

**ONTARIO AGRI-FOOD EDUCATION INC.**  
*(Operating as AgScape)*  
**Financial Statements**  
**December 31, 2019**

**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScope)*

**Index to Financial Statements**

**Year Ended December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Ontario Agri-Food Education Inc. (Operating as AgScape)

### *Opinion*

We have audited the financial statements of Ontario Agri-Food Education Inc. (operating as Agscape), which comprise the statement of financial position as at December 31, 2019, 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 Agscape as at December 31, 2019, 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 Agscape 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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 Agscape'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 Agscape or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Agscape'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.

(continues)

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 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 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 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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
March 18, 2020

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScape)*

**Statement of Financial Position**

**As at December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 28,312	\$ 50,540
Accounts receivable	149,776	20,336
Prepaid expenses	23,371	28,536
	<u>201,459</u>	99,412
<b>INVESTMENTS (Note 3)</b>	1,252,840	1,295,703
<b>CAPITAL ASSETS (Note 4)</b>	38,310	54,849
	<u>\$ 1,492,609</u>	\$ 1,449,964
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 5)	\$ 53,224	\$ 37,783
Accounts payable and accrued liabilities	16,578	127,097
Deferred revenues (Note 6)	102,241	115,200
	<u>172,043</u>	280,080
<b>NET ASSETS</b>		
<b>UNRESTRICTED - OPERATING FUND</b>	68,544	(331,686)
<b>EXTERNALLY RESTRICTED - HEALTHY EATING PROGRAM FUND</b>	430,560	607,298
<b>INTERNALLY RESTRICTED - RESERVE FUND</b>	821,462	894,272
	<u>1,320,566</u>	1,169,884
	<u>\$ 1,492,609</u>	\$ 1,449,964

**INTER-FUND LOAN (Note 7)**

**COMMITMENTS (Note 8)**

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

*See the accompanying notes to these financial statements*

**ONTARIO AGRICULTURE EDUCATION INC.**

*(Operating as AgScape)*

**Statement of Operations**

**Year Ended December 31, 2019**

	2019	2018
<b>REVENUES</b>		
Ontario Ministry of Agriculture, Food and Rural Affairs grant	\$ 419,912	\$ 400,000
Agriculture in the Classroom Canada grants	182,383	31,193
Memberships	79,550	61,000
Donations	74,250	75,436
Dividend and interest income <i>(Note 9)</i>	59,785	46,239
Annual General Meeting	29,140	11,135
Fees for service	16,816	377
Other grants	11,926	28,658
	<u>873,762</u>	<u>654,038</u>
<b>EXPENSES <i>(Note 10)</i></b>		
Teacher Ambassador Program	249,328	234,176
Resources & Student Engagement	238,222	235,465
Business of Food e-learning	186,420	195,643
Fundraising and administration	185,081	183,806
	<u>859,051</u>	<u>849,090</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>14,711</u>	<u>(195,052)</u>
<b>OTHER INCOME (EXPENSES)</b>		
Other investment income (loss) <i>(Note 9)</i>	197,833	(132,452)
Amortization of capital assets	(18,809)	(19,505)
Restructuring costs	(43,053)	(118,997)
Loss on disposal of capital assets	-	(5,095)
	<u>135,971</u>	<u>(276,049)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 150,682</u>	<u>\$ (471,101)</u>

*See the accompanying notes to these financial statements*

**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScape)*

**Statement of Changes in Net Assets**

**Year Ended December 31, 2019**

	Unrestricted - Operating Fund	Externally Restricted - Healthy Eating Program Fund	Internally Restricted - Reserve Fund	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (331,686)	\$ 607,298	\$ 894,272	\$ <b>1,169,884</b>	\$ 1,640,985
Excess (deficiency) of revenues over expenses	(106,450)	123,262	133,870	<b>150,682</b>	(471,101)
Inter-fund transfers ( <i>Note 7</i> )	506,680	(300,000)	(206,680)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 68,544	\$ 430,560	\$ 821,462	\$ <b>1,320,566</b>	\$ 1,169,884

