

Financial Statements

Ontario Federation of Agriculture

August 31, 2023

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 18
Schedule of Income	19
Schedule of Expenses	20



Tel: 519 824 5410  
Fax: 519 824 5497  
Toll-free: 877 236 4835  
www.bdo.ca

BDO Canada LLP  
245 Hanlon Creek Blvd  
Guelph ON N1C 0A1 Canada

# Independent Auditor's Report

To the Members of Ontario Federation of Agriculture

## Opinion

We have audited the financial statements of Ontario Federation of Agriculture (the Federation), which comprise the statement of financial position as at August 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 the Federation as at August 31, 2023 and its results of 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 the Federation 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 the Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation'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 scepticism 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 Federation'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 Federation'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 Federation 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Guelph, Ontario  
November 9, 2023

# Ontario Federation of Agriculture Statement of Operations

For the year ended August 31	Budget 2023 (Note 9)	2023	2022
<b>Income</b>			
Revenue (Page 19)	\$ 9,127,044	\$ 9,135,239	\$ 9,051,690
Project management revenues (Note 12, 13)	0	368,211	584,107
Other (Page 19)	2,212,979	3,040,297	1,984,387
	<u>11,340,023</u>	<u>12,543,747</u>	<u>11,620,184</u>
<b>Expenses</b>			
Organizational (Page 20)	2,710,347	2,765,479	2,217,185
Departmental (Page 20)	7,504,000	6,270,320	6,128,128
Grants, dues and projects (Page 20)	1,053,917	951,641	1,083,882
Project management expenses (Note 12, 13)	0	368,211	584,107
Pension top-ups (Note 8)	19,000	6,405	69,908
Employee future benefits (Note 10)	330,000	348,300	14,500
	<u>11,617,264</u>	<u>10,710,356</u>	<u>10,097,710</u>
Excess of income over expenses	\$ (277,241)	\$ 1,833,391	\$ 1,522,474

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

# Ontario Federation of Agriculture Statement of Changes in Net Assets

For the year ended August 31

	2023			2022
	Unrestricted Net Assets	Invested in Capital Assets	Total	Total
Balance, beginning of year	\$ 12,209,222	\$ 3,101,941	\$ 15,311,163	\$ 18,330,993
Excess (deficiency) of income over expenses	2,073,138	(239,747)	1,833,391	1,522,474
Unrealized increase (decrease) in employee future benefits (Note 10)	366,744	0	366,744	(4,542,304)
Net transfer for purchase of capital assets	<u>(1,867,457)</u>	<u>1,867,457</u>	<u>0</u>	<u>0</u>
Balance, end of year	\$ <u>12,781,647</u>	\$ <u>4,729,651</u>	\$ <u>17,511,298</u>	\$ <u>15,311,163</u>


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

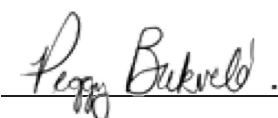
# Ontario Federation of Agriculture Statement of Financial Position

As at August 31		2023	2022
<b>Assets</b>			
Current			
Cash	(Note 3)	\$ 1,087,717	\$ 1,398,881
Short term deposits	(Note 3)	4,800,000	2,500,000
Project funds receivable	(Note 13)	35,437	183,010
Receivables		132,305	107,258
Employee future benefits asset	(Note 10)	395,600	28,500
Prepaid expenses and other assets		91,691	82,243
Current portion of investments, at fair value	(Note 5)	424,086	869,554
Current portion of investments, at amortized cost	(Note 6)	488,300	893,000
		<u>7,455,136</u>	<u>6,062,446</u>
Capital assets	(Note 4)	4,729,651	4,280,034
Investments, at fair value	(Note 5)	2,986,791	3,601,191
Investments, at amortized cost	(Note 6)	3,269,450	3,747,750
Cash surrender value life insurance	(Note 7)	295,507	288,007
		<u>\$ 18,736,535</u>	<u>\$ 17,979,428</u>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		\$ 811,071	\$ 906,267
Current portion of long-term debt	(Note 14)	0	1,178,093
Project funds received in advance	(Note 13)	333,566	495,205
		<u>1,144,637</u>	<u>2,579,565</u>
Pension liability	(Note 8)	80,600	88,700
		<u>1,225,237</u>	<u>2,668,265</u>
<b>Net assets</b>			
Net assets invested in capital assets		4,729,651	3,101,941
Unrestricted net assets		12,781,647	12,209,222
		<u>17,511,298</u>	<u>15,311,163</u>
		<u>\$ 18,736,535</u>	<u>\$ 17,979,428</u>

