

DRAFT - For Discussion Purposes Only

**Small Scale Food Processor Association**  
**Financial Statements**  
*December 31, 2025*

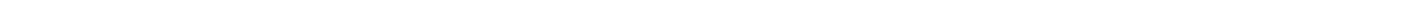
# Small Scale Food Processor Association Contents

For the year ended December 31, 2025

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# Independent Auditor's Report

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To the Board of Small Scale Food Processor Association:

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Small Scale Food Processor Association (the "Association"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 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 Opinion

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 Association 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 opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Association incurred a net loss of \$18,940 in the Operating fund during the year ended December 31, 2025. In addition, the Association experienced negative cash flow during the year ended December 31, 2025 as well as in the year ended December 31, 2024. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

## Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Courtenay, British Columbia

June 17, 2026

Chartered Professional Accountants

## Small Scale Food Processor Association Statement of Financial Position

As at December 31, 2025

	Operating fund	Inclusive Women Venture Capital Initiative fund	2025	2024
<b>Assets</b>				
<b>Current</b>				
Cash	100,033	244,451	344,484	419,020
Accounts receivable	60	59,460	59,520	4,099
Goods and services tax receivable	122	9,491	9,613	8,478
Prepaid expenses	-	-	-	1,592
Due to/from fund	2,257	(2,257)	-	-
	<b>102,472</b>	<b>311,145</b>	<b>413,617</b>	<b>433,189</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accruals	-	311,092	311,092	302,681
Deferred contributions	-	-	-	9,096
	-	<b>311,092</b>	<b>311,092</b>	<b>311,777</b>
<b>Net Assets</b>	<b>102,472</b>	<b>53</b>	<b>102,525</b>	<b>121,412</b>
	<b>102,472</b>	<b>311,145</b>	<b>413,617</b>	<b>433,189</b>

Approved on behalf of the Board of Directors

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Director

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Director

The accompanying notes are an integral part of these financial statements

## Small Scale Food Processor Association Statement of Operations

*For the year ended December 31, 2025*

	<i>Operating fund</i>	<i>Inclusive Women Venture Capital Initiative fund</i>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>				
Grant revenue	-	863,447	863,447	2,088,056
Membership dues	7,654	-	7,654	26,617
Courses and workshops	3,000	-	3,000	1,240
Interest income	654	-	654	7,759
Other income	368	-	368	47,982
	<b>11,676</b>	<b>863,447</b>	<b>875,123</b>	<b>2,171,654</b>
<b>Expenses</b>				
Advertising	209	12,652	12,861	41,867
APP Program	-	-	-	5
Bank charges and interest	2,265	13	2,278	1,218
Insurance	-	2,922	2,922	2,812
Professional fees	3,885	830,987	834,872	2,001,825
Program expenses	14,306	10,268	24,574	128,494
Supplies	1,288	3,325	4,613	20,000
Telephone and Internet	7,851	-	7,851	-
Travel	275	-	275	725
Utilities	537	3,227	3,764	4,288
	<b>30,616</b>	<b>863,394</b>	<b>894,010</b>	<b>2,201,234</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(18,940)</b>	<b>53</b>	<b>(18,887)</b>	<b>(29,580)</b>

*The accompanying notes are an integral part of these financial statements*

**Small Scale Food Processor Association**  
**Statement of Changes in Net Assets**

*For the year ended December 31, 2025*

	<i>Operating Fund</i>	<i>Inclusive Women Venture Capital Initiative fund</i>	<i>Advanced Payment Program fund</i>	<i>Status of Women</i>	<b>2025</b>	<b>2024</b>
<b>Net assets, beginning of year</b>	<b>91,245</b>	<b>1,786</b>	<b>28,381</b>	<b>-</b>	<b>121,412</b>	150,992
<b>Excess (deficiency) of revenue over expenses</b>	<b>(18,940)</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>(18,887)</b>	(29,580)
<b>Transfers (Note 7)</b>	<b>30,167</b>	<b>(1,786)</b>	<b>(28,381)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>102,472</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>102,525</b>	121,412

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*The accompanying notes are an integral part of these financial statements*

## Small Scale Food Processor Association Statement of Cash Flows

For the year ended December 31, 2025

	<i>Small Scale Food Processors</i>	<i>Inclusive Women Venture Capital Initiative</i>	<i>Advanced Payment Program fund</i>	<i>Status of Women</i>	<b>2025</b>	<b>2024</b>
<b>Cash provided by (used for) the following activities</b>						
<b>Operating</b>						
Excess (deficiency) of revenue over expenses	(18,940)	53	-	-	(18,887)	(29,580)
Changes in working capital accounts						
Accounts receivable	4,039	(59,460)	-	-	(55,421)	63,850
Goods and services tax receivable	518	(1,653)	-	-	(1,135)	14,781
Prepaid expenses	1,592	-	-	-	1,592	-
Accounts payable and accruals	(4,833)	13,937	-	(693)	8,411	(181,599)
Deferred contributions	-	(9,096)	-	-	(9,096)	(9,873)
	<b>(17,624)</b>	<b>(56,219)</b>	<b>-</b>	<b>(693)</b>	<b>(74,536)</b>	<b>(142,421)</b>
<b>Financing</b>						
Interfund transfers	(14,593)	82,781	(18,929)	(49,259)	-	-
<b>Increase (decrease) in cash resources</b>	<b>(32,217)</b>	<b>26,562</b>	<b>(18,929)</b>	<b>(49,952)</b>	<b>(74,536)</b>	<b>(142,421)</b>
<b>Cash resources, beginning of year</b>	<b>132,250</b>	<b>217,889</b>	<b>18,929</b>	<b>49,952</b>	<b>419,020</b>	<b>561,441</b>
<b>Cash resources, end of year</b>	<b>100,033</b>	<b>244,451</b>	<b>-</b>	<b>-</b>	<b>344,484</b>	<b>419,020</b>

The accompanying notes are an integral part of these financial statements

# Small Scale Food Processor Association

## Notes to the Financial Statements

For the year ended December 31, 2025

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### 1. Incorporation and nature of the organization

Small Scale Food Processor Association (the "Association") was incorporated by Letters Patent on March 7, 2002, under the laws of the Canada Corporations Act Part Two Not for Profit, establishing a corporation without share capital. On June 6, 2019 the Association was registered as an extraprovincial non-share corporation under the Societies Act in the Province of British Columbia.

The Association was formed to support the small scale food processing industry, with the business to be conducted based upon the Association's Vision, Mission, and Values statement. A small scale food processor is an organization that adds value to primary food products, and has fewer than twenty-five full-time equivalent employees. The Association is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

### 2. Going concern

These financial statements have been prepared on a going concern basis which presumes that the Association will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

At December 31, 2025, the Association's Operating fund reported a net asset surplus. However, for the year then ended, the Operating fund incurred a deficiency of revenues over expenses and no revenue contracts have been secured for the fiscal year ending December 31, 2026. In addition, the Association experienced negative cash flow from operations in the current and prior year. These circumstances represent a material uncertainty that may cast a significant doubt on the Association's ability to continue as a going concern and, as a result, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To address this uncertainty, management is actively pursuing new funding and revenue contracts for 2026. While the outcome of these efforts cannot be determined at this time, management believes that the going concern assumption remains appropriate for the preparation of these financial statements based on the expectation of securing new funding agreements.

If the Association were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary.

### 3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

#### **Fund accounting**

The Association follows the restricted fund method of accounting for contributions, and maintains four funds: an Operating fund, Status of Women fund, Advanced Payment Payment Program ("APP") fund, and an Inclusive Women Venture Capital Initiative fund.

The Operating fund reports the Association's revenue and expenses related to program delivery and administrative activities.

The Status of Women fund reports the Association's assets, liabilities, revenue and expenses related to Small Scale Food Processor Associations' the Status of Women program. The Status of Women program was completed in a prior year and as a result the assets and liabilities of this fund have been transferred to the operating fund.

The APP fund reports the Association's assets, liabilities, revenue and expenses related to Small Scale Food Processor Association's APP program. The APP program was completed in a prior year and as a result the assets and liabilities of this fund have been transferred to the operating fund.

The Inclusive Women Venture Capital Initiative fund reports the Association's assets, liabilities, revenue and expenses related to Small Scale Food Processor Association's Inclusive Women Venture Capital Initiative program.

# Small Scale Food Processor Association

## Notes to the Financial Statements

For the year ended December 31, 2025

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### 3. Significant accounting policies (Continued from previous page)

#### **Revenue recognition**

The Association uses the restricted fund method of accounting for contributions. Restricted contributions related to the general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of a specific fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized as revenue when collected. Membership fees are collected at the beginning of each fiscal year.

#### **Contributed services**

Volunteers contribute time to assist the Association in delivering its services. Contributions of services are not recognized in the financial statement due to difficulty in determining their fair value.

#### **Financial instruments**

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

#### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

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

With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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 excess (deficiency) of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Financial asset impairment**

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Association reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

# Small Scale Food Processor Association

## Notes to the Financial Statements

For the year ended December 31, 2025

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### 3. Significant accounting policies (Continued from previous page)

#### **Financial instruments** (Continued from previous page)

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses in the year the reversal occurs.

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

### 4. Bank indebtedness

At December 31, 2025, the Association had lines of credit totaling \$290,000 (2024 - \$290,000), bearing interest at prime plus 2.00%, of which \$ nil (2024 - \$ nil) was outstanding at year end. With a general security agreement covering all present and after-acquired personal property. Prime rate as at December 31, 2025 was 6.45% (2024 - 7.45%).

The lines of credit require that the Association maintain a minimum working capital ratio of 1:1 and maintain a debt service coverage of a minimum of 1 times. As at December 31, 2025, the Association is in compliance with these covenants.

### 5. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Credit Risk**

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

At year-end, accounts receivable are largely comprised of amounts due from the Government of Canada (for approved grants and recoverable GST/HST). This concentration of receivables from a highly rated government entity results in a low overall credit risk. Management believes the risk of credit loss on these federal government balances is minimal, and no allowance for doubtful accounts has been recorded.

### 6. Economic dependence

The Association's primary source of revenue is federal and provincial government grants. Grant funding can be discontinued if the Association does not observe certain established guidelines. As at the date of these financial statements the Association believes that it is in compliance with the guidelines.

# Small Scale Food Processor Association Notes to the Financial Statements

For the year ended December 31, 2025

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## 7. Interfund transactions

Administrative expenses initially recorded in the Operating fund are transferred to the Restricted funds to align with the allowable uses of funds from the related restricted contributions.

When a program is concluded, any remaining surplus becomes net assets of the Operating Fund and is recorded as an interfund transfer.

## 8. Director, employee and contractor compensation

During the year, the Association paid \$100,262 to 1 contractor (2024 – \$ 253,719 to 3 contractors) where compensation were greater than \$75,000. No remuneration was paid to any members of the Board of Directors.

## 9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

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