

FINANCIAL STATEMENTS
For
**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION
DE FRUITS ET LÉGUMES**
For year ended
OCTOBER 31, 2024

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

INDEX TO FINANCIAL STATEMENTS

OCTOBER 31, 2024

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 & 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS - GENERAL FUND	4
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - PROMOTION FUND	5
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - BUILDING MAINTENANCE FUND	6
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - FOOD SAFETY FUND	7
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - SUSTAINABILITY FUND	8
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - JOINT ADVOCACY FUND	9
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - INNOVATION FUND	10
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - 100th ANNIVERSARY FUND	11
STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND	12
STATEMENT OF CASH FLOWS	13
NOTES TO FINANCIAL STATEMENTS	14 - 19
SUPPLEMENTARY INFORMATION	
Schedule of total level of operations	20

INDEPENDENT AUDITOR'S REPORT

To the directors of

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

Opinion

We have audited the financial statements of Canadian Produce Marketing Association/Association canadienne de la distribution de fruits et légumes (the Association), which comprise the statement of financial position as at October 31, 2024, and the statements of operations and changes in fund balances 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 Association as at October 31, 2024 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
February 6, 2025.

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 368,908	\$ 315,155
Accounts receivable	125,316	145,540
Contributions receivable - CASPP (note 6)	-	92,131
Government remittances receivable	-	19,426
Prepaid expenses	<u>427,897</u>	<u>391,775</u>
	922,121	964,027
INVESTMENTS (note 4)	7,404,432	6,960,237
PROPERTY AND EQUIPMENT (note 5)	<u>961,369</u>	<u>994,638</u>
	<u>\$ 9,287,922</u>	<u>\$ 8,918,902</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 364,666	\$ 335,970
Subsequent year's revenue	<u>3,276,371</u>	<u>2,775,424</u>
	<u>3,641,037</u>	<u>3,111,394</u>
<u>FUND BALANCES</u>		
GENERAL FUND		
Invested in property and equipment - internally restricted	961,369	994,638
Unrestricted	<u>2,778,197</u>	<u>2,701,360</u>
	3,739,566	3,695,998
PROMOTION FUND - internally restricted	418,270	402,417
BUILDING MAINTENANCE FUND - internally restricted	352,276	374,846
FOOD SAFETY FUND - internally restricted	501,839	511,458
SUSTAINABILITY FUND - internally restricted	467,734	510,804
JOINT ADVOCACY FUND - internally restricted	63,735	70,800
INNOVATION FUND - internally restricted	51,422	91,185
100th ANNIVERSARY FUND - internally restricted	<u>52,043</u>	<u>150,000</u>
	<u>5,646,885</u>	<u>5,807,508</u>
	<u>\$ 9,287,922</u>	<u>\$ 8,918,902</u>

Approved on behalf of the board:

GEORGE PITSIKOULIS
..... Chair

COLIN CHAPDELAINE
..... Past Chair

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES
STATEMENT OF OPERATIONS - GENERAL FUND
YEAR ENDED OCTOBER 31, 2024**

