

Canadian Agricultural Safety Association
Financial Statements
March 31, 2020

Independent Auditor's Report

To the Directors of Canadian Agricultural Safety Association:

Opinion

We have audited the financial statements of Canadian Agricultural Safety Association (the "Organization"), which comprise the statement of financial position as at March 31, 2020, 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 March 31, 2020, 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 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 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.

Other Information

Management is responsible for the other information. The other information comprises of the Annual report. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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.

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.

Winnipeg, Manitoba

June 19, 2020

MNP LLP

Chartered Professional Accountants

Canadian Agricultural Safety Association
Statement of Financial Position

As at March 31, 2020

	2020	2019
Assets		
Current		
Cash (Note 4)	250,795	192,501
Grants and accounts receivable	225,065	362,874
Inventory (Note 5)	4,916	6,227
Prepaid expenses and deposits	11,519	14,957
	492,295	576,559
Capital assets (Note 6)	212,890	308,377
Advances to related party (Note 8)	-	566
	705,185	885,502
Liabilities		
Current		
Accounts payable and accrued liabilities	86,030	135,152
Deferred revenue (Note 7)	130,364	282,493
	216,394	417,645
	216,394	417,645
Commitments		
Net Assets		
Invested in capital assets	212,893	308,377
Internally restricted for contingencies	-	20,000
Unrestricted	275,898	139,480
	488,791	467,857
	705,185	885,502

Approved on behalf of the Board


 Director
 Dean Anderson
 TVEASJVE


 Director
 Carolyn Vanden Heuvel
 Chair

The accompanying notes are an integral part of these financial statements

Canadian Agricultural Safety Association
Statement of Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Conference	27,981	86,322
Grants		
Agriculture and Agri-Food Canada	614,554	635,016
Other grant revenue	1,516	-
Farm Credit Canada	10,000	-
Interest	732	1,852
Memberships	4,481	18,626
Merchandise sales	6,440	1,959
Partnerships and sponsorships	546,912	581,209
Training, license fees and other	14,535	18,317
	1,227,151	1,343,301
Expenses		
Administrative	26,286	60,429
Amortization	96,953	104,874
Assistive grants	55,060	105,015
Communication	47,828	56,228
Consulting services	186,651	211,363
Cost of sales	17,968	9,801
Occupancy	63,741	55,993
Office equipment and maintenance	23,958	35,212
Professional fees	71,119	56,603
Promotional materials	23,537	117,523
Salaries and employee benefits	447,238	444,447
Travel and conference	142,309	177,033
	1,202,648	1,434,521
Excess (deficiency) of revenue over expenses before other items	24,503	(91,220)
Other items		
Foreign exchange gain	(3,569)	406
Excess (deficiency) of revenue over expenses	20,934	(90,814)

The accompanying notes are an integral part of these financial statements

Canadian Agricultural Safety Association Statement of Changes in Net Assets

For the year ended March 31, 2020

	<i>Invested in Capital Assets</i>	<i>Internally Restricted for Contingencies</i>	<i>Unrestricted</i>	2020	<i>2019</i>
Balance, beginning of year	308,377	20,000	139,480	467,857	558,671
Excess (deficiency) of revenue over expenses	-	-	20,934	20,934	(90,814)
Amortization of capital assets	(96,953)	-	96,953	-	-
Interfund transfers - acquisition of capital assets	1,469	-	(1,469)	-	-
Interfund transfers - restricted for contingencies (Note 9)	-	(20,000)	20,000	-	-
Net assets, end of year	212,893	-	275,898	488,791	467,857

The accompanying notes are an integral part of these financial statements

Canadian Agricultural Safety Association
Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	20,934	(90,814)
Amortization	96,953	104,874
	117,887	14,060
Changes in working capital accounts		
Grants and accounts receivable	140,119	154,142
Inventory	1,311	331
Prepaid expenses and deposits	3,438	3,632
Accounts payable and accrued liabilities	(49,120)	(124,372)
Deferred revenue	(154,439)	(99,892)
Ag Safety Fund managed for Farm Credit Canada	-	(1,500)
	59,196	(53,599)
Investing		
Repayment of advances to related parties	566	-
Purchase of capital assets	(1,468)	(2,939)
	(902)	(2,939)
Increase (decrease) in cash resources	58,294	(56,538)
Cash resources, beginning of year	192,501	249,039
Cash resources, end of year	250,795	192,501

The accompanying notes are an integral part of these financial statements

Canadian Agricultural Safety Association

Notes to the Financial Statements

For the year ended March 31, 2020

1. Nature of the organization

Canadian Agricultural Safety Association (the "Organization") is a national non-profit organization dedicated to improving the health and safety of farmers, their families, and workers. The Association works collaboratively with agricultural health and safety specialists and producers in all provinces and territories to promote health and safety on farms and ranches in Canada.

The Association was incorporated under the Canada Business Corporations Act in 1995. The Association is a non-profit organization and is exempt from income tax under section 149(l) of the Income Tax Act, Canada.

2. Adoption on new accounting policies

Capital Assets Held by Not-for-Profit Organizations

Effective January 1, 2019, the Organization adopted the Accounting Standard Board's (AcSB) new accounting standards improvements for not-for-profit organizations related to capital assets under Section 4433 *Tangible Capital Assets Held by Not-for-Profit Organizations*. Applying this new Section results in changes to the determination of impairment and write-downs of capital assets and allows for the recognition of partial impairments of these assets.

Pursuant to the transitional provisions, this change was applied prospectively, and there was no impact to the prior periods.

3. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions including memberships and other revenues sources are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Cash

Cash includes balances with banks.

Inventory

Inventory held for resale is stated at the lower of cost and net realizable value with cost being determined as a selling price less average markup. Inventory held for promotion is stated at the lower of cost and replacement cost.

Investment in a not-for-profit subsidiary

The Organization's financial statements do not include the accounts of FarmSafe Foundation, which is controlled by the Organization.

All transactions with the subsidiary are disclosed as related party transactions.

Canadian Agricultural Safety Association

Notes to the Financial Statements

For the year ended March 31, 2020

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the underlying asset is calculated at the following rates:

	Method	Rate
Furniture and office equipment	straight-line	3 years
Training equipment	straight-line	30 %
Computer equipment	declining balance	20 %
BeGrainSafe training equipment	straight line	5 years

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Contributed materials and services

In the prior year, donated materials and services were recorded when the materials or services would have to be purchased if there were no donation, and where an estimate of fair market value can be reasonably determined. During the year, the Board of Directors decided to no longer record in-kind donations in such a manner. As such, the current year donated materials are \$nil (2019 - \$192,185), formerly presented as "Partnerships and sponsorships" revenue, and "Promotional materials" expense.

Measurement uncertainty (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 the statement of operations in the periods in which they become known.

4. Line of credit

The Association has a line of credit of \$100,000 which bears interest at prime plus 3% (effective rate of 5.45% as at March 31, 2020 and 6.95% as at March 31, 2019). The line of credit is secured by a general security agreement providing a first fixed and floating charge on all assets of the Association. The line of credit was unused at year end.

5. Inventory

	2020	2019
Merchandise held for resale	4,916	5,502
Promotional materials	-	725
	4,916	6,227

Canadian Agricultural Safety Association Notes to the Financial Statements

For the year ended March 31, 2020

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>		<i>2020 Net book value</i>
Furniture and office equipment	44,594	39,242		5,352
Training equipment	508,421	306,912		201,509
Computer equipment	36,920	30,891		6,029
	589,935	377,045		212,890
	<i>Cost</i>	<i>Accumulated amortization</i>		<i>2019 Net book value</i>
Furniture and office equipment	43,126	36,951		6,175
Training equipment	508,421	213,755		294,666
Computer equipment	36,920	29,384		7,536
	588,467	280,090		308,377

Included in training equipment is \$31,015 (2019 - \$31,015) of equipment held for rental

Canadian Agricultural Safety Association

Notes to the Financial Statements

For the year ended March 31, 2020

7. Deferred revenue

	2019			
	Balance, Beginning of Year	Received during the Year	Recognized during the Year	Balance, End of Year
Back to Ag	28,846	40,000	(33,771)	35,075
Canadian Agricultural Injury Reporting	9,232	-	-	9,232
Grain Safety Program	177,554	232,861	(332,415)	78,000
Corteva Ag Safety Day Fund	35,000	-	(29,253)	5,747
Other	25,000	2,310	(25,000)	2,310
Progressive Ag Safety Day Fund	6,861	-	(6,861)	-
	282,493	275,171	(427,300)	130,364

	2018			
	Balance, Beginning of Year	Received during the Year	Recognized during the Year	Balance, End of Year
Back to Ag	54,479	20,000	(45,633)	28,846
Canadian Agricultural Injury Reporting	9,232	-	-	9,232
Grain Safety Program	193,854	142,500	(158,800)	177,654
Other	23,500	60,000	(23,500)	60,000
Progressive Ag Safety Day Fund	101,320	-	(94,459)	6,861
	382,385	222,500	322,392	282,493

Canadian Agricultural Safety Association

Notes to the Financial Statements

For the year ended March 31, 2020

8. Related party transactions

The Association established FarmSafe Foundation / Foundation Securiferme ("Foundation"), a registered charity supporting farm safety education and training. The Association controls the Foundation as the three directors of the Foundation are the Association's Chairperson, Past Chairperson and Executive Director.

The Foundation's financial statements have not been consolidated in the Association's financial statements. Financial statements of the Foundation are available on request.

The financial summary for the Foundation as at and for the year ended March 31, 2020 are as follows:

	2020	2019
Statement of financial position		
Total assets	69,882	77,826
Total liabilities	58,335	68,901
Total net assets	11,547	8,925
Results of operations		
Total revenue	6,927	25,181
Total expenses	4,305	24,847
Excess of revenue over expenses	2,622	334
Cash flows from operating activities	(7,945)	(29,436)

9. Transfer of net assets

During the year, the Board of Directors approved transfers of \$20,000 from the internally restricted for contingencies fund to the unrestricted fund for operational purposes.

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Association to significant concentrations of credit risk consist primarily of grants and accounts receivable. The Association is not exposed to significant credit risk as the grants receivable are primarily from government agencies with funding due under contractual agreement, and accounts receivable are typically collected when due.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they fall due. The Association maintains adequate levels of working capital to ensure all its obligations can be met when they fall due, and has access to temporary financing through financing through authorized lines of credit.

11. Economic dependence

The Association is economically dependent on funding from the Agriculture and Agri-Food Canada and other agencies for its continued operations.

Canadian Agricultural Safety Association

Notes to the Financial Statements

For the year ended March 31, 2020

12. Subsequent event

In March 2020, the World Health Organization declared a global pandemic known as Covid-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation / quarantine orders. At this time, the extent of the impact of the COVID-19 outbreak on the Organization is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine / isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.