*See the accompanying notes to these financial statements*

**ONTARIO AGRIFOOD EDUCATION INC.**

*(Operating as AgScape)*

**Statement of Cash Flows**

**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 150,682	\$ (471,101)
Items not affecting cash:		
Amortization of capital assets	18,809	19,505
Loss on disposal of capital assets	-	5,095
Unrealized losses (gains) on investments	<u>(138,633)</u>	102,011
	<u>30,858</u>	<u>(344,490)</u>
Changes in non-cash working capital:		
Accounts receivable	(129,440)	30,995
Prepaid expenses	5,165	(577)
Accounts payable and accrued liabilities	(110,519)	117,492
Deferred revenues	<u>(12,959)</u>	<u>(36,050)</u>
	<u>(247,753)</u>	111,860
Cash flows used by operating activities	<u>(216,895)</u>	<u>(232,630)</u>
<b>INVESTING ACTIVITIES</b>		
Change in investments (net)	181,496	310,271
Purchase of capital assets	<u>(2,270)</u>	<u>(6,001)</u>
Cash flows from investing activities	<u>179,226</u>	304,270
<b>FINANCING ACTIVITY</b>		
Change in bank indebtedness (net) and cash flows used by financing activity	<u>15,441</u>	<u>(77,748)</u>
<b>NET DECREASE IN CASH</b>	<b>(22,228)</b>	<b>(6,108)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u>50,540</u>	56,648
<b>CASH - END OF YEAR</b>	<u><b>\$ 28,312</b></u>	<u><b>\$ 50,540</b></u>

*See the accompanying notes to these financial statements*

**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScape)*

**Notes to Financial Statements**

**Year Ended December 31, 2019**

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**1. NATURE OF THE ORGANIZATION**

Ontario Agri-Food Education Inc. (operating as AgScape) was incorporated on February 17, 1992 as a corporation without share capital. AgScape has been designated by the Ontario Ministry of Agriculture, Food and Rural Affairs as an incorporated organization within the meaning of the Agricultural and Horticultural Organizations Act, R.S.O. 1990, Chapter A.9. As a registered charity, AgScape is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

AgScape works to build awareness and understanding of the agriculture and food industry in Ontario classrooms and for the general public.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Fund accounting

AgScape reports its activities using fund accounting, and maintains three funds: Operating Fund, Healthy Eating Program Fund (externally restricted), and Reserve Fund (internally restricted).

The Operating Fund reports AgScape's program delivery and administrative activities, as well as unrestricted resources, and operating grants.

The Healthy Eating Program Fund, formerly described as the "Vitamin Settlement Fund", was established in 2006 to hold funds received by AgScape as part of the settlement of class action lawsuits brought against a number of defendants alleging that they had conspired to fix prices and markets for vitamins in Canada (referred to as the Canadian National Settlement of Vitamin Class Action). The Healthy Eating Program funds opportunities to promote and supply healthy eating initiatives throughout Ontario, consistent with the mission of AgScape.

The Reserve Fund is an internally restricted fund established by the Board of Directors to develop the financial resources necessary to ensure the long-term viability of AgScape through donations, fundraising, and investment income.

Revenue recognition

AgScape uses the restricted fund method of accounting for restricted contributions. Restricted contributions for the Healthy Eating Program Fund are recorded in the year received. Restricted contributions for which no specific fund was established are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership revenue is recognized as revenue in the period for which the membership covers. Membership revenue received prior to year end that relates to subsequent periods is recorded as deferred revenues and then recognized in the subsequent period.

Investment income is recognized as revenue when earned. Investment income includes realized and unrealized gains and losses, dividends, and interest income.

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ONTARIO AGRI-FOOD EDUCATION INC.

*(Operating as AgScape)*

Notes to Financial Statements

Year Ended December 31, 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed goods and services

Donated goods are recorded when a fair value can be reasonably estimated and when they would otherwise have been purchased if not donated.

A substantial part of AgScape's activities are carried out by volunteers whose services are donated. These services are not normally purchased by AgScape and, as such, donated services are not recorded in these financial statements.

Allocation of expenses

AgScape engages in training and education programs and resource development programs. The costs of these programs include the costs of personnel, premises, and other expenses that are directly related to the programs, as well as general administrative support costs.

Direct costs are allocated in full to their programs, and general administrative support costs are allocated to the programs based on an estimate of the percentage of personnel time spent on each program.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Website	5 years
Computer equipment	3 years
Furniture and fixtures	10 years

AgScape regularly reviews its capital assets to eliminate obsolete items.

Financial instruments

AgScape's financial instruments comprise cash, accounts receivable, investments, bank indebtedness, and accounts payable.

Financial instruments are initially measured at fair value, and subsequently, measured at amortized cost, except investments which are measured at fair value.

Measurement uncertainty

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 at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known. Actual results could differ from these estimates.

