

National Farmers Union - Ontario
Financial Statements
September 30, 2023

National Farmers Union - Ontario Contents

For the year ended September 30, 2023

	<i>Page</i>
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Changes in Net Assets.....	2
Statement of Cash Flows.....	3
Notes to the Financial Statements	4

To the members of National Farmers Union - Ontario:

Qualified Opinion

We have audited the financial statements of National Farmers Union - Ontario (the "Organization"), which comprise the statement of financial position as at September 30, 2023, and the statements of operations and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from the public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses and its cash flows for the years ended September 30, 2023 and September 30, 2022, and net assets as at September 30, 2023 and September 30, 2022.

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 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 qualified 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 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.

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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

London, Ontario

February 13, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

National Farmers Union - Ontario

Statement of Financial Position

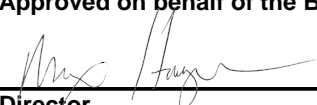
As at September 30, 2023

	2023	2022
Assets		
Current		
Cash	200,176	183,911
Accounts receivable (Note 8)	210,476	129,427
Prepaid expenses and deposits	1,254	318
	411,906	313,656
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	37,674	33,983
Deferred contributions (Note 5), (Note 8)	266,573	124,275
	304,247	158,258
CEBA loan payable	-	37,699
	304,247	195,957
Net Assets		
Net assets, end of year	107,659	117,699
	411,906	313,656

Approved on behalf of the Board

Director

Director




The accompanying notes are an integral part of these financial statements

National Farmers Union - Ontario Statement of Operations and Changes in Net Assets

For the year ended September 30, 2023

	2023	2022
Revenue		
Farm Business Registration fees, net of refunds	362,085	364,665
Memberships	1,125	2,250
Allocation to locals	(51,944)	(52,910)
Allocation to NFU	(151,484)	(154,548)
Net revenue (Note 7)	159,782	159,457
Revenue		
Special funding (Note 8)	312,246	198,982
Donations	15,569	22,746
Reimbursement	6,975	6,975
Sundry	6,950	12,539
Convention	2,789	2,965
Interest and dividends	150	586
	344,679	244,793
	504,461	404,250
Expenses		
Advertising	4,726	5,075
Agricorp administration fee	29,318	29,055
Bank charges and interest	396	526
Council (Note 9)	7,041	771
Francophone fee	5,478	5,353
Insurance	1,293	1,357
Local support	9,094	8,298
Office	8,832	6,199
Professional fees	21,045	19,999
Special funding (Note 8)	170,452	66,467
Travel, conventions and trade shows	2,105	1,732
Wages (Note 8)	252,120	238,932
Youth caucus	300	200
Total expenses	512,200	383,964
(Deficiency) excess of revenue over expenses before other items	(7,739)	20,286
Other revenue (expenses)		
Government assistance (Note 6)	(2,301)	5,716
(Deficiency) excess of revenue over expenses	(10,040)	26,002
Net assets, beginning of year	117,699	91,697
Net assets, end of year	107,659	117,699

The accompanying notes are an integral part of these financial statements

National Farmers Union - Ontario Statement of Cash Flows

For the year ended September 30, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(10,040)	26,002
Government loan gain	2,301	1,835
	(7,739)	27,837
Changes in working capital accounts		
Accounts receivable	(81,049)	(99,552)
Prepaid expenses and deposits	(936)	292
Accounts payable and accrued liabilities	3,691	21,644
Deferred contributions	142,298	116,082
	56,265	66,303
Financing		
Repayment of CEBA loan payable	(40,000)	-
Increase in cash resources	16,265	66,303
Cash resources, beginning of year	183,911	117,608
Cash resources, end of year	200,176	183,911

The accompanying notes are an integral part of these financial statements

National Farmers Union - Ontario

Notes to the Financial Statements

For the year ended September 30, 2023

1. Incorporation and nature of the organization

National Farmers Union - Ontario (the "Organization") was incorporated under the laws of the Province of Ontario in May, 2002 and is registered as a not-for-profit organization.

The Organization's purpose is to represent persons carrying on a farming business in Ontario so as to promote the betterment of farmers in the attainment of their economic and social goals.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions, including special funding and grants, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including donations and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Registration fees are received directly from the Farm Business Registration and are recorded as revenue upon receipt. The registration fees are refundable to the contributing farmer upon request up until May 30th each year.

