ONTARIO ASSOCIATION OF AGRICULTURAL SOCIETIES

Financial Statements

November 30, 2021

ONTARIO ASSOCIATION OF AGRICULTURAL SOCIETIES
Index to Financial Statements
Year Ended November 30, 2021

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12

LYNCH
RUTHERFORD
TOZER

CHARTERED
PROFESSIONAL
ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Ontario Association of Agricultural Societies

We have reviewed the accompanying financial statements of Ontario Association of Agricultural Societies (the Association) that comprise the statement of financial position as at November 30, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Ontario Association of Agricultural Societies as at November 30, 2021, 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.

Lynch Rutherford Tozer

Port Hope, Ontario
January 26, 2022

Chartered Professional Accountants
Licensed Public Accountants

71 Walton Street
Port Hope, Ontario
L1A 1N2
(905) 885-2443

ONTARIO ASSOCIATION OF AGRICULTURAL SOCIETIES
Statement of Financial Position
As at November 30, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	**$ 216,616**	$ 188,728
Investments *(Note 3)*	**181,299**	179,613
Accounts receivable *(Note 4)*	**9,112**	7,246
Prepaid expenses	**6,279**	6,373
	413,306	381,960
EQUIPMENT *(Note 5)*	**1,283**	571
LONG TERM INVESTMENTS *(Note 3)*	**100,519**	-
	101,802	571
	$ 515,108	$ 382,531
LIABILITIES		
CURRENT		
Accounts payable *(Note 6)*	**$ 21,952**	$ 15,056
Deferred income *(Note 7)*	**83,590**	11,050
	105,542	26,106
LONG TERM DEBT *(Note 8)*	**37,637**	27,244
	143,179	53,350
NET ASSETS		
UNRESTRICTED NET ASSETS	**371,929**	329,181
	$ 515,108	$ 382,531

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

The accompanying notes form an integral part of these financial statements

ONTARIO ASSOCIATION OF AGRICULTURAL SOCIETIES
Statement of Revenues and Expenditures
Year Ended November 30, 2021

	2021	2020
REVENUES		
Convention fees	$ 53,158	$ 135,171
Affiliation and Membership fees	64,841	89,572
Partnership donations	17,275	27,654
Book sales	526	854
Other	333	940
Interest	2,205	3,869
	138,338	258,060
EXPENSES		
Salaries and wages	86,293	81,184
Website	306	1,612
Insurance	1,871	1,556
Memberships	3,211	3,228
Office	6,739	1,678
Professional fees	3,115	2,870
Professional development	4,966	306
Telephone	2,724	2,725
Interest and bank charges	3,568	4,307
Interest on long term debt *(Note 8)*	1,542	689
Amortization	373	242
Board member meetings	5,168	12,432
Committees and convention	8,934	64,275
Printing and reproduction	7,526	14,786
Fair visitations	-	238
Recognition awards	478	1,224
Other	3,168	3,792
Special projects	2,344	-
First Impressions program	-	100
	142,326	197,244
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(3,988)	60,816
OTHER INCOME		
CEBA Loan Forgiveness *(Note 8)*	10,000	10,000
CEBA Writedown *(Note 8)*	1,148	3,445
Canada Emergency Wage Subsidy Program *(Note 9)*	36,159	26,384
Gain (Loss) on Disposal of Assets	(571)	-
	46,736	39,829
EXCESS OF REVENUES OVER EXPENSES	$ 42,748	$ 100,645

The accompanying notes form an integral part of these financial statements

ONTARIO ASSOCIATION OF AGRICULTURAL SOCIETIES
Statement of Changes in Net Assets
Year Ended November 30, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	**$ 329,181**	$ 228,536
EXCESS OF REVENUES OVER EXPENSES	**42,748**	100,645
NET ASSETS - END OF YEAR	**$ 371,929**	$ 329,181

