



ONTARIO Bean GROWERS



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2015-16

ANNUAL REPORT



OBG

ONTARIO BEAN GROWERS

OBG BOARD of DIRECTORS



Seated (L-R) **Jim Gowland**, Chair; **Larry Jenner**, Vice Chair
Standing (L-R) **Sean Ernewein**, **Dave Woods**, **Dave Vandewalle**,
Mike Donnelly-Vanderloo, **Warren Wolfe**



**Koeslag Consulting Inc.
Team**



Ryan Koeslag
Executive Director



Jennifer Mitchell
Project Coordinator



Shannon Bryan
Marketing & Digital Content
Manager

Thank you to our lunch Sponsors!



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FIELDCREST

HDC



THOMPSONS

VISION

To be the first choice partner supporting innovation in production, products and markets for dry edible beans.

MISSION

To facilitate strategic expansion of the Ontario dry edible bean industry, through partnership and production excellence

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2017 Ontario Bean Growers Annual General Meeting

February 22, 2017, 9:00am
Kirkton-Woodham Community Centre, Kirkton



AGENDA

Registration Begins at 8:30am

9:00am	Call to Order Welcome, Housekeeping, Appointment of Secretary, Introduction of Chair	
9:05am	Approval of the Agenda Approval of the 2016 AGM Minutes	
9:10am	Welcome	
9:20am	2015-16 Auditor's Report	Mike Stover, Graham Scott Enns
9:35am	Questions Approval of Auditor's for 2016-17	
9:45am	Chair's Report	Jim Gowland, Ontario Bean Growers
10:15am	Farm Products Marketing Commission	Valerie Gilvesy, FPMC, Board of Directors
10:25am	Break	
10:40am	Market Promotions & Communications Report International Year of the Pulse OBG – The Year in Review New website launch	Dave Vandewalle Jennifer Mitchell Shannon Bryan
11:10am	Research Report	Mike Donnelly-Vanderloo Jennifer Mitchell
11:40am	Appointment of Scrutineers	
11:45am	Review of Election Process	John Fitzgerald, FPMC
11:50am	Introduction of Candidates	
11:55am	Election of Directors & Announcement of Election Results One for each District, plus one Director at Large	
12:00pm	Lunch and Trade Show	
1:00pm	Guest Speaker	Chris Marinangeli – Director, Nutrition, Science and Regulatory Affairs
1:45pm	Weed Management Program Review	Todd Cowan, Weed Science Technician/Station Manager, Huron Research Station – University of Guelph
2:05pm	2016 Crop Review	Meghan Moran, Canola and Edible Bean Specialist, OMAFRA
2:15pm	Overview of Dry Beans in New York State	James Ballerstein, Cornell University Research Specialist
2:45pm	Break	
3:00pm	OSCIA Presentation	Lois Sinclair
3:10pm	Review of Duties of Delegates	
3:15pm	Election of Delegates	
3:30pm	Resolutions Door Prizes	
4:00pm	Adjournment	

OBG DELEGATES

District 1
Brant, Chatham-Kent,
Elgin, Essex, Haldimand,
Hamilton, Lambton,
Middlesex, Niagara,
Norfolk, Oxford

District 2
Bruce, Huron

District 3
Perth, Waterloo,
Wellington and all other
geographic areas not within
Districts 1 & 2

Matthew Aerts
Denfield

Adam Ireland
Teeswater

Alex Hart
Gadshill

Tyler Vollmershausen
Bright

Marinus Bakker
Auburn

Wayne Wolfe
Bornholm

Jamie Payton
Thorndale

Murray Vincent
Belgrave

Walter McKenzie
Dublin

Stephen Broad
Woodstock

Chris Weernink
Kirkton

Dave Cronin
Dublin

Tom Harris
Denfield

John Norris
Exeter

Tom Feeney
Dublin

Greg Penner
Fullarton

OBG COMMITTEES

Market Promotions & Communications

To provide recommendations to the board regarding activities that will increase market demand for Ontario beans

Research

To guide annual research priorities, review project proposals, results and funding opportunities to make research recommendations to the board.

Governance

To guide policies, procedures and by-laws of the board, plan the Annual General Meeting including elections, procedures and guest speaker and make recommendations to the board on such matters.

