

Caledonia Agricultural Society

Financial Statements

Period ended October 31, 2025

Independent Auditor's Report

To the Directors of Caledonia Agricultural Society

Qualified Opinion

We have audited the financial statements of Caledonia Agricultural Society (the "Organization"), which comprise the statement of financial position as at October 31, 2025, and the statements of operations and changes in net assets and cash flows for the 10-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Caledonia Agricultural Society as at October 31, 2025, and its results of operations and its cash flows for the 10-month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to various sources of revenue recorded, deficiency of revenues over expenditures, cash flows from operations for the period ended October 31, 2025 and year ended December 31, 2024, current assets as at October 31, 2025 and December 31, 2024 and net assets as of January 1 and October 31 for 2025 and January 1 and December 31 for 2024. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this scope limitation.

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 qualified 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 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.

Independent Auditor's Report, continued

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 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.



**Chartered Professional Accountants
Licensed Public Accountants**

Hamilton, Ontario
January 28, 2026

Caledonia Agricultural Society

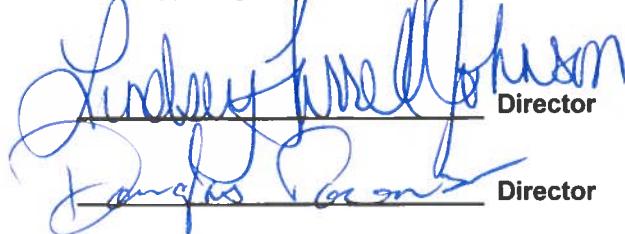
Statement of Financial Position

	October 31 2025	December 31 2024
Assets		
Current assets		
Cash	\$ 402,383	\$ 287,593
Short-term investments (Note 2)	105,164	105,164
Accounts receivable (Note 3)	46,188	-
Interest receivable	5,119	608
Inventory	6,592	7,026
Prepaid expenses	11,221	5,256
	<hr/> 576,667	<hr/> 405,647
Capital assets (Note 4)	<hr/> 5,417,956	<hr/> 5,669,042
	<hr/> \$ 5,994,623	<hr/> \$ 6,074,689
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 159,643	\$ 35,558
Deposits	40,961	46,377
Demand loan (Note 7)	2,785,594	2,909,162
Deferred revenue	18,394	-
Current portion of loans payable (Note 8)	75,000	-
	<hr/> 3,079,592	<hr/> 2,991,097
Loans payable (Note 8)	-	75,000
Deferred capital contributions (Note 9)	<hr/> 2,877,207	<hr/> 2,932,032
	<hr/> 5,956,799	<hr/> 5,998,129
Unrestricted net assets	<hr/> 37,824	<hr/> 76,560
	<hr/> \$ 5,994,623	<hr/> \$ 6,074,689

Contingency (Note 12)

See accompanying notes to the financial statements.

APPROVED BY THE BOARD:



Lindsey Howell Johnson
Director

Douglas Pearson
Director

Caledonia Agricultural Society

Statement of Operations and Changes in Net Assets

	Period ended October 31 2025 (10 months)	Year ended December 31 2024 (12 months)
Revenues		
Admissions	\$ 268,236	\$ 221,354
Rental income	210,532	223,411
Donations	197,469	233,006
Catering	175,841	141,845
Concessions	128,440	126,064
Lottery and other income	81,816	32,116
Grants	53,388	32,763
Fundraisers	49,313	60,529
Interest income	5,911	11,951
Membership and entry fees	2,946	3,044
	<hr/> 1,173,892	<hr/> 1,086,083
Expenditures		
Employee wages	233,527	258,027
Interest on long-term debt	104,632	129,361
Repairs and maintenance	104,142	91,776
Catering	76,289	60,642
Entertainment	73,792	63,987
Fundraisers	70,086	47,781
Telephone and utilities	67,756	71,449
Office and supplies	39,090	31,487
Volunteering	30,105	27,078
Advertising and promotion	26,610	21,791
Prizes	23,235	17,038
Rentals	20,571	18,575
Interest and bank charges	19,426	18,596
Insurance	19,419	22,845
Professional fees	18,497	17,887
Security	12,294	10,595
Agricultural education	7,181	6,298
Judges and licenses	5,376	4,918
Affiliation Fees	258	2,470
	<hr/> 952,286	<hr/> 922,601
Excess of revenues over expenditures from operations	<hr/> 221,606	<hr/> 163,482
Other income (expenses)		
Amortization of deferred capital contributions	208,725	206,388
Loss on disposal of capital assets (Note 4)	(48,293)	-
Amortization of capital assets	<hr/> (420,774)	<hr/> (413,813)
	<hr/> (260,342)	<hr/> (207,425)
Deficiency of revenues over expenditures for the period / year	<hr/> (38,736)	<hr/> (43,943)
Net assets at beginning of the period / year	76,560	120,503
Net assets at end of the period / year	<hr/> \$ 37,824	<hr/> \$ 76,560