Commitments (Note 11)

On behalf of the Board

 Director

 Director

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

# Ontario Federation of Agriculture Statement of Cash Flows

For the year ended August 31	2023	2022
<b>Cash from operations</b>		
Excess of income over expenses	\$ 1,833,391	\$ 1,522,474
Non-cash items		
Depreciation	242,808	229,704
Gain on disposal of equipment	(3,061)	0
Realized loss on investments	189,869	21,932
Unrealized loss (gain) on investments	(159,058)	428,038
Member loyalty payment received in shares	0	(600,000)
Change in defined benefit asset	(367,100)	4,195,200
Unrealized change in pension valuation allowance	366,744	(4,542,304)
Change in pension liability (Note 8)	(8,100)	(22,364)
Change in cash surrender value of life insurance	(7,500)	(7,500)
	<u>2,087,993</u>	<u>1,225,180</u>
Net change in non-cash operating working capital		
Receivables	(25,047)	(40,563)
Project funds receivable	147,573	67,067
Prepaid expenses and other assets	(9,448)	16,994
Accounts payable and accrued liabilities	(95,196)	473,934
Project funds received in advance	(161,639)	(41,130)
	<u>1,944,236</u>	<u>1,701,482</u>
<b>Investing activities</b>		
Purchase of investments	(2,845,924)	(3,338,588)
Proceeds from sale of investments	4,757,981	3,172,090
Purchase of capital assets	(696,603)	(88,565)
Proceeds on disposal of equipment	7,239	0
	<u>1,222,693</u>	<u>(255,063)</u>
<b>Financing activities</b>		
Loan repayments	(1,178,093)	(44,037)
	<u>(1,178,093)</u>	<u>(44,037)</u>
Net increase in cash and cash equivalents	1,988,836	1,402,382
Cash and cash equivalents, beginning of year	<u>3,898,881</u>	<u>2,496,499</u>
Cash and cash equivalents, end of year	\$ <u>5,887,717</u>	\$ <u>3,898,881</u>
Represented by:		
Cash	\$ 1,087,717	\$ 1,398,881
Cash equivalents; short term deposit	<u>4,800,000</u>	<u>2,500,000</u>
	\$ <u>5,887,717</u>	\$ <u>3,898,881</u>



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



---

# Ontario Federation of Agriculture

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 1. Nature of operations

The Ontario Federation of Agriculture (the “Federation” and/or the “OFA”) was incorporated without share capital August 23, 1956 under the laws of Ontario and works collaboratively towards a profitable, sustainable future for Ontario farmers.

The Federation is an accredited general farm organization under the *Farm Registration and Farm Organizations Funding Act, 1993* (the “Act”).

---

### 2. Summary of significant accounting policies

#### Basis of presentation

The Federation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The following is a summary of significant accounting policies adopted by the Federation in the preparation of the financial statements.

#### Revenue recognition

During fiscal 2013, the Federation received an accreditation ruling from the Agriculture, Food and Rural Affairs Appeals Tribunal (the Tribunal). The Tribunal ruled that farmers who have paid the Farm Business Registration (FBR) fee to OFA are supporters of OFA. They are not members of OFA until they have signed a membership agreement with the OFA. Accordingly, commencing in 2013, the OFA has established a two-step process, whereby when the farmer pays their registration fee, they are sent a membership agreement. If they sign and return the membership agreement, then they become eligible for membership benefits. There is no additional fee required. The difference between a member and a supporter is voting rights. A supporter who returns their membership agreement becomes a member and has voting rights.

As a result of the Tribunal ruling, the characteristics of the fee has changed to only be a FBR fee for which OFA does not have to provide any benefits; hence this becomes a contribution which is recognized as revenue when received.

The Federation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted by the donor are deferred when received and recognized as revenue in the year in which the related expenses are recognized.

