

B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND

Financial Statements

Year Ended June 30, 2023

B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND

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HWG, Chartered Professional Accountants

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of B.C. Landscape & Nursery Industry Development Fund

We have reviewed the accompanying financial statements of B.C. Landscape & Nursery Industry Development Fund (the organization) that comprise the statement of financial position as at June 30, 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 & Nursery Industry Development Fund as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Surrey, BC
November 15, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

A Partnership of Incorporated Professionals

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B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND

Statement of Financial Position

June 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ -	\$ 6,659
Marketable securities <i>(Note 3)</i>	<u>1,286,393</u>	<u>1,255,623</u>
	<u>\$ 1,286,393</u>	<u>\$ 1,262,282</u>
 NET ASSETS	 <u>\$ 1,286,393</u>	 <u>\$ 1,262,282</u>

APPROVED BY

_____ *Director*

See notes to financial statements

B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND

Statement of Changes in Net Assets

Year Ended June 30, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,262,282	\$ 1,478,550
DEFICIENCY OF REVENUE OVER EXPENDITURES	24,111	(216,268)
NET ASSETS - END OF YEAR	\$ 1,286,393	\$ 1,262,282

B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND
Statement of Revenues and Expenditures
Year Ended June 30, 2023

	2023	2022
REVENUE		
Investment income (loss) <i>(Note 5)</i>	\$ 77,928	\$ (161,878)
EXPENDITURES		
Administration fees <i>(Note 4)</i>	10,000	10,000
Interest and bank charges	19	20
Professional fees	2,835	2,600
	12,854	12,620
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE PROJECT DISTRIBUTIONS	65,074	(174,498)
PROJECT DISTRIBUTIONS <i>(Note 4)</i>	(40,963)	(41,770)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 24,111	\$ (216,268)

B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND

Statement of Cash Flows

Year Ended June 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 24,111	\$ (216,268)
Items not affecting cash:		
Unrealized (gain) loss on marketable securities	(49,694)	421,274
Loss (gain) on disposal of marketable securities	3,718	(213,769)
	<u>(21,865)</u>	(8,763)
Change in non-cash working capital:		
Accounts payable	(1)	(22,501)
	<u>(21,866)</u>	(31,264)
Cash flow used by operating activities	(21,866)	(31,264)
INVESTING ACTIVITIES		
Purchase of marketable securities	(31,893)	(45,611)
Sale of marketable securities	47,100	76,870
	<u>15,207</u>	31,259
Cash flow from investing activities	15,207	31,259
DECREASE IN CASH FLOW	(6,659)	(5)
CASH - BEGINNING OF YEAR	6,659	6,664
CASH - END OF YEAR	\$ -	\$ 6,659

B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND

Notes to Financial Statements

Year Ended June 30, 2023

DESCRIPTION OF OPERATIONS

The development fund was established as a result of a contribution from the Province of British Columbia in 2002, intending to create a fund for the landscape and nursery industry to fund initiatives that will broadly benefit the industry. B.C. Landscape and Nursery Association ("BCLNA") is responsible for expenditure and distribution of the fund and must use the funds only for the purposes defined in the contribution agreement.

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 (ASNFPPO).

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 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.

Revenue recognition

Investment income (loss) includes dividend and interest income, including accrued interest income owing at year end.

Income taxes

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

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 are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. 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 & NURSERY INDUSTRY DEVELOPMENT FUND

Notes to Financial Statements

Year Ended June 30, 2023

2. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of June 30, 2023.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The development fund's assets are investments traded in active markets that can be readily liquidated and therefore the development fund's liquidity risk is considered minimal.

(b) 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 rate risk, interest rate risk and other price risk. The development fund is mainly exposed to interest rate risk and other price risk.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the development fund manages exposure through its normal operating activities. The development fund is exposed to interest rate risk primarily through its marketable securities.

(d) 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 development fund is exposed to other price risk through its investment in quoted shares.

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

3. MARKETABLE SECURITIES

The development fund's investment policy is to invest with a moderate risk tolerance in order to meet the long-term investment objectives of the fund. Those objectives include capital preservation of the fund and to generate sufficient cash flow for the BCLNA to carry out industry development projects. The policy directs that this is to be accomplished by investing in a diversified portfolio which includes geographically diversified pooled equity mutual funds and bonds.

	2023 Market value	2023 Cost	2022 Market value	2022 Cost
Phillips, Hager & North Investment Funds Ltd.	\$ 1,286,392	\$ 1,384,720	\$ 1,255,623	\$ 1,403,643

B.C. LANDSCAPE & NURSERY INDUSTRY DEVELOPMENT FUND

Notes to Financial Statements

Year Ended June 30, 2023

4. RELATED PARTY

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

	<u>2023</u>	<u>2022</u>
B.C. Landscape and Nursery Association		
<i>(Expenditures)</i>		
Administration fee	\$ 10,000	\$ 10,000
Project disbursements	<u>40,963</u>	<u>41,770</u>
	<u>\$ 50,963</u>	<u>\$ 51,770</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. INVESTMENT INCOME (LOSS)

Investment income is comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 31,952	\$ 45,627
Gain (loss) on sale of investments	(3,718)	213,769
Unrealized gain (loss)	<u>49,694</u>	<u>(421,274)</u>
	<u>\$ 77,928</u>	<u>\$ (161,878)</u>