

ONTARIO AGRI-FOOD EDUCATION INC.
(Operating as AgScape)
Financial Statements
December 31, 2023

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScope)

Index to Financial Statements

Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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, 2023, 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, 2023, 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.

(continues)

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
March 27, 2024

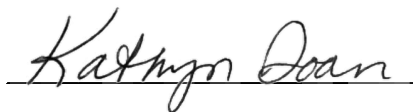
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

ONTARIO AGRI-FOOD EDUCATION INC.
(Operating as AgScape)
Statement of Financial Position
As at December 31, 2023

	2023	2022
ASSETS		
<i>(Note 4)</i>		
CURRENT		
Cash	\$ -	\$ 63,748
Accounts receivable	194,854	109,148
Prepaid expenses	2,516	2,759
	197,370	175,655
INVESTMENTS <i>(Note 3)</i>	1,286,642	1,379,723
	\$ 1,484,012	\$ 1,555,378
LIABILITIES		
CURRENT		
Bank indebtedness <i>(Note 4)</i>	\$ 43,570	\$ -
Accounts payable and accrued liabilities	36,881	30,172
Deferred revenues <i>(Note 5)</i>	96,522	79,435
	176,973	109,607
CANADA EMERGENCY BUSINESS ACCOUNT LOAN <i>(Note 6)</i>	-	60,000
	176,973	169,607
NET ASSETS		
UNRESTRICTED - OPERATING FUND	18,569	5,474
EXTERNALLY RESTRICTED - HEALTHY EATING PROGRAM FUND	308,605	422,862
INTERNALLY RESTRICTED - RESERVE FUND	979,865	957,435
	1,307,039	1,385,771
	\$ 1,484,012	\$ 1,555,378

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See the accompanying notes to these financial statements

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScope)

Statement of Changes in Net Assets

Year Ended December 31, 2023

	Unrestricted - Operating Fund	Externally Restricted - Healthy Eating Program Fund	Internally Restricted - Reserve Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 5,474	\$ 422,862	\$ 957,435	\$ 1,385,771	\$ 1,505,662
Excess (deficiency) of revenues over expenses	(81,905)	(19,257)	22,430	(78,732)	(119,891)
Interfund transfer <i>(Note 9)</i>	95,000	(95,000)	-	-	-
NET ASSETS - END OF YEAR	\$ 18,569	\$ 308,605	\$ 979,865	\$ 1,307,039	\$ 1,385,771

See the accompanying notes to these financial statements

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Statement of Operations

Year Ended December 31, 2023

	2023	2022
REVENUES		
Ontario Ministry of Agriculture, Food and Rural Affairs grant	\$ 423,182	\$ 438,896
Donations	111,585	103,766
Memberships	80,810	104,360
Agriculture in the Classroom Canada programs	61,862	37,048
Dividend and interest income <i>(Note 7)</i>	51,702	46,065
Annual General Meeting	30,550	26,985
Program grants	30,000	-
Resource development	23,450	29,995
Government assistance <i>(Note 6)</i>	20,000	-
Employment grants	15,574	18,591
	848,715	805,706
EXPENSES <i>(Note 8)</i>		
Teacher Ambassador Program	295,250	297,148
Experiential events <i>(Note 11)</i>	168,352	71,106
Administration <i>(Note 11)</i>	137,356	82,676
Resources <i>(Note 11)</i>	126,743	183,018
Educator and adult workshops	77,526	75,350
Fundraising <i>(Note 11)</i>	73,592	65,522
	878,819	774,820
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(30,104)	30,886
OTHER INCOME (EXPENSES)		
Other investment income (loss) <i>(Note 7)</i>	(48,628)	(149,721)
Amortization of capital assets	-	(1,056)
	(48,628)	(150,777)
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (78,732)	\$ (119,891)

See the accompanying notes to these financial statements

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (78,732)	\$ (119,891)
Items not affecting cash:		
Amortization of capital assets	-	1,056
Unrealized loss on investments	35,136	120,836
Forgivable portion of Canada Emergency Business Account loan <i>(Note 6)</i>	<u>(20,000)</u>	-
	<u>(63,596)</u>	2,001
Changes in non-cash working capital:		
Accounts receivable	(85,706)	12,933
Prepaid expenses	243	(12)
Accounts payable and accrued liabilities	6,709	4,713
Deferred revenues	<u>17,087</u>	<u>12,685</u>
	<u>(61,667)</u>	30,319
Cash flows from (used by) operating activities	<u>(125,263)</u>	32,320
INVESTING ACTIVITY		
Change in investments (net)	<u>57,945</u>	(15,919)
Cash flows from (used by) investing activity	<u>57,945</u>	(15,919)
FINANCING ACTIVITY		
Repayment of Canada Emergency Business Account loan	<u>(40,000)</u>	-
Cash flows used by financing activities	<u>(40,000)</u>	-
INCREASE (DECREASE) IN CASH	(107,318)	16,401
CASH - BEGINNING OF YEAR	<u>63,748</u>	47,347
CASH (DEFICIENCY) - END OF YEAR	<u>\$ (43,570)</u>	\$ 63,748

See the accompanying notes to these financial statements

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2023

1. NATURE OF THE ORGANIZATION

Ontario Agri-Food Education Inc. (operating as AgScape) ("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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

(continues)

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2023

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.

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. The impairment loss is measured as the difference between the carrying value and estimated recoverable amount. 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 deficiency of revenues over expenses.

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 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.

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2023

3. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Operating Fund:		
Mutual funds	\$ 850	\$ 820
	<u>850</u>	<u>820</u>
Externally Restricted - Healthy Eating Program Fund:		
Equities	296,409	327,399
Cash and cash equivalents	11,502	95,068
	<u>307,911</u>	<u>422,467</u>
Internally Restricted - Reserve Fund:		
Equities	908,695	608,615
Cash and cash equivalents	69,186	347,821
	<u>977,881</u>	<u>956,436</u>
	<u>\$ 1,286,642</u>	<u>\$ 1,379,723</u>

4. BANK INDEBTEDNESS

AgScape has a bank operating line of credit of \$100,000 (2022 - \$100,000) of which \$15,396 (2022 - \$nil) was utilized by year end, and a second bank operating line of credit of \$60,000 (2022 - \$60,000) of which \$56,872 (2022 - \$nil) was utilized at year end. These amounts are included within bank indebtedness which is shown on a net basis.

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

5. DEFERRED REVENUES

Deferred revenues at December 31 comprise the following:

	<u>2023</u>	<u>2022</u>
Support for Teacher Ambassador Program	\$ 50,000	\$ 20,000
Memberships	27,550	24,650
Support for resource development projects	12,472	23,500
Support for Experiential events	6,500	-
Agriculture in the Classroom Canada program	-	9,000
Business of Food program fees	-	2,285
	<u>\$ 96,522</u>	<u>\$ 79,435</u>

The continuity of deferred revenues is as follows:

Balance, beginning of year	\$ 79,435	\$ 66,750
Add: amounts received during the year	93,647	102,435
Less: amounts recorded as revenues during the year	<u>(76,560)</u>	<u>(89,750)</u>
Balance, end of year	<u>\$ 96,522</u>	<u>\$ 79,435</u>

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2023

6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

AgScape obtained the Canada Emergency Business Account ("CEBA") loan of \$60,000 in response to the COVID-19 pandemic. The CEBA loan is non-interest bearing up to the initial term date of January 18, 2024. For CEBA loan holders who make a refinancing application with the financial institution that provided their CEBA loan by January 18, 2024, the repayment deadline to qualify for partial loan forgiveness now includes a refinancing extension until March 28, 2024. From the period commencing January 19, 2024 to the extended term date of December 31, 2026, the loan bears an annual interest rate of 5%.

During fiscal 2023, AgScape repaid the CEBA loan. The \$20,000 forgivable portion has been recognized as revenue and presented as government assistance in the Statement of Operations.

7. INVESTMENT INCOME (LOSS)

	2023	2022
Dividend income	\$ 51,564	\$ 45,932
Interest income	138	133
Total dividend and interest income	\$ 51,702	\$ 46,065
Unrealized loss	\$ (35,136)	\$ (120,836)
Realized loss on sale of investments	(544)	(14,925)
Investment advisor fees	(12,948)	(13,960)
Total other investment income (loss)	\$ (48,628)	\$ (149,721)

8. 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.

	2023		2022	
	Salaries, contracts, and benefits	Administration	Salaries, contracts, and benefits	Administration
Teacher Ambassador Program	\$ 203,407	\$ 15,723	\$ 205,587	\$ 21,086
Experiential events	135,605	10,484	58,739	6,030
Resources	101,704	7,863	146,848	15,056
Educator and adult workshops	67,802	5,282	58,739	6,025
Fundraising	67,802	5,242	58,739	12,049
	\$ 576,320	\$ 44,594	\$ 528,652	\$ 60,246

9. INTERFUND TRANSFER

In 2023, the Board approved a transfer of \$95,000 (2022 - \$nil) from the Healthy Eating Project Fund to manage operating cash flows.

ONTARIO AGRI-FOOD EDUCATION INC.

(Operating as AgScape)

Notes to Financial Statements

Year Ended December 31, 2023

10. FINANCIAL INSTRUMENTS

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, 2023.

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.

11. COMPARATIVE FIGURES

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