

ONTARIO BEAN GROWERS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

ONTARIO BEAN GROWERS
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 11



INDEPENDENT AUDITOR'S REPORT

To the members of: Ontario Bean Growers

We have audited the accompanying financial statements of Ontario Bean Growers, which comprise the statement of financial position as at August 31, 2017 and the statements of changes in net assets, operations 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.

Auditor's 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 about whether the financial statements are free from 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ontario Bean Growers as at August 31, 2017 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.

Other Matter

The financial statements of the prior period were audited by the predecessor auditor with an audit report dated November 22, 2016. The predecessor auditor expressed an opinion which stated that the financial statements presented fairly in all material respects.

A handwritten signature in black ink that reads 'RLB LLP'.

Guelph, Ontario
November 16, 2017

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO BEAN GROWERS
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2017

	General Fund	Reserve Fund	Crop Pool Fund	2017	2016 (note 9)
ASSETS					
CURRENT					
Cash	\$ 560,579	\$ 0	\$ 3,425	\$ 564,004	\$ 0
Short term investments (note 5)	301,208	243,399	0	544,607	785,240
Accounts receivable	2,133	0	0	2,133	56,080
Grants receivable	39,716	0	0	39,716	158,619
Government remittances refundable	4,612	0	0	4,612	20,148
Due (to) from reserve fund	(52,274)	52,274	0	0	0
Due from (to) crop pool fund	111	0	(111)	0	0
Prepaid expenses	<u>1,585</u>	<u>0</u>	<u>0</u>	<u>1,585</u>	<u>3,833</u>
	857,670	295,673	3,314	1,156,657	1,023,920
LONG TERM					
INVESTMENTS (note 5)	<u>416,025</u>	<u>583,145</u>	<u>0</u>	<u>999,170</u>	<u>1,088,790</u>
	<u>\$ 1,273,695</u>	<u>\$ 878,818</u>	<u>\$ 3,314</u>	<u>\$ 2,155,827</u>	<u>\$ 2,112,710</u>
LIABILITIES					
CURRENT					
Bank overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 124,700
Accounts payable and accrued liabilities	221,375	0	3,314	224,689	43,123
Deferred grant income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,605</u>
	<u>221,375</u>	<u>0</u>	<u>3,314</u>	<u>224,689</u>	<u>244,428</u>
NET ASSETS					
NET ASSETS	<u>1,052,320</u>	<u>878,818</u>	<u>0</u>	<u>1,931,138</u>	<u>1,868,282</u>
	<u>\$ 1,273,695</u>	<u>\$ 878,818</u>	<u>\$ 3,314</u>	<u>\$ 2,155,827</u>	<u>\$ 2,112,710</u>

ONTARIO BEAN GROWERS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2017

	General Fund (Unrestricted)	Reserve Fund (Internally Restricted)	Crop Pool Fund (Internally Restricted)	2017	2016
NET ASSETS, beginning of year	\$ 990,262	\$ 878,020	\$ 0	\$ 1,868,282	\$ 1,792,721
Net revenues over expenses for the year	<u>62,058</u>	<u>798</u>	<u>0</u>	<u>62,856</u>	<u>75,561</u>
NET ASSETS, end of year	<u>\$ 1,052,320</u>	<u>\$ 878,818</u>	<u>\$ 0</u>	<u>\$ 1,931,138</u>	<u>\$ 1,868,282</u>

ONTARIO BEAN GROWERS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2017

	General Fund	Reserve Fund	Crop Pool Fund	2017	2016 (note 9)
REVENUES					
Licence fees (note 3)	\$ 678,328	\$ 0	\$ 0	\$ 678,328	\$ 842,235
Grants	268,228	0	0	268,228	279,373
Interest income	15,928	11,048	0	26,976	28,912
Bean pool sales	0	0	35,662	35,662	97,763
Sponsorships	4,945	0	0	4,945	0
Other	937	0	0	937	2,899
	<u>968,366</u>	<u>11,048</u>	<u>35,662</u>	<u>1,015,076</u>	<u>1,251,182</u>
EXPENSES					
Research	481,418	0	0	481,418	556,277
Promotion	128,498	10,250	0	138,748	107,883
Consulting	130,267	0	0	130,267	39,541
Directors fees	63,249	0	0	63,249	102,558
Memberships and affiliations	49,070	0	0	49,070	49,792
Pool purchases	0	0	35,662	35,662	92,705
Producer relations	12,046	0	0	12,046	14,043
Rent	12,000	0	0	12,000	8,499
Information technology	10,275	0	0	10,275	13,871
Professional fees	7,699	0	0	7,699	24,283
Office	7,376	0	0	7,376	17,119
Insurance	3,143	0	0	3,143	2,611
Interest and bank charges	1,267	0	0	1,267	4,261
Personnel	0	0	0	0	142,178
	<u>906,308</u>	<u>10,250</u>	<u>35,662</u>	<u>952,220</u>	<u>1,175,621</u>
NET REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) for the year	<u>\$ 62,058</u>	<u>\$ 798</u>	<u>\$ 0</u>	<u>\$ 62,856</u>	<u>\$ 75,561</u>

