

HARVEST MANITOBA INC.

Financial Statements
For the year ended March 31, 2025

HARVEST MANITOBA INC.

Financial Statements

For the year ended March 31, 2025

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Independent Auditor's Report

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, 2025, 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, 2025, 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, 2025 and 2024, current assets as at March 31, 2025 and 2024, and net assets as at April 1 and March 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended March 31, 2024 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 26, 2025

HARVEST MANITOBA INC. Statement of Financial Position

As at March 31 2025 2024

Assets

Current Assets

Cash and bank	\$ 305,325	\$ 194,705
Restricted cash and bank (Note 7)	2,008,452	569,503
Investments (Note 3)	5,000,000	5,811,938
Gift cards and credits (Note 4)	505,470	276,524
Grant receivable (Note 5)	258,165	-
Interest and accounts receivable	119,506	170,563
Inventory of purchased food	529,480	586,783
Prepaid expenses	46,705	47,023
	8,773,103	7,657,039

Restricted cash and bank (Note 11) 2,135,000 2,135,000

Capital assets (Note 6) 6,115,080 6,342,270

\$ 17,023,183 **\$ 16,134,309**

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$ 512,409	\$ 273,368
Deferred contributions (Note 7)	2,008,452	569,503
Deferred lease inducement (Note 8)	38,568	38,568
	2,559,429	881,439

Deferred lease inducement (Note 8) 295,684 334,252

Deferred contributions related to capital assets (Note 9) 3,430,337 3,631,363

6,285,450 **4,847,054**

Net Assets

Unrestricted	26,047	549,405
Restricted for Stabilization Fund (Note 11)	4,950,000	4,270,000
Restricted for Resilience Fund (Note 12)	3,076,943	3,756,943
Invested in capital assets	2,684,743	2,710,907
	10,737,733	11,287,255

\$ 17,023,183 **\$ 16,134,309**

Approved on behalf of the Board of Directors:





HARVEST MANITOBA INC. Statement of Operations

For the year ended March 31	2025	2024
Revenue		
Contributions related to capital assets (Note 9)	\$ 362,335	\$ 354,984
Donations		
Unrestricted	6,623,512	5,256,923
In-kind	610,344	611,200
Restricted for First Steps (Note 7)	289,808	250,748
Restricted for Meals2Go (Note 7)	162,334	401,614
Restricted for Nourishing the North (Note 7)	170,000	-
Restricted for other purposes (Note 7)	167,283	100,636
Fundraising events	1,402,769	1,201,763
Grants		
Government of Canada		
Crown-Indigenous Relations and Northern Affairs Canada	992,175	333,024
Province of Manitoba		
Education and Early Childhood Learning for Meals2Go	629,390	-
Ministry of Families (Note 7)	-	2,495,966
Other	147,716	208,592
Interest and other	322,226	370,795
	11,879,892	11,586,245
Expenses		
Board	8,529	5,081
Community engagement	180,113	215,639
First Steps program	444,777	361,402
Food distribution (Note 13)	4,866,409	4,386,828
Fundraising	610,648	609,472
In-kind expenses	610,344	611,200
Meals2Go program	661,724	401,614
Salaries and benefits	4,456,005	3,878,864
Support services	482,476	450,046
Volunteer services	108,389	79,156
	12,429,414	10,999,302
Excess (deficiency) of revenue over expenses for the year	\$ (549,522)	\$ 586,943

HARVEST MANITOBA INC.
Statement of Changes in Net Assets

For the year ended March 31, 2025

	Unrestricted	Stabilization Fund (Note 11)	Resilience Fund (Note 12)	Invested in Capital Assets	2025 Total	2024 Total
Net assets, beginning of year	\$ 549,405	\$ 4,270,000	\$ 3,756,943	\$ 2,710,907	\$ 11,287,255	\$ 10,700,312
Excess (deficiency) of revenue over expenses for the year	(228,155)	-	-	(321,367)	(549,522)	586,943
Interfund Transfers						
Board transfers (Notes 11 and 12)	-	680,000	(680,000)	-	-	-
Acquisition of capital assets	(295,203)	-	-	295,203	-	-
Net assets, end of year	\$ 26,047	\$ 4,950,000	3,076,943	\$ 2,684,743	\$ 10,737,733	\$ 11,287,255