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**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScape)*

**Notes to Financial Statements**

**Year Ended December 31, 2019**

**3. INVESTMENTS**

	2019	2018
Operating Fund:		
Mutual funds	\$ 817	\$ 803
Cash and cash equivalents	1	10
	818	813
Externally Restricted - Healthy Eating Program Fund:		
Equities	414,603	379,137
Cash and cash equivalents	15,957	15,609
Mutual funds	-	145,070
Guaranteed Investment Certificate	-	67,482
	430,560	607,298
Internally Restricted - Reserve Fund:		
Equities	780,979	671,852
Cash and cash equivalents	40,483	15,740
	821,462	687,592
	\$ 1,252,840	\$ 1,295,703

The Guaranteed Investment Certificate at December 31, 2018 earned interest at 2.6% and matured on June 4, 2019.

**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Website	\$ 78,055	\$ 45,532	\$ 32,523	\$ 48,134
Computer equipment	8,335	5,067	3,268	3,776
Furniture and fixtures	24,127	21,608	2,519	2,939
Computer software	820	820	-	-
	\$ 111,337	\$ 73,027	\$ 38,310	\$ 54,849

**5. BANK INDEBTEDNESS**

AgScape has an operating line of credit of \$100,000 (2018 - \$100,000) from TD Canada Trust of which \$Nil (2018 - \$Nil) was utilized by year end. The operating line of credit is due on demand, bears interest at prime plus 1%, and is secured by a general security agreement.

AgScape has a second operating line of credit of \$60,000 (2018 - \$174,000) from TD Canada Trust of which \$53,224 (2018 - \$37,783) was utilized at year end. The operating line of credit is due on demand, bears interest at prime plus 1%, and is secured by a general security agreement.

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2019

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6. DEFERRED REVENUES

	2019	2018
Agriculture in the Classroom grant	\$ 87,991	\$ -
Memberships	14,250	15,200
Ontario Ministry of Agriculture, Food and Rural Affairs grant	-	100,000
	<u>\$ 102,241</u>	<u>\$ 115,200</u>

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7. INTER-FUND LOAN AND TRANSFERS

During 2016, the Board of Directors approved the transfer of funds from the Reserve Fund investment account to the Operating Fund bank account in the amount of \$206,680. The funds were transferred to cover general operating expenses that were incurred during that year by the Operating Fund. In 2019, the Board approved a transfer of \$206,680 to forgive the 2016 inter-fund loan.

Also in 2019, the Board approved a transfer of \$300,000 (2018 - \$392,746) from the Healthy Eating Project Fund to manage operating cash flows.

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8. COMMITMENTS

AgScape currently has an operating lease commitment for office rent until December 31, 2020. The estimated minimum lease payment for 2020 is \$47,954.

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9. INVESTMENT INCOME (LOSS)

	2019	2018
Dividend income	\$ 51,540	\$ 45,237
Interest income	8,245	1,002
Total dividend and interest income	<u>59,785</u>	<u>46,239</u>
Unrealized gains (losses)	138,632	(102,012)
Realized gains (losses) on sale of investments	70,885	(16,698)
Investment advisor fees	(11,684)	(13,742)
Total other investment income	<u>197,833</u>	<u>(132,452)</u>
	<u>\$ 257,618</u>	<u>\$ (86,213)</u>

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ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2019

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10. ALLOCATION OF EXPENSES

Expenses related specifically to delivering programs have been allocated. These expenses include staffing required to deliver programs and a portion of operating and administrative costs (including premises and other office expenses) incurred by program activities.

	2019		2018	
	Salaries, contracts, and benefits	Administration	Salaries, contracts, and benefits	Administration
Teacher Ambassador Program	\$ 175,029	\$ 32,805	\$ 189,408	\$ 31,782
Resources & Student Engagement	175,029	32,805	176,093	30,174
Business of Food e-learning	116,686	21,870	132,794	23,428
Fundraising and administration	116,686	21,870	119,955	20,555
	<b>\$ 583,430</b>	<b>\$ 109,350</b>	<b>\$ 618,250</b>	<b>\$ 105,939</b>

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11. FINANCIAL RISKS

AgScape is exposed to various risks arising from its financial instruments, as follows:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. AgScape is exposed to this risk mainly in respect of its bank indebtedness and accounts payable and accrued liabilities. AgScape has access to sufficient liquid resources to pay its liabilities as they come due.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. AgScape is exposed to interest rate risk with respect to its bank indebtedness.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. AgScape is exposed to other price risk with respect to its investments in equities. AgScape uses professional, independent advisors to monitor its investment portfolio and provide low-risk investment solutions.

It is management's opinion that AgScape is not exposed to significant credit or currency risks arising from its financial instruments.

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12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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