and advocating and informing.

The Organization is incorporated under The Corporations Act in Manitoba as a not-for-profit organization and is a registered charity under the Income Tax Act.

### 2. Summary of Significant Accounting Policies

#### a. Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### b. Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions including grants and donations 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.

Externally restricted contributions for the acquisition of capital assets having limited lives are recorded as deferred contributions in the period in which they are received or receivable. Deferred contributions related to capital assets are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Unrestricted investment income is recognized as revenue when earned.

Donations-in-kind are recognized as revenue when received or receivable and measured based on the estimated fair value of similar items. Donated food is not recognized as revenue in these financial statements.

Fundraising events revenue are recognized as revenue when the event is held.

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# HARVEST MANITOBA INC.

## Notes to Financial Statements

For the year ended March 31, 2024

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### 2. Summary of Significant Accounting Policies (continued)

c. Inventory of Purchased Food

Food which has been purchased but not yet distributed to individuals or community agency partners is recorded on the Statement of Financial Position at the lower of cost and current replacement cost. The cost of inventory is determined on a first-in, first-out basis. As donated food has no net realizable value, it is not included in the inventory balance.

d. Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided over their estimated useful lives using the straight-line method as follows:

Building	25 years
Leasehold improvements	10 years
Vehicles	5 years
Equipment	3 to 5 years
Paved surfaces	5 years

e. Deferred Lease Inducement

Deferred lease inducement which consists of reimbursement of leasehold improvements is amortized on a straight-line basis over the term of the lease plus one renewal term as a reduction of the lease expense.

f. Contributed Services and Materials

Volunteers contributed approximately 66,665 hours in the year (65,469 hours in 2023) to assist the Organization in carrying out its service delivery activities. Volunteer hours are not recognized in the financial statements.

Not included in donations-in-kind revenue are approximately 9,200,000 pounds of donated food (10,150,000 pounds in 2023) that is used in the Organization's service delivery activities. Donated food is not recognized in the financial statements.

Food Banks Canada has determined an average value of food of \$3.52 per pound (\$3.21 per pound in 2023). The value of donated food is approximately \$32,384,000 (\$32,581,500 in 2023).

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# HARVEST MANITOBA INC.

## Notes to Financial Statements

**For the year ended March 31, 2024**

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### 2. Summary of Significant Accounting Policies (continued)

#### g. Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition. Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

#### h. Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates applied in the preparation of these financial statements include the useful lives of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

## HARVEST MANITOBA INC. Notes to Financial Statements

**For the year ended March 31, 2024**

### 3. Investments

Investments consist of non-redeemable Guarantee Investment Certificates with interest ranging from 4.80% to 5.65%, maturing between June 2024 and March 2025.

### 4. Gift Cards and Credits

As at March 31, 2024, the Organization had on hand \$276,524 (\$257,594 in 2023) of donated gift cards and store credits. These gift cards and store credits can be exchanged for food products of the same monetary value.

### 5. Capital Assets

	2024			2023		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 643,905	\$ -	\$ 643,905	\$ 643,905	\$ -	\$ 643,905
Building	8,402,607	3,905,160	4,497,447	8,192,387	3,565,712	4,626,675
Leasehold improvements	780,272	26,009	754,263	-	-	-
Vehicles	1,072,868	873,326	199,542	1,066,490	744,569	321,921
Computer equipment	329,077	264,693	64,384	304,081	239,034	65,047
Kitchen equipment	154,990	154,242	748	154,055	154,055	-
Office equipment	105,045	98,361	6,684	102,138	96,294	5,844
Warehouse equipment	653,146	509,428	143,718	553,212	453,331	99,881
Equipment under capital lease	57,000	57,000	-	57,000	57,000	-
Paved surfaces	337,444	305,865	31,579	337,444	290,592	46,852
	<b>\$ 12,536,354</b>	<b>\$ 6,194,084</b>	<b>\$ 6,342,270</b>	<b>\$ 11,410,712</b>	<b>\$ 5,600,587</b>	<b>\$ 5,810,125</b>

Amortization expense of \$593,497 (\$544,785 in 2023) has been recorded which is included in food distribution expenses and support services expenses in the amount of \$565,771 (\$524,442 in 2023) and \$27,726 (\$20,343 in 2023), respectively.

## HARVEST MANITOBA INC. Notes to Financial Statements

**For the year ended March 31, 2024**

### 6. Deferred Contributions

	2024	2023
<u>COVID-19 Designated Contributions</u>		
Balance, beginning of year	\$ 10,000	\$ 287,597
Less: Recognized as revenue during the year	-	(277,597)
	\$ 10,000	\$ 10,000
<u>First Steps</u>		
Balance, beginning of year	\$ 66,642	\$ 247,067
Add: Contributions received during the year	205,930	27,821
Less: Recognized as revenue during the year	(250,748)	(208,246)
	\$ 21,824	\$ 66,642
<u>Meals2Go</u>		
Balance, beginning of year	\$ 1,874	\$ 77,555
Add: Contributions received during the year	533,097	277,770
Less: Recognized as revenue during the year	(401,614)	(353,451)
	\$ 133,357	\$ 1,874
<u>Provincial Food Security Fund</u>		
Balance, beginning of year	\$ 1,745,966	\$ -
Add: Contributions received during the year	750,000	2,250,000
Less: Recognized as revenue during the year	(2,495,966)	(504,034)
	\$ -	\$ 1,745,966
<u>Other</u>		
Balance, beginning of year	\$ 114,867	\$ 70,916
Add: Contributions received during the year	390,091	100,800
Less: Recognized as revenue during the year	(100,636)	(56,849)
	\$ 404,322	\$ 114,867
Total deferred contributions, end of year	\$ 569,503	\$ 1,939,349

