

ONTARIO BEAN GROWERS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

DRAFT

ONTARIO BEAN GROWERS
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 11

DRAFT



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, 2022 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, 2022 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 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Guelph, Ontario
December 21, 2022

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO BEAN GROWERS
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2022

	General (Unrestricted)	Research (Internally Restricted)	Reserve (Internally Restricted)	2022	2021
ASSETS					
CURRENT					
Cash	\$ 1,790,575	\$ 0	\$ 0	\$ 1,790,575	\$ 1,529,983
Short term investments (note 5)	553,317	0	87,081	640,398	750,453
Accounts receivable	8,000	0	0	8,000	0
Grants receivable	4,000	0	0	4,000	15,971
Government remittances refundable	12,303	0	0	12,303	26,454
Due (to) from reserve fund	(708,714)	603,921	104,793	0	0
Prepaid expenses	5,485	0	0	5,485	1,585
	<u>1,664,966</u>	<u>603,921</u>	<u>191,874</u>	<u>2,460,761</u>	<u>2,324,446</u>
LONG TERM INVESTMENTS (note 5)	655,826	0	103,213	759,039	625,388
CAPITAL ASSETS (note 6)	<u>108,994</u>	<u>0</u>	<u>0</u>	<u>108,994</u>	<u>0</u>
	764,820	0	103,213	868,033	625,388
	<u>\$ 2,429,786</u>	<u>\$ 603,921</u>	<u>\$ 295,087</u>	<u>\$ 3,328,794</u>	<u>\$ 2,949,834</u>
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 391,525	\$ 0	\$ 0	\$ 391,525	\$ 141,293
Deferred income	2,559	0	0	2,559	0
	<u>394,084</u>	<u>0</u>	<u>0</u>	<u>394,084</u>	<u>141,293</u>
NET ASSETS					
NET ASSETS	<u>2,035,702</u>	<u>603,921</u>	<u>295,087</u>	<u>2,934,710</u>	<u>2,808,541</u>
	<u>\$ 2,429,786</u>	<u>\$ 603,921</u>	<u>\$ 295,087</u>	<u>\$ 3,328,794</u>	<u>\$ 2,949,834</u>

See notes to the financial statements

ONTARIO BEAN GROWERS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2022

	General (Unrestricted)	Research (Internally Restricted)	Reserve (Internally Restricted)	2022	2021
NET ASSETS, beginning of year	\$ 1,901,412	\$ 469,631	\$ 437,498	\$ 2,808,541	\$ 2,293,388
Net revenues over expenses (expenses over revenues) for the year	268,580	0	(142,411)	126,169	515,153
Transfer (note 2(a))	<u>(134,290)</u>	<u>134,290</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 2,035,702</u>	<u>\$ 603,921</u>	<u>\$ 295,087</u>	<u>\$ 2,934,710</u>	<u>\$ 2,808,541</u>

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ONTARIO BEAN GROWERS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2022

	General (Unrestricted)	Reserve (Internally Restricted)	2022	2021
REVENUES				
Licence fees (note 3)	\$ 863,957	\$ 0	\$ 863,957	\$ 1,265,124
Interest income	35,142	7,589	42,731	39,230
Grants	27,889	0	27,889	32,834
Sponsorships	12,175	0	12,175	7,000
Other	<u>4,425</u>	<u>0</u>	<u>4,425</u>	<u>0</u>
	<u>943,588</u>	<u>7,589</u>	<u>951,177</u>	<u>1,344,188</u>
EXPENSES				
Research	302,287	109,172	411,459	405,751
Consulting	137,286	0	137,286	136,180
Promotion	80,055	40,828	120,883	129,490
Memberships and affiliations	51,021	0	51,021	36,830
Directors fees and expenses	29,961	0	29,961	33,877
Producer relations	15,949	0	15,949	20,972
Rent	15,600	0	15,600	15,600
Office	13,989	0	13,989	18,886
Amortization	12,111	0	12,111	0
Professional fees	8,838	0	8,838	8,750
Insurance	3,797	0	3,797	4,144
Information technology	3,035	0	3,035	18,220
Interest and bank charges	<u>1,079</u>	<u>0</u>	<u>1,079</u>	<u>335</u>
	<u>675,008</u>	<u>150,000</u>	<u>825,008</u>	<u>829,035</u>
NET REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) for the year	<u>\$ 268,580</u>	<u>\$ (142,411)</u>	<u>\$ 126,169</u>	<u>\$ 515,153</u>

ONTARIO BEAN GROWERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 126,169	\$ 515,153
Items not requiring an outlay of cash		
Amortization	<u>12,111</u>	<u>0</u>
	138,280	515,153
Changes in non-cash working capital		
Accounts receivable	(8,000)	5,980
Grants receivable	11,971	110,026
Government remittances refundable	14,151	(13,163)
Prepaid expenses	(3,900)	0
Accounts payable and accrued liabilities	250,232	(289,499)
Deferred income	<u>2,559</u>	<u>0</u>
	<u>405,293</u>	<u>328,497</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	(121,105)	0
Withdrawals from (contributions to) investments	<u>(23,596)</u>	<u>482,036</u>
	<u>(144,701)</u>	<u>482,036</u>
NET INCREASE IN CASH	260,592	810,533
NET CASH, BEGINNING OF YEAR	<u>1,529,983</u>	<u>719,450</u>
NET CASH, END OF YEAR	<u>\$ 1,790,575</u>	<u>\$ 1,529,983</u>

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

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.

Research reserve

The research reserve reports resources that are not to be held as endowments and are, therefore, disbursed on a current basis for research activities. This fund is internally restricted. A motion was carried in 2020 to transfer 50% of the general fund surplus annually to the research reserve, the current year transfer is \$134,290 (2021 - \$328,478).

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) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Database - 5 years straight line basis

Amortization is recorded at 50% of the above rates in the year of addition.

ONTARIO BEAN GROWERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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. Significant areas requiring management's estimates include the useful lives of capital assets and accrued liabilities. Actual results could differ from those estimates.

(e) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value.

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 \$6.50 per tonne for the 2022 crop (2021 - \$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 2022 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, 2022

5. INVESTMENTS

Investments consist of:

	2022	2021
Meridian GIC, 1.05% interest, matured August 10, 2022	\$ 0	\$ 750,453
Meridian GIC, 2.40% interest, maturing December 3, 2022	640,398	625,388
Meridian GIC, 2.55% interest, maturing March 18, 2024	252,899	0
Meridian GIC, 2.70% interest, maturing March 18, 2024	<u>506,140</u>	<u>0</u>
	<u>1,399,437</u>	<u>1,375,841</u>
Less current portion:	<u>640,398</u>	<u>750,453</u>
	<u>\$ 759,039</u>	<u>\$ 625,388</u>
General fund	\$ 1,209,143	\$ 1,043,136
Reserve fund	<u>190,294</u>	<u>332,705</u>
	<u>\$ 1,399,437</u>	<u>\$ 1,375,841</u>

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
Database	\$ <u>121,105</u>	\$ <u>12,111</u>	\$ <u>108,994</u>	\$ <u>0</u>
	<u>\$ 121,105</u>	<u>\$ 12,111</u>	<u>\$ 108,994</u>	<u>\$ 0</u>

7. COMMITMENTS

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

2023	\$ 64,500
2024	<u>15,000</u>
	<u>\$ 79,500</u>

8. MATERIAL UNCERTAINTY DUE TO COVID-19

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all services.