

Farm & Food Care Saskatchewan Inc.

Financial Statements

September 30, 2023



McClelland Debuschere

Chartered Professional Accountants
Assurance Tax Advisory

Independent Auditor's Report

To the Board of Directors of Farm & Food Care Saskatchewan Inc.

Opinion

We have audited the financial statements of Farm & Food Care Saskatchewan Inc., which comprise the statement of financial position as at September 30, 2023 and the statements of operations, 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 Farm & Food Care Saskatchewan Inc. as at September 30, 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 accounting 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 company 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 these 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 these financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative to do so.

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



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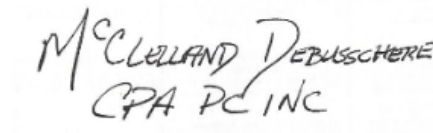
Independent Auditor's Report

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 company'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 company'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 company 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.

Saskatoon, SK
January 2, 2024



Chartered Professional Accountants

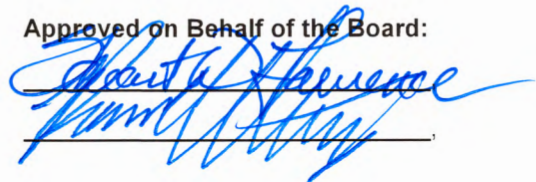
Farm & Food Care Saskatchewan Inc.

Statement of Financial Position

September 30, 2023

	2023	2022
Assets		
Current Assets		
Cash	\$ 29,380	\$ 122,157
Accounts receivable (Note 3)	149,769	55,347
Short-term investments (Note 4)	101,753	100,411
Prepaid expenses	4,351	2,377
	<u>285,253</u>	<u>280,292</u>
Tangible capital assets (Note 5)	<u>2,515</u>	<u>782</u>
	<u>\$ 287,768</u>	<u>\$ 281,074</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable (Note 6)	\$ 38,133	\$ 64,671
Deferred revenue (Note 7)	116,572	92,262
Current portion of long-term debt (Note 8)	40,000	-
	<u>194,705</u>	<u>156,933</u>
Long-term debt (Note 8)	<u>-</u>	<u>40,000</u>
	<u>194,705</u>	<u>196,933</u>
Net Assets		
Unrestricted net assets	<u>93,063</u>	<u>84,141</u>
	<u>\$ 287,768</u>	<u>\$ 281,074</u>
Commitments (Note 10)		

Approved on Behalf of the Board:



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

Farm & Food Care Saskatchewan Inc.

Statement of Operations and Net Assets

For the Year Ended September 30, 2023

	2023	2022
Revenue		
Public trust & outreach	\$ 456,833	\$ 241,348
Membership	241,990	272,456
Grants	162,500	150,000
Industry programs	73,780	18,318
Agriculture & Agri-Food Canada	71,193	-
Other revenue	5,206	2,911
CAP	1,433	112,843
	1,012,935	797,876
Expenses		
Industry programs & services (Schedule 1)	95,591	73,622
Public trust & outreach (Schedule 2)	669,213	487,414
General & administration (Schedule 3)	239,209	208,989
	1,004,013	770,025
Excess of revenue over expenditures for the year	8,922	27,851
Unrestricted net assets - beginning of year	84,141	56,290
Unrestricted net assets - end of year	\$ 93,063	\$ 84,141

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

Farm & Food Care Saskatchewan Inc.

Statement of Cash Flows

For the Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenditures	\$ 8,922	\$ 27,851
Non-cash items:		
Amortization	366	195
Change in working capital items:		
Change in accounts receivable	(94,422)	54,775
Change in prepaid expense	(1,973)	5,464
Change in accounts payable and accrued expenses	(26,538)	45,910
Change in deferred revenue	24,310	(56,831)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	<u>(89,335)</u>	<u>77,364</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire investments	(1,342)	(100,411)
Payments to acquire capital assets	(2,100)	-
NET CASH USED BY INVESTING ACTIVITIES	<u>(3,442)</u>	<u>(100,411)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash increase (decreases) in cash	(92,777)	(23,047)
Cash at beginning of period	122,157	145,204
Cash at end of period	<u>\$ 29,380</u>	<u>\$ 122,157</u>

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

Farm & Food Care Saskatchewan Inc.