Membership revenue and other revenue is recorded upon receipt.

Cash

The Organization follows a policy of including its credit union shares in its cash balance.

Capital assets

Purchased equipment is recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has made such an election during the year. Fair value is determined by reference to recent arm's length transactions.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in (deficiency) excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in (deficiency) excess of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, and no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

2. Significant accounting policies *(Continued from previous page)*

Any impairment, which is not considered temporary, is included in current year (deficiency) excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in (deficiency) excess of revenue over expenses in the year the reversal occurs.

Use of estimates

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 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 reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Contributed services

Directors and members volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Income Taxes

The Organization qualifies as a tax exempt organization under section 149(1)(l) of the *Income Tax Act*.

Government assistance

Government assistance is recognized where there is reasonable assurance that the Organization has complied and will continue to comply with all conditions of the assistance. Government assistance toward current expenses is recognized in income for the period as revenue.

3. Financial instruments and risks

Unless otherwise noted it is management's opinion that the Organization is not exposed to any significant risk arising from its financial instruments. There have been no changes from management's risk assessment in the prior year.

Credit Risk

The financial instrument that potentially subject the Organization to credit risk consist of cash. The Organization mitigates its exposure to credit risk by placing its cash with high quality institutions.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they become due. The Organization reduces its exposure to liquidity risk by establishing budgets.

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at year end includes the following amounts of government remittances payable:

	2023	2022
HST	16,394	20,890

National Farmers Union - Ontario
Notes to the Financial Statements
For the year ended September 30, 2023

5. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted by the terms of any related agreements. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	124,275	8,193
Amount received during the year	217,797	125,093
Less: Amount recognized as revenue during the year	(285,452)	(130,033)
Add: Additional amounts receivable during the year	209,953	121,022
Balance, end of year	266,573	124,275

6. Government assistance

Government assistance received in fiscal 2023 is as follows:

	2023	2022
Canada Summer Jobs program During the year the Organization received grant funding from the Minister of Employment and Social Development to cover summer staff wages under the Canada Summer Jobs program.	-	4,701
Canada Emergency Business Account \$2,301 fair value adjustment.	(2,301)	(1,835)
Canada-Ontario Job Grant During the year the Organization received grant funding from Employment Ontario to cover specified training costs.	-	2,850
	(2,301)	5,716

7. Revenue

Details of net revenue are as follows:

	1 registration fee received at \$240	240
1,419	registration fees received at \$255	361,845
<u>1,420</u>	Total Registration fees	<u>362,085</u>
5	registration fees received at \$225	1,125
<u>5</u>	Total Memberships	<u>1,125</u>
1,425		363,210
	Revenue allocation to NFU-O's locals	(51,944)
	Revenue allocation to NFU	(151,484)
	Net revenue	159,782

National Farmers Union - Ontario

Notes to the Financial Statements

For the year ended September 30, 2023

8. Skills Development Fund

During the year, the Organization received funding from the Ministry of Labour, Training and Skills Development. Effective March 14, 2022 the Organization was approved for the Skills Development Fund fund grant for a total of \$230,115. An additional grant of \$314,564 was approved on March 31, 2023. These funds have been partially spent as at September 30, 2023.

Included in special funding expense and wage expense are costs totaling \$249,374 related to the grant during the year ended September 30, 2023 (2022 - \$ 110,587). Included in special funding revenue is \$249,374 related to the reimbursement of these expenses incurred during the year ended September 30, 2023 (2022 - \$ 110,587). Funding received up to September 31, 2023 is \$363,526 (2022 - \$114,093) with the remaining \$181,153 receivable included in accounts receivable (2022 - \$ 116,022). Unspent funds of \$184,718 have been included in deferred contributions for the year ended September 30, 2023 (2022 - \$ 119,528).

The Organization is also involved with various other grants included in accounts receivable, deferred contributions, special funding revenue, special funding expense and wage expense.

9. Related party transactions

Included in council expense for the current year is \$5,880 (2022 - \$nil) of honorariums paid to the Board of Directors. The expense was recorded at the carrying amount of the transaction.