HARVEST MANITOBA INC. Statement of Cash Flows

For the year ended March 31	2025	2024
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	\$ (549,522)	\$ 586,943
Adjustments for items not affecting cash		
Amortization of capital assets	683,702	593,497
Contributions related to capital assets	(362,335)	(354,984)
Amortization of lease inducement	(38,568)	(12,856)
	(266,723)	812,600
Changes in non-cash operating working capital balances		
Gift cards and deposits	(228,946)	(18,930)
Grant receivable	(258,165)	-
Interest and accounts receivable	51,057	(28,551)
Inventory of purchased food	57,303	(75,864)
Prepaid expenses	318	(11,117)
Accounts payable and accrued liabilities	239,041	(480,481)
Deferred contributions	1,438,949	(1,369,846)
	1,032,834	(1,172,189)
Cash Flows from Investing Activities		
Acquisition of capital assets	(456,512)	(1,125,642)
Investments acquired	(5,000,000)	(5,811,938)
Investments proceeds	5,811,938	6,327,362
	355,426	(610,218)
Cash Flows from Financing Activities		
Lease inducements received	-	385,676
Contributions received for acquisition of capital assets	161,309	253,182
Change in restricted cash and bank, net	(1,438,949)	779,846
	(1,277,640)	1,418,704
Net increase (decrease) in cash and bank during the year	110,620	(363,703)
Cash and bank, beginning of year	194,705	558,408
Cash and bank, end of year	\$ 305,325	\$ 194,705

HARVEST MANITOBA INC.

Notes to Financial Statements

For the year ended March 31, 2025

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.

HARVEST MANITOBA INC.

Notes to Financial Statements

For the year ended March 31, 2025

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 66,352 hours in the year (66,665 hours in 2024) 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 8,700,000 pounds of donated food (9,200,000 pounds in 2024) 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 \$3.58 per pound (\$3.52 per pound in 2024). The value of donated food is approximately \$31,146,000 (\$32,384,000 in 2024).

HARVEST MANITOBA INC.

Notes to Financial Statements

For the year ended March 31, 2025

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, 2025

3. Investments

Investments consist of non-redeemable Guarantee Investment Certificates with interest ranging from 3.85% to 5.05%, maturing between June 2025 and March 2026.

4. Gift Cards and Credits

As at March 31, 2025, the Organization had on hand \$505,470 (\$276,524 in 2024) 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. Grant Receivable

As at March 31, 2025, the Organization had a grant receivable of \$258,165 (nil in 2024) from the Government of Canada Department of Crown-Indigenous Relations and Northern Affairs Canada to support food deliveries to northern communities.

6. Capital Assets

	2025			2024		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 643,905	\$ -	\$ 643,905	\$ 643,905	\$ -	\$ 643,905
Building Leasehold improvements	8,524,258	4,251,012	4,273,246	8,402,607	3,905,160	4,497,447
Vehicles	804,508	106,729	697,779	780,272	26,009	754,263
Computer equipment	1,260,113	1,002,731	257,382	1,072,868	873,326	199,542
Kitchen equipment	372,616	305,253	67,363	329,077	264,693	64,384
Office equipment	158,365	155,104	3,261	154,990	154,242	748
Warehouse equipment	115,224	102,465	12,759	105,045	98,361	6,684
Equipment under capital lease	719,433	578,784	140,649	653,146	509,428	143,718
Paved surfaces	57,000	57,000	-	57,000	57,000	-
	337,444	318,708	18,736	337,444	305,865	31,579
	\$ 12,992,866	\$ 6,877,786	\$ 6,115,080	\$ 12,536,354	\$ 6,194,084	\$ 6,342,270

Amortization expense of \$683,702 (\$593,497 in 2024) has been recorded which is included in food distribution expenses and support services expenses in the amount of \$639,038 (\$565,771 in 2024) and \$44,664 (\$27,726 in 2024), respectively.