Notes to the Financial Statements

For the Year Ended September 30, 2023

1. Nature of operations

Farm & Food Care Saskatchewan Inc. (the "Organization"), encompassing producer groups from livestock to crops and horticulture, serves to cultivate awareness and appreciation of agriculture in the province with the belief that getting to know farmers equals getting to know food. The Organization strives to find new and innovative ways to introduce producers to their customers and consumers to their food producers, and provide the facts on agriculture. The Organization was incorporated on September 25, 2014 under the Non-profit Corporations Act, 1995. Due to the nature of its activities as a not-for-profit organization, it is exempt from income tax.

2. Significant accounting policies

a. Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") issued by the Accounting Standards Board of CPA Canada and set out in Part III of the CPA Canada Handbook. The Organization has chosen to apply the following accounting policies.

b. Cash

Cash includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

c. Tangible capital assets

Capital assets are recorded at cost. Amortization is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful life. In the year of acquisition, one half the normal rate is applied.

Equipment	20% Declining Balance
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d. Revenue recognition

Membership, support, sponsorship, industry practices and programs, public trust and outreach revenues are recorded in the period to which they relate. Support, sponsorship, industry practices and programs, public trust and outreach revenues received in advance are recorded as deferred revenue.

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 or restrictions met. Unspent amounts are included in deferred contributions. 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.

Farm & Food Care Saskatchewan Inc.

Notes to the Financial Statements

For the Year Ended September 30, 2023

2. Significant accounting policies (continued)

e. Contributed services

The organization values contributed services at fair market value if available. The fair market value is based on the retail value of the services provided. Volunteers contribute a substantial number of hours each year to various committees and boards. Due to difficulty in determining the fair value, contributed services are not recognized in the financial statements.

f. Use of estimates

The preparation of financial statements in accordance 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 liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Amortization is based on the estimated useful lives of tangible capital assets. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements.

g. Allocation of expenses

The organization engages in the delivery of a number of programs to expand and strengthen relationships between Saskatchewan farms and consumers. The costs of each program include the costs of personnel, supplies and other expenses that are directly related to providing the program. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

3. Accounts receivable

	2023	2022
Trade Receivables	\$ 102,512	\$ 24,888
GST Receivable	47,257	30,459
	\$ 149,769	\$ 55,347

Farm & Food Care Saskatchewan Inc.

Notes to the Financial Statements

For the Year Ended September 30, 2023

4. Short-term investments

	2023	2022
RBC Non-Redeemable GIC bearing annual interest at 4.75% and matures on August 13, 2024	\$ 76,310	\$ 100,411
RBC Cashable GIC bearing interest of 2.75% and matures on Feb. 8, 2024	25,443	-
	\$ 101,753	\$ 100,411

5. Tangible capital assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Equipment	\$ 1,357	\$ (732)	\$ 625	\$ 782
Panel Display	2,100	(210)	1,890	-
Total	\$ 3,457	\$ (942)	\$ 2,515	\$ 782

6. Accounts payable

	2023	2022
Trade payables	\$ 33,893	\$ 60,431
Accrued liabilities	4,240	4,240
	\$ 38,133	\$ 64,671

Farm & Food Care Saskatchewan Inc.

Notes to the Financial Statements

For the Year Ended September 30, 2023

7. Deferred revenue

The Organization receives memberships revenue and sponsorships that relate to projects of the following year in advance. Deferred revenue is represented by the following:

	Beginning Balance for the year	Current Deferrals	Revenue Recognized	Ending Balance for the year
Memberships	\$ 65,512	\$ 86,572	\$ (65,512)	\$ 86,572
Sponsorships	26,750	30,000	(26,750)	30,000
	\$ 92,262	\$ 116,572	\$ (92,262)	\$ 116,572

8. Long-term debt

	2023	2022
Interest-free loan in the amount of \$60,000 under the Canadian Emergency Business Account Program ('CEBA') with no principal payments due until January 18, 2024. \$20,000 of the loan will be forgiven if \$40,000 is paid back before the deadline. If the loan is not paid back by the deadline, 5% interest will be charged on the loan, and the principal of the loan will be due on December 31, 2025	\$ 40,000	\$ 40,000
Current portion of long-term debt	(40,000)	-
Long-term portion of debt	\$ -	\$ 40,000

Principal repayments on long-term debt over the next year is as follows:
2023

\$ 40,000

Farm & Food Care Saskatchewan Inc.

