

# **FCEF Friends of the Central Experimental Farm**



## **Financial Statements** For the year ended December 31, 2021

**FCEF Friends of the Central Experimental Farm**  
**Financial Statements**  
For the year ended December 31, 2021

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## **Independent Practitioner's Review Engagement Report**

### **To the Members of FCEF Friends of the Central Experimental Farm**

We have reviewed the accompanying financial statements of FCEF Friends of the Central Experimental Farm, (the "Organization"), that comprise the statement of financial position as at December 31, 2021, and the statements of changes in fund balances, operations 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.

#### Basis for Qualified Conclusion

Our review conclusion on the financial statements for the year ended December 31, 2021 was qualified because of possible effects of the limitations in scope which follow.

In common with many charitable organizations, FCEF Friends of the Central Experimental Farm derived revenue from donations and fundraising events, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to amounts recorded in the records of FCEF Friends of the Central Experimental Farm for the fiscal year December 31, 2021. Consequently, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses, and components of cash flows from operations for the years ended December 31, 2021 and 2020, assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both 2021 and 2020 years.

Basis for Qualified Conclusion (continued)

FCEF Friends of the Central Experimental Farm holds deferred contributions related to their Shelter belt project which was first established in 2008. Our review conclusion has been modified, dating back to January 1, 2018, for the possible effects of the scope limitation on the completeness of opening deferred revenues related to the Shelter belt project which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. As a result, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and components of cash flows from operations for the years ended December 31, 2021 and 2020, assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both 2021 and 2020 years.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 FCEF Friends of the Central Experimental Farm as at December 31, 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.

*Baker Tilly Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
May 4, 2022  
Ottawa, Ontario

## FCEF Friends of the Central Experimental Farm Statement of Financial Position

December 31	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 120,926	\$ 112,709
Short-term investments (Note 3)	186,093	155,472
Accounts receivable	1,135	70
HST receivable	2,731	3,122
Inventory (Note 4)	48,635	29,936
Prepaid expenses	3,847	3,916
	363,367	305,225
<b>Tangible capital assets (Note 5)</b>	<b>1,529</b>	<b>255</b>
	<b>\$ 364,896</b>	<b>\$ 305,480</b>

### Liabilities and Fund Balances

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 9,254	\$ 8,394
Deferred membership revenue (Note 6)	7,391	5,239
Deferred contributions (Note 7)	116,316	82,483
	132,961	96,116
<b>Fund Balances</b>		
Internally restricted		
Tangible capital assets	1,529	255
Externally restricted		
Safe Guard the Future fund (Note 8)	50,477	50,477
Unrestricted	179,929	158,632
	231,935	209,364
	<b>\$ 364,896</b>	<b>\$ 305,480</b>

Approved on behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## FCEF Friends of the Central Experimental Farm Statement of Changes in Fund Balances

For the year ended December 31

	2021			
	Internally Restricted	Externally Restricted		
	Tangible Capital Assets	Safe Guard the Future Fund	Unrestricted	Total
<b>Balance, beginning of year</b>	\$ 255	\$ 50,477	\$ 158,632	\$ 209,364
Excess (deficiency) of revenue over expenses for the year	(76)	5,399	17,248	22,571
Purchase of tangible capital assets	1,350	-	(1,350)	-
Transfer of restricted funds to unrestricted net assets	-	(5,399)	5,399	-
<b>Balance, end of year</b>	\$ 1,529	\$ 50,477	\$ 179,929	\$ 231,935

	2020			
	Internally Restricted	Externally Restricted		
	Tangible Capital Assets	Safe Guard the Future Fund	Unrestricted	Total
<b>Balance, beginning of year</b>	\$ 372	\$ 50,477	\$ 188,166	\$ 239,015
Excess (deficiency) of revenue over expenses for the year	(117)	1,377	(30,911)	(29,651)
Transfer of restricted funds to unrestricted net assets	-	(1,377)	1,377	-
<b>Balance, end of year</b>	\$ 255	\$ 50,477	\$ 158,632	\$ 209,364