See accompanying notes to the financial statements.

Caledonia Agricultural Society

Statement of Cash Flows

	Period ended October 31 2025 (10 months)	Year ended December 31 2024 (12 months)
Cash flows from (used in) operating activities		
Deficiency of revenues over expenditures for the period / year	\$ (38,736)	\$ (43,943)
Items not involving cash		
Amortization of capital assets	420,774	413,813
Loss on disposal of capital assets	48,293	-
Amortization of deferred capital contributions	<u>(208,725)</u>	<u>(206,388)</u>
	<u>221,606</u>	<u>163,482</u>
 Net change in non-cash working capital balances relating to operations		
(AIncrease) decrease in accounts receivable	(46,188)	1,079
(AIncrease) decrease in interest receivable	(4,511)	759
Decrease (increase) in inventory	434	(867)
Increase in prepaid expenses	(5,965)	(5,256)
Increase (decrease) in accounts payable and accrued liabilities	124,085	(3,540)
(Decrease) increase in deposits	(5,416)	10,782
Increase in deferred revenue	<u>18,394</u>	<u>-</u>
	<u>80,833</u>	<u>2,957</u>
	<u>302,439</u>	<u>166,439</u>
 Cash flows from (used in) investing activities		
Proceeds of short-term investments	-	150,000
Purchase of capital assets	(217,981)	(232,087)
Interest reinvested in short-term investments	<u>-</u>	<u>(5,164)</u>
	<u>(217,981)</u>	<u>(87,251)</u>
 Cash flows from (used in) financing activities		
Repayment of demand loan	(123,568)	(142,267)
Proceeds of deferred capital contributions	<u>153,900</u>	<u>48,800</u>
	<u>30,332</u>	<u>(93,467)</u>
 Net increase (decrease) in cash during the period / year	114,790	(14,279)
Cash at beginning of the period / year	<u>287,593</u>	<u>301,872</u>
Cash at end of the period / year	<u>\$ 402,383</u>	<u>\$ 287,593</u>

See accompanying notes to the financial statements.

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

Nature of operations

Caledonia Agricultural Society (the "Organization") was established to provide a venue to educate, entertain, enrich the agricultural experience and showcase accomplishments and opportunities. The Organization was incorporated by Letters Patent in 1873 as a corporation without share capital under the Laws of Ontario and is exempt from income taxes. The Organization became a registered charity on January 1, 2018.

The members of Caledonia Agricultural Society approved a change in the Organization's year end from December 31 to October 31 to better align the year end with their annual fair. As a result of the change, the current reporting period covers January 1, 2025 to October 31, 2025. Going forward, the Organization's financial statements will be prepared on a regular fiscal year of 12 months. Comparative figures in these financial statements are for 12 months ended December 31, 2024.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations as found in Part III of the CPA Canada Handbook. The Organization's significant accounting policies are detailed as follows:

Cash

Cash consists of balances with financial institutions, net of any outstanding cheques and deposits.

Inventory

Inventory is comprised of branded souvenir items and apparel. Inventory is measured at lower of cost and net realizable value with cost being determined using the purchase cost method.

Contributed materials and services

The work of the Organization is dependent on the voluntary service of many individuals. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Contributed materials are only recognized when the asset is used in the normal course of the Organization's operations, would otherwise have been purchased, and the fair value can be reasonably estimated.