Management fees and other income are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

---

# Ontario Federation of Agriculture

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 2. Summary of significant accounting policies (continued)

Project funds received in advance are for ongoing projects under contract from various sources. The sources will advance the Federation funds before the actual expenditure is incurred. The money advanced is recorded as a liability until the related expense is paid.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and other institutions and term deposits with maturities of three months or less.

#### Capital assets

Capital assets are recorded at cost. Depreciation and amortization are recorded as follows:

Furniture and equipment	- 20% declining balance
Computer hardware	- 3 years straight line
Computer software	- 3 years straight line
Buildings	- 4% declining balance

In the year of acquisition, for assets depreciated under the declining balance method, the depreciation charge is reduced by one half.

When a capital asset no longer has any long-term service potential to the Federation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

#### Investments

Bonds, equities, and mutual funds shares are classified as held for trading and are carried at fair value. Investments in shares included in long-term investments for which there is no active market have been designated as available-for-sale and are recorded at cost. If the value of an investment has permanently declined, the investment is written down to net realizable value.

#### Employee future benefits

The Federation uses the immediate recognition approach to account for its defined benefit pension plans. The accrued benefit assets or obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

Plan assets are measured at fair value.

The Federation recognizes the plan's surplus or unfunded deficit in any given year, which is the net amount of the accrued benefit obligations and the fair value of plan assets on the statement of financial position.

The unrealized market related decrease (increase) in the pension asset or obligation and the valuation allowance have been charged directly to net assets. Market volatility surrounding investments on pension assets and bond rates used to determine pension liabilities will have a significant impact on the funded status of the plan in any given year.

---

# Ontario Federation of Agriculture

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 2. Summary of significant accounting policies (continued)

Current year benefit costs, interest on accrued benefit obligation, administrative costs and interest on plan assets are included in the cost of the plan for the year in the statement of operations.

#### Income taxes

The Federation is a non-profit Federation and is exempt from income taxes under section 149(1)(e) of the Income Tax Act.

#### Use of estimates

In preparing the Federation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from these estimates.

These estimates are reviewed periodically, and adjustments are made to excess of income over expenses as appropriate in the year they become known.

Items subject to significant management estimates include amortization of capital assets, valuation of investments and employee future benefit asset or obligation.

#### Financial instruments

The Federation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees. Financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

At each reporting date, the Federation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, project funds receivable, receivables, investments other than bonds, equities and mutual funds, cash surrender value of life insurance, payables and accruals, and project funds received in advance.

For financial assets measured at cost or amortized cost, the Federation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Federation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

---

---

# Ontario Federation of Agriculture

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 3. Cash

The Federation's bank account is held at one chartered bank and one credit union.

The Federation has access to a \$500,000 revolving credit facility with the Bank of Nova Scotia that is repayable on demand to assist with day-to-day operating expenses. The facility bears interest at the prime rate. As security for the revolving credit facility, there is a general security agreement providing a first charge over the assets of the Federation. Also, the Federation has provided a \$4,000,000 collateral charge on the building located at 200 Hanlon Creek Blvd, Guelph Ontario. At August 31, 2023, the Federation has not accessed this facility.

The Federation has access to an operating loan of \$500,000 with Central 1 Credit Union to assist with day-to-day operating expenses. The facility bears interest at the prime rate plus 0.75%. As security for the operating loan, there is a general security agreement providing a first charge over the assets of the Federation. Also, the Federation has provided an assignment of investments held with RBC Dominion Securities Inc. for an amount not less than \$500,000. At August 31, 2023, the Federation has not accessed this facility. Subsequent to year end, the Federation terminated the credit facility with Central 1 Credit Union.

The Federation has four term deposits as of August 31, 2023, for \$1,000,000 bearing interest at 5.21% per annum and maturing September 28, 2023, \$1,000,000 bearing interest at 5.29% per annum and maturing November 01, 2023, \$1,800,000 bearing interest at 5.29% per annum and maturing November 29, 2023, and \$1,000,000 bearing interest at 5.50% per annum and maturing February 12, 2024.

---

### 4. Capital assets

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 407,621	\$ 307,685	\$ 99,936	\$ 120,962
Land	668,109	0	668,109	668,109
Buildings	4,357,070	445,681	3,911,389	3,438,284
Computer hardware	479,659	457,133	22,526	39,967
Computer software	601,051	573,360	27,691	12,712
	<u>\$ 6,513,510</u>	<u>\$ 1,783,859</u>	<u>\$ 4,729,651</u>	<u>\$ 4,280,034</u>

Depreciation on capital assets of \$242,808 (2022 - \$229,704) has been expensed during the year.