## FCEF Friends of the Central Experimental Farm Statement of Operations

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Memberships	\$ 9,093	\$ 6,203
Donations	50,374	19,317
Fundraising activities	20,759	7,350
Investments	4,948	3,642
Unrealized gain on short-term investments	13,290	1,224
	<u>98,464</u>	<u>37,736</u>
<b>Expenditures</b>		
Amortization of tangible capital assets	76	116
Fundraising activities	8,245	2,420
Insurance	3,787	3,087
Interest and bank charges	49	176
Office and general	14,471	12,719
Professional fees	6,100	6,550
Program activities	27,871	26,751
Salaries and related benefits	15,294	15,568
	<u>75,893</u>	<u>67,387</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 22,571</b>	<b>\$ (29,651)</b>

## FCEF Friends of the Central Experimental Farm Statement of Cash Flows

For the year ended December 31	2021	2020
<b>Cash flows from (used in) operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 22,571	\$ (29,651)
Adjustments for non-cash items		
Amortization of tangible capital assets	76	116
Unrealized gain on short-term investments	<u>(13,290)</u>	<u>(1,224)</u>
	<b>9,357</b>	<b>(30,759)</b>
Change in non-cash working capital items		
Accounts receivable	(1,065)	32
HST receivable	391	1,696
Inventory	(18,699)	907
Prepaid expenses	69	(3,844)
Accounts payable and accrued liabilities	860	(580)
Deferred membership revenue	2,152	809
Deferred contributions - shelter belt project	<u>33,833</u>	<u>29,920</u>
	<u>26,898</u>	<u>(1,819)</u>
<b>Cash flows from investing activity</b>		
Purchase of tangible capital assets	(1,350)	-
Net (increase) decrease in short-term investments	<u>(17,331)</u>	<u>47,066</u>
	<u>(18,681)</u>	<u>47,066</u>
<b>Increase in cash and cash equivalents during the year</b>	<b>8,217</b>	<b>45,247</b>
<b>Cash, beginning of year</b>	<u>112,709</u>	<u>67,462</u>
<b>Cash, end of year</b>	<u>\$ 120,926</u>	<u>\$ 112,709</u>



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# FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

December 31, 2021

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## Nature of Operations

FCEF Friends of the Central Experimental Farm (the "Organization") is a registered charity under Section 149 of the Canada Income Tax Act whose primary purpose is to raise funds to preserve, protect, maintain and enhance the Dominion Arboretum, the Ornamental Gardens and other public areas of the Farm, in partnership with Agriculture and Agri-Food Canada, for the educational benefit and enjoyment of the public; and promote the Farm's historical significance.

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## 1. Significant Accounting Policies

**Basis of Presentation** The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

**Financial Statements** The financial statements include the assets, liabilities, revenues and expenses of the Organization and all programs under the control of the Organization's board of directors.

**Use of Estimates** The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the Organization's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

Significant estimates include assumptions used in estimating: the collectibility of accounts receivable, the fair value of financial instruments, the net realizable value of inventories, the useful life and amortization of tangible capital assets and provisions for accounts payable and accrued liabilities.

**Financial Instruments** Measurement of financial instruments

Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.

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# FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

December 31, 2021

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1. **Significant Accounting Policies (continued)**

**Financial Instruments  
(continued)**

Measurement of financial instruments (continued)

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity and other instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities.

The Organization measures its short-term investments at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations as a recovery.

Transaction costs

The Organization recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**Inventory**

Inventory consists of books and art prints, and they are carried at the lower of cost and net realizable value on a specific item basis.