## HARVEST MANITOBA INC. Notes to Financial Statements

**For the year ended March 31, 2024**

### 7. Deferred Lease Inducement

During the year, the Organization was reimbursed by the landlord for leasehold improvements made to the leased space. The changes in deferred lease inducement are as follows:

	2024	2023
Balance, beginning of year	\$ -	\$ -
Add: Lease inducement received during the year	<b>385,676</b>	-
Less: Amortization during the year	<b>(12,856)</b>	-
	<b>\$ 372,820</b>	\$ -
Balance, end of year	<b>\$ 372,820</b>	\$ -
Current portion	\$ 38,568	\$ -
Long-term portion	<b>334,252</b>	-
	<b>\$ 372,820</b>	\$ -
	<b>\$ 372,820</b>	\$ -

### 8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents contributions received to fund the acquisition and construction of capital assets by the Organization with changes during the year as follows:

	2024	2023
Balance, beginning of year	\$ 3,733,165	\$ 4,014,861
Add: Contributions received during the year	<b>253,182</b>	64,280
Less: Recognized as revenue during the year	<b>(354,984)</b>	(345,976)
	<b>\$ 3,631,363</b>	\$ 3,733,165
Balance, end of year	<b>\$ 3,631,363</b>	\$ 3,733,165

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# HARVEST MANITOBA INC.

## Notes to Financial Statements

**For the year ended March 31, 2024**

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### 9. Lease Commitments

The Organization has operating leases for a vehicle expiring in May 2024 and for real property expiring in November 2028 with the following annual aggregate lease payments for the years ending March 31:

2025	\$	79,605
2026		76,060
2027		76,060
2028		76,060
2029		50,707

### 10. Net Assets Restricted for Stabilization Fund

The Board of Directors has restricted net assets for Stabilization Fund to ensure continued operations in periods of unforeseen decreased donations. Approval is required from the Board of Directors prior to utilizing these funds. This amount is reviewed annually by the Board of Directors. Half of the assets held by the Stabilization Fund is presented as restricted cash and bank in non-current assets and the balance is presented as investments on the Statement of Financial Position.

During the year, the Board of Directors restricted \$1,180,000 (\$470,000 in 2023) in net assets to the Stabilization Fund with \$586,943 (\$470,000 in 2023) transferred from unrestricted net assets and \$593,057 (\$nil in 2023) transferred from net assets restricted for Resilience Fund.

### 11. Net Assets Restricted for Resilience Fund

The Board of Directors has restricted net assets for Resilience Fund to support the persistent and growing food security challenges of Manitobans. This fund was made possible through the generosity of the Organization's donors during the COVID-19 pandemic and will be used in the years ahead to increase the capacity of the Organization to deliver food support in communities across the province. Approval from the Board of Directors is required prior to utilizing these funds. This amount will be reviewed annually by the Board of Directors.

During the year, the Board of Directors approved the transfer of \$593,057 (\$nil in 2023) from net assets restricted for Resilience Fund to net assets restricted for Stabilization Fund. In the prior year, the Board of Directors restricted \$nil (\$550,000 in 2023) in net assets from unrestricted net assets to the Resilience Fund.

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# HARVEST MANITOBA INC.

## Notes to Financial Statements

**For the year ended March 31, 2024**

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### **12. Purchased Food Distributed**

During the year ended March 31, 2024, the Organization expensed food purchases totaling \$1,825,097 (\$826,169 in 2023) which are included in food distribution expenses on the Statement of Operations.

### **13. Financial Instruments Risk Management**

The Organization, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The Organization's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Organization's activities. The following analysis provides a measurement of those risks.

#### Credit Risk

Credit risk is the risk that the Organization will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and bank, investments, and accounts receivable. The Organization holds its cash and bank and investments at a credit union with deposits fully guaranteed. The Organization is not exposed to significant credit risk relating to the accounts receivable as the amounts due are spread among a broad client base and payment in full is typically collected when it is due, and grants are paid pursuant to signed agreements.

#### Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization is exposed to liquidity risk on its accounts payable. The Organization manages its cash flow to maintain adequate levels of working capital to ensure all its obligations can be met when they fall due.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of the Organization's interest bearing financial instruments will fluctuate due to changes in prevailing interest rates. The Organization is exposed to interest rate risk on its cash and bank which is at a floating interest rate, and investments upon maturity of fixed interest rate Guaranteed Investment Certificates.