

**NORTH AMERICAN NATIVE PLANT SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023**

NORTH AMERICAN NATIVE PLANT SOCIETY

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of
North American Native Plant Society:

Opinion

I have audited the financial statements of North American Native Plant Society which comprises the statement of financial position as at December 31, 2023, and the statements of operations and 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North American Native Plant Society as at December 31, 2023, 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

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

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 a 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

A handwritten signature in cursive script that reads "Jeffrey D. Milgram Professional Corporation". The signature is written in black ink and is positioned above the printed name of the firm.

JEFFREY D. MILGRAM PROFESSIONAL CORPORATION
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

TORONTO, ONTARIO
JUNE 14, 2024

NORTH AMERICAN NATIVE PLANT SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents (Note 3)	163,689	154,045
Investments – short term	-	12,037
Accounts receivable	514	57
Government rebate receivable	5,181	7,082
Prepaid expenses and sundry assets	<u>2,763</u>	<u>414</u>
	172,147	173,635
LONG TERM		
Investments (Note 3)	36,784	24,041
REAL PROPERTY (Note 4)	<u>75,325</u>	<u>75,325</u>
	<u>284,256</u>	<u>273,001</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT		
Accounts payable and accrued liabilities	7,053	8,601
Deferred revenues		
• Project grant	-	14,150
• Memberships	<u>17,802</u>	<u>17,350</u>
	24,855	40,101
NET ASSETS		
Unrestricted net assets	<u>259,401</u>	<u>232,900</u>
	<u>284,256</u>	<u>273,001</u>

APPROVED ON BEHALF OF THE BOARD:

_____ DIRECTOR

_____ DATE

_____ DIRECTOR

_____ DATE

The accompanying notes are an integral part of these financial statements.

**NORTH AMERICAN NATIVE PLANT SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u> \$	<u>2022</u> \$
Balance, beginning of year	232,900	217,748
Excess of revenue over expenses for the year	<u>26,501</u>	<u>15,152</u>
Balance, end of year	<u>259,401</u>	<u>232,900</u>

The accompanying notes are an integral part of these financial statements.

NORTH AMERICAN NATIVE PLANT SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
REVENUE		
Donations and Membership:		
Donations	13,874	11,064
Fundraising	224	-
Membership	<u>18,243</u>	<u>16,501</u>
	<u>32,341</u>	<u>27,565</u>
Interest and other:		
Interest	2,754	864
Other	<u>1,070</u>	<u>570</u>
	<u>3,824</u>	<u>1,434</u>
Earned revenue:		
Sales (Note 5)	46,091	50,679
Less: Cost of goods sold	<u>29,165</u>	<u>29,808</u>
Gross profit margin	<u>16,926</u>	<u>20,871</u>
Grants	<u>14,150</u>	<u>1,200</u>
	<u>67,241</u>	<u>51,070</u>
EXPENSES		
Bank charges	1,128	1,360
Consulting fees	14,874	9,199
Insurance	1,865	1,743
Office and general	2,746	3,652
Printing and mailing	7,400	7,688
Professional fees	7,539	6,641
Projects	3,713	4,674
Property taxes	<u>1,475</u>	<u>961</u>
	<u>40,740</u>	<u>35,918</u>
EXCESS OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u>26,501</u>	<u>15,152</u>

The accompanying notes are an integral part of these financial statements.

NORTH AMERICAN NATIVE PLANT SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
FUNDS PROVIDED BY:		
OPERATING ACTIVITIES		
Operating activities		
Excess of revenue over expenses	26,501	15,152
Adjustments:		
Deferred revenue - recognition of prior year receipts	<u>(21,133)</u>	<u>(18,161)</u>
	5,368	(3,009)
Accounts receivable	6,625	(7,139)
Government rebate receivable	(5,181)	2,362
Prepays expenses and sundry assets	(2,349)	2,952
Accounts payable	(1,548)	3,236
Deferred revenue - current year	<u>7,435</u>	<u>31,500</u>
NET FUNDS PROVIDED BY OPERATING ACTIVITIES	<u>10,350</u>	<u>29,902</u>
INVESTING ACTIVITIES		
Short-term investment	12,037	(13)
Long-term investment	<u>(12,743)</u>	<u>19</u>
NET FUNDS PROVIDED BY INVESTING ACTIVITIES	<u>(706)</u>	<u>6</u>
INCREASE IN CASH AND CASH EQUIVALENTS	9,644	29,908
CASH AND CASH EQUIVALENTS, beginning of year	<u>154,045</u>	<u>124,137</u>
CASH AND CASH EQUIVALENTS, end of year	<u>163,689</u>	<u>154,045</u>
COMPRISED AS FOLLOWS:		
Cash and equivalents held in Canadian funds	151,328	153,607
Cash and equivalents held in United States funds	356	438
Cash and equivalents held in broker held investments (Note 3)	<u>12,005</u>	<u>-</u>
Cash and equivalents at end of year	<u>163,689</u>	<u>154,045</u>

The accompanying notes are an integral part of these financial statements.

NORTH AMERICAN NATIVE PLANT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Organization

Purpose – The North American Native Plant Society (NANPS) is a volunteer-operated registered charitable organization concerned with preserving native plant habitat in wild areas and restoring indigenous flora to developed areas. Our key purpose is to provide information and inspire an appreciation of native plants with an aim to restoring healthy ecosystems across the North American continent. It is the belief of NANPS that nature belongs in urban, suburban, and rural areas as much as in remote areas.