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

1. Significant accounting policies, continued

Capital assets

Capital assets are recorded at cost less accumulated amortization. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Building	20 Years straight-line
Equipment	20% Declining balance
Paving	8% Declining balance
Furniture and fixtures	20% Declining balance
Signs	20% Declining balance
Computer equipment	30% Declining balance

Expenditures for repairs and maintenance are charged to deficiency of revenues over expenditures as incurred.

Capital assets under development are not subject to amortization. Upon substantial completion, assets under development will be amortized at a method and rate designed to amortize the cost of the assets over their estimated useful lives.

Revenue recognition

The Organization follows the deferral method of accounting for contributions which includes donations and grants.

Funding from the provincial and local governments and other charitable organizations is recognized as revenue in the year which the related expenditures are incurred. Any unearned portion is included in deferred contributions in the statement of financial position.

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

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into deficiency of revenues over expenditures at a rate consistent with the amortization rate of the related capital assets.

Revenue derived from concessions, rentals or other provided services is recognized when the services are provided and collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the established consideration is fixed and determinable.

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

1. Significant accounting policies, continued

Impairment of long-lived assets

Long-lived assets, which comprise capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Financial instruments

(i) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in deficiency of revenues over expenses in the period incurred. The Organization has not designated any financial asset or liability to be measured at fair value.

Financial assets measured at cost or amortized cost include cash, accounts receivable, interest receivable and short-term investments.

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities, demand loan and loan payable.

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

1. Significant accounting policies, continued

Financial instruments, continued

(ii) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the deficiency of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the deficiency of revenues over expenditures.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the deficiency of revenues over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the deficiency of revenues over expenditures over the life of the instrument using the straight-line method.

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 statement of financial position date and the reported amounts of revenues and expenditures during the year. Significant items subject to estimates and assumptions include the useful life of capital assets. Actual results could differ from those estimates.

2. Short-term investments

Short-term investments consists of a guaranteed investment certificate (GIC) with the following terms:

	October 31 2025	December 31 2024
Libro Credit Union, Sub 25 at 5.15%, matures November 2025	\$ 105,164	\$ 105,164

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

3. Accounts receivable

Government amounts receivable consist of amounts (such as HST rebates and government funding) that are expected to be received from government authorities and are recognized when the amount becomes receivable. Accounts receivable includes government amounts receivable totaling \$12,653 (December 2024 - \$Nil).

4. Capital assets

	Cost	Accumulated Amortization	October 31 2025	December 31 2024
			Net Book Value	Net Book Value
Building	\$ 7,392,874	\$ 2,276,121	\$ 5,116,753	\$ 5,446,257
Equipment	237,906	123,593	114,313	100,788
Paving	82,809	3,312	79,497	26,756
Furniture and fixtures	127,226	70,898	56,328	70,410
Signs	36,739	3,674	33,065	-
Computer equipment	60,108	42,108	18,000	24,831
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 7,937,662	\$ 2,519,706	\$ 5,417,956	\$ 5,669,042

Included in the year end balance of the building is \$17,119 (December 2024 - \$Nil) of renovations which began during the year and are expected to be completed in fiscal 2026. Amortization of these amounts will commence upon substantial completion.

During the year, the Organization wrote off paving which began in the previous fiscal year as the work was deemed to be sub-par, was never completed by the contractor and needed to be removed and redone prior to the annual fair. The expended cost for this work which was initially capitalized as paving was \$48,293 and has been written off in the statement of operations. The Organization has filed a legal statement of claim against the contractor in hopes of recovering the cost.

5. Accounts payable and accrued liabilities

Government remittances consist of amounts (such as sales taxes payable, payroll taxes and workers' safety insurance premiums) that are required to be paid to government authorities and are recognized when the amount becomes due. Accounts payable and accrued liabilities include government remittances totaling \$4,824 (December 2024 - \$7,840).