The accompanying notes form an integral part of these financial statements

ONTARIO ASSOCIATION OF AGRICULTURAL SOCIETIES
Statement of Cash Flows
Year Ended November 30, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 42,748**	$ 100,645
Items not affecting cash:		
Amortization	**373**	242
Loss on disposal of equipment	**571**	-
CEBA Loan Forgivenss income and writedown *(Note 8)*	**(11,148)**	(13,445)
CEBA Loan Interest *(Note 8)*	**1,542**	689
	34,086	88,131
Changes in non-cash working capital:		
Accounts receivable	**(1,866)**	(6,404)
Prepaid expenses	**94**	(217)
Accounts payable	**6,895**	3,733
Deferred income	**72,540**	(16,855)
	77,663	(19,743)
Cash flow from operating activities	**111,749**	68,388
INVESTING ACTIVITIES		
Purchase of equipment	**(1,656)**	(550)
Purchase of investments	**(102,205)**	(3,869)
Cash flow used by investing activities	**(103,861)**	(4,419)
FINANCING ACTIVITY		
CEBA loan proceeds *(Note 8)*	**20,000**	40,000
INCREASE IN CASH FLOW	**27,888**	103,969
CASH - BEGINNING OF YEAR	**188,728**	84,759
CASH - END OF YEAR	**$ 216,616**	$ 188,728

The accompanying notes form an integral part of these financial statements

1. NATURE OF OPERATIONS

The Ontario Association of Agricultural Societies (OAAS) is a non-profit organization without share capital established in 1935 to serve as the unifying organization for all of the Agricultural Societies in the province. The Association operates under the Agricultural and Horticultural Act (Ontario). The Board of Directors represent 15 districts from across the province. The Association is financed primarily through affiliation fees of the agricultural society and service members.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and are in accordance with Canadian generally accepted accounting principles.

Cash

Cash consists of bank deposits and cash on hand.

Revenue recognition

The Association follows the deferral method of accounting for contributions such as affiliation and convention fees, donations, and grants. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Convention fees are recognized at the time the underlying convention event is held; at the time service requirements for the payment have been met. Affiliation fees are recognized in the year of which the affiliation relates; as contributions, rather than fees for services because the fees paid are not commensurate with the value of services received. Book sales revenues are recognized when the books are sold. Unrestricted donations and grants are recognized when received or when the amount can be reasonably estimated and when ultimate collection is reasonably assured. Restricted donations and grants for expenditures of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenditures are recognized.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis :

Computer equipment	45%	declining balance method

The Association regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Volunteer Services

The Association would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because these services are not normally purchased by the Association and because of the difficulty of determining their fair value, amounts for donated services are not recognized in these financial statements (current or prior year). Donations-in-kind are only recognized in the financial statements if they are normally purchased and their fair value can be established.

Financial instruments policy

Financial instruments are recorded at its fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to the instrument. These costs on the acquisition, sale or issue of financial instruments are expensed when incurred if the financial instrument will be subsequently measured at fair market value. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date when there are indications of impairment.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposit investments, trade and other accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and long-term debt reported as financial liabilities.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. In particular, estimates are used in accounting for certain items such as deferred revenues, allowance for doubtful accounts and useful lives of capital assets. Actual results could differ from these estimates.

3. INVESTMENTS

The investments (including accrued interest) consist of the following:

	2021	2020
Non-Redeemable GIC -Entegra Credit Union, 1.09%, matured November 16, 2021	$ -	$ 26,435
Non-Redeemable GIC -Access Credit Union, 1.25%, due November 16, 2022	**80,161**	53,136
Non-Redeemable GIC -Home Trust, 0.15%, due November 16, 2022	**101,138**	100,042
Non-Redeemable GIC- Community Tr 1.17%, Due June 21, 2023	**100,519**	-
Total investments	**281,818**	179,613
Less: long-term portion of investments	**(100,519)**	-
	181,299	179,613

Investments in the guaranteed investment certificates have been classified as current assets on the statement of financial position when the amounts mature in less than twelve months. Investments that mature in more than twelve months are classified as long term assets.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following;

	2021	2020
Trade accounts receivable	**$ 9,112**	$ 7,246

5. EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	$ 1,656	$ 373	**$ 1,283**	$ 571

6. ACCOUNTS PAYABLE

Accounts payable consists of the following;

	2021	2020
Trade and other accounts payable	$ 3,895	$ 3,250
Government remittances	18,057	11,806
	$ 21,952	$ 15,056

The amount owing to Government remittances relates to HST recurring filings.