	2024		2023
	Budget (unaudited)	Actual	Actual
Revenue			
Membership fees	\$ 1,558,000	\$ 1,634,539	\$ 1,534,835
Convention and trade show revenue	3,943,000	4,203,568	4,307,242
Semi-annual directors' meeting	60,000	75,040	61,190
Membership directory	68,000	73,252	73,397
Education	23,500	12,475	12,500
Interest income	125,000	333,480	203,100
Dividend income	-	67,705	49,683
Miscellaneous	60,000	90,552	102,020
Foreign exchange gains	-	-	8,019
CASPP contract revenues (note 6)	-	31,055	195,580
CASPP administrative revenues (note 6)	-	3,106	19,558
	<u>5,837,500</u>	<u>6,524,772</u>	<u>6,567,124</u>
Expenses			
Annual convention and trade show expenses	2,071,000	2,013,917	1,938,636
Salaries and benefits	2,552,000	2,521,103	2,264,836
Semi-annual directors' meeting	160,000	192,106	120,880
Corporate marketing	258,000	325,556	271,744
Government relations	108,000	74,253	105,421
Travel and public relations	165,000	163,736	244,563
Building operating costs	100,000	101,661	100,093
Amortization	77,000	92,960	79,241
Investment account expenses	17,000	4,463	14,591
Education expenses	18,500	15,784	11,094
Computer support and maintenance	71,000	91,567	75,320
Food safety	63,000	41,254	37,018
Market research	120,000	100,810	199,582
Professional fees	100,000	148,901	99,888
Industry efficiencies and technology	26,000	11,440	18,378
Communications	27,000	20,005	21,749
Insurance	34,000	31,708	30,704
Membership directory	18,000	17,662	16,383
Employee training	20,000	11,307	8,043
Subscriptions and publications	16,000	15,974	18,018
Bank and credit card charges	24,000	34,693	21,251
Stationery and supplies	7,000	3,016	4,144
Equipment rental	7,500	7,091	5,698
Foreign exchange losses	-	3,691	-
Membership fees	5,000	4,461	4,421
Translation	12,000	9,838	9,217
General office	2,000	1,860	1,298
Postage and courier	1,000	625	469
CASPP contract expenses (note 6)	-	31,055	195,580
	<u>6,080,000</u>	<u>6,092,497</u>	<u>5,918,260</u>
Net revenue from operations	(242,500)	432,275	648,864
Recovery from Building Maintenance Fund	-	22,570	125,154
Allocation to Promotion Fund	-	(216,138)	-
Allocation to Sustainability Fund	-	(216,138)	(300,000)
Allocation to 100th Anniversary Fund	-	-	(150,000)
Realized gains on investments	-	27,495	-
Unrealized gains (losses) on investments	-	(6,496)	10,199
	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue (expense)	<u>\$ (242,500)</u>	<u>\$ 43,568</u>	<u>\$ 334,217</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - PROMOTION FUND

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Fundraising and sponsorships	\$ 22,399	\$ 500
Expenses	<u>222,684</u>	<u>161,300</u>
Net expense from operations	(200,285)	(160,800)
Balance, beginning of year	402,417	563,217
Allocation from General Fund	<u>216,138</u>	<u>-</u>
Balance, end of year	<u>\$ 418,270</u>	<u>\$ 402,417</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - BUILDING MAINTENANCE FUND

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue	\$ -	\$ -
Expenses	<u>22,570</u>	<u>125,154</u>
Net expense from operations	(22,570)	(125,154)
Balance, beginning of year	<u>374,846</u>	<u>500,000</u>
Balance, end of year	<u>\$ 352,276</u>	<u>\$ 374,846</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - FOOD SAFETY FUND

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Sponsorship	\$ 38,340	\$ 31,000
Expenses	<u>47,959</u>	<u>25,082</u>
Net revenue (expense) from operations	(9,619)	5,918
Balance, beginning of year	<u>511,458</u>	<u>505,540</u>
Balance, end of year	<u>\$ 501,839</u>	<u>\$ 511,458</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
SUSTAINABILITY FUND**

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Sponsorship	\$ 41,300	\$ -
Expenses	<u>300,508</u>	<u>138,652</u>
Net expense from operations	(259,208)	(138,652)
Balance, beginning of year	<u>510,804</u> 251,596	<u>349,456</u> 210,804
Allocation from General Fund	<u>216,138</u>	<u>300,000</u>
Balance, end of year	<u>\$ 467,734</u>	<u>\$ 510,804</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
JOINT ADVOCACY FUND**

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Sponsorship	\$ 51,500	\$ 65,500
Expenses	<u>58,565</u>	<u>62,055</u>
Net revenue (expense) from operations	(7,065)	3,445
Balance, beginning of year	<u>70,800</u>	<u>67,355</u>
Balance, end of year	<u>\$ 63,735</u>	<u>\$ 70,800</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
INNOVATION FUND**

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Sponsorship	\$ -	\$ -
Expenses	<u>39,763</u>	<u>43,357</u>
Net expense from operations	(39,763)	(43,357)
Balance, beginning of year	<u>91,185</u>	<u>134,542</u>
Balance, end of year	<u>\$ 51,422</u>	<u>\$ 91,185</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
100th ANNIVERSARY FUND**