In 2018, the Federation purchased a parcel of vacant land to build their own office building. The land was purchased for a total cost of \$668,109. The land address is 200 Hanlon Creek Blvd, Guelph Ontario.

---

# Ontario Federation of Agriculture Notes to the Financial Statements

For the year ended August 31, 2023

## 5. Investments, at fair value

	<u>2023</u>	<u>2022</u>
<b>Bonds:</b>		
Fairfax Financial Holdings Ltd 2.520% yield to maturity Due December 6, 2027	\$ 0	\$ 175,617
Fairfax Financial Holdings Ltd 2.880% yield to maturity Due June 14, 2029	0	434,014
Greater Toronto Airport Authority 2.550% yield to maturity Due August 2, 2030	0	79,854
Greater Toronto Airport Authority 2.550% yield to maturity due August 2, 2030	0	42,137
Royal Bank of Canada 3.850% yield to maturity Due July 5, 2023	0	869,554
Royal Bank of Canada 2.95% yield to maturity Due March 17, 2025	<b>794,228</b>	771,551
Royal Bank of Canada 5.000% yield to maturity Due December 21, 2023	<b>424,086</b>	0
Bank of Montreal 6.020% yield to maturity Due June 17, 2025	<b>648,371</b>	0
<b>Equities:</b>		
Great West Lifeco Inc Nil (2022 – 10,025 5.15% Non-Cumulative 1 <sup>st</sup> preferred shares series T at \$21.30 per share)	0	213,533
Bombardier Inc. 45,175 (2022 – 44,325) 6.25% Cumulative preferred shares series 4 at \$17.61 (2022 - \$18.05) per share	<b>795,532</b>	800,066
Royal Bank of Canada Nil (2022 – 3,112 common shares at \$122.13 per share)	0	380,068

---

# Ontario Federation of Agriculture Notes to the Financial Statements

For the year ended August 31, 2023

---

## 5. Investments, at fair value (continued)

Brookfield Asset Management Nil (2022- 34,680 4.9% Cumulative class A preferred shares at \$20.31 per share)	0	704,351
BCE Inc 4,200 Common shares at \$57.24 per share	240,408	0
TC Energy Corp 10,415 Common shares at \$48.80 per share	<u>508,252</u>	<u>0</u>
	<b><u>\$ 3,410,877</u></b>	<b><u>\$4,470,745</u></b>
Current portion of investments, at fair value	424,086	859,554
Long-term portion of investments, at fair value	<u>2,986,791</u>	<u>3,601,191</u>
	<b><u>\$ 3,410,877</u></b>	<b><u>\$4,470,745</u></b>

The cost base of the above investments consists of bonds of \$1,821,617 (2022 - \$2,469,211) and equities of \$1,773,621 (2022 - \$2,344,953).

---

# Ontario Federation of Agriculture Notes to the Financial Statements

For the year ended August 31, 2023

## 6. Investments, at amortized cost

	<u>2023</u>		<u>2022</u>
	<u>Share Holdings</u>	<u>Cost</u>	<u>Cost</u>
Debentures:			
Gay Lea Foods Co-operative 5.00% due November 30, 2022		\$ 0	\$ 6,000
Gay Lea Foods Co-operative 5.50% due December 01, 2032		16,000	\$
Central 1 Credit Union Common shares	100	100	100
The Co-operators Group Limited			
Member shares	12,500	1,250	1,250
Class B, series "A" preferred shares	1,127	112,700	112,700
Class D, series 2018	0	0	893,000
Class D, series 2019	4,883	488,300	488,300
Class D, series 2020	9,655	965,500	965,500
Class D, series 2021	8,417	841,700	841,700
Class D, series 2022	13,321	1,332,100	1,332,100
Ag Energy Co-operative Common shares	1	<u>100</u>	<u>100</u>
		<b>\$ 3,757,750</b>	<b>\$ 4,640,750</b>
Current portion of investments, amortized cost		488,300	893,000
Long-term portion of investments, amortized cost		<u>3,269,450</u>	<u>3,747,750</u>
		<b>\$ 3,757,750</b>	<b>\$ 4,640,750</b>

The Co-operators Group Limited Class D shares are automatically redeemable five years from issuance, and they pay an annual dividend. The dividend rate for 2023 was 5% (2022 – 5%). These shares can be sold to or purchased from other members of the Co-operators Group Limited.

