

AGRICULTURE IN THE CLASSROOM SASK. INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Agriculture in the Classroom Sask. Inc.** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

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Sara Shymko

Executive Director



INDEPENDENT AUDITORS' REPORT

To the Members, Agriculture in the Classroom Sask. Inc.

Opinion

We have audited the financial statements of **Agriculture in the Classroom Sask. Inc.**, which comprise the statement of financial position as at December 31, 2022, 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 the Organization as at December 31, 2022, and its financial performance and 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 the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITORS' REPORT *continued*

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.

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 Organization'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 Organization'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 Organization 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

March 5, 2023
Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

AGRICULTURE IN THE CLASSROOM SASK. INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(with comparative figures for 2021)

ASSETS		2022	2021
Current assets			
Cash	\$	120,357	\$ 817,926
Accounts receivable		202,048	210,327
Inventory		27,793	23,387
Prepaid expenses		15,044	4,001
Short-term investments (Note 3)		996,620	441,066
		1,361,862	1,496,707
 Tangible capital assets (Note 4)		 15,173	 15,284
		\$ 1,377,035	\$ 1,511,991
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$	154,323	\$ 129,475
Government remittances payable		22,051	20,519
Deferred revenue (Notes 5 and 6)		201,000	256,910
		377,374	406,904
NET ASSETS			
Internally restricted		944,574	350,166
Unrestricted		55,087	754,921
		999,661	1,105,087
		\$ 1,377,035	\$ 1,511,991
 Commitment (Note 8)			

See accompanying notes to the financial statements.

APPROVED BY: DocuSigned by:
keith Fournier Director
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AGRICULTURE IN THE CLASSROOM SASK. INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

	Internally restricted	Unrestricted	2022	2021
Net assets - beginning of year	\$ 350,166	\$ 754,921	\$ 1,105,087	\$ 680,941
Excess of revenue over expenses	-	(105,426)	(105,426)	424,146
Transfers (Note 11)	594,408	(594,408)	-	-
Net assets - end of year	\$ 944,574	\$ 55,087	\$ 999,661	\$ 1,105,087

See accompanying notes to the financial statements.

AGRICULTURE IN THE CLASSROOM SASK. INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Revenue		
Canadian agriculture literacy month	\$ 27,185	\$ 40,456
Donations in-kind	48,000	48,000
Grants	343,702	327,336
Little green thumbs national	187,250	230,261
Memberships	18,000	15,500
Other revenue	83,747	469,909
Project revenue	139,297	105,662
Reimbursed expenses	1,842	-
Resource library	12,000	-
Sales	104,526	128,923
School garden program	164,100	115,164
Sponsorships	425,916	394,550
	<u>1,555,565</u>	<u>1,875,761</u>
Expenses		
AITC Canada	6,821	-
Administration	129,394	119,387
Board of directors	7,789	845
Canadian agriculture literacy month	49,745	40,456
Communications	49,751	32,291
Cost of sales	93,011	102,737
Project expenses	209,957	175,358
Little green thumbs national	187,158	230,261
Program costs	284,574	238,250
Resource library	106,061	103,234
School garden program	164,208	115,165
Staff expenses	25,470	8,147
thinkAG	-	1,626
Wages and benefits (Note 12)	354,926	288,173
	<u>1,668,865</u>	<u>1,455,930</u>
Excess (deficiency) of revenue over expenses from operations	(113,300)	419,831
Other income		
Investment income net of investment expenses	7,874	4,315
	<u>7,874</u>	<u>4,315</u>
Excess (deficiency) of revenue over expenses	\$ (105,426)	\$ 424,146

See accompanying notes to the financial statements.

AGRICULTURE IN THE CLASSROOM SASK. INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	\$ (105,426)	\$ 424,146
Items not involving cash:		
- Amortization	9,575	8,617
	<u>(95,851)</u>	<u>432,763</u>
Non-cash operating working capital (Note 9)	<u>(36,700)</u>	<u>406,587</u>
	<u>(132,551)</u>	<u>839,350</u>
Cash provided by (used in) investing activities:		
Additions to investments	(555,554)	(218,275)
Additions to tangible capital assets	(9,464)	(11,890)
	<u>(565,018)</u>	<u>(230,165)</u>
Increase (decrease) in cash	(697,569)	609,185
Cash position - beginning of year	<u>817,926</u>	<u>208,741</u>
Cash position - end of year	<u>\$ 120,357</u>	<u>\$ 817,926</u>

See accompanying notes to the financial statements.

AGRICULTURE IN THE CLASSROOM SASK. INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

1. Nature of operations

Agriculture in the Classroom Sask. Inc. (the "Organization") was incorporated under *The Non-Profit Corporations Act* in the province of Saskatchewan on June 14, 1994. Effective July 28, 2004, the Organization become a registered charity under the Income Tax Act and, as such, is not subject to income tax under the provisions of paragraph 149(1)(l) of the Income Tax Act.

The Organization is an industry-sponsored Organization designed to educate students, teachers, and the general public about agriculture and the agri-food industry.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in excess of revenue over expenses. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market.