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue	\$ -	\$ -
Expenses	<u>97,957</u>	<u>-</u>
Net expense from operations	(97,957)	-
Balance, beginning of year	<u>150,000</u> 52,043	<u>-</u> -
Allocation from General Fund	<u>-</u>	<u>150,000</u>
Balance, end of year	<u>\$ 52,043</u>	<u>\$ 150,000</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND

YEAR ENDED OCTOBER 31, 2024

	<u>2024</u>			<u>2023</u>
	<u>Invested in property and equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 994,638	\$ 2,701,360	\$ 3,695,998	\$ 3,361,781
Net revenue (expense) from general operations	(92,960)	136,528	43,568	334,217
Invested in property and equipment	<u>59,691</u>	<u>(59,691)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 961,369</u>	<u>\$ 2,778,197</u>	<u>\$ 3,739,566</u>	<u>\$ 3,695,998</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2024**

	<u>2024</u>	<u>2023</u>
CASH PROVIDED (USED)		
Operating activities		
Received from members and operational programs	\$ 6,755,084	\$ 5,858,671
Received government subsidies and contributions	126,292	238,910
Paid operating expenses	(6,723,918)	(6,177,761)
Paid government contribution agreement expenses	<u>(31,055)</u>	<u>(195,580)</u>
	<u>126,403</u>	<u>(275,760)</u>
Investing activities		
Received investment income	437,732	208,622
Proceeds on sale and maturity of investments	17,055,992	5,610,262
Paid for purchase of investments	(17,506,683)	(5,480,092)
Paid for property and equipment	<u>(59,691)</u>	<u>(147,015)</u>
	<u>(72,650)</u>	<u>191,777</u>
INCREASE (DECREASE) IN CASH	53,753	(83,983)
CASH, BEGINNING OF YEAR	<u>315,155</u>	<u>399,138</u>
CASH, END OF YEAR	<u>\$ 368,908</u>	<u>\$ 315,155</u>

(See accompanying notes)

Welch LLP[®]

An Independent Member of BKR International

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2024**

1. ORGANIZATION AND PURPOSE

The Association was founded in 1924 under the name Eastern Canada Jobbers' Association which organization was succeeded by The Canadian Fruit Wholesalers' Association which organization was succeeded by the present Canadian Produce Marketing Association/Association Canadienne de la Distribution de Fruits et Légumes.

The Association became incorporated without share capital by letters patent on September 1, 1965 under the provisions of Part II of the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act on September 2, 2014.

The Association is a voluntary, non-profit organization whose members are involved in the distribution and marketing of fresh fruit and vegetables. Members include retailers, wholesalers, brokers, shippers, food service operators, carriers and allied industries.

The objects of the Association are:

- (a) To promote the consumption of fresh produce;
- (b) To act as a spokesperson for the produce industry;
- (c) To encourage and foster cooperation between all segments of the produce industry from farm gate to consumer;
- (d) To consult and lobby government in relevant areas of public policy and legislation;
- (e) To encourage financial responsibility, efficiencies and integrity within the fresh produce industry; and
- (f) To provide members with a resource and communication centre and a forum for discussion and education.

Canadian Produce Marketing Association is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Association maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or object specified.

The General Fund accounts for the Association's operating activities.

The Promotion Fund is internally restricted for the promotion of the Half Your Plate program and Children's programs.

The Building Maintenance Fund is internally restricted for the maintenance of the building, outside of general operations.

The Food Safety Fund is internally restricted to support costs of food safety initiatives focusing on education and research.

The Sustainability Fund is internally restricted to support sustainability efforts of the Association on behalf of its members. This fund was previously the Plastics Packaging Working Group Fund.

The Joint Advocacy Fund is internally restricted for advocacy activities held in conjunction with the Fruit and Vegetable Growers of Canada.

The Innovation Fund is internally restricted to areas of focus which act as a catalyst to drive access and awareness of innovations for the Association's members which will improve the market.