The Co-operators Group Limited Class B Preferred Shares pay an annual dividend. The dividend rate for 2023 was 5% (2022 – 5%).

---

# Ontario Federation of Agriculture Notes to the Financial Statements

For the year ended August 31, 2023

---

## 7. Cash surrender value life insurance

Included in this account is one life insurance policy held by the Federation. The remaining balance of \$295,507 (2022 - \$288,007) has been presented at the cash surrender value and presented as long-term asset on the statement of financial position.

---

## 8. Pension liability

The OFA is making voluntary top-up payments to retirees of the Ontario Trusteed Pension Plan (“the insolvent plan”) that was wound up in 2012. Using a discount rate of 5.20% (2022 - 4.40%) the future liability of the top-up to 90% for the retirees of the Federation has been estimated at \$80,600 (2022 - \$88,700). During the year ended August 31, 2023, voluntary payments of \$14,505 (2022- \$14,871) were made to retirees of the Federation who are only receiving 67% of their original pension entitlement from the insolvent plan. An additional top-up payment of \$NIL (2022 - \$77,401) was made due to the change in the benefit formula to the final five year average. A recovery of \$8,100 (2022 - \$22,364) has been recorded in the financial statements reflecting a change in the present value of the liability during the year.

---

## 9. Budget

The budget figures as presented were approved by the Board of Directors at the June 22, 2022 Board meeting and are unaudited.

---

## 10. Employee future benefits

The Federation has a single employer defined benefit pension plan. Benefits are based upon a percentage of an employee’s best average earnings multiplied by pensionable service. As of January 1, 2022, the benefit formula changed to final five year average. The latest actuarial valuation for funding purposes was performed as at January 1, 2022. The fair value of plan assets and accrued benefit obligation are as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets	\$ 13,943,300	\$ 12,793,800
Accrued benefit obligation	<u>(13,547,700)</u>	<u>(12,765,300)</u>
Employee future benefit asset	<u>\$ 395,600</u>	<u>\$ 28,500</u>

The effective date of the next required actuarial valuation for funding purposes is January 1, 2025.



# Ontario Federation of Agriculture Notes to the Financial Statements

For the year ended August 31, 2023

## 10. Employee future benefits (continued)

The total benefit cost recognized for the year is as follows:

	<u>2023</u>	<u>2022</u>
Current year benefit cost	\$ 250,600	\$ 231,100
Interest on accrued benefit obligation	688,700	544,600
Administrative costs	85,900	2,900
Interest on valuation allowance	0	16,900
Interest on plan assets	<u>(676,900)</u>	<u>(781,000)</u>
Employee future benefit expenses	<u>\$ 348,300</u>	<u>\$ 14,500</u>

The total re-measurements and other items recognized in the statement of net assets are as follows:

	<u>2023</u>	<u>2022</u>
Actual return on plan assets	\$ 1,037,600	\$ (1,480,200)
Change in valuation allowance	0	324,800
Interest income on plan assets	(670,856)	(814,904)
Actuarial gains (losses)	<u>0</u>	<u>(2,572,000)</u>
	<u>\$ 366,744</u>	<u>\$ (4,542,304)</u>

Plan assets by asset category are as follows:

	<u>2023</u>	<u>2022</u>
Canadian Fixed Income	37%	39%
Canadian Equity	30%	30%
US Equity	18%	16%
International Equity	<u>15%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>

The significant assumptions adopted in measuring the Federation's accrued benefit asset or obligation are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	5.25%	5.25%
Expected long-term rate of return on plan assets	5.25%	5.50%
Rate of compensation increase	3.50%	3.00%

Other information about the Federation's defined benefit plan is as follows:

	<u>2023</u>	<u>2022</u>
Employer contributions	\$ 354,700	\$ 327,700
Employee contributions	360,600	333,100
Benefits paid	<u>517,500</u>	<u>506,700</u>

The Federation's plan provides that annual contributions to the plan (excluding top-up payments) will be split on a 50/50 basis between employees and the Federation.