HARVEST MANITOBA INC. Notes to Financial Statements

For the year ended March 31, 2025

7. Deferred Contributions

	Balance March 31 2024	Contributions Received During the Year	Recognized as Revenue During the Year	Reclassified (Note 9)	Balance March 31 2025
Donations					
First Steps	\$ 21,824	\$ 303,635	\$ (289,808)	\$ -	\$ 35,651
Meals2Go	133,357	484,044	(162,334)	-	455,067
Nourishing the North	170,000	176,323	(170,000)	-	176,323
Other	244,322	282,641	(167,283)	(10,000)	349,680
Grants					
Province of Manitoba Meals2Go	-	1,064,530	(629,390)	(21,000)	414,140
Other	-	577,591	-	-	577,591
	\$ 569,503	\$ 2,888,764	\$ (1,418,815)	\$ (31,000)	\$ 2,008,452

	Balance March 31 2023	Contributions Received During the Year	Recognized as Revenue During the Year	Reclassified (Note 9)	Balance March 31 2024
Donations					
First Steps	\$ 66,642	\$ 205,930	\$ (250,748)	\$ -	\$ 21,824
Meals2Go	1,874	533,097	(401,614)	-	133,357
Nourishing the North	-	170,000	-	-	170,000
Other	124,867	220,091	(100,636)	-	244,322
Grants					
Province of Manitoba Food Security Fund	1,745,966	750,000	(2,495,966)	-	-
	\$ 1,939,349	\$ 1,879,118	\$ (3,248,964)	\$ -	\$ 569,503

HARVEST MANITOBA INC. Notes to Financial Statements

For the year ended March 31, 2025

8. Deferred Lease Inducement

During the prior 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:

	2025	2024
Balance, beginning of year	\$ 372,820	\$ -
Add: Lease inducement received during the year	-	385,676
Less: Amortization during the year	<u>(38,568)</u>	<u>(12,856)</u>
Balance, end of year	<u>\$ 334,252</u>	<u>\$ 372,820</u>
Current portion	\$ 38,568	\$ 38,568
Long-term portion	<u>295,684</u>	<u>334,252</u>
	<u>\$ 334,252</u>	<u>\$ 372,820</u>

9. 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:

	2025	2024
Balance, beginning of year	\$ 3,631,363	\$ 3,733,165
Add: Contributions received during the year	130,309	253,182
Add: Reclassified from deferred contributions (Note 6)	31,000	-
Less: Recognized as revenue during the year	<u>(362,335)</u>	<u>(354,984)</u>
Balance, end of year	<u>\$ 3,430,337</u>	<u>\$ 3,631,363</u>

HARVEST MANITOBA INC. Notes to Financial Statements

For the year ended March 31, 2025

10. Lease Commitments

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

2026	\$	76,060
2027		76,060
2028		76,060
2029		<u>50,707</u>
Total	\$	<u>278,887</u>

11. 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. A portion 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 \$680,000 (\$1,180,000 in 2024) in net assets to the Stabilization Fund with \$nil (\$586,943 in 2024) transferred from unrestricted net assets and \$680,000 (\$593,057 in 2024) transferred from net assets restricted for Resilience Fund.

12. 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. 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 \$680,000 (\$593,057 in 2024) from net assets restricted for Resilience Fund to net assets restricted for Stabilization Fund.

HARVEST MANITOBA INC.

Notes to Financial Statements

For the year ended March 31, 2025

13. Purchased Food Distributed

During the year ended March 31, 2025, the Organization expensed food purchases totalling \$2,544,765 (\$1,825,097 in 2024) which are included in food distribution expenses on the Statement of Operations.

14. 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. There have not been any changes in credit risk from the prior year.

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. There have not been any changes in liquidity risk from the prior year.

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. There have not been any changes in interest rate risk from the prior year.