

# **AUDITOR'S REPORT**

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**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**  
**Financial Statements**  
**Year Ended December 31, 2015**

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# **Gee, Lambert & Courneya LLP**

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**CHARTERED PROFESSIONAL ACCOUNTANTS**

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LARRY D. GEE, CA  
(1944 - 2007)

DOUGLAS W. LAMBERT  
Professional Corporation

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LLOYD R. DAVENPORT  
Professional Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Ontario Processing Vegetable Growers (General Fund)

We have audited the accompanying financial statements of Ontario Processing Vegetable Growers, (General Fund), which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, 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.

### **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 is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Ontario Processing Vegetable Growers *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Processing Vegetable Growers, (General Fund), as at December 31, 2015 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.

Arva, Ontario  
March 23, 2016

*Gee, Lambert & Courneya* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**

**Statement of Financial Position