

**THE BAKING ASSOCIATION OF CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**



# CALVIN G VICKERY CPA

PROFESSIONAL CORPORATION

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

### To the Board of Directors of The Baking Association of Canada

I have reviewed the accompanying financial statements of The Baking Association of Canada that comprise the statement of financial position as at December 31, 2020, 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 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.

### Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on our review. I conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of The Baking Association of Canada as at December 31, 2020, 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.

Calvin G Vickery CPA  
Professional Corporation,  
Licensed Public Accountant

Brampton, Ontario,  
May 21, 2021

**THE BAKING ASSOCIATION OF CANADA  
UNAUDITED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

	2020	2019	2018
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 637,210	\$ 560,660	\$ 454,639
Cash and/or term deposit held in Ontario Chapter trust account (Notes 2 and 4)	10,673	24,617	24,377
Investments in term deposits (Note 2)	-	263,900	171,000
HST and QST receivable	40,561	-	-
Other accounts receivable – no allowance	35,257	223,499	105,404
Prepaid expenses and deposits	8,084	12,954	14,771
Prepaid conference expenses	131,763	72,600	25,275
	<u>863,548</u>	<u>1,158,230</u>	<u>795,466</u>
<b>LONG-TERM</b>			
Investments in term deposits (Note 2)	-	-	263,900
Capital assets (Note 3)	21,666	26,157	29,046
	<u>21,666</u>	<u>26,157</u>	<u>292,946</u>
	<u>\$ 885,214</u>	<u>\$ 1,184,387</u>	<u>\$ 1,088,412</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT</b>			
Government remittances payable	\$ -	\$ 35,553	\$ 16,044
Other accounts payable and accrued liabilities	32,073	65,891	72,145
Deferred conference revenue	280,304	413,699	234,025
Amount held in trust for Ontario Chapter (Note 4)	10,673	30,727	24,633
	<u>323,050</u>	<u>545,870</u>	<u>346,847</u>
<b>LONG-TERM</b>			
Loan payable -CEBA (Note 5)	30,000	-	-
	<u>353,050</u>	<u>545,870</u>	<u>346,847</u>
<b>TOTAL LIABILITIES</b>			
Commitments (Note 7)			
<b>NET ASSETS</b>	<u>532,164</u>	<u>638,517</u>	<u>741,565</u>
	<u>\$ 885,214</u>	<u>\$ 1,184,387</u>	<u>\$ 1,088,412</u>

Approved on behalf of the Board of Directors

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DATED

See accompanying notes to the unaudited financial statements.

**THE BAKING ASSOCIATION OF CANADA  
UNAUDITED STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>NET ASSETS, BEGINNING OF THE YEAR</b>	\$ 638,517	\$ 741,565	\$ 630,584
Net surplus (loss) for the year	<u>(106,353)</u>	<u>(103,048)</u>	<u>110,981</u>
<b>NET ASSETS, END OF THE YEAR</b>	<u>\$ 532,164</u>	<u>\$ 638,517</u>	<u>\$ 741,565</u>

**THE BAKING ASSOCIATION OF CANADA  
UNAUDITED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>			
Membership fees	\$ 142,133	\$ 178,765	\$ 170,149
Education fees and manuals	-	-	50
Chapter revenue	18,189	136,395	130,761
Bakery Showcase revenues	134,642	3,200	760,737
Bakery Congress revenues	-	442,344	-
Special projects and other	11,775	19,571	19,204
CEBA loan forgiven (Note 5)	10,000	-	-
Government subsidy - rent	3,505	-	-
Government subsidy - wages	132,108	-	-
	<u>452,352</u>	<u>780,275</u>	<u>1,080,901</u>
<b>DIRECT EXPENSE</b>			
Education	-	90	24
Chapter expenses	8,802	130,264	124,162
Bakery Showcase expenses	95,960	58,863	288,902
Bakery Congress expenses	-	216,849	58,444
Special projects and other	25,015	22,002	33,195
	<u>129,777</u>	<u>428,068</u>	<u>504,727</u>
<b>CONTRIBUTION MARGIN</b>	<u>322,575</u>	<u>352,207</u>	<u>576,174</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSE</b>			
Staff expense	296,146	311,939	317,284
Professional fees	26,675	26,435	22,389
Insurance	6,680	7,423	6,948
Office and general	6,532	4,251	7,554
Bank charges	702	457	2,144
Computer hardware and software	19,637	15,228	12,300
Telephone and network	6,844	7,160	7,120
Meetings	16,367	17,630	20,130
Advertising and public relations	-	4,387	2,771
Travel	20,625	31,195	36,214
Occupancy	31,184	32,354	32,479
Amortization of capital assets	4,492	5,989	6,236
	<u>435,884</u>	<u>464,448</u>	<u>473,569</u>
<b>OPERATING SURPLUS (LOSS)</b>	(113,309)	(112,241)	102,605
<b>INTEREST INCOME ON INVESTMENTS</b>	<u>6,956</u>	<u>9,193</u>	<u>8,376</u>
<b>NET SURPLUS (LOSS) FOR THE YEAR</b>	<u>\$ (106,353)</u>	<u>\$ (103,048)</u>	<u>\$ 110,981</u>