Notes to the Financial Statements

For the Year Ended September 30, 2023

9. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. Financial assets include cash and accounts receivable and are measured at amortized cost as presented on the statement of financial position. Financial liabilities include accounts payable, deferred revenue and long-term debt and are measured at amortized cost as presented on the balance sheet.

It is management's opinion that the Organization is not exposed to significant interest, market, other price, or currency risks arising from these financial instruments except as otherwise disclosed. The risks of the Organization include:

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transaction to purchase goods and services on credit, borrow funds from creditors, etc. for which repayment is required at various maturity dates. Liquidity is measured by reviewing the Organization's future net cash flows for the possibility of a negative cash flow. The Organization manages the liquidity risk resulting from its accounts payable by investing in liquid assets.

Credit Risk

Financial instruments that potentially subject the Organization to credit risk are accounts receivable. Management performs regular credit assessments on its receivables and provides allowances for potentially uncollectable receivables.

10. Commitments

The Organization has entered into several contracts for management services:

- The Organization has entered into a contract with Profit Wise Bookkeeping & Tax Services that began on February 1, 2021 and will continue indefinitely until terminated or a newer version is signed.
- The Organization has entered into a contract with Monchuk Management that began on October 1, 2021 and will continue until September 30, 2026.
- The Organization has entered into a contract with Blue Sky Ideas Consulting that began on October 1, 2022 and will continue until September 30, 2023.
- The Organization has entered into a contract with Eaton & Associates Consulting that began October 1, 2021 and continue until September 30, 2024.

The Organization estimates the costs of the above commitments to be \$440,000 per fiscal year.

11. Comparative numbers

Certain comparative amounts may have been reclassified from those previously presented to conform with current year presentation.

Farm & Food Care Saskatchewan Inc.

Schedule #1

Public Trust & Outreach

Schedule of Operations

For the Year Ended September 30, 2023

(Unaudited)

	2023	2022
Revenue		
Public trust & outreach	\$ 456,833	\$ 236,348
Expenses		
Canadian food focus	267,161	315,139
Food influencers	134,202	54,778
Staff contracts	69,380	41,318
Advertising and promotion	63,918	14,705
Administration	56,094	2,182
Conferences, meetings and events	35,147	33,951
National projects	34,037	9,399
Ag month	9,274	15,942
	669,213	487,414
Deficiency of revenue over expenditures for the year	\$ (212,380)	\$ (251,066)

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

Farm & Food Care Saskatchewan Inc.

Schedule #2

General & Administration

Schedule of Operations

For the Year Ended September 30, 2023

(Unaudited)

	2023	2022
Revenue		
Membership	\$ 241,990	\$ 272,456
Grants	162,500	150,000
CAP	1,433	112,843
Agriculture & Agri-Food Canada	71,193	-
Other	1,287	2,911
Interest earned	3,919	-
Public trust & outreach	-	5,000
	482,322	543,210
Expenses		
Staff contracts	180,689	145,461
Conferences, meetings and events	15,209	4,806
Training	12,294	4,307
Administration	9,019	2,000
Professional fees	7,053	8,870
Supplies and office expenses	5,355	4,791
Other	1,462	31,365
Utilities	2,016	1,851
Insurance	1,931	2,466
Rent	1,740	1,620
Bank charges	1,550	1,108
Bad debts	525	-
Amortization	366	195
Advertising and promotion	-	149
	239,209	208,989
Deficiency of revenue over expenditures for the year	\$ 243,113	\$ 334,221

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

Farm & Food Care Saskatchewan Inc.

Schedule #3

Industry Programs & Services

Schedule of Operations

For the Year Ended September 30, 2023

(Unaudited)

	2023	2022
Revenue		
Industry programs	\$ 73,781	\$ 18,318
Expenses		
Conferences, meetings and events	66,718	34,283
Administration	23,120	32,066
IT expenses	5,753	7,273
	95,591	73,622
Deficiency of revenue over expenditures for the year	\$ (21,810)	\$ (55,304)

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