

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Financial Statements
Year Ended May 31, 2023

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Year Ended May 31, 2023

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HWG, Chartered Professional Accountants

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of B.C. Landscape and Nursery Association

We have reviewed the accompanying financial statements of B.C. Landscape and Nursery Association (the Association) that comprise the statement of financial position as at May 31, 2023, and the statements of changes in net assets, revenues and expenditures 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 (ASNPO), 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.

Conclusion

Based on our review, 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 B.C. Landscape and Nursery Association as at May 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Surrey, BC
October 12, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

A Partnership of Incorporated Professionals

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B.C. LANDSCAPE AND NURSERY ASSOCIATION
Statement of Financial Position
May 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 294,459	\$ 279,367
Marketable securities (Note 3)	2,033,427	2,095,636
Accounts receivable	52,124	51,991
Goods and services tax recoverable	8,924	864
Prepaid expenses	57,782	44,974
	2,446,716	2,472,832
TANGIBLE CAPITAL ASSETS (Note 4)	5,781	7,457
	\$ 2,452,497	\$ 2,480,289
LIABILITIES		
CURRENT		
Accounts payable	\$ 92,439	\$ 42,220
Employee deductions payable	5,320	6,123
Unearned revenue (Note 5)	141,361	94,605
	239,120	142,948
LONG TERM DEBT (Note 6)	40,000	40,000
	279,120	182,948
NET ASSETS	2,173,377	2,297,341
	\$ 2,452,497	\$ 2,480,289

APPROVED BY

_____ Director

_____ Director

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Statement of Changes in Net Assets
Year Ended May 31, 2023

	<u>2023</u>	<u>2022</u>
NET ASSETS - BEGINNING OF YEAR	\$ 2,297,341	\$ 2,592,597
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(123,964)</u>	<u>(295,256)</u>
NET ASSETS - END OF YEAR	<u>\$ 2,173,377</u>	<u>\$ 2,297,341</u>

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Statement of Revenues and Expenditures
Year Ended May 31, 2023

	2023	2022
REVENUES		
Membership	\$ 405,526	\$ 382,148
CanWest	195,126	182,214
Events/AGM/Meetings	206,863	47,004
Publications	42,189	53,662
Projects	226,538	185,465
Affinity programs	61,140	78,804
Media/Communications	5,786	10,010
Certification/Education	-	7,765
Building operations	-	(1,100)
Investment income (<i>Note 7</i>)	37,841	(72,886)
	<u>1,181,009</u>	<u>873,086</u>
EXPENDITURES		
Membership	145,181	123,750
CanWest	193,837	198,748
Events/AGM/Meetings	129,809	48,542
Publications	23,794	34,889
Projects	86,202	287,879
Promotions	61,665	-
Media/Communications	10,166	11,554
Certification/Education	1,000	5,300
Building operations	88,370	64,938
Wages, benefits and contractors	447,199	321,023
General Expenses (<i>Schedule 1</i>)	113,200	71,842
	<u>1,300,423</u>	<u>1,168,465</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(119,414)</u>	<u>(295,379)</u>
OTHER ITEMS		
Government grant	-	5,000
Amortization of tangible capital assets	(4,550)	(4,947)
Foreign exchange gain (loss)	-	70
	<u>(4,550)</u>	<u>123</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (123,964)</u>	<u>\$ (295,256)</u>

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Statement of Cash Flows
Year Ended May 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (123,964)	\$ (295,256)
Items not affecting cash:		
Amortization of tangible capital assets	4,550	4,947
Unrealized loss on marketable securities	11,542	213,034
Gain on disposal of marketable securities	(4,355)	(66,422)
	<u>(112,227)</u>	<u>(143,697)</u>
Changes in non-cash working capital:		
Accounts receivable	(133)	(86)
Goods and services tax receivable	(8,060)	4,557
Prepaid expenses	(12,808)	(26,011)
Accounts payable	50,220	(6,967)
Employee deductions payable	(803)	(2,088)
Unearned revenue	46,756	55,248
	<u>75,172</u>	<u>24,653</u>
Cash flow used by operating activities	<u>(37,055)</u>	<u>(119,044)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,875)	(2,700)
Purchase of intangible assets	(44,978)	(73,726)
Proceeds from sale of marketable securities	100,000	200,000
	<u>52,147</u>	<u>123,574</u>
Cash flow from investing activities	<u>52,147</u>	<u>123,574</u>
INCREASE IN CASH FLOW	15,092	4,530
CASH - BEGINNING OF YEAR	<u>279,367</u>	<u>274,837</u>
CASH - END OF YEAR	<u>\$ 294,459</u>	<u>\$ 279,367</u>

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Notes to Financial Statements
Year Ended May 31, 2023

PURPOSE OF THE ASSOCIATION

The Association is registered as a non-profit organization under the British Columbia Societies Act.

The purposes of the Association are:

- (a) The promotion of high standards of horticulture practices within the province of British Columbia.
 - (b) The provision of skilled services to the public by members of the Association.
 - (c) The promotion, encouragement and fostering of public appreciation and interest in beautification of the province and its cities through the services of members of the Association.
 - (d) The furtherance of the interests of members of the Association.
 - (e) To do all such things as are incidental or conducive to the attainment of the above objectives.
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents include cash on hand.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are included in the investment income amount that is reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Tangible capital assets

Amortization is provided to write off the cost of the assets over their estimated useful life at the following rates and methods:

Equipment	20%	straight-line method
Furniture	20%	straight-line method
Computer hardware	3 years	straight-line method
Computer software	2 years	straight-line method

The Association regularly reviews its tangible capital assets to eliminate obsolete items.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred. Membership dues are recognized as revenue during the applicable year to which they relate. Investment income is recorded when received and includes any unrealized gains or losses on investments for which there is an active market.

(continues)

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Notes to Financial Statements
Year Ended May 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recorded when there is a reasonable assurance that the Association had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Donated services

The Association and its members benefit greatly from donated services in the form of volunteer time for various committees. The value of donated services is not recognized in these financial statements.

Income taxes

The Association is not subject to either federal or provincial income taxes.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of property, plant and equipment. Actual results could differ from these estimates.

Related party transactions

Related party transactions in the normal course of business are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Notes to Financial Statements
Year Ended May 31, 2023

2. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of May 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Association has a significant number of customers which minimizes concentration of credit risk

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable. Marketable securities are investments traded in active markets that can be readily liquidated.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

3. MARKETABLE SECURITIES

The Association's investment policy is to invest with a low to moderate risk tolerance in order to preserve the capital while providing growth within the investment. The policy directs that this is to be accomplished by investing in a diversified portfolio which includes cash, fixed income securities, preferred shares, public equities and pooled funds. The Board of Directors has determined that the income from the investments can be used for operating expenses, whereas the capital has been designated exclusively for capital purposes.

	2023	2022
Marketable securities at cost	\$ 1,992,245	\$ 2,042,910
Market value adjustment	41,182	52,726
Marketable securities at fair market value	\$ 2,033,427	\$ 2,095,636

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 16,260	\$ 14,102	\$ 2,158	\$ 2,835
Computer hardware	25,308	21,685	3,623	4,153
Computer software	4,763	4,763	-	469
	\$ 46,331	\$ 40,550	\$ 5,781	\$ 7,457

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Notes to Financial Statements
Year Ended May 31, 2023

5. UNEARNED REVENUE

There is unearned revenue of \$141,361 (2022 - \$94,605). Of this amount, \$57,861 relates to a golf tournament which was held in June 2023 and \$80,000 is a government grant to be paid out to farmers who applied under AgriRecovery in 2024.

6. LONG TERM DEBT

	2023	2022
RBC loan, interest-free until January 18, 2024. No principal payments are required until maturity. If the loan cannot be repaid before the initial term of January 18, 2024, the loan will be extended until Dec 31, 2026 with interest payable at 5% per annum. If 75% of the principal is repaid by January 18, 2024, the final 25% of the loan will be forgiven. The forgivable portion was required to be reported as government assistance revenue in the May 31, 2021 fiscal year.	\$ 40,000	\$ 40,000
Amounts payable within one year	-	-
	\$ 40,000	\$ 40,000

7. INVESTMENT INCOME

	2023	2022
Dividends and other investment income	\$ 49,383	\$ 140,148
Unrealized losses	(11,542)	(213,034)
	\$ 37,841	\$ (72,886)

8. LEASE COMMITMENTS

The Association has entered into long-term contractual obligations with respect to leases of office equipment and premises.

The minimum aggregate future lease payments under operating leases are as follows:

2024	\$ 49,944
2025	49,944
2026	49,944
2027	53,759
2028	54,106
Thereafter	58,615
	\$ 316,312

B.C. LANDSCAPE AND NURSERY ASSOCIATION
Notes to Financial Statements
Year Ended May 31, 2023

9. CAPITAL MANAGEMENT

The Association defines its capital as the amount included in net assets. The Association's objective when managing its capital is to safeguard the Association's ability to continue to operate as a going concern so that it can continue to provide programs and services in line with its purpose.

Management develops annual budgets that are submitted to the Finance Committee for review. The budgets are developed to ensure the Association has the proper cash flow to fund operations and capital expenditures. A recommendation is made from the Committee to the Board for approval of the budgets. Management compares actual results to these budgets and reports these results to the Finance Committee and Board for monthly review.

10. EMPLOYEE REMUNERATION

In accordance with the requirements of the BC Societies Act, disclosure is required as to the amount of remuneration paid to all employees and contractors whose remuneration is at least \$75,000. For the fiscal year, the Association had one person in this category and total compensation paid was \$96,187 (2022 - \$276,487). No remuneration was paid to any members of the Board of Directors.

11. RELATED PARTY TRANSACTIONS

The following is a summary of the Association's related party transactions:

	2023	2022
B.C. Landscape and Nursery Industry Development Fund (Revenue)		
Administration fee	\$ 10,000	\$ 10,000
Reimbursement for project disbursements	34,500	41,770
Reimbursement for professional fees	2,600	2,600
	\$ 47,100	\$ 54,370

The development fund is controlled by the same board of directors as the Association. The Association is responsible for the administration of the Industry Development Fund that was created in 2002 as a result of a government grant in the amount of \$1,580,000.

B.C. LANDSCAPE AND NURSERY ASSOCIATION

General Expenses

(Schedule 1)

Year Ended May 31, 2023

	2023	2022
Accounting, legal, directors and officers insurance	\$ 48,454	\$ 16,758
Bad debt	9,030	-
Computer supplies	9,495	10,284
Interest and bank charges	14,197	16,463
Meetings and travel	12,345	1,113
Office expenses	10,583	18,536
Telephone	9,096	8,688
	\$ 113,200	\$ 71,842