See accompanying notes to the unaudited financial statements.

**THE BAKING ASSOCIATION OF CANADA  
UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>			
Net surplus (loss) for the year	\$ (106,353)	\$ (103,048)	\$ 110,981
Items not involving cash:			
Amortization of capital assets	4,492	5,989	6,236
	<u>(101,861)</u>	<u>(97,059)</u>	<u>117,217</u>
Change in non-cash working capital components			
HST and QST receivable	(40,561)	-	-
Other accounts receivable	188,242	(118,095)	89,902
Prepaid expenses and deposits	4,870	1,817	1,077
Prepaid conference expenses	(59,163)	(47,325)	43,014
Cash and/or term deposit held in			
Ontario Chapter trust account	13,944	(240)	-
Government remittances payable	(35,553)	19,509	(27,287)
Other accounts payable and accrued liabilities	(33,819)	(6,254)	10,590
Deferred conference revenue	(133,395)	179,674	(183,540)
Amount held in trust for Ontario Chapter	(20,054)	6,094	(303)
	<u>(217,350)</u>	<u>(61,879)</u>	<u>50,670</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds on redemption of term deposits	263,900	171,000	135,923
Purchase of term deposits	-	-	(177,900)
Purchase of capital assets	-	(3,100)	-
	<u>263,900</u>	<u>167,900</u>	<u>(41,977)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from CEBA loan (net of forgiveness)	30,000	-	-
	<u>30,000</u>	<u>-</u>	<u>-</u>
<b>NET CASH INCREASE DURING THE YEAR</b>	<b>76,550</b>	<b>106,021</b>	<b>8,693</b>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<b>560,660</b>	<b>454,639</b>	<b>445,946</b>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<b><u>\$ 637,210</u></b>	<b><u>\$ 560,660</u></b>	<b><u>\$ 454,639</u></b>
<b>ADDITIONAL CASH FLOW INFORMATION:</b>			
Interest received on investments	<u>\$ 6,956</u>	<u>\$ 8,213</u>	<u>\$ 7,396</u>

See accompanying notes to the unaudited financial statements.

**THE BAKING ASSOCIATION OF CANADA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**STATUS AND PURPOSE OF THE ORGANIZATION**

The Baking Association of Canada ("The Association") is incorporated as a not-for-profit organization under the Canada Corporations Act and is the association which represents Canada's baking industry. The Association's mandate is to further the interests of Canadian retail, in-store and wholesale bakers. The Association has chapters in Atlantic Canada, Ontario, Alberta and British Columbia and is affiliated with the Conseil de la Boulangerie du Québec.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Revenue Recognition**

The Association follows the deferral method of accounting for contributions and conference revenues and expenses.

The Association sponsors a national conference and a regional conference in alternate years. Revenues for these events are reported in the year the event is held. Revenues received prior to holding these conferences are reported as deferred revenue on the balance sheet.

Annual membership fees are recorded as received, except when they must be paid by instalments, in which case the fee is recognized as revenue when pledged by the member.

Revenue from Chapter events and from educational events is recognized when the events are held.

Revenue from the sale of educational material is recognized when the goods are shipped.

Unrestricted investment income is recognized as revenue when it is earned. Investment income shown on the statement of operations includes interest income, and realized investment gains and losses.

Restricted contributions and investment income on restricted contributions are deferred and recognized as revenue in the year when eligible expenses are incurred.

**THE BAKING ASSOCIATION OF CANADA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets are recorded at cost. Amortization is provided at rates which will charge the original cost to operations over the estimated useful lives of the assets from the month of acquisition as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Computer software	3 years
Database software	10 years
Leasehold improvements	straight-line over term of lease

**Financial Instruments**

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and investments in bonds.

Financial liabilities measured at amortized cost include trade accounts payable, government remittances payable, and accrued liabilities.