The 100th Anniversary Fund is internally restricted to support the strategies associated with the effective launch and delivery of the 100th anniversary program for CPMA.

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED OCTOBER 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Revenue recognition

Membership fees are recorded as revenue in the period earned if receipt has been reasonably assured.

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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned. Unrealized gains or losses are recognized in the statement of operations at year end.

Convention, trade show and meeting revenue is recognized when the event occurs.

Government subsidies have been recorded in the period to which they relate as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of the assistance received is reported as a direct increase in revenue in the applicable period.

Other sources of revenue are recorded using the accrual basis of accounting.

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, liabilities, revenues and expenses and disclosure of contingent assets and liabilities.

Management makes estimates when determining the estimated useful life of the Association's property and equipment and related amortization expense and in the estimation of significant accrued liabilities and receivable amounts.

By their nature, these estimates are subject to uncertainty and the impact on the financial statements of the current and future years could be material.

Supplies and materials

Resalable and non-resalable supplies and promotional materials are expensed as incurred.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value and subsequently measures them at cost or amortized cost, with the exception of cash and investments in marketable securities which are subsequently measured at fair value at the year end date.

Transaction costs

Transaction costs associated with the acquisition or disposal of investments and investment management fees are expensed as incurred.

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED OCTOBER 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Property and equipment and related amortization

Property and equipment are recorded at cost.

Property and equipment are amortized by the straight-line method over their estimated useful lives, as follows:

Building	25 years
Office equipment and furnishings	5 years
Computer and related equipment	3 years

3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations.

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association's maximum exposure to credit risk represents the sum of the carrying value of its cash, term deposits, contributions receivable and accounts receivable. The Association's cash and term deposits are deposited with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote. The Association manages the credit risk associated with its accounts receivable by reviewing the status of outstanding amounts monthly and following up on outstanding amounts.

Liquidity risk

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they become due. The Association meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, currency risk and other price risk.

i) Interest rate risk

The Association's investments are exposed to interest rate risk by virtue of the fact that it invests in term deposits, GICs, bonds, and preferred shares, and the return on these investments will vary as a result of changes in interest rates.

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED OCTOBER 31, 2024

3. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

ii) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Association is exposed to fluctuations in exchange rates in respect of cash that is denominated in United States dollars and Euros. At October 31, 2024 the following amount is denominated in foreign currencies.

	<u>Euros</u>	<u>U.S. dollars</u>	<u>Canadian dollars</u>
Cash		\$ 51,782	\$ 72,060
Cash	€ 16,267		\$ 24,598

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Association is exposed to other price risk due to its investment in mutual funds.

Changes in risk

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

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED OCTOBER 31, 2024

4. INVESTMENTS

Investments are as follows:

	<u>2024</u>	<u>2023</u>
TD Securities - Term deposits	\$ 5,810,975	\$ 5,436,724
BMO - Cash and equivalents	231,223	-
BMO - GICs	600,000	-
BMO - Bonds	298,985	-
BMO - Preferred Shares	63,314	-
BMO - Equities	399,935	-
TD Wealth - Mutual funds	<u>-</u>	<u>1,523,513</u>
Total	<u>\$ 7,404,432</u>	<u>\$ 6,960,237</u>

Term deposits bear interest at rates ranging from 4.06% to 5.42% (2023 - 4.50% to 5.70%) and maturity dates from November 2024 to June 2025 (2023 - November 2023 to October 2024).

GICs bear an interest rate of 4.32% and a maturity date of September 2025.

Bonds bear interest at rates ranging from 1.50% to 3.07% and maturity dates from February 2026 to May 2032.

Preferred shares bear dividend rates ranging from 5.41% to 6.16%.

Investments are managed by the investment committee in consultation with the Association's financial advisors. The investments are allocated to each asset class with the permissible ranges as outlined below:

<u>Type of investment</u>	<u>Minimum %</u>	<u>Neutral %</u>	<u>Maximum %</u>
Cash and cash equivalents	5%	10%	50%
Fixed income	10%	55%	80%
Equities/Mutual funds	15%	<u>35%</u> 100%	50%

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED OCTOBER 31, 2024**

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Head Office, Ottawa, Ontario:				
Land	\$ 258,337	\$ -	\$ 258,337	\$ -
Building	1,630,056	961,919	1,607,486	896,717
Office equipment and furnishings	10,033	5,651	10,033	3,644
Computer and related equipment	<u>70,335</u>	<u>39,822</u>	<u>45,725</u>	<u>26,582</u>
	1,968,761	\$ 1,007,392	1,921,581	\$ 926,943
Less accumulated amortization	<u>1,007,392</u>		<u>926,943</u>	
Net book value	<u>\$ 961,369</u>		<u>\$ 994,638</u>	

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the amounts to be received from the Minister of Agriculture and Agri-Food for the project "Canadian Agricultural Strategic Priorities Program (CASPP)". Revenue on restricted contributions is recognized as the related expenses are incurred. Contributions receivable are comprised of the following activity:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 92,131	\$ 115,903
Contributions received	(126,292)	(238,910)
Contract revenue recognized	31,055	195,580
Administrative revenue recognized	<u>3,106</u>	<u>19,558</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ 92,131</u>

7. OPERATING LEASE OBLIGATIONS

Presently outstanding is an operating lease for office equipment with a lease term expiring in March 2029. The Association's share of the aggregate future minimum lease payments under this lease is \$23,315. Future minimum lease payments are payable in the following fiscal years:

2025	\$ 5,279
2026	5,279
2027	5,279
2028	5,279
2029	<u>2,199</u>
	<u>\$ 23,315</u>

**CANADIAN PRODUCE MARKETING ASSOCIATION/
ASSOCIATION CANADIENNE DE LA DISTRIBUTION DE FRUITS ET LÉGUMES**

SUPPLEMENTARY INFORMATION

SCHEDULE OF TOTAL LEVEL OF OPERATIONS

YEAR ENDED OCTOBER 31, 2024

	2024			2023		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
General fund						
Membership fees	\$ 1,634,539	\$ -	\$ 1,634,539	\$ 1,534,835	\$ -	\$ 1,534,835
Convention and trade show	4,203,568	2,013,917	2,189,651	4,307,242	1,938,636	2,368,606
Semi-annual directors' meeting	75,040	192,106	(117,066)	61,190	120,880	(59,690)
Membership directory	73,252	17,662	55,590	73,397	16,383	57,014
Education seminars	12,475	15,784	(3,309)	12,500	11,094	1,406
Government relations	-	74,253	(74,253)	-	105,421	(105,421)
Investment income	422,184	4,463	417,721	262,982	14,591	248,391
Miscellaneous revenues	90,552	-	90,552	102,020	-	102,020
CASPP administrative revenues	3,106	-	3,106	19,558	-	19,558
CASPP contract revenues	31,055	31,055	-	195,580	195,580	-
Administrative expenses	-	3,720,687	(3,720,687)	-	3,382,502	(3,382,502)
	<u>6,545,771</u>	<u>6,069,927</u>	<u>475,844</u>	<u>6,569,304</u>	<u>5,785,087</u>	<u>784,217</u>
Promotion Fund	22,399	222,684	(200,285)	500	161,300	(160,800)
Building Maintenance Fund	-	22,570	(22,570)	-	125,154	(125,154)
Food Safety Fund	38,340	47,959	(9,619)	31,000	25,082	5,918
Sustainability Fund	41,300	300,508	(259,208)	-	138,652	(138,652)
Joint Advocacy Fund	51,500	58,565	(7,065)	65,500	62,055	3,445
Innovation Fund	-	39,763	(39,763)	-	43,357	(43,357)
100th Anniversary Fund	<u>-</u>	<u>97,957</u>	<u>(97,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,699,310</u>	<u>\$ 6,859,933</u>	<u>\$ (160,623)</u>	<u>\$ 6,666,304</u>	<u>\$ 6,340,687</u>	<u>\$ 325,617</u>

Note: This schedule summarizes the revenues and expenses of the Association as reported on the *Statements of Operations*.