

ONTARIO BEAN GROWERS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

ONTARIO BEAN GROWERS
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YEAR ENDED AUGUST 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Ontario Bean Growers

Opinion

We have audited the accompanying financial statements of Ontario Bean Growers, which comprise the statement of financial position as at August 31, 2019 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ontario Bean Growers as at August 31, 2019 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.

Basis of Opinion

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 Ontario Bean Growers 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 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 a 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.

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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.

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

Guelph, Ontario
December 18, 2019

Chartered Professional Accountants
Licensed Public Accountants

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ONTARIO BEAN GROWERS
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2019

	General (Unrestricted)	Reserve (Internally Restricted)	2019	2018
ASSETS				
CURRENT				
Cash	\$ 71,122	\$ 0	\$ 71,122	\$ 575,074
Short term investments (note 5)	802,132	317,927	1,120,059	1,508,087
Accounts receivable	7,480	0	7,480	5,383
Grants receivable	83,151	0	83,151	39,036
Government remittances refundable	9,706	0	9,706	12,008
Due (to) from reserve fund	(104,793)	104,793	0	0
Prepaid expenses	<u>6,585</u>	<u>0</u>	<u>6,585</u>	<u>1,585</u>
	875,383	422,720	1,298,103	2,141,173
LONG TERM INVESTMENTS (note 5)	<u>736,965</u>	<u>292,097</u>	<u>1,029,062</u>	<u>283,080</u>
	<u>\$ 1,612,348</u>	<u>\$ 714,817</u>	<u>\$ 2,327,165</u>	<u>\$ 2,424,253</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	<u>\$ 180,567</u>	<u>\$ 0</u>	<u>\$ 180,567</u>	<u>\$ 321,137</u>
NET ASSETS				
NET ASSETS	<u>1,431,781</u>	<u>714,817</u>	<u>2,146,598</u>	<u>2,103,116</u>
	<u>\$ 1,612,348</u>	<u>\$ 714,817</u>	<u>\$ 2,327,165</u>	<u>\$ 2,424,253</u>

ONTARIO BEAN GROWERS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2019

	General (Unrestricted)	Reserve (Internally Restricted)	2019	2018
NET ASSETS, beginning of year	\$ 1,258,813	\$ 844,303	\$ 2,103,116	\$ 1,931,138
Net revenues over expenses (expenses over revenues) for the year	<u>172,968</u>	<u>(129,486)</u>	<u>43,482</u>	<u>171,978</u>
NET ASSETS, end of year	<u>\$ 1,431,781</u>	<u>\$ 714,817</u>	<u>\$ 2,146,598</u>	<u>\$ 2,103,116</u>

ONTARIO BEAN GROWERS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2019

	General (Unrestricted)	Reserve (Internally Restricted)	2019	2018
REVENUES				
Licence fees (note 3)	\$ 841,522	\$ 0	\$ 841,522	\$ 818,733
Grants	168,079	0	168,079	166,221
Interest income	33,190	20,514	53,704	41,566
Sponsorships	14,350	0	14,350	13,249
	<u>1,057,141</u>	<u>20,514</u>	<u>1,077,655</u>	<u>1,039,769</u>
EXPENSES				
Research	495,308	113,547	608,855	356,490
Consulting	142,636	0	142,636	140,513
Promotion	68,501	36,453	104,954	189,349
Directors fees and expenses	64,038	0	64,038	59,995
Memberships and affiliations	41,604	0	41,604	45,105
Producer relations	18,377	0	18,377	26,777
Office	13,391	0	13,391	12,077
Rent	12,800	0	12,800	12,000
Information technology	12,000	0	12,000	12,000
Professional fees	11,174	0	11,174	8,964
Insurance	3,880	0	3,880	3,282
Interest and bank charges	464	0	464	1,239
	<u>884,173</u>	<u>150,000</u>	<u>1,034,173</u>	<u>867,791</u>
NET REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) for the year	<u>\$ 172,968</u>	<u>\$ (129,486)</u>	<u>\$ 43,482</u>	<u>\$ 171,978</u>

ONTARIO BEAN GROWERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 43,482	\$ 171,978
Changes in non-cash working capital		
Accounts receivable	(2,097)	(3,250)
Grants receivable	(44,115)	680
Government remittances refundable	2,302	(7,396)
Prepaid expenses	(5,000)	0
Accounts payable and accrued liabilities	<u>(140,570)</u>	<u>96,448</u>
	<u>(145,998)</u>	<u>258,460</u>
CASH (USED IN) INVESTING ACTIVITIES		
(Contributions to) investments	<u>(357,954)</u>	<u>(247,390)</u>
NET (DECREASE) INCREASE IN CASH	(503,952)	11,070
NET CASH, BEGINNING OF YEAR	<u>575,074</u>	<u>564,004</u>
NET CASH, END OF YEAR	<u>\$ 71,122</u>	<u>\$ 575,074</u>

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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) 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.

(b) 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.

(c) 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.

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) **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.

3. LICENCE FEES

Licence fees are charged to all growers. The fees were \$6.80 per tonne for the 2019 crop (2018 - \$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 the financial instruments.

The extent of the organization's exposure to these risks did not change in 2019 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, 2019

5. INVESTMENTS

Investments consist of:

	2019	2018
Meridian GIC, 2.2% interest, matured October 18, 2018	\$ 0	\$ 331,229
Meridian GIC, 2.1% interest, matured November 22, 2018	0	152,442
Meridian GIC, 2.2% interest, matured May 22, 2019	0	305,117
Meridian GIC, 2.10% interest, matured November 9, 2018	0	153,353
Scotiabank GIC, 1.82% interest, matured November 20, 2018	0	281,951
Scotiabank GIC, 1.82% interest, matured November 20, 2018	0	283,995
Meridian GIC, 2.9% interest, maturing November 28, 2019	613,156	0
Meridian GIC, 3% interest, maturing August 1, 2020	356,070	0
Meridian GIC, 2.2% interest, maturing February 29, 2020	150,832	0
Scotiabank GIC, 2.34% interest, maturing November 20, 2020	283,080	283,080
Meridian GIC, 2.35% interest, maturing May 31, 2021	203,779	0
Meridian GIC, 2.35% interest, maturing May 31, 2021	338,425	0
Meridian GIC, 2.35% interest, maturing May 31, 2021	<u>203,779</u>	<u>0</u>
	2,149,121	1,791,167
Less current portion:	<u>1,120,059</u>	<u>1,508,087</u>
	<u>\$ 1,029,062</u>	<u>\$ 283,080</u>
General Fund	\$ 1,539,097	\$ 1,051,657
Reserve Fund	<u>610,024</u>	<u>739,510</u>
	<u>\$ 2,149,121</u>	<u>\$ 1,791,167</u>

6. COMMITMENTS

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

2020	\$ 568,284
2021	374,573
2022	<u>277,474</u>
	<u>\$ 1,220,331</u>

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

2020	\$ 135,000
2021	<u>135,000</u>
	<u>\$ 270,000</u>