

ONTARIO BEAN GROWERS

Financial Statements

August 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Bean Growers:

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario Bean Growers, which comprise the statement of financial position as at August 31, 2015, and the statements of operations, changes in net assets, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Ontario Bean Growers as at August 31, 2015, and the statements of operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

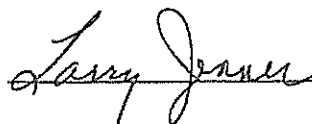
Aylmer, Ontario
November 26, 2015


Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

ONTARIO BEAN GROWERS

**Balance Sheet
As at August 31, 2015**

	General Fund	Reserve Fund	Crop Pool	2015	2014
	\$	\$	\$	\$	\$
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	1,077,261	-	104,742	1,182,003	766,285
Short-term investments (Note 2)	206,165	820,872	-	1,027,037	1,172,030
Accounts receivable	54,878	-	18,635	73,513	47,830
HST recoverable	6,116	-	-	6,116	20,461
Due from (to) crop pool	(3,106)	-	3,106	-	-
Due from (to) reserve fund	(43,796)	43,796	-	-	-
Prepaid expenses	27,500	-	-	27,500	10,500
Inventory	-	-	-	-	6,488
TOTAL ASSETS	<u>1,325,018</u>	<u>864,668</u>	<u>126,483</u>	<u>2,316,169</u>	<u>2,023,594</u>
<u>LIABILITIES</u>					
CURRENT LIABILITIES					
Accounts payable and accruals	316,756	-	-	316,756	224,157
Government remittances payable	3,604	-	-	3,604	119
Deferred research grants	76,605	-	-	76,605	124,805
Due to producers (Note 6)	-	-	19,598	19,598	43,219
Bank demand loan	-	-	106,885	106,885	-
	<u>396,965</u>	<u>-</u>	<u>126,483</u>	<u>523,448</u>	<u>392,300</u>
<u>NET ASSETS</u>					
NET ASSETS	<u>928,053</u>	<u>864,668</u>	<u>-</u>	<u>1,792,721</u>	<u>1,631,294</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,325,018</u>	<u>864,668</u>	<u>126,483</u>	<u>2,316,169</u>	<u>2,023,594</u>

 Director

 Director

See accompanying notes to the financial statements.

ONTARIO BEAN GROWERS

**Statement of Changes in Net Assets
For the Year Ended August 31, 2015**

	General Fund \$	Reserve Fund \$	Crop Pool \$	2015 \$	2014 \$
NET ASSETS, BEGINNING OF YEAR	678,937	952,357	-	1,631,294	1,658,626
Net surplus (deficit) for the period	149,116	12,311	-	161,427	(27,332)
Interfund Transfer (Note 11)	<u>100,000</u>	<u>(100,000)</u>	-	-	-
NET ASSETS, END OF YEAR	<u>928,053</u>	<u>864,668</u>	-	<u>1,792,721</u>	<u>1,631,294</u>

See accompanying notes to the financial statements.

ONTARIO BEAN GROWERS

**Statement of Operations
For the Year Ended August 31, 2015**

	General Fund \$	Reserve Fund \$	Crop Pool \$	2015 \$	2014 \$
REVENUES					
Crop sales	-	-	177,720	177,720	364,275
License fees - producers	834,546	-	-	834,546	545,878
Interest	3,635	12,311	-	15,946	17,028
Other income	2,340	-	-	2,340	3,052
Gain on sale of capital assets	-	-	-	-	153,836
	<u>840,521</u>	<u>12,311</u>	<u>177,720</u>	<u>1,030,552</u>	<u>1,084,069</u>
EXPENDITURES					
Research	296,278	-	-	296,278	253,519
Administration (page 5)	250,516	-	-	250,516	318,360
Marketing (page 5)	81,959	-	-	81,959	76,689
Directors' expenses (page 5)	62,652	-	-	62,652	98,558
Payments to producers (Note 6)	-	-	152,812	152,812	323,451
Handling and storage	-	-	22,746	22,746	36,970
Bank charges and interest	-	-	2,162	2,162	3,854
	<u>691,405</u>	<u>-</u>	<u>177,720</u>	<u>869,125</u>	<u>1,111,401</u>
NET SURPLUS (DEFICIT) FOR THE YEAR	<u>149,116</u>	<u>12,311</u>	<u>-</u>	<u>161,427</u>	<u>(27,332)</u>

See accompanying notes to the financial statements.