ONTARIO BEAN GROWERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2017

	2017	2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 62,856	\$ 75,561
Changes in non-cash working capital		
Accounts receivable	53,947	17,433
Grants receivable	118,903	(158,619)
Government remittances refundable	15,536	(17,636)
Prepaid expenses	2,248	23,667
Accounts payable and accrued liabilities	181,566	(293,231)
Deferred grant income	<u>(76,605)</u>	<u>0</u>
	<u>358,451</u>	<u>(352,825)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Repayment of bank loan	<u>0</u>	<u>(106,885)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Withdrawals from (contributions to) investments	<u>330,253</u>	<u>(846,993)</u>
NET INCREASE (DECREASE) IN CASH	688,704	(1,306,703)
NET (BANK OVERDRAFT) CASH, BEGINNING OF YEAR	<u>(124,700)</u>	<u>1,182,003</u>
NET CASH (BANK OVERDRAFT), END OF YEAR	<u>\$ 564,004</u>	<u>\$ (124,700)</u>

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

1. NATURE OF ORGANIZATION

Ontario Bean Growers is a not for profit organization formed under the Farm Products Marketing Act without share capital. The Board is regulated under the Ontario Farm Products Marketing Commission. Ontario Bean Growers is exempt from income tax. Its purpose is to record Ontario white and coloured beans, and market a portion of the crop on behalf of the producers of Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts 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 year. Actual results could differ from those estimates.

(b) 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.

Financial assets measured at amortized cost include cash, accounts receivable, and grants receivable.

Financial liabilities measured at amortized cost include the bank overdraft, accounts payable and accrued liabilities and deferred grant income.

The organization's financial assets measured at fair value include investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. 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 surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FUND ACCOUNTING

General fund

The general fund reports resources available for the organization's general operating activities. This fund is unrestricted.

White Pea Bean Producers' Special Reserve Fund

The reserve fund reports resources that are not to be held as endowments and are, therefore, disbursed on a current basis for the exclusive purpose of administration of the fund investments, as well as research and promotion activities related to producing and marketing white pea beans that benefit white pea bean producers in Ontario. Annual spending shall not exceed \$150,000 in any fiscal year. This fund is internally restricted.

Crop pool fund

The crop pool fund reports resources that are not to be held as endowments and are, therefore, disbursed on a current basis for the marketing of beans delivered to the Board by the producers segregated by crop year. This fund is internally restricted.

(d) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions in which externally restricted contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the general fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the general fund when received or receivable and collection is reasonably assured.

Grant revenue is recognized when the related expenditures have been incurred.

Revenue from licences and crop pools are recognized when received.

Interest income is recognized as revenue when earned.

3. LICENCE FEES

Licence fees are charged to all growers. The fees were \$6.80 per tonne for the 2016 crop (2015 - \$6.80).

4. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from their financial instruments.

The extent of the organization's exposure to these risks did not change in 2017 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

5. INVESTMENTS

Investments consist of:

	2017	2016
Scotiabank GIC, 1.85% interest, matured October 4, 2016	\$ 0	\$ 298,570
Scotiabank GIC, 1.15% interest, matured November 20, 2016	0	280,505
Scotiabank GIC, 1.62% interest, matured May 27, 2017	0	206,165
Scotiabank GIC, 1.50% interest, maturing October 30, 2017	243,399	239,719
Meridian GIC, 1.50% interest, maturing May 25, 2018	301,208	0
Meridian GIC, 2.10% interest, maturing November 9, 2018	150,190	0
Scotiabank GIC, 1.82% interest, maturing November 20, 2018	281,937	281,965
Scotiabank GIC, 1.82% interest, maturing November 20, 2018	283,062	284,009
Scotiabank GIC, 2.34% interest, maturing November 20, 2020	<u>283,981</u>	<u>283,097</u>
	1,543,777	1,874,030
Less current portion:	<u>544,607</u>	<u>785,240</u>
	<u>\$ 999,170</u>	<u>\$ 1,088,790</u>
General Fund	\$ 717,233	\$ 1,055,236
Reserve Fund	<u>826,544</u>	<u>818,794</u>
	<u>\$ 1,543,777</u>	<u>\$ 1,874,030</u>

6. AVAILABLE CREDIT

The organization has utilized \$0 (2016 - \$0) of an authorized line of credit to finance advances to producers participating under the Federal Agricultural Marketing Program Act. The line of credit has a limit up to a maximum of \$2,000,000 and bears interest at prime minus 0.25%, payable monthly. The line of credit is secured by inventory and a general security agreement.

7. COMMITMENTS

The organization has an operating lease for the premises. Future minimum lease payments are as follows:

2018	\$ 12,000
2019	<u>12,000</u>
	<u>\$ 24,000</u>

The organization has committed to various research projects. Future expected research commitments are as follows:

2018	\$ 168,821
------	------------

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

8. RESERVE FUND EXPENSES

Motions were made and carried on November 29, 2016 and January 12, 2017 to use monies from the White Pea Bean Producers' Reserve Fund, also known as the Heritage Fund, for the following items:

Consumer Benchmarking Project	\$	5,250
Promotional materials and sponsorship of Dieticians of Canada Conference		4,000
Sponsorship of Options for Diabetes Conference and Ontario Family Health Team Registered Dieticians Conference		<u>1,000</u>
	\$	<u><u>10,250</u></u>

9. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

The prior year financial statements were audited by the previous auditor.