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# FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

December 31, 2021

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1. **Significant Accounting Policies (continued)**

<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost and are being amortized over their estimated useful lives on a declining balance method. The annual amortization rates are as follows:</p> <table><tr><td>Computer equipment</td><td style="text-align: right;">30%</td></tr><tr><td>Garden tools and equipment</td><td style="text-align: right;">30%</td></tr></table>	Computer equipment	30%	Garden tools and equipment	30%
Computer equipment	30%				
Garden tools and equipment	30%				
<b>Revenue Recognition</b>	<p>The Organization follows the deferral method of accounting for contributions. Restricted contributions, such as those received to directly support the shelter belt project, are recognized as revenue in the year in which the related expenses are incurred or accrued. 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. Restricted endowments are recognized as direct increases in fund balances.</p> <p>Membership fees are recognized as revenue over the period in which they relate, with the exception of lifetime memberships which are recognized as revenue in the year in which the fees are received. Other types of revenue are recognized when the goods and/or services are rendered and/or the related expenses are incurred, as applicable.</p>				
<b>Safe Guard the Future Fund</b>	<p>A trust fund has been established from a donation of short term investments from members of the Organization. Funds received are externally restricted for trust fund purposes. Earnings from the fund are to be used at the discretion of the fund committee.</p>				
<b>Foreign Currency Translation</b>	<p>Transactions during the year in a foreign currency have been converted to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets and liabilities in foreign currency have been converted to Canadian dollars at the exchange rates in effect at the respective year end. Gains or losses resulting therefrom are included in the determination of the excess (deficiency) of revenue over expenses for the year.</p>				
<b>Cash and Cash Equivalents</b>	<p>The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn. Short-term investments, including temporary cash positions and other highly-liquid investments, are excluded from cash and cash equivalents as they are not intended to be used to fund short-term operating commitments.</p>				

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# FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

December 31, 2021

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**1. Significant Accounting Policies (continued)**

**Donated Goods and Services**

Goods and services that have been donated to the Organization are recorded in the financial statements at their fair market value, when fair market value can be reasonably estimated and when the assets and services would have been paid for if not donated. The activities of the Organization are dependent upon the voluntary services of many members. In addition, the Organization receives services in kind from Agriculture and Agri-Food Canada. Since these services are not normally purchased by the Organization and because of the difficulty of determining fair value, these services are not recognized in the these financial statements.

**Allocation of Expenses**

Expenses presented in the Organization's Statement of Operations and Changes in Fund Balances represent total amounts incurred for the fiscal year and have not been allocated among functional expense categories.

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**2. Cash**

Substantially all of the Organization's cash is held at one Canadian chartered bank. The bank account earns nominal interest.

The Organization also has available credit cards with an aggregate maximum limit of \$2,000 (2020 - \$2,000). At December 31, 2021, the credit cards had an aggregate balance of \$311 (2020 - \$340).

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## FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

**December 31, 2021**

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### 3. Short-term Investments

	2021	2020
RBC Dominion Securities Inc. - cash account	\$ 3,475	\$ 14,350
RBC Dominion Securities Inc. - common shares	182,618	118,040
RBC Dominion Securities Inc. - mutual funds	-	23,082
	<b>\$ 186,093</b>	<b>\$ 155,472</b>

Included in short-term investments is \$50,477 (2020 - \$50,477) which is externally restricted as Safe Guard the Future fund with the remaining amount of \$135,616 (2020 - \$104,995) being unrestricted.

The short-term investments also includes \$nil Canadian (2020 - \$159 Canadian) denominated in U.S. dollars which have been translated to Canadian dollars in these financial statements.

The following table shows the allocation of investment income (loss) based on the various restricted and unrestricted investments as noted above.

	2021	2020
<b>Included on the statement of operations</b>		
Safeguard the Future Fund	\$ 5,399	\$ 1,377
Unrestricted	12,839	3,489
	<b>\$ 18,238</b>	<b>\$ 4,866</b>

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### 4. Inventory

	2021	2020
Book inventory, opening balance	\$ 29,936	\$ 30,843
Less: Cost of books sold in the year	(4,922)	(907)
Add: Cost of additions to inventory in the year	23,621	-
	<b>\$ 48,635</b>	<b>\$ 29,936</b>

Cost of books sold in the year has been included in fundraising activity expenses as set out in the statement of operations within these financial statements.