ONTARIO BEAN GROWERS

Schedule of Expenses For the Year Ended August 31, 2015

	2015	2014
	<u>\$</u>	<u>\$</u>
Administration		
Salaries and benefits	169,410	213,832
Contract services	18,332	6,304
Computer expenses	14,601	14,609
Office rental	8,400	11,300
Audit and accounting fees	8,000	9,300
Staff travel	7,150	9,591
Repairs, maintenance and equipment rental	5,226	7,909
Telephone	4,202	7,749
Stationary and supplies	4,147	4,587
Legal fees	3,421	9,067
Insurance	3,317	3,724
Postage	2,779	5,908
Bank charges	1,531	2,291
Property taxes	-	10,039
Utilities	-	2,150
	<u>250,516</u>	<u>318,360</u>
Producer Relations		
Directors' fees	26,600	49,875
Producers' expenses	14,754	23,038
Meetings	8,051	10,141
Directors' expenses	7,703	15,012
Delegate expenses	5,544	492
	<u>62,652</u>	<u>98,558</u>
Marketing		
Conferences	15,371	3,618
Memberships and subscriptions	35,177	36,211
Promotion	27,692	31,097
Advertising	3,719	5,763
	<u>81,959</u>	<u>76,689</u>

See accompanying notes to the financial statements.

ONTARIO BEAN GROWERS

**Statement of Cash Flows
For the Year Ended August 31, 2015**

	General & Reserve \$	Crop \$	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from sales	843,103	160,164	1,003,267	878,766
Cash paid to suppliers and employees	(654,032)	(199,179)	(853,211)	(868,932)
Interest received	15,946	-	15,946	17,028
Interest paid	-	(2,162)	(2,162)	(3,854)
Cash flows from (used in) operating activities	<u>205,017</u>	<u>(41,177)</u>	<u>163,840</u>	<u>23,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of capital assets	-	-	-	311,245
Cash flows from investing activities	-	-	-	<u>311,245</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in short-term debt	-	106,885	106,885	-
Cash flows (used in) financing activities	-	106,885	106,885	-
INTER-FUND TRANSFERS	<u>(35,901)</u>	<u>35,901</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH DURING THE YEAR	169,117	101,609	270,725	334,253
CASH, BEGINNING OF YEAR	<u>1,935,181</u>	<u>3,133</u>	<u>1,938,315</u>	<u>1,604,062</u>
CASH, END OF YEAR	<u>2,104,298</u>	<u>104,742</u>	<u>2,209,040</u>	<u>1,938,315</u>
CASH IS COMPRISED OF:				
Cash	1,077,261	104,742	1,182,003	766,285
Short-term investments	<u>1,027,037</u>	-	<u>1,027,037</u>	<u>1,172,030</u>
	<u>2,104,298</u>	<u>104,742</u>	<u>2,209,040</u>	<u>1,938,315</u>

See accompanying notes to the financial statements.

ONTARIO BEAN GROWERS

Notes to the Financial Statements For the Year Ended August 31, 2015

NATURE OF THE ORGANIZATION

The Board was formed on July 1, 2013 under the Farm Products Marketing Act. The Board is regulated under the Ontario Farm Products Marketing Commission. It is a not-for-profit organization in which Ontario white and coloured beans are recorded and a portion of the crop is marketed on behalf of the Producers of Ontario.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Revenue recognition

The organization recognized revenue on a completed transaction basis. Specifically, the organization recognizes:

- Revenue from grants when the related expenditures have been incurred
- Revenue from licences and crop pools when received
- Revenue from investments when accrued, as in the case of interest

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivable and HST recoverable.

ONTARIO BEAN GROWERS

Notes to the Financial Statements For the Year Ended August 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

Financial assets measured at fair value include cash and short term investments.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 net income.

Available-For-Sale Property, Plant and Equipment

Property, plant and equipment available for sale comprise mainly land and a building and are accounted for at the lower of cost and estimated net recoverable amount. These assets are subject to a selling process based on their respective real estate markets. The organization disposed of them in fiscal 2014.

Fund Accounting

The accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The organization uses three fund groups: General Fund, Research Fund and Crop Pool.

The General Fund accounts for the day-to-day operations of the Board including the administration of the various crop pools.

The Reserve Fund accounts for the exclusive purpose of conducting research, developing and marketing white pea bean varieties.

The Crop Pool fund accounts for the marketing of beans delivered to the Board by the producers segregated by crop year.

Deferred Research Grants

Deferred research grants represent funds received by the board from other parties or committed by the board for research projects that had not been distributed at year end.

ONTARIO BEAN GROWERS

Notes to the Financial Statements For the Year Ended August 31, 2015

2. SHORT-TERM INVESTMENTS	2015	2014
	<u>\$</u>	<u>\$</u>
Scotiabank, 1.5%, GIC, matures October 30, 2017	236,219	-
Scotiabank, 1.62%, GIC, matures May 27, 2017	206,165	206,165
Scotiabank, 1.85%, GIC, matures October 4, 2016	292,927	288,086
Scotiabank, 1.62%, GIC, matures October 5, 2015	291,725	287,495
Scotiabank, 1.34%, GIC, matured October 4, 2014	-	286,776
TD Canada Trust, 1.1%, GIC, matured December 13, 2014	-	51,754
TD Canada Trust, 1.1%, GIC, matured December 13, 2014	-	51,754
	<u>1,027,036</u>	<u>1,172,030</u>

3. CONTINGENT LIABILITY

The Board has voted to self insure against damages in the event the Board is unable to meet the commitments of advance bean contracts. The Board is contingently liable to the extent of the advance sales contracts entered into by the Board. The Board has built its surplus to cover any potential liability.

4. PRODUCTION CONTRACTS

The quantity of beans sold in Ontario in all market classes in 2015 (2014 crop year) was 122,727 tonnes (2,705,647 bags). The quantity of beans sold in Ontario in 2014 (2013 crop year) was 82,709 (1,823,403 bags).

5. POSITION OF CROP POOL

(a) 2014 Crop Pool

At August 31, 2015, all of the beans from 2014 crop year were sold. A final payment of \$98.46 per tonne will be made on the 199.044 tonnes of beans in the pool on or about October 31, 2015.

(b) 2013 Crop Pool

At August 31, 2014, all of the beans from 2013 crop year were sold. A final payment of \$115.98 per tonne was made on the 372.649 tonnes of beans in the pool on November 15, 2014.

ONTARIO BEAN GROWERS

**Notes to the Financial Statements
For the Year Ended August 31, 2015**

6. PAYMENTS TO PRODUCERS	2015 (2014 crop) \$	2014 (2013 crop) \$
Initial	106,885	198,249
Interim	26,329	81,983
Final amount payable (Note 5)	<u>19,598</u>	<u>43,219</u>
	<u>152,812</u>	<u>323,451</u>

7. LICENCE FEES

Licence fees are charged to all growers. The fees were \$6.80 per tonne for the 2014 crop (\$6.60 - 2013).

8. RESEARCH GRANTS

The amounts reflected in these financial statements do not include amounts paid or received for projects where research funding was received and the expenses were paid from the Board's general fund. The Ontario Bean Growers received \$373,982 for such projects. The board paid out \$283,654 in net expenses on these projects as follows:

	<u>\$</u>
Saskatchewan Pulse - Pulse Science Cluster	142,842
University of Guelph - Weed Management	80,000
Growing Forward 2	31,103
Can Advance - Dry Edible Beans Graduate Student	24,559
Other	<u>5,150</u>
	<u>283,654</u>

9. INCOME TAX

The Board is exempt from paying income tax under Subsection 149(1)(e) of the Income Tax Act.

ONTARIO BEAN GROWERS

**Notes to the Financial Statements
For the Year Ended August 31, 2015**

10. AVAILABLE CREDIT

The Board has a line of credit of \$2,000,000 available to use to finance advances to producers participating under the Federal Agricultural Marketing Program Act. Interest is charged at the bank's prime lending rate minus 0.25%, payable monthly. As at August 31, 2015, the balance was \$106,885. This line of credit is secured by a general assignment of book debts and a security agreement over all inventories.

11. RESERVE FUND

During the prior year the Board of Directors established a reserve fund known as the White Pea Bean Producers' Special Reserve Fund, shall be maintained and administered by the board in accordance with the following:

- a) Any income that is derived from money in the Fund shall be paid into the Fund.
- b) Money in the Fund may be invested only in authorized investments.
- c) Money in the Fund may be used for the following purposes only:
 - i. Paying the reasonable and necessary expenses for services provided by third parties related to the administration and investment of money in the Fund.
 - ii. Carrying out or providing funding for research and promotion activities that are related to the producing and marketing of white pea beans and that benefit white pea bean producers in Ontario.

The local board shall not spend in any fiscal year or agree to spend in any fiscal year more than \$150,000 from the Fund.

During the year, the board approved a total transfer from the White Pea Bean Producers' Special Reserve Fund to the General fund in the amount of \$100,000. These funds were allocated, \$60,000 for the white pea bean cluster project and \$40,000 for market development.

12. RESEARCH COMMITMENTS

The board's estimated research commitments for the next three years are as follows:

	<u>\$</u>
2016	324,063
2017	155,425
2018	<u>20,000</u>
	<u>499,488</u>

ONTARIO BEAN GROWERS
Notes to the Financial Statements
For the Year Ended August 31, 2015

13. FINANCIAL INSTRUMENTS

Risks and Concentrations

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

Fair value

The fair value of cash, accounts receivable, and accounts payable and accrued liabilities, is approximately equal to their carrying value due to the immediate or short-term maturities of these financial instruments.

Interest rate risk

The organization is exposed to interest rate risk as the interest cost on its available credit varies with the change in the prime rate. It is management's opinion that this exposure is not significant.

It is management's opinion that the entity is not exposed to any significant foreign currency, credit, or other price risk.

No financial liabilities of the organization were in default during the period.

The organization is not subject to any covenants.