Finance & Audit

To review the financial statements of the board including the quarterly profit and loss statements and year-end audit for accuracy and performance based on budget and develop and recommend the annual budget to the board.

Dave Vandewalle
(Chair)

Mike Donnelly-Vanderloo
(Chair)

Larry Jenner
(Chair)

Larry Jenner
(Chair)

Dave Woods

Dave Woods

Dave Woods

Dave Vandewalle

Warren Wolfe

Warren Wolfe

Warren Wolfe

Mike Donnelly-Vanderloo

Sean Ernewein

Larry Jenner

Mike Donnelly-Vanderloo

Jim Gowland

Jim Gowland

Jim Gowland

Jim Gowland

Marinus Bakker

Tom Harris

Chris Weernink

Tyler Vollmershausen

Walter McKenzie

Wayne Wolfe

MESSAGE FROM THE CHAIR

It is my pleasure to share greetings from the Ontario Bean Growers' Board of Directors, and especially to those of you who are joining us for the 2017 Annual General Meeting in Kirkton.

As was noted at the last AGM, OBG has made some changes to management and we are pleased to introduce the Koeslag Consulting Inc. (KCI) team to our members. OBG engaged KCI in May 2016 to provide administrative services for our organization including that of the Executive Director position, filled by KCI Principal, Ryan Koeslag. This arrangement has been very efficient and has increased our capacity to do work, especially in the area of market promotions and communications.

In 2015-16 we realized \$843,235 of license revenue based on \$6.80/MT, up from \$834,546 in 2014. This revenue, combined with other income, including research grants resulted in \$1,251,183 total revenue. With expenses for the year coming in at \$1,175,621, we saw a \$75,561 surplus at year end. Given the extraordinary events of the 2015-16 year we still managed to come out on top.

Using data provided to us by Agricornp, we calculated an acreage for all market classes of approximately 141,000 with production of 2,730,400 cwt bags. This would indicate a yield of approximately 19 cwt bags per acre.

2016 was identified as the International Year of Pulses (IYP) by the United Nations with the intent to position pulses as a primary source of protein and other essential nutrients. OBG contributed \$52,500 to Pulse Canada's IYP campaign, which helped to increase awareness of Pulses. A recent survey, conducted by Pulse Canada, showed that awareness of pulses among Canadian consumers increased by 7% in the first six months of 2016 alone.

We are enjoying a close working relationship with Pulse Canada and its staff, as well as with our counterparts in the western provinces. Management teams from all of our organizations check in on a regular basis to ensure we are avoiding duplication of work and sharing resources whenever possible.

This past year OBG and Pulse Canada met with Minister Leal on the issues of diversification of agriculture in other ministries such as the Ministries of Health, and Environment and Climate Change. We also participated with Pulse Canada in meeting with numerous MPs on Parliament Hill in an effort to get messages about agriculture and pulses into other key ministries.

This past summer, the Board of Directors made the decision to rename the 'Market Development Committee' the 'Market Promotions & Communications Committee' (MP&C) to better reflect what the committee actually does. More on this and the activities of the MP&C Committee can be found in that committee's report on page 6.

Regarding participation in events, the Board of Directors decided that OBG's presence at local events (such as the Zurich Bean Festival

and local fairs) should be managed by the directors and delegates in that district. As such, it was decided to allocate \$1500 to each District to support local initiatives at their discretion. This gives the management team the time needed to focus on provincial and national level events. They will continue to support districts by making available OBG display materials to those who wish to use them.



Jim Gowland
Chair
Ontario Bean Growers

OBG recognizes the importance of research to our members and continues to invest in a diverse range of projects. We have leveraged grower dollars through the Growing Forward 2 Program at the provincial level and through the Pulse Science Cluster in partnership with the grower organizations in Western Canada. One of the major priorities of our research investment is the breeding program. While it is premature to discuss details, growers can be confident that we are working towards ensuring the work of the breeding program continues well into the future.

Although this decision was made in the current fiscal year, I would be remiss in not mentioning the suspension of the white bean pool due to a lack of participation by growers and a refocus of administrative priorities. This decision was made with full disclosure to and in consultation with the Ontario Farm Products Marketing Commission. The pool can be reinstated at any time, and if there is sufficient need for a pool in the future the Board of Directors would certainly reconsider their position.