7. DEFERRED INCOME

The following monies have been received, but not yet recognized as revenue:

	2021	2020
Fair Affiliation	$ 55,310	$ -
Partnership Donations	16,050	7,000
Service Member Fees	5,700	4,050
Tradeshow Badge	30	-
Tradeshow Fees	6,500	-
	$ 83,590	$ 11,050

In 2020 and 2021, deferred income consists of fees which are paid in the current fiscal year but relate to the subsequent fiscal year. As a result, the entire balance has been reported as a current liability. The organization implemented a new policy for the fair affiliation fees to be paid in advance. Therefore, the $55,310 collected for 2022 fair affiliation fees has been deferred in full. The organization confirmed that an in-person convention will be held in February 2022 compared to a virtual convention held during 2021. As a result, partnership donation and tradeshow fee deferred income is higher compared to the 2020.

8. LONG TERM DEBT

	2021	2020
CEBA Loan	$ 60,000	$ 40,000
Loan forgiveness	(20,000)	(10,000)
CEBA loan at face value	40,000	30,000
Writedown	(4,593)	(3,445)
Interest	2,230	689
CEBA loan at amortized cost	$ 37,637	$ 27,244

The Association received a Canada Emergency Business Account (CEBA) interest-free loan for $40,000 during 2020. 25% or $10,000 of the loan will be forgiven if the remaining $30,000 balance of the loan is repaid in full on or before December 31, 2023. If the $30,000 is not repaid in full on or before December 31, 2023, the full $40,000 loan will be payable. The balance outstanding may be extended to December 31, 2025 but interest will be charged at a rate of 5%.

The Association expects to repay the loan in full prior to December 31, 2023. Therefore, $10,000 has been reported as forgiveness income on the statement of revenues and expenditures.

The Association received an additional CEBA interest-free loan for $20,000 during 2021. 50% or $10,000 of the loan will be forgiven if the remaining $10,000 balance of loan is repaid in full on or before December 31, 2023. If the $10,000 is not repaid in full on or before December 31, 2023 the full $20,000 will be payable.

The CEBA loan is non-interest bearing, however, due to the application of accounting for financial instruments, interest expense on the CEBA loan is recognized over the life of the CEBA loan at the prevailing interest rate at the time of inception of the CEBA loan. The CEBA loan is measured at amortized cost based on an estimated 5% interest rate; the applicable rate if the loan is not repaid by December 31, 2022. Based on these assumptions, the initial CEBA loan writedown of $4,593 (2020 - $3,445) is reported as other income on the statement of revenues and expenditures. Interest expense of $2,230 (2020 - $689) is also reported on the statement of revenues and expenditures.

Therefore, in summary, the loan payable balance has been reduced to $37,637 (2020-$27,244), $11,148 (2020 - $13,445) has been recognized as other income and $1,542 (2020 -$689) has been recognized as interest expense.

9. Canada Emergency Wage Subsidy Program

	2021	2020
Canada Emergency Wage Subsidy Program	**$ 36,159**	$ 26,384

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program. The program provides employers that have been impacted by COVID-19 with a wage subsidy to cover a portion of employee wages. The Association has assessed its eligibility and determined that it has qualified for this subsidy from the March 15, 2020 effective date through November 2021. The Assocation also intends on applying for the CEWS in subsequent periods, subject to meeting the specific criteria.

During the year ended November 30, 2021, the Association received $36,159 (2020 - $26,384) in government assistance from the Canada Emergency Wage Subsidy (CEWS) program.

10. OTHER ISSUES

Subsequent to November 30, 2021, the global COVID-19 pandemic has severely impacted economic activities around the world and it continues to evolve. The duration and impact of the pandemic remains uncertain at this time. The Association has determined that these events are non-adjusting subsequent events. Hence, the financial position and results of operations as of and for the year ended November 30, 2021 have not been adjusted to reflect their impact, if any. As well, the Association is not able to reliably estimate the effects of the pandemic on the results of its future operations and financial position.

11. FINANCIAL INSTRUMENTS

The Association 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 the Association's risk exposure and concentration as of November 30, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

(continues)

11. FINANCIAL INSTRUMENTS *(continued)*

Fair value

The Association's carrying value of cash and cash equivalents, term deposits, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association has invested funds in investments at a fixed interest rate.

12. COMPARATIVE FIGURES

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