

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

Independent Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Members of:
Recycling Congress of Ontario, O/A Circular Innovation Council

Opinion

We have audited the financial statements of Recycling Congress of Ontario, O/A Circular Innovation Council, which comprise the statement of financial position as at May 31, 2024, and the statement of operations, statement of changes in net assets and cash flows statement 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 Recycling Congress of Ontario, O/A Circular Innovation Council as at May 31, 2024, and the results of its operations and 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 described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity 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 audit opinion.

Material Uncertainty Related to Going Concern

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We draw attention to Note 2 in the financial statements which indicates in the current year the organization had significant liabilities in excess of assets and an accumulated deficit of that of \$252,677. As stated in Note 2, these events of conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the organization'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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of 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 auditors' 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 audit 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 controls.
- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



Frouin Group Professional Corporation
Ottawa Ontario
November 22, 2024

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

AUDITED STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2024

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 165,243	\$ 54,215
Short-term investments	0	5,144
Accounts receivable	131,389	90,562
GST/HST receivable	39,024	44,828
Prepaid expenses	<u>4,647</u>	<u>6,759</u>
TOTAL ASSETS	<u>\$ 340,303</u>	<u>\$ 201,508</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 374,178	\$ 302,227
Government remittances payable	31,147	9,920
Canadian Emergency Business Account loan	0	30,000
Grant payable (Note 5)	30,000	30,000
Deferred revenue (Note 4)	<u>127,655</u>	<u>48,782</u>
	562,980	420,929
LONG-TERM LIABILITIES		
Grant payable (Note 5)	<u>30,000</u>	<u>60,000</u>
NET ASSET DEFICIENCY	<u>(252,677)</u>	<u>(279,421)</u>
TOTAL LIABILITIES AND NET ASSET DEFICIENCY	<u>\$ 340,303</u>	<u>\$ 201,508</u>

APPROVED ON BEHALF OF THE BOARD:

Director *Gilles LeVasseur*

Director *Raja Raj*

(See accompanying Notes to Financial Statements)

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

AUDITED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MAY 31, 2024

	2024	2023
REVENUES		
Sponsorships	\$ 397,181	\$ 276,171
Government grants	744,637	469,400
Membership fees	83,512	81,303
Registration and fees	69,550	76,542
Project management	123,875	215,536
Sundry	<u>223</u>	<u>16</u>
	<u>1,418,978</u>	<u>1,118,968</u>
EXPENSES		
Advertising and promotion	3,844	20,825
Contracted services	377,156	262,711
Interest and bank charges	5,216	4,501
Professional fees	77,075	86,543
Remuneration and employee benefits	822,298	644,177
Office and general	95,821	70,357
Subscriptions	<u>10,824</u>	<u>25,332</u>
	<u>1,392,234</u>	<u>1,114,446</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	26,744	4,522
Other revenue	<u>0</u>	<u>470,514</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 26,744</u>	<u>\$ 475,036</u>

(See accompanying Notes to Financial Statements)

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

AUDITED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MAY 31, 2024

UNRESTRICTED NET ASSETS

	2024	2023
Net asset deficiency, beginning of year	\$ (279,421)	\$ (754,457)
Excess of revenues over expenses for the year	<u>26,744</u>	<u>475,036</u>
Net asset deficiency, end of year	\$ <u>(252,677)</u>	\$ <u>(279,421)</u>

(See accompanying Notes to Financial Statements)

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

AUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 26,744	\$ 475,036
Cash flows from current operating items	<u>144,284</u>	<u>(570,510)</u>
	171,028	(95,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in grant payable	(30,000)	90,000
Repayment of CEBA loan payable	<u>(30,000)</u>	<u>(10,000)</u>
	(60,000)	80,000
NET CHANGE IN CASH	111,028	(15,474)
CASH, beginning of year	<u>54,215</u>	<u>69,689</u>
CASH, end of year	<u>\$ 165,243</u>	<u>\$ 54,215</u>
REPRESENTED BY:		
Cash	<u>\$ 165,243</u>	<u>\$ 54,215</u>

(See accompanying Notes to Financial Statements)

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2024

1. ORGANIZATION

Recycling Congress of Ontario, which operates under the name of Circular Innovation Council, aims to inform and educate all members of society about the generation of waste, the avoidance of waste, the more efficient use of resources and the benefits and/or consequences of these activities.