---

# Ontario Federation of Agriculture

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 11. Commitments

As an accredited farm organization, the Federation has a commitment to pay to the L'Union des Cultivateurs Franco-Ontariens ("UCFO") each year an amount equal to 1.5% of its registration revenue less refunds from the payments received from all farming businesses pursuant to the Farm Registration and Farm Organizations Funding Act 1993 (the 'Act'). This commitment exists for all accredited general farm organizations.

---

### 12. Project management revenues

The Federation is engaged by various parties to administer programs. The Federation's involvement varies by program and is outlined in the respective agreements. The fees earned for these activities are included in income. Where the Federation is active in managing and/or delivering the program, the related revenue and expenses are reported in the statement of operations. Where the Federation has an oversight or an administrative role and the delivery is provided by another party, the activities related to these contracts are reflected in the transactions reported through the project fund accounts of the Federation and are not included in the statement of operations.

---

### 13. Project funds received in advance

Project funds received in advance represents unspent project funds. Project funds receivable represent expenditures incurred before funding received. The ending project balances are as follows:

	<u>2023</u>	<u>2022</u>
Project funds received in advance	<b>\$333,566</b>	\$495,205
Project funds receivable	<b>(35,437)</b>	(183,010)
Net project funds received in advance	<b>\$298,129</b>	\$312,195

Project expenditures incurred and project funding received during the year are noted as follows:

Net project funds received in advance, opening	<b>\$312,195</b>	\$286,258
Project expenditures incurred	<b>(368,211)</b>	(584,107)
Project funding received	<b>354,145</b>	610,044
Net project funds received in advance, closing	<b>\$298,129</b>	\$312,195

---

---

## Ontario Federation of Agriculture Notes to the Financial Statements

For the year ended August 31, 2023

---

### 14. Long-term debt

During the year, the Federation paid off the balance of the non-revolving term loan with Scotiabank. The loan balance as at August 31, 2023 is as follows:

	<u>2023</u>	<u>2022</u>
Scotiabank – Non-revolving term loan, interest at 1.8%, blended monthly payments of \$5,158. Repaid during the year.	0	1,178,093
Less: current portion	<u>0</u>	<u>(1,178,093)</u>
Long-term portion	<u>0</u>	<u>0</u>

The non-revolving term loan was secured by a general security agreement providing second charge over the assets and a collateral mortgage of \$4,000,000 over the property at 200 Hanlon Creek Boulevard in Guelph, Ontario. The carrying amount of the land and building as at August 31, 2023 is \$4,579,498 (2022 - \$4,106,393).

The Federation was required to meet a debt service coverage ratio of at least 1.25 to 1.0.

---

### 15. Registration income

During the year, the Federation received Registration income from registered farming businesses. Of these farming businesses, 2.2% requested and received refunds (2022 - 2.4%). In addition to the Registration income received from 39,111 farming businesses, the Federation received 652 (2022 - 768) Individual farm members and associates memberships from non-registered farming businesses.

	<u>2023</u> Quantity	<u>2023</u> \$	<u>2022</u> Quantity	<u>2022</u> \$
Registration income	39,111	\$ 9,973,245	38,720	\$ 9,860,925
Registration refunds	860	\$ 219,375	929	\$ 239,655

---

---

# Ontario Federation of Agriculture

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 16. Financial instruments risk

#### 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 Federation is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Federation's financial instruments that are exposed to concentrations of credit risk relate primarily to project funds receivable and accounts receivable. This risk has not changed from the previous year.

#### Liquidity risk

Liquidity risk is the risk that the Federation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Federation will not have sufficient funds to settle a transaction on the due date and will be forced to sell financial assets at a value which is less than what they are worth, or may be unable to settle or recover a financial asset. The Federation is exposed to this risk mainly due to its accounts payable and accrued liabilities. This risk has not changed from the previous year.

#### 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 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. The Federation is exposed to other price risks on its investments, which include investments in shares and bonds and on the accrued pension asset or obligation. This risk has not changed from the previous year.

#### 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 Federation is exposed to interest rate cash flow risk due to the non-revolving term loan bearing interest at a floating rate. Fluctuations in this rate will impact the cost of financing incurred in the future. This risk has decreased from the previous year as the Federation repaid its outstanding balance on the non-revolving term loan.