With the announcement from Health Canada of a proposed registration pull for imidacloprid, and an anticipated review of thiamethoxam (active ingredient in Cruiser seed treatment) OBG has been working on preparing documentation that outlines the importance of this neonicotinoid to the bean industry. We are working in collaboration with our sister organizations in the western provinces to ensure the best outcome possible for our growers.

I would like to take this opportunity to thank the entire OBG Board and management team for their continuous hard work. I would especially like to recognize our retiring directors, Sean Ernewein (District 2) and Dave Woods (Director at Large), for the contributions over the last few years. And with that, I wish you all the best for the 2017 season (may we see a bit more moisture this year).

Jim Gowland
Chair

14. RESEARCH COMMITMENTS

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

	\$
2017	388,492
2018	15,000
	403,492

15. 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.

9. INCOME TAX

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

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, 2016, the balance was \$NIL. 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.

12. OPERATING LEASES

The minimum annual lease payment required in each of the next three years in respect of operating leases for buildings are as follows:

	\$
2017	12,000
2018	12,000
2019	12,000

13. COMMITMENTS

Management Contract

Effective June 1, 2016 Ontario Bean Growers engaged the services of Koeslag Consulting Inc. to provide the position of Executive Director, Secretary and Treasurer services for a monthly fee of

\$10,416 plus HST. The term of the agreement is for seven months and expires on December 31, 2016.

MESSAGE FROM THE EXECUTIVE DIRECTOR

I am pleased to bring greetings from the Koeslag Consulting Inc. (KCI) team and welcome you to the 2017 Ontario Bean Growers (OBG) Annual General Meeting. In May 2016 KCI took over the administration duties of OBG with myself and Project Coordinator Jennifer Mitchell, managing the OBG portfolio.

KCI also looks after the administration of Mushrooms Canada and the Ontario Agricultural Commodity Council and as such, OBG is able to tap into the skills of the associates whose main focus is on those accounts. Shannon Bryan is our Marketing and Digital Content Manager, and Marianne Muth our Project Coordinator, both bringing to the team a unique set of skills that have already spilled over into OBG work. This partnership not only leverages efficiencies by sharing administrative resources but because of its relationship with Mushrooms Canada, a national organization, also provides the opportunity for OBG to be represented at a national level at no further cost to the organization.

Taking on the work of the Ontario Bean Growers came with a steep learning curve over the last few months, but ultimately has been a rewarding experience – to say the least. Working with the Board of Directors we have successfully moved the organization forward. We have not only tackled the regular business duties of the association but have also taken on new activities such as an extensive promotions and social media campaign. This campaign will bring greater awareness to Ontario consumers about the benefits of purchasing, cooking and eating beans. The website has been re-vamped to target and appeal to consumers. I agree with Jim when he says, "We can grow all the beans we want, but, if we don't have a market to sell to, there's not much point". Through our diligent effort, we have established the ground work and developed methods for reaching out to our consumers to better communicate with them. In the spring of 2017, OBG will initiate a consumer study to identify every possible characteristic of our consumer and measure the impact our promotional campaign will have on purchasing habits. We hope that through more tailored communications and promotions we will have a bigger and lasting impact on consumer mindsets.

Research has continued to be a major priority this past year. In 2015-2016, nearly \$300,000 was leveraged directly by OBG from government funding programs, such as those offered by the Agricultural Adaptation Council. These projects and funding, in addition to that of the national Pulse Research Cluster, put our research and industry on the international stage. The leveraged funding our industry continues to access



has a huge impact on the depth and scope each research project can undertake and we should all be committed to taking advantage of these opportunities.

There are challenges ahead. Seemingly random pesticide reviews, increasing input costs, uncertainty with border crossings and environmental tax programs all pose a risk to the bottom-line of bean farmers. Rest assured the Board of Directors and your administrative team will work together with industry partners, such as Pulse Canada and other commodities. Together we will have our concerns addressed and mitigate the risks that outside influences have on your businesses.