The Recycling Congress of Ontario is incorporated without share capital under the laws of the Province of Ontario on December 13, 1978, is a registered charity under the Income Tax Act and, as such, is exempt from income tax.

On March 25, 2021, the Organization received a license to operate under the name of the Circular Innovation Council.

2. GOING CONCERN

The accompanying financial statements have been prepared in conformity with Canadian accounting standards for not-for-profit organizations which contemplate continuation of the Organization as a going concern. In the current year, the Organization had an accumulated deficit of \$252,677. The ability of the Organization to continue as a going concern is dependent upon its ability to repay the amount determined through the settlement with grantor and other amounts owing to various vendors. These uncertainties cast significant doubt upon the Organization's ability to continue as a going concern however, management is actively working on plans to resolve these matters and recent annual financial positions have been positively trending.

3. 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:

a. Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions 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.

Government grants, sponsorships and membership fees received are taken into income in the year to which they relate. Amounts received that relate to future fiscal periods are recorded as deferred income or until the related costs are incurred.

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Revenue recognition (continued)

Functions revenue, fees for services and other sundry income are recognized in revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations are taken into income on a cash collected basis. Donations in-kind are recorded where the fair market value of the donation is provided by the donor. During the year, the Organization received in-kind donations of \$1,246 (2023: \$0).

b. Capital assets

The organization holds no capital assets.

c. Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, short-term investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities, and government remittances payable. The Organization has not designated any financial liability to be measured at fair value.

Financial assets measured at cost or amortized costs are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indication of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, and recognizes an impairment loss if the carrying value of the asset is greater than the higher of present value of the expected future cash flows, the amount that can be realized by selling the asset, or the amount the organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

d. Allocation of expenses

Administration expenses are allocated to projects based on management's estimate of time spent on such projects.

e. Volunteer support

These financial statements do not reflect the value of services contributed by volunteers due to the difficulty of determining their value.

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Use of estimates

The preparation of financial statements in compliance with 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 revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

4. DEFERRED REVENUE

Deferred revenue consists of project revenues for which expenditures have not yet been incurred. Deferred revenue also consists of memberships and waste auditor training for the upcoming fiscal year.

	Beginning balance	Amount received	Expenses incurred	Ending balance
Reuse Pilots	\$ 0	\$ 206,400	\$ 131,400	\$ 75,000
Ontario Creates	15,500	0	15,500	0
CE Month	0	20,000	10,000	10,000
Memberships	27,957	98,210	83,512	42,655
OWAT	<u>5,325</u>	<u>0</u>	<u>5,325</u>	<u>0</u>
TOTAL	\$ <u>48,782</u>	\$ <u>324,610</u>	\$ <u>245,737</u>	\$ <u>127,655</u>

5. GRANT PAYABLE

In the prior year, the Organization reached a settlement regarding the repayment of a grant. A payment of \$30,000 is due in the 2025 fiscal year and the remaining \$30,000 is due in the 2026 fiscal year.

6. COMMITMENTS

The Organization has entered into an agreement for consulting services until September 2026. Under this agreement, the Organization is required to pay \$10,417 plus HST monthly.

RECYCLING CONGRESS OF ONTARIO, O/A CIRCULAR INNOVATION COUNCIL

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2024

7. FINANCIAL RISK MANAGEMENT POLICY

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at May 31, 2024:

a) Credit risk

Financial instruments that potentially subject the Organization to credit risk are accounts receivable. The Organization ensures that all its customers are known to the Organization and are credit worthy.

b) Currency risk

The Organization's functional currency is the Canadian dollar. The Organization is exposed to currency risk through transactions that are done in Euros, but this amount is not significant.

c) Liquidity risk

The Organization manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash.