

**ONTARIO AGRIFOOD EDUCATION INC.**  
*(Operating as AgScape)*  
**Financial Statements**  
**December 31, 2022**

**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScope)*

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**Year Ended December 31, 2022**

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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 ("AgScape"), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, operations 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, 2022, 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 these 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 related 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.

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Independent Auditor's Report to the Members of Ontario Agri-Food Education Inc. (Operating as AgScape)  
(continued)

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 this financial information.

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 AgScape'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 AgScape'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 AgScape 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  
April 19, 2023

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, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 63,748	\$ 47,347
Accounts receivable (Note 8)	109,148	122,081
Prepaid expenses	2,759	2,747
	<u>175,655</u>	172,175
<b>INVESTMENTS (Note 3)</b>	1,379,723	1,484,640
<b>CAPITAL ASSETS (Note 4)</b>	<u>-</u>	1,056
	<u><b>\$ 1,555,378</b></u>	<u>\$ 1,657,871</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 30,172	\$ 25,459
Deferred revenues (Note 6)	79,435	66,750
	<u>109,607</u>	92,209
<b>CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 7)</b>	<u>60,000</u>	60,000
	<u>169,607</u>	152,209
<b>NET ASSETS</b>		
<b>UNRESTRICTED - OPERATING FUND</b>	5,474	21,835
<b>EXTERNALLY RESTRICTED - HEALTHY EATING PROGRAM FUND</b>	422,862	486,040
<b>INTERNALLY RESTRICTED - RESERVE FUND</b>	957,435	997,787
	<u>1,385,771</u>	1,505,662
	<u><b>\$ 1,555,378</b></u>	<u>\$ 1,657,871</u>

**APPROVED ON BEHALF OF THE BOARD**

*Kathryn Doan*  
 \_\_\_\_\_ Director

*Jennifer Peart*  
 \_\_\_\_\_ Director

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, 2022**

	Unrestricted - Operating Fund	Externally Restricted - Healthy Eating Program Fund	Internally Restricted - Reserve Fund	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 21,835	\$ 486,040	\$ 997,787	<b>\$ 1,505,662</b>	\$ 1,356,505
Excess (deficiency) of revenues over expenses	(16,361)	(63,178)	(40,352)	<b>(119,891)</b>	149,157
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,474</b>	<b>\$ 422,862</b>	<b>\$ 957,435</b>	<b>\$ 1,385,771</b>	<b>\$ 1,505,662</b>

*See the accompanying notes to these financial statements*

**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScape)*

**Statement of Operations**

**Year Ended December 31, 2022**

	2022	2021
<b>REVENUES</b>		
Ontario Ministry of Agriculture, Food and Rural Affairs grant	\$ 438,896	\$ 394,381
Memberships	104,360	75,900
Donations	103,766	72,880
Dividend and interest income <i>(Note 9)</i>	46,065	41,869
Agriculture in the Classroom Canada programs	37,048	17,650
Resource development	29,995	74,600
Annual General Meeting	26,985	28,000
Other grants	18,591	23,169
Government assistance <i>(Note 8)</i>	-	69,146
	<b>805,706</b>	<b>797,595</b>
<b>EXPENSES <i>(Note 10)</i></b>		
Teacher Ambassador Program	297,148	259,194
Resources & Student Engagement	254,124	296,520
Fundraising and administration	148,198	94,762
Business of Food e-learning	75,350	90,845
	<b>774,820</b>	<b>741,321</b>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>30,886</b>	<b>56,274</b>
<b>OTHER INCOME (EXPENSES)</b>		
Other investment income (loss) <i>(Note 9)</i>	(149,721)	111,786
Amortization of capital assets	(1,056)	(18,903)
	<b>(150,777)</b>	<b>92,883</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (119,891)</b>	<b>\$ 149,157</b>

*See the accompanying notes to these financial statements*

**ONTARIO AGRIFOOD EDUCATION INC.***(Operating as AgScape)***Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (119,891)	\$ 149,157
Items not affecting cash:		
Amortization of capital assets	1,056	18,903
Unrealized gains/loss on investments	120,836	(42,812)
	<u>2,001</u>	<u>125,248</u>
Changes in non-cash working capital:		
Accounts receivable	12,933	38,658
Prepaid expenses	(12)	16,432
Accounts payable and accrued liabilities	4,713	(5,548)
Deferred revenues	12,685	7,240
	<u>30,319</u>	<u>56,782</u>
Cash flows from operating activities	<u>32,320</u>	<u>182,030</u>
<b>INVESTING ACTIVITY</b>		
Change in investments (net)	<u>(15,919)</u>	<u>(85,318)</u>
Cash flows used by investing activity	<u>(15,919)</u>	<u>(85,318)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Canada Emergency Business Account loan	-	60,000
Change in bank indebtedness (net)	-	(117,120)
Cash flows used by financing activities	<u>-</u>	<u>(57,120)</u>
<b>INCREASE IN CASH</b>	<b>16,401</b>	<b>39,592</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>47,347</b>	<b>7,755</b>
<b>CASH - END OF YEAR</b>	<b>\$ 63,748</b>	<b>\$ 47,347</b>

*See the accompanying notes to these financial statements*

**ONTARIO AGRI-FOOD EDUCATION INC.**

*(Operating as AgScape)*

**Notes to Financial Statements**

**Year Ended December 31, 2022**

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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 subsection 149(1) of the Income Tax Act (Canada).

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**

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook.

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, including grants 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, when collection is reasonably assured, which is during AgScape's fiscal year. If membership revenue is received in advance, it is recorded as deferred revenues and then recognized in the subsequent year.

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, 2022

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

Revenue recognition (continued)

Resource development and Agriculture in the Classroom Canada program revenue are recognized upon completion of the project, when collection is reasonably assured. Resource development revenue for projects not completed by year end are setup as deferred revenues and recognized in the subsequent period.

Revenue earned from the Annual General Meeting is recognized when the meeting is held and collection is reasonably assured.

Government assistance revenue, including the Canada Emergency Wage Subsidy in response to COVID-19, are recognized on an accrual basis in the year the eligible expenses are incurred, and eligibility is met.

Financial instruments

AgScape initially measures its financial assets and liabilities at fair value.

AgScape subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value.

Financial assets measured at amortized cost include cash, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment, if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess (deficiency) of revenues over expenses.

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:

Computer equipment	3 years
Furniture and fixtures	10 years

Impairment of long-lived assets

Long-lived assets including capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. Fair value is determined by the sum of undiscounted cash flows resulting from its use and eventual disposition.

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ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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. Such estimates are periodically reviewed and adjustments are made as appropriate in the year they become known. Such estimates include determining the collectability of accounts receivable, useful life of capital assets and allocation of expenses to programs based on time. Actual results may differ from these estimates.

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.

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3. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Operating Fund:		
Mutual funds	\$ 820	\$ 813
	<u>820</u>	<u>813</u>
Externally Restricted - Healthy Eating Program Fund:		
Equities	327,399	432,390
Cash and cash equivalents	95,068	53,650
	<u>422,467</u>	<u>486,040</u>
Internally Restricted - Reserve Fund:		
Equities	608,615	668,303
Cash and cash equivalents	347,821	329,484
	<u>956,436</u>	<u>997,787</u>
	<u>\$ 1,379,723</u>	<u>\$ 1,484,640</u>

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ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements  
Year Ended December 31, 2022

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4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 11,503	\$ 11,503	\$ -	\$ 1,056

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5. BANK INDEBTEDNESS

AgScape has a bank operating line of credit of \$100,000 (2021 - \$100,000) of which \$nil (2021 - \$nil) was utilized by year end, and a second bank operating line of credit of \$60,000 (2021 - \$60,000) of which \$nil (2021 - \$nil) was utilized at year end.

The withdrawn balances are due on demand, bear interest at prime plus 1%, and are secured by a General Security Agreement.

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6. DEFERRED REVENUES

Deferred revenues at December 31 comprise the following:

	2022	2021
Memberships	\$ 24,650	\$ 17,250
Support for resource development projects	23,500	22,500
Support for Teacher Ambassador Program	20,000	-
Agriculture in the Classroom Canada program	9,000	27,000
Business of Food program fees	2,285	-
	<u>\$ 79,435</u>	<u>\$ 66,750</u>

The continuity of deferred revenues is as follows:

Balance, beginning of year	\$ 66,750	\$ 59,510
Add: amounts received during the year	102,435	166,430
Less: amounts recorded as revenues during the year	<u>(89,750)</u>	<u>(159,190)</u>
Balance, end of year	<u>\$ 79,435</u>	<u>\$ 66,750</u>

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7. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

AgScape obtained the Canada Emergency Business Account ("CEBA") loan of \$60,000 in response to the COVID-19 pandemic (Note 8). The CEBA loan is non-interest bearing up to the initial term date of December 31, 2023. From the period commencing December 31, 2023 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

Based on the CEBA Term Loan Agreement, if \$40,000 is repaid by December 31, 2023, the remaining balance of \$20,000 will be forgiven.

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ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2022

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8. GOVERNMENT ASSISTANCE

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As a result, AgScape's office remained closed for the fiscal year with all employees continuing to work from home. During the year with the restrictions of COVID-19 easing, AgScape was able to resume in person programming along side online programming.

As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist employers whose activities have been affected by COVID-19. For the period of January 1, 2021 to October 23, 2021, AgScape applied for and received \$69,146. As this program ended in fiscal 2021, AgScape did not receive any government assistance during fiscal 2022.

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9. INVESTMENT INCOME (LOSS)

	2022	2021
Dividend income	\$ 45,932	\$ 41,702
Interest income	133	167
Total dividend and interest income	<u>46,065</u>	<u>41,869</u>
Unrealized gain (loss)	(120,836)	42,812
Realized gain (loss) on sale of investments	(14,925)	78,848
Investment advisor fees	(13,960)	(9,874)
Total other investment income	<u>(149,721)</u>	<u>111,786</u>
	<u>\$ (103,656)</u>	<u>\$ 153,655</u>

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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.

	2022		2021	
	Salaries, contracts, and benefits	Administration	Salaries, contracts, and benefits	Administration
Resources & Student Engagement	\$ 205,587	\$ 21,086	\$ 227,530	\$ 23,996
Teacher Ambassador Program	205,587	21,086	177,585	18,728
Fundraising and administration	117,478	12,049	83,243	8,779
Business of Food e-learning	58,739	6,025	66,594	7,023
	<u>\$ 587,391</u>	<u>\$ 60,246</u>	<u>\$ 554,952</u>	<u>\$ 58,526</u>

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ONTARIO AGRI-FOOD EDUCATION INC.

*(Operating as AgScape)*

Notes to Financial Statements

Year Ended December 31, 2022

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11. FINANCIAL RISKS

AgScape is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about AgScape's risk exposure and concentration as of December 31, 2022.

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 accounts payable. 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 operating line of credit.

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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