The North American Native Plant Society was incorporated, without share capital, by letters patent, under the Federal laws of Canada, and operates since January 1, 1987 as a registered charitable organization, which is exempt from income tax in Canada as a registered charitable organization entity under Section 149(1)(f) of the Income Tax Act of Canada.

Accounting Framework – The Organization prepares its financial statements in accordance with the Institute of Chartered Professional Accountant’s (CPA, Canada) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO) applied on a basis consistent with that of the preceding year.

2. Significant Accounting Policies

Outlined below are those policies considered particularly significant.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues, as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods and services and the creation of legal obligation to pay.

Cash and Cash Equivalents

Bank and equivalents include cash on hand, current bank deposits and investment with a maturity of 90 days or less from the year end date.

Investments

Investments with maturities of greater than 90 days but less than one year from the year-end date are classified as short term investments. Those investments whose maturity exceeds 365 days, are classified as long term. Due to the low interest rates at which the investments are placed, and that maturity for most of the investments held is reached in under 365 days, management has estimated that the fair value of the financial instruments approximates their stated value plus accrued interest to the year end date.

NORTH AMERICAN NATIVE PLANT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. Significant Accounting Policies – Continued

Capital Assets

Capital assets owned by the Organization pertain to two real property holdings. Those assets are carried at either purchased or donated cost; as applicable, with no requirement to provide for amortization on the land value. The Organization does not hold any depreciable assets.

Income Recognition

The Organization 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.

Revenues generated from sponsorships, advertising, publication and general sales are recognized as revenue as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues pertaining to memberships are recognized when paid. Memberships are based on the calendar year and terminate on December 31st.

Program grants are recognized into income as funds are utilized in accordance with the funding agreement;

Interest is recognized as earned.

Contributed Services

Donations of materials which are not normally purchased by the Organization are not recorded in the accounts. The work of the Organization is also heavily dependent on the voluntary service of its members. Since these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these statements.

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. During the year management booked estimates to the accounts pertaining to the prepaid expenses, and certain payables and accrued liabilities.

NORTH AMERICAN NATIVE PLANT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and short term income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenues.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

NORTH AMERICAN NATIVE PLANT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. Significant Accounting Policies – Continued

(ii) Impairment - Continued

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

Income Taxes

The Organization is registered as a charitable organization under the Income Tax Act ("the Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

3. Investments

Investments are recorded at fair market value which has been estimated as cost plus accrued interest to the year end date.

As at December 31, 2023, investment holdings of the Organization included in the cash and cash equivalent position consists of the following holdings:

	<u>Maturity</u>	<u>Rate</u>	<u>Terms</u>	<u>Face Value</u>	<u>Fair Value</u>
				\$	\$
GIC: Bank of Nova Scotia	24/01/2024	0.15%	Paid at Maturity	<u>12,005</u>	<u>12,005</u>

As at December 31, 2023, long term investment holdings of the Organization consist of the following holdings:

	<u>Maturity</u>	<u>Rate</u>	<u>Terms</u>	<u>Face Value</u>	<u>Fair Value</u>
				\$	\$
GIC: Manulife	12/05/2025	3.75%	Paid at Maturity	12,000	12,287
GIC: Manulife	23/01/2026	4.20%	Paid at Maturity	12,000	12,472
GIC: Bank of Nova Scotia	14/12/2027	4.45%	Paid at Maturity	<u>12,000</u>	<u>12,025</u>
				<u>36,000</u>	<u>36,784</u>

NORTH AMERICAN NATIVE PLANT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Real Property

The Organization holds title to two parcels of land in Ontario with an aggregated cost of \$75,325 which are held for purposes of conservation and education.

5. Sales

The Organization holds annual plant sales as its main fundraising activity each year. Since the Covid-19 pandemic, plant sales are a combination of both in-person and on-line pre-ordered sales with on-site pick up. The event is held annually in May of each year.

6. Risk

General

The Organization holds financial assets in the form of cash, both short and long term investments in a guaranteed investment certificates and accounts receivable. It is management's opinion that the fair value of these financial instruments approximates their stated values, plus accrued interest where applicable, due to the short term to maturity for all items held at year end. Long term investment certificates are held in the form of a series of laddered rolling investments, the interest rate for which is renegotiated and updated on each anniversary date to current market rates, accordingly, management believes this process reflects the estimated current discounted value and fair value of the investment held.

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities. As with the financial assets, fair value and stated value approximate each other at year end due to the short term to maturity of the liabilities and debts held at December 31, 2023.

Liquidity

The Organization manages its liquidity risk by monitoring actual and projected cash flows, from general operations and fundraising events, to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments.

Interest rate risk arises when the organization invests in interest-bearing financial instruments. The organization is exposed to the risk that the value of such financial instruments will fluctuate due to the prevailing levels of market interest rates.

NORTH AMERICAN NATIVE PLANT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

6. Risk - Continued

Interest Rate Risk - Continued

As at the end of the current fiscal year, the Organization held interest bearing investments in the form of guaranteed investment certificates as described in Note 3 and is therefore subject to the risk associated with interest rate changes.

While the risk of future cash flows from the investments held will accordingly increase or decrease with the changes to the market rate of interest on similar investments, some of these investments are fully cashable or are held for periods of time just extending beyond one year which does not preclude management from reinvesting at a more favourable rate, and accordingly, minimizing the exposure to interest rate risk on these investment vehicles.

Other Risks

It is management's opinion that the Organization is not exposed to significant currency, credit, interest or market risks arising from the financial instruments held.

7. Comparative Figures

Certain comparative figures for the year ended December 31, 2022 have been reclassified to conform with the current year's reporting format.