The Organization's recognized financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities.

Cash

Cash consists of cash on hand, balances with banks, and cash accounts within investment portfolios.

Inventory

Inventory is recorded at the lower of cost and net realizable value with cost being determined by the weighted average method.

AGRICULTURE IN THE CLASSROOM SASK. INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

2. Summary of significant accounting policies (continued)

Investments

Investments consist of guaranteed investment certificates, bonds and equities and are accounted for at fair market value.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Furniture and equipment	20 %
Display	20 %
Computer equipment	55 %

In the year of acquisition, depreciation is provided at one-half the annual rate.

Revenue recognition

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 the restrictions are met. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is assured. Sponsorships are recognized as revenue when received.

The Organization recognizes subsidies and grants received from various government programs as revenue in the period earned after all necessary applications have been completed and collection is reasonably assured. If the grant or subsidy arose as a result of incurring certain expenses, the corresponding grant or subsidy revenue will be reported in the same period as the expenses. These amounts may be subject to review by Canada Revenue Agency or other government agencies. Any differences between the amounts recorded in the financial statements and the amounts received will be recognized in income in the period in which new information becomes known.

Investment income is recognized as revenue on an accrual basis.

Donations in-kind

Donations in-kind are materials and services that would normally be purchased by the Organization and have been recorded as revenue in the financial statements at fair value.

AGRICULTURE IN THE CLASSROOM SASK. INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

3. Investments

	<u>2022</u>	<u>2021</u>
Guaranteed investment certificates	\$ 498,722	\$ 441,066
Fixed income bonds	169,838	-
USD Equities	169,859	-
CAD Equities	158,201	-
	<u>\$ 996,620</u>	<u>\$ 441,066</u>

Guaranteed investment certificates have interest rates ranging from 2.75% to 4.30% and maturity dates ranging from January 2023 to November 2023. USD Equities have been accounted for in Canadian dollars using daily exchange rates.

4. Tangible capital assets

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 35,858	\$ 23,963	\$ 11,895	\$ 11,187
Furniture and equipment	15,662	12,498	3,164	3,955
Display	1,176	1,062	114	142
	<u>\$ 52,696</u>	<u>\$ 37,523</u>	<u>\$ 15,173</u>	<u>\$ 15,284</u>

AGRICULTURE IN THE CLASSROOM SASK. INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

5. Deferred revenue - detail

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 256,910	\$ 120,106
Revenue received during the year:		
School garden programs	130,100	83,590
Little green thumbs national	176,904	68,991
Journey 2050	-	4,564
thinkAG Career Expo	-	2,064
Administration	24,073	13,251
Project funds administration	4,000	65,000
Other	60,277	44,185
Less amounts recognized:		
School garden programs	(164,208)	(52,754)
Little green thumbs national	(187,158)	(35,852)
Journey 2050	(4,564)	-
thinkAG Career Expo	(2,064)	-
Administration	(22,750)	(9,500)
Project funds administration	-	(46,735)
Other	(44,185)	-
Deferred revenue, end of year	<u>\$ 201,000</u>	<u>\$ 256,910</u>

6. Deferred revenue - summary

Deferred revenue is comprised as follows:

	<u>2022</u>	<u>2021</u>
Administration	\$ 10,823	\$ 13,250
National school garden program	58,645	68,991
Project funds administration	21,665	22,000
School garden program	49,590	83,590
Other deferred revenue	60,277	50,814
	<u>\$ 201,000</u>	<u>\$ 256,910</u>

AGRICULTURE IN THE CLASSROOM SASK. INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

7. Credit arrangements

The Organization has an available operating line of credit with Affinity Credit Union, for up to a maximum of \$35,000 bearing interest at 6.95% which is due on demand. Interest only payments are required at month end; there are no set terms of principal repayment. As at December 31, 2022, \$nil had been drawn (2021 \$nil).

8. Commitment

The Organization leases premises and equipment under agreements requiring aggregate minimum payments over the next two years as follows:

2023	\$	15,977
2024		1,911

9. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	<u>2022</u>	<u>2021</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ 8,279	\$ (29,741)
Inventory	(4,406)	(4,367)
Prepaid expenses	(11,043)	(544)
Short-term investments	-	308,594
	(7,170)	273,942
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	24,848	(9,253)
Government remittances payable	1,532	5,094
Deferred revenue	(55,910)	136,804
	(29,530)	132,645
	\$ (36,700)	\$ 406,587

AGRICULTURE IN THE CLASSROOM SASK. INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

10. Financial risk management

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Organization is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Organization issues invoices per agreements that have been entered into where collection is reasonably assured.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's exposure to interest rate risk is limited to the investments and line of credit which are subject to future changes in interest rates.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Organization's financial obligations.

11. Transfers

During the year, the Board approved a transfer of \$594,408 (2021 - \$218,275) from the unrestricted net assets to the internally restricted net assets.

12. Allocation of expenses

The Organization presents the statement of operations by function with salaries, benefits, directly related staffing costs and some overhead costs allocated by function.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year.