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

6. Deferred contributions

Deferred contributions relates to expenditures of future periods and is comprised of externally restricted grants for specific purposes. The change in the deferred contributions balance is as follows:

	October 31 2025	December 31 2024
Add: Grants received and internally deferred	\$ 55,388	\$ 32,763
Less: Grants recognized as revenue	(53,388)	(32,763)
Less: Amounts transferred to deferred capital contributions (Note 9)	<u>(2,000)</u>	-
Balance at end of year	<u>\$ -</u>	<u>\$ -</u>

7. Demand loan

	October 31 2025	December 31 2024
Libro Credit Union demand loan, bearing interest at a fixed rate of 4.25%, repayable in blended monthly payments of \$22,370 as to principal plus interest, maturing June 2027	<u>\$ 2,785,594</u>	<u>\$ 2,909,162</u>

The demand loan is secured by the following:

- (i) A first collateral charge against the lands and premises located at 151 Caithness St. E, Caledonia, ON (the "Existing Property") in the amount of \$4,000,000.
- (ii) A first loss payee or first mortgagee on the fire insurance policy over the Existing Property.
- (iii) A general security agreement constituting a first ranking interest in all personal property.

Under the terms of the demand loan with Libro Credit Union, the Organization is required to meet certain financial covenants. As at October 31, 2025 the Organization was in compliance with these financial covenants.

Estimated principal repayments are as follows:

2026	\$ 153,000
2027	<u>2,632,594</u>
	<u>\$ 2,785,594</u>

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

8. Loans payable

	October 31 2025	December 31 2024
Private loan - Bearing interest at 6.00%, repayable in annual interest only payments until maturity in July 2026 and is not secured	\$ 50,000	\$ 50,000
Private loan - Bearing interest at 6.00%, repayable in annual interest only payments until maturity in July 2026 and is not secured	<u>25,000</u>	<u>25,000</u>
	75,000	75,000
Less: Current portion	<u>(75,000)</u>	-
	<u>\$ -</u>	<u>\$ 75,000</u>

9. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and donations received for the purchase and construction of capital assets. Deferred capital contributions are recognized as revenue on the same basis as the corresponding capital asset that is being amortized. The change in the balance of deferred capital contributions is as follows:

	October 31 2025	December 31 2024
Balance at beginning of year	\$ 2,932,032	\$ 3,089,620
Add: Capital contributions received in the year	151,900	48,800
Add: Amounts transferred from deferred contributions (Note 6)	2,000	-
Less: Amortization of deferred capital contributions	<u>(208,725)</u>	<u>(206,388)</u>
Balance at end of year	<u>\$ 2,877,207</u>	<u>\$ 2,932,032</u>

10. Credit facility

The Organization has an authorized operating line of credit with its primary lender. The operating line of credit is authorized to a maximum of \$60,000 and bears interest at prime (4.45% at October 31, 2025) plus 1.40% per annum. As at October 31, 2025, the balance outstanding on the line of credit was \$Nil (December 2024 - \$Nil).

Caledonia Agricultural Society

Notes to Financial Statements

October 31, 2025

11. Financial instruments risks and uncertainties

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Organization is not exposed to significant foreign exchange, credit, currency, market, price or concentration risk.

(a) Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization is exposed to liquidity risk in respect of its accounts payable and accrued liabilities, demand loan and loans payable. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains an adequate line of credit to repay trade creditors and repays loan interest and principal as they become due.

(b) Interest rate risk

The Organization is exposed to interest rate risk as a result of utilizing certain credit facilities which are linked to fixed and floating interest rates. Interest rate risk is the risk that the Organization has exposure to changes in the interest rates which could effect its future cash flows or the fair values of its financial instruments. Fixed interest rate instruments subject the Organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate financial instruments subject the Organization to changes in future cash flows. This exposure may have an effect on its excess (deficiency) of revenues over expenditures in future periods. The Organization reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates. Management does not deem its risk associated with interest rates to be significant.

12. Contingency

Subsequent to year end, the Organization received notice regarding a potential injury during an event on the fairgrounds. It is expected that any liability that could result from successful claims will be covered by its insurance carrier. Any expenses incurred to settle these actions will be recorded when paid. As at October 31, 2025, based on management's assessment, there were no outstanding claims that would likely cause an economic loss to the Organization and therefore no amount has been accrued in the financial statements.