

ONTARIO BEAN GROWERS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

ONTARIO BEAN GROWERS
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YEAR ENDED AUGUST 31, 2018

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Chartered
Professional
Accountants

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, 2018 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, 2018 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.

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

Guelph, Ontario
November 29, 2018

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO BEAN GROWERS
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2018

	General	Reserve	Crop Pool	2018	2017
ASSETS					
CURRENT					
Cash	\$ 576,011	\$ 0	\$ (937)	\$ 575,074	\$ 564,004
Short term investments (note 5)	768,577	739,510	0	1,508,087	544,607
Accounts receivable	5,383	0	0	5,383	2,133
Grants receivable	39,036	0	0	39,036	39,716
Government remittances refundable	12,008	0	0	12,008	4,612
Due (to) from reserve fund	(104,793)	104,793	0	0	0
Due from (to) crop pool fund	(937)	0	937	0	0
Prepaid expenses	<u>1,585</u>	<u>0</u>	<u>0</u>	<u>1,585</u>	<u>1,585</u>
	1,296,870	844,303	0	2,141,173	1,156,657
LONG TERM					
INVESTMENTS (note 5)	<u>283,080</u>	<u>0</u>	<u>0</u>	<u>283,080</u>	<u>999,170</u>
	<u>\$ 1,579,950</u>	<u>\$ 844,303</u>	<u>\$ 0</u>	<u>\$ 2,424,253</u>	<u>\$ 2,155,827</u>
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ <u>321,137</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>321,137</u>	\$ <u>224,689</u>
NET ASSETS					
NET ASSETS	<u>1,258,813</u>	<u>844,303</u>	<u>0</u>	<u>2,103,116</u>	<u>1,931,138</u>
	<u>\$ 1,579,950</u>	<u>\$ 844,303</u>	<u>\$ 0</u>	<u>\$ 2,424,253</u>	<u>\$ 2,155,827</u>

ONTARIO BEAN GROWERS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2018

	General (Unrestricted)	Reserve (Internally Restricted)	Crop Pool (Internally Restricted)	2018	2017
NET ASSETS, beginning of year	\$ 1,052,320	\$ 878,818	\$ 0	\$ 1,931,138	\$ 1,868,282
Net revenues over expenses (expenses over revenues) for the year	<u>206,493</u>	<u>(34,515)</u>	<u>0</u>	<u>171,978</u>	<u>62,856</u>
NET ASSETS, end of year	<u><u>\$ 1,258,813</u></u>	<u><u>\$ 844,303</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,103,116</u></u>	<u><u>\$ 1,931,138</u></u>

ONTARIO BEAN GROWERS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2018

	General	Reserve	Crop Pool	2018	2017
REVENUES					
Licence fees (note 3)	\$ 818,733	\$ 0	\$ 0	\$ 818,733	\$ 678,328
Grants	166,221	0	0	166,221	268,228
Interest income	26,081	15,485	0	41,566	26,976
Sponsorships	13,249	0	0	13,249	4,945
Bean pool sales	0	0	0	0	35,662
Other	0	0	0	0	937
	<u>1,024,284</u>	<u>15,485</u>	<u>0</u>	<u>1,039,769</u>	<u>1,015,076</u>
EXPENSES					
Research	331,490	25,000	0	356,490	481,418
Promotion	164,349	25,000	0	189,349	138,748
Consulting	140,513	0	0	140,513	130,267
Directors fees and expenses	59,995	0	0	59,995	63,249
Memberships and affiliations	45,105	0	0	45,105	49,070
Producer relations	26,777	0	0	26,777	12,046
Office	12,077	0	0	12,077	7,376
Rent	12,000	0	0	12,000	12,000
Information technology	12,000	0	0	12,000	10,275
Professional fees	8,964	0	0	8,964	7,699
Insurance	3,282	0	0	3,282	3,143
Interest and bank charges	1,239	0	0	1,239	1,267
Pool purchases	0	0	0	0	35,662
	<u>817,791</u>	<u>50,000</u>	<u>0</u>	<u>867,791</u>	<u>952,220</u>
NET REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) for the year	<u>\$ 206,493</u>	<u>\$ (34,515)</u>	<u>\$ 0</u>	<u>\$ 171,978</u>	<u>\$ 62,856</u>

ONTARIO BEAN GROWERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 171,978	\$ 62,856
Changes in non-cash working capital		
Accounts receivable	(3,250)	53,947
Grants receivable	680	118,903
Government remittances refundable	(7,396)	15,536
Prepaid expenses	0	2,248
Accounts payable and accrued liabilities	96,448	181,566
Deferred grant income	<u>0</u>	<u>(76,605)</u>
	<u>258,460</u>	<u>358,451</u>
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
(Contributions to) withdrawals from investments	<u>(247,390)</u>	<u>330,253</u>
NET INCREASE IN CASH	11,070	688,704
NET CASH (BANK OVERDRAFT), BEGINNING OF YEAR	<u>564,004</u>	<u>(124,700)</u>
NET CASH, END OF YEAR	<u>\$ 575,074</u>	<u>\$ 564,004</u>

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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.

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

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

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, 2018

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 bean pool sales 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 2018 crop (2017 - \$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 its financial instruments.

The extent of the organization's exposure to these risks did not change in 2018 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, 2018

5. INVESTMENTS

Investments consist of:

	2018	2017
Meridian GIC, 2.2% interest, maturing October 18, 2018	\$ 331,229	\$ 0
Meridian GIC, 2.1% interest, maturing November 22, 2018	152,442	0
Meridian GIC, 2.2% interest, maturing May 22, 2019	305,117	0
Scotiabank GIC, 1.50% interest, matured October 30, 2017	0	243,399
Meridian GIC, 1.50% interest, matured May 25, 2018	0	301,208
Meridian GIC, 2.10% interest, maturing November 9, 2018	153,353	150,190
Scotiabank GIC, 1.82% interest, maturing November 20, 2018	281,951	281,937
Scotiabank GIC, 1.82% interest, maturing November 20, 2018	283,995	283,981
Scotiabank GIC, 2.34% interest, maturing November 20, 2020	<u>283,080</u>	<u>283,062</u>
	1,791,167	1,543,777
Less current portion:	<u>1,508,087</u>	<u>544,607</u>
	<u>\$ 283,080</u>	<u>\$ 999,170</u>
General Fund	\$ 1,051,657	\$ 717,233
Reserve Fund	<u>739,510</u>	<u>826,544</u>
	<u>\$ 1,791,167</u>	<u>\$ 1,543,777</u>

6. COMMITMENTS

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

2019	\$ <u>12,000</u>
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The organization has committed to various research projects. Future expected research commitments are as follows:

2019	\$ 521,841
2020	453,040
2021	339,981
2022	<u>265,688</u>
	<u>\$ 1,580,550</u>

The organization has committed to a contract for consulting and administration services. Future expected commitments are as follows:

2019	\$ 135,000
2020	135,000
2021	<u>135,000</u>
	<u>\$ 405,000</u>