---

### 17. Comparative figures

Certain prior year comparatives have been changed to conform with current year financial statement presentation.

---

# Ontario Federation of Agriculture Schedule of Income

For the year ended August 31, 2023

		Budget 2023 (Note 9)	Actual 2023	Actual 2022
<b>Revenue</b>				
Registration income	(Note 15)	\$ 9,782,055	\$ <b>9,973,245</b>	\$ 9,860,925
Registration refunds - 860 refunds (2022 - 929)	(Note 15)	(254,235)	<b>(219,375)</b>	(239,655)
Registration administration fee		(613,776)	<b>(792,257)</b>	(760,310)
Individual farm members and associates	(Note 15)	200,000	<b>160,626</b>	177,730
Commodity, Co-operative, Educational		13,000	<b>13,000</b>	13,000
Total membership fees		\$ 9,127,044	\$ <b>9,135,239</b>	\$ 9,051,690
<b>Other Income</b>				
Insurance finders' fee		45,000	<b>60,105</b>	40,353
Co-operators group limited loyalty program		871,641	<b>1,505,536</b>	1,314,481
Project management fees		12,000	<b>12,000</b>	12,000
Cash surrender value of life insurance	(Note 7)	5,000	<b>7,500</b>	7,500
Convention revenue		138,750	<b>114,337</b>	24,827
Member benefit programs		737,000	<b>722,017</b>	593,383
Rental Income		0	<b>867</b>	0
On Line Store Sales		3,600	<b>6,421</b>	2,937
Investment income		209,988	<b>252,417</b>	40,042
Dividend income		150,000	<b>353,749</b>	383,106
Realized loss on investments		0	<b>(189,870)</b>	(21,932)
Unrealized gain (loss) on investments		0	<b>159,058</b>	(428,038)
Miscellaneous		40,000	<b>36,160</b>	15,728
Total Other Income		\$ 2,212,979	\$ <b>3,040,297</b>	\$ 1,984,387

# Ontario Federation of Agriculture Schedule of Expenses

For the year ended August 31, 2023

	Budget 2023 (Note 9)	Actual 2023	Actual 2022
<b>Organizational</b>			
Convention	\$ 330,585	\$ 326,448	\$ 87,451
Canadian Federation of Agriculture meetings	46,692	64,428	32,333
County funding	1,307,740	1,342,845	1,343,405
Executive members	390,872	383,943	319,589
Board of directors	538,698	605,496	389,985
Policy Advisory Council meetings	95,760	42,319	44,422
	<u>\$ 2,710,347</u>	<u>\$ 2,765,479</u>	<u>\$ 2,217,185</u>
<b>Departments</b>			
Farm Policy Research Group	\$ 1,159,647	\$ 1,001,623	\$ 880,581
Member Relations and Systems Group	202,900	200,987	149,245
Communications	873,380	740,690	817,689
Government relations	120,000	120,000	120,000
Finance and administration	2,380,725	1,681,084	1,618,165
Building costs (Note 4)	310,000	306,583	255,850
Field services	1,934,748	1,660,713	1,584,633
Overhead (Note 4)	522,600	558,640	701,965
	<u>\$ 7,504,000</u>	<u>\$ 6,270,320</u>	<u>\$ 6,128,128</u>
<b>Grants, dues and projects</b>			
Canadian Federation of Agriculture	\$ 345,000	\$ 332,976	\$ 332,986
L'Union des Cultivateurs Franco-Ontariens	142,917	162,917	135,497
Agriculture Leadership Trust	20,000	20,000	20,000
Farm and Food Care	30,000	30,000	30,000
Natural Science and engineering			
Research Council of Canada Project	25,000	0	25,000
4R Program	10,000	10,000	10,000
AgScape - Grant	5,000	5,000	5,000
Donations and contributions	26,000	19,900	53,740
County Special Project Fund	100,000	90,148	141,319
Small Federation County Fund	0	0	1,500
Canadian Ag Human Resource Council	10,000	10,000	10,000
Research Grants	80,000	49,115	10,000
L.I.C.C. Grant	10,000	5,000	10,000
Public Trust Campaign	250,000	216,585	298,840
	<u>\$ 1,053,917</u>	<u>\$ 951,641</u>	<u>\$ 1,083,882</u>