**Contributed Materials and Services**

The Association does not receive contributions of materials in kind. Many volunteers contribute hours of service per year to the Association, mostly in relation to Chapter activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Cash and Cash Equivalents**

The Association's policy is to present bank balances that are available for current operations under cash and cash equivalents, including term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the organization cannot use for current operating transactions because they are restricted as reserves are also excluded from cash and cash equivalents.

**Income Taxes**

The Association is a non-profit organization within the meaning of Subsection 149 (1) (l) of the Income Tax Act of Canada and is exempt from income taxes.



**THE BAKING ASSOCIATION OF CANADA**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**2. INVESTMENTS IN TERM DEPOSITS**

Investments in term deposits consist of the following:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Term deposits with Canadian Chartered banks	\$ -	\$ 263,900	\$ 434,900
Term deposits maturing within one year	\$ -	\$ 263,900	\$ 171,000
Long-term investments in term deposits	-	-	263,900
	<u>\$ -</u>	<u>\$ 263,900</u>	<u>\$ 434,900</u>
Maturity dates:			
From	-	Apr. 2020	May 2019
To	-	Nov. 2020	Nov. 2020
Interest rates:			
From	0%	2.20%	1.50%
To	0%	2.81%	2.81%

**3. CAPITAL ASSETS**

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>2020 NET BOOK VALUE</u>	<u>2019 NET BOOK VALUE</u>	<u>2018 NET BOOK VALUE</u>
Office equipment	\$ 29,046	\$ 28,914	\$ 132	\$ 310	\$ 546
Computer equipment	36,548	34,065	2,483	3,297	1,284
Computer software	34,126	34,126	-	-	-
Database software	46,655	27,604	19,051	22,550	27,216
	<u>\$ 146,375</u>	<u>\$ 124,709</u>	<u>\$ 21,666</u>	<u>\$ 26,157</u>	<u>\$ 29,046</u>

**4. AMOUNT HELD IN TRUST FOR ONTARIO CHAPTER**

The amount held in trust for the Ontario Chapter consists of unspent funds contributed by the Bakery Production Club of Ontario to the Ontario Chapter in prior years to support educational activities within the province.

**5. LOAN PAYABLE - CEBA**

The Canada Emergency Business Account (CEBA) is a long term government guaranteed loan that is offered to provide relief from the economic impacts of COVID-19. The loan bears no interest until December 31, 2022 at which time any amount outstanding becomes a term loan payable over 36 months with interest at a rate of 5% per annum. Of the initial \$40,000 loan \$10,000 will be forgiven if the remaining \$30,000 is repaid by December 31, 2022. This \$10,000 loan forgiveness is recognized as revenue at the time the initial \$40,000 is advanced and the loan is presented at the net amount owing of \$30,000.

**THE BAKING ASSOCIATION OF CANADA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**6. FINANCIAL INSTRUMENTS RISK**

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk at the reporting date of December 31, 2020.

**Credit Risk**

The Association is exposed to credit risk with respect to its accounts receivable and investments in term deposits. The Association assesses, on a continuous basis, the collection of its accounts receivable. The credit risk in regards to the Association's investments is reduced by investing in term deposits with Canadian chartered banks.

**Interest Rate Risk**

The Association is exposed to interest rate risk on its investments in term deposits. An investment advisor provides assistance in purchasing investments that will earn income at the best available rates, while minimizing credit risk. The Association's investment revenues may be materially impacted by changes in market interest rates.

**7. LEASE COMMITMENT**

The Association is committed to a lease for its office premises at a cost of \$625 per month plus HST for a period ending November 30<sup>th</sup>, 2021. The lease is renewable annually. The operating lease commitment over the next five years is as follows:

2021	\$ 6,875
2022	-
2023	-
2024	-
2024	-
	<hr/>
	\$ 6,875
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**8. COVID-19 Pandemic**

These financial statements reflect significant financial events related to the response to the COVID-19 pandemic that occurred in the fiscal year ended December 31, 2020. The Association has been forced to curtail its operations and postpone its planned 2020 Bakery Showcase due to the Public Health restrictions.

At the date of the issue of these financial statements the pandemic and its financial implications continue. The impact of the ongoing crisis and its future effects cannot be estimated at this time and as such are not reflected in these financial statements.

**THE BAKING ASSOCIATION OF CANADA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**9. SUBSEQUENT EVENT**

Subsequent to the date of the financial statements but prior to the release of these financial statements the Association has decided to further reduce its ongoing operations and explore new options to carry out the organization's purposes. As a result of this new direction, the employment contracts of the remaining staff of the organization are being terminated. The costs related to these terminations is not determinable at this time and as such no provision has been made for these costs in these financial statements