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## FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

December 31, 2021

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### 5. Tangible Capital Assets

	2021		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 3,273	\$ 1,776	\$ 1,497
Garden tools and equipment	8,322	8,290	32
	\$ 11,595	\$ 10,066	\$ 1,529
	2020		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 1,923	\$ 1,713	\$ 210
Garden tools and equipment	8,322	8,277	45
	\$ 10,245	\$ 9,990	\$ 255

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### 6. Deferred Membership Revenue

	2021	2020
Balance, beginning of year	\$ 5,239	\$ 4,430
Recognized as revenue for the year	(9,093)	(6,203)
Received during the year	11,245	7,012
	\$ 7,391	\$ 5,239

Deferred membership revenue represents the portion of membership fees paid as at December 31, 2021 which relate to future periods.

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## FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

**December 31, 2021**

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### 7. Deferred Contributions

Deferred contributions represent unused resources which, as a result of external restrictions, are to fund the related expenses to be occurring in a subsequent fiscal year.

Deferred contributions consist of amounts to support the following projects and programs:

	2021	2020
Shelter Belt Projects	\$ 6,509	\$ 5,560
Perennial Collection of the Ornamental Gardens	754	1,359
Bench Programs	109,053	75,564
	\$ 116,316	\$ 82,483

The continuity of deferred contributions for the these projects and programs are as follows:

#### Shelter Belt Projects

	2021	2020
Balance, beginning of year	\$ 5,560	\$ 5,560
Received during the year	1,000	-
Recognized as revenue for the year	(51)	-
Balance, end of year	\$ 6,509	\$ 5,560

#### Perennial Collection of the Ornamental Gardens

	2021	2020
Balance, beginning of year	\$ 1,359	\$ 1,359
Recognized as revenue for the year	(605)	-
Balance, end of year	\$ 754	\$ 1,359

#### Bench Program

	2021	2020
Balance, beginning of year	\$ 75,564	\$ 45,644
Received during the year	41,976	35,009
Recognized as revenue for the year	(8,487)	(5,089)
Balance, end of year	\$ 109,053	\$ 75,564

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## FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

**December 31, 2021**

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### 8. Safe Guard the Future Fund

During the 2019 fiscal year, as permitted by the restrictions on the original donation of capital for this fund, the Board of Directors approved a transfer of the aggregate investment income earned on the capital since its inception from externally restricted net assets to unrestricted net assets to fund the projects and activities of the organization. The Board of Directors approved the transfer of income earned on the capital in 2021 and 2020, from externally restricted net assets to unrestricted net assets to fund the projects and activities of the Organization.

The composition of the Organization's Safe Guard the Future Fund is as follows:

	<u>2021</u>	<u>2020</u>
Fund capital	\$ 50,477	\$ 50,477
Income available for programs	-	-
	<u>\$ 50,477</u>	<u>\$ 50,477</u>

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### 9. Donated Goods

During the year the Organization received a donation of art prints valued at \$8,600. Due to the nature of the transaction not being in the normal course of operations, these prints have not been included in the operating activities set out in these financial statements.

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### 10. Financial Instruments Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at December 31, 2021.

The Organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

#### 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 this risk mainly in respect of its accounts receivable.

#### Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities and its spending plans. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.



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## FCEF Friends of the Central Experimental Farm Notes to the Financial Statements

**December 31, 2021**

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### 10. Financial Instruments Risks and Concentrations (continued)

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to currency risk and other price risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization has no foreign currency transactions and therefore is not exposed to currency risk.

#### 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 is not exposed to significant interest rate risk.

#### 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 rate 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 Organization is exposed to other price risk on its short-term investments as a set out in Note 3 to these financial statements.

#### Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.

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### 11. Uncertainty Due to COVID-19

The duration and full financial impact of the COVID-19 pandemic is unknown at this time, as are any additional measures to be taken by governments, the Organization or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of this pandemic is subject to significant uncertainty and accordingly it is unknown whether COVID-19 may materially and adversely impact the Organization's operations, financial results and condition in future periods.

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