Even when we consider the challenges, we know there is much to be proud of in the Ontario bean industry. We have a healthy product, we have great farmers and great farming practices and we have an excellent partnership with bean dealers across the province.

Over the next year, you have our commitment that Jennifer, Shannon, Marianne, and I will do all that we can in the areas of research, promotions, and lobbying in order to strengthen the industry and improve the bottom-line to bean growers. We like hearing from you, so please feel free to contact us any time if you have any questions or items you would like us to address.

All the best in the 2017 crop year!

Ryan Koeslag
Executive Director

MARKET PROMOTIONS & COMMUNICATIONS

This past year has been one of great excitement! As bean producers in this great province of Ontario, we are a proud part of an industry that has received great recognition both in Canada and around the world. We produce a food product that is packed full of health, and most importantly, will help to feed a growing world population in a sustainable manner. This has been the focus and reason that the United Nations declared 2016 the International Year of the Pulse (IYP2016). I am proud that OBG has been a part of this yearlong celebration that has been a catalyst for promoting the beans that we produce on our farms.

You may have noticed that a name change has occurred to this committee. The "Market Development Committee" was renamed "Market Promotion and Communication" (MP&C) committee. It was felt that OBG was not necessarily in the business of developing markets or direct sales of beans. Beans sales have been effectively completed by our partners, the bean dealers in this province. This fact has become even more evident with OBG no longer offering a pool (2017) for white pea beans due to lack of pool participation. Therefore, as the new committee name suggests, our job is to seek out and provide generic bean promotions. As well, we will focus on doing a better job of communicating, not only with our member growers, but also with government, bean dealers and ultimately the consumer. We hope to better collaborate with other provincial pulse organizations across Canada and our umbrella organization Pulse Canada. The goal is to make the best use of grower dollars through eliminating duplication and collaborating on common projects and goals. We will also leverage producer dollars through the use of dollar matching programs whenever possible.

As mentioned in last year's report and annual meeting, OBG contributed a significant amount of money to IYP2016 through contributions to Pulse Canada. During the Pulse Feast kickoff event in Toronto on January 6th, OBG directors represented Ontario farmers at an event that targeted food influencers such as bloggers, chefs, dietitians and foodies. The event was designed to raise the awareness of the nutrition, health and sustainability benefits of pulses for both the people and the planet. The event was shared live on social media with the attendees sampling bean, pea, lentil and chickpea recipes and products. Our own board chair, Jim Gowland, was interviewed by a major network and traditional newsprint media also picked up the event in a large two page story the following day.

Other changes to the committee occurred, with the addition of KCI consulting taking on the daily management role at OBG in the spring of 2016. Using the experience that KCI already had managing Mushrooms Canada, there has been a renewed focus on promotion and communication. We hope that growers, delegates and consumers, have noticed an improvement through improved newsletters, better electronic communications and social media. As well, there will be many more improvements made with the most

noticeable ones being a revamped website with specific areas of focus for growers, consumers and health professionals. Be sure to check out the OBG website at ontariobeans.on.ca, OBG on Twitter @OntBeanGrowers and @OntarioBeans, Facebook at [facebook.com/ontariobeans](https://www.facebook.com/ontariobeans) and Instagram @ontarbeans. Let us know what you think by emailing us at jennifer@ontariobeans.on.ca



Dave Vandewalle
Market Promotions & Communications
Committee Chair

The talented employees at KCI consulting also began an initiative to tell consumers the story of all things related to beans. A decision was made to contract with an independent communications company called Fifth Story. Their goal to "help brands engage their target audiences through multiple platforms" and "amplifying key messages" in a cost effective manner was something that both the committee and board of directors felt would be beneficial in the promotion of beans. Traditional media is extremely expensive and beyond the resources of OBG. Fifth Story provides a means by which OBG can tell its good news story at a fraction of the cost.

Throughout the year, OBG has been involved in several public and government relations initiatives. In June, OBG was invited to participate at the Queen's Park Farmers' Market where approximately 800 MPPs and government staff had the opportunity to meet with food producers such as ourselves. This event was a part of the Local Food Week celebrations. In August, OBG once again participated in the Zurich Bean Festival. This year Romano bean flour chocolate chip cookies were served and white beans and chilli mix was sold. Finally, in conjunction with IYP2016, Pulse Canada highlighted pulses using their display (their recently unveiled museum display) at the Royal Winter Fair in Toronto. OBG contributed by providing staffing for several days. The fair was an incredible opportunity to liaison, promote and provide information to a large number of consumers from many walks of life.

This past year, has really been a wonderful time to be a producer of pulses. Beans are a good news story! They are a cost effective source of protein that has a relatively small carbon footprint. They are a solution to world hunger and feeding the world population growth. As producers of these tiny packages of goodness let us all continue telling the story that IYP2016 has started. The future of beans is bright!

Dave Vandewalle
Chair, OBG Market Promotions & Communications Committee

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 2016 (2015 crop year) was 123,858 tonnes (2,730,581 bags). The quantity of beans sold in Ontario in 2015 (2014 crop year) was 122,727 tonnes (2,705,647 bags).

5. POSITION OF CROP POOL

(a) 2015 Crop Pool

At August 31, 2016, all of the beans from 2015 crop year were sold. A final payment of \$4.73 per tonne will be made on the 131.786 tonnes of beans in the pool on or about October 31, 2016.

(b) 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 was made on the 199.044 tonnes of beans in the pool on October 31, 2015.

6. PAYMENTS TO PRODUCERS

	2016 (2015 crop)	2015 (2014 crop)
	\$	\$
Initial	58,662	106,885
Interim	29,827	26,329
Final amount payable (Note 5)	623	19,598
	<u>89,112</u>	<u>152,812</u>

7. LICENSE FEES

License fees are charged to all growers. The fees were \$6.80 per tonne for the 2015 crop (\$6.80 - 2014).

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 \$278,322 for such projects. The board paid out \$277,955 in net expenses on these projects as follows:

	Total Research Expense	Grants Revenue	Net
	\$	\$	\$
Saskatchewan Pulse	155,425	-	155,425
University of Western Ontario	59,108	-	59,108
Growing Forward 2	292,200	235,678	56,522
Other	49,544	42,644	6,900
	<u>556,277</u>	<u>278,322</u>	<u>277,955</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SHORT-TERM INVESTMENTS

General Fund

Scotiabank, 2.34%, GIC, matures November 20, 2020
 Scotiabank, 1.82%, GIC, matures November 20, 2020
 Scotiabank, 1.82%, GIC, matures November 20, 2018
 Scotiabank, 1.62%, GIC, matures May 27, 2017

Reserve Fund

Scotiabank, 1.5%, GIC, matures October 30, 2017
 Scotiabank, 1.15%, GIC, matures November 20, 2016
 Scotiabank, 1.85%, GIC, matures October 4, 2016
 Scotiabank, 1.62%, GIC, matured October 5, 2015

	2016 \$	2015 \$
	283,097	-
	284,009	-
	281,965	-
	206,165	206,165
	1,055,236	206,165
	239,719	236,219
	280,505	-
	298,570	292,927
	-	291,725
	818,794	820,871
	1,874,030	1,027,036

RESEARCH



Mike Donnelly-Vanderloo
Research Committee Chair

I am proud to have represented the Ontario Bean Growers in 2016 as chair of the research committee team. Many hours of passionate debate surround the underlying question of how to best leverage grower dollars to solve problems and ultimately provide you with a return on investment.

Fundamentally, our goal is to sustain and increase the competitiveness of Ontario as one of the premier bean growing regions of the world. If we lose key tools such as neonic seed treatments without prudently waiting for acceptable substitutes we face well-documented yield reductions not to mention grower health and environmental concerns. This increases our cost of production and makes us less competitive on the world stage.

Given that over 80% of our crop is exported, I don't need to tell you how important this is. When it comes to dry beans we Ontarians are free traders all the way! Domestic consumption is highly valued but it's less than 20% of our market.

On the other hand, and on a more optimistic note, if we make wise decisions such as investing in research to solve crucial problems and to breed better bean varieties adapted to our growing region we will increase our competitive advantage. When product quality is similar, acres will shift towards regions of least cost production.

I have heard some say we don't need more beans unless we can increase demand. In some years this may be true. However, this statement overlooks the fact that growing the same amount of beans on fewer acres can lower our cost of production and make us more competitive.

At this time we are in discussions with the bean dealers of Ontario, the University of Guelph and others. The OBG is trying to lay a foundation for an Ontario Bean Breeding Program that will benefit you, the next generation of bean growers and the entire industry. We also envision value added benefits via an expansion of the Ontario Seed Bean industry as we integrate genetic solutions to seed borne diseases, namely bacterial blight and anthracnose, into new varieties. This will result in less reliance on expensive imported seed from Idaho and other arid growing regions furthering our ability to compete internationally.

I can't say much more at this time but I feel the future is bright. Stay tuned for details!

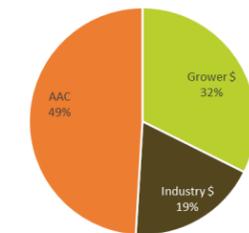
Mike Donnelly-Vanderloo,
Chair, OBG Research Committee

Growing Forward 2 Your Check-off Dollars at Work

In 2015-16 OBG invested \$277,955.00 grower dollars into research, which leveraged \$278,322.00 in government and industry dollars. In total \$556,277.00 was spent on research projects.

OBG's current research projects are funded through Growing Forward 2 via the Agricultural Adaptation Council and the Pulse Science Cluster. This program has allowed us to leverage an incredible amount of funding over the past five years. The overall total, as it stands currently, is \$1,090,112.82 grower dollars leveraging \$5,001,486.31 industry/government dollars.

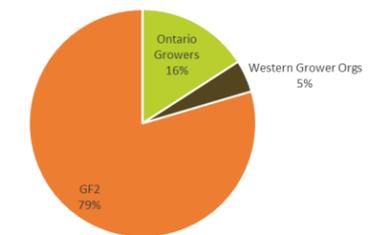
Growing Forward 2 - Projects Funded through the Agricultural Adaptation Council (2013 to present)



Ontario Bean Grower Research Projects (funded through the Agricultural Adaptation Council) 2013 to present

Ontario Growers	\$236,287.82
Industry	\$136,000.00
Growing Forward 2 Funds	<u>\$358,271.31</u>
Total Funds Invested	\$730,659.13

Growing Forward 2 - Pulse Science Cluster
Total Dollars Invested



Pulse Science Cluster Projects 2013 to present

Ontario Growers	\$853,825.00
Other Grower Orgs	\$243,800.00
Growing Forward 2 Funds	<u>\$4,263,415.00</u>
Total Funds Invested	\$5,361,040.00

FINANCIAL STATEMENTS

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, 2016, 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, 2016, 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 22, 2016

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants



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Notes to the Financial Statements

For the Year Ended August 31, 2016

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.

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.

Statement of Cash Flows

For the Year Ended August 31, 2016

	General & Reserve \$	Crop \$	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from sales	668,524	116,399	784,923	1,003,267
Cash paid to suppliers and employees	(900,423)	(113,146)	(1,013,569)	(853,211)
Interest received	28,912	-	28,912	15,946
Interest paid	(2,631)	(694)	(3,325)	(2,162)
Cash flows from (used in) operating activities	(205,618)	2,559	(203,059)	163,840
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease) increase in short-term debt	-	(106,885)	(106,885)	106,885
Cash flows from (used in) financing activities	-	(106,885)	(106,885)	106,885
INTER-FUND TRANSFERS	115	(115)	-	-
NET INCREASE (DECREASE) IN CASH DURING THE YEAR				
	(205,502)	(104,441)	(309,944)	270,725
CASH, BEGINNING OF YEAR	2,104,298	104,742	2,209,040	1,938,315
CASH, END OF YEAR	1,898,795	301	1,899,096	2,209,040
CASH IS COMPRISED OF:				
Cash	24,765	301	25,066	1,182,003
Short-term investments	1,874,030	-	1,874,030	1,027,037
	1,898,795	301	1,899,096	2,209,040

Balance Sheet

As at August 31, 2016

	General Fund \$	Reserve Fund \$	Crop Pool \$	2016 \$	2015 \$
ASSETS					
CURRENT ASSETS					
Cash	24,765	-	301	25,066	1,182,003
Short-term investments (Note 2)	1,055,236	818,794	-	1,874,030	1,027,037
Accounts receivable	214,699	-	-	214,699	73,513
HST recoverable	-	-	-	23,957	6,116
Due from (to) crop pool	(322)	-	322	-	-
Due from (to) reserve fund)	(59,226)	59,226	-	-	-
Prepaid expenses	3,833	-	-	3,833	27,500
TOTAL ASSETS	1,262,942	878,020	623	2,141,585	2,316,169
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accruals	192,266	-	-	192,266	316,756
Government remittances payable	3,809	-	-	3,809	3,604
Deferred research grants	76,605	-	-	76,605	76,605
Due to producers (Note 6)	-	-	623	623	19,598
Bank demand loan	-	-	-	-	106,885
	272,680	-	623	273,303	523,448
NET ASSETS					
NET ASSETS	990,262	878,020	-	1,868,282	1,792,721
TOTAL LIABILITIES AND NET ASSETS	1,262,942	878,020	623	2,141,585	2,316,169

Statement of Changes in Net Assets For the Year Ended August 31, 2016

	General Fund	Reserve Fund	Crop Pool	2016	2015
	\$	\$	\$	\$	\$
NET ASSETS,					
BEGINNING OF YEAR	928,053	864,668	-	1,792,721	1,631,294
Net surplus for the period	<u>62,209</u>	<u>13,352</u>	-	<u>75,561</u>	<u>161,427</u>
NET ASSETS, END OF YEAR	<u>990,262</u>	<u>878,020</u>	-	<u>1,868,282</u>	<u>1,792,721</u>

Statement of Operations For the Year Ended August 31, 2016

	General Fund	Reserve Fund	Crop Pool	2016	2015
	\$	\$	\$	\$	\$
REVENUES					
License fees - producers	842,235	-	-	842,235	834,546
Research Grants	278,322	-	-	278,322	373,982
Interest	15,560	13,352	-	28,912	15,946
Administration fee	2,899	-	-	2,899	-
Other income	1,051	-	-	1,051	2,340
Crop sales	-	-	97,763	97,763	177,720
	<u>1,140,067</u>	<u>13,352</u>	<u>97,763</u>	<u>1,251,182</u>	<u>1,404,534</u>
EXPENDITURES					
Research (Note 8)	556,277	-	-	556,277	670,260
Administration (page 5)	246,134	-	-	246,134	250,516
Marketing (page 5)	159,238	-	-	159,238	81,959
Directors' expenses (page 5)	116,209	-	-	116,209	62,652
Payments to producers (Note 6)	-	-	89,112	89,112	152,812
Handling and storage	-	-	5,058	5,058	22,746
Administration fee	-	-	2,899	2,899	-
Bank charges and interest	-	-	694	694	2,162
	<u>1,077,858</u>	<u>-</u>	<u>97,763</u>	<u>1,175,621</u>	<u>1,243,107</u>
NET SURPLUS					
FOR THE YEAR	<u>62,209</u>	<u>13,352</u>	<u>-</u>	<u>75,561</u>	<u>161,427</u>

Schedule of Expenses For the Year Ended August 31, 2016

	2016	2015
	\$	\$
Administration		
Salaries and benefits	114,739	169,410
Contract services (Note 13)	55,031	18,332
Legal fees	16,408	3,421
Computer expenses	14,261	14,601
Staff travel	11,949	7,150
Office rental (Note 12)	8,400	8,400
Audit and accounting fees	7,875	8,000
Stationary and supplies	4,357	4,147
Bank charges and interest	4,261	1,531
Telephone	3,150	4,202
Postage	2,784	2,779
Insurance	2,611	3,317
Repairs, maintenance and equipment rental	308	5,226
	<u>246,134</u>	<u>250,516</u>
Producer Relations		
Directors' fees	68,223	26,600
Directors' expenses	19,158	7,703
Meetings	19,544	8,051
Producers' expenses	5,416	14,754
Delegate expenses	3,868	5,544
	<u>116,209</u>	<u>62,652</u>
Marketing		
Promotion	103,175	27,692
Memberships and subscriptions	37,928	35,177
Conferences	15,623	15,371
Advertising	2,512	3,719
	<u>159,238</u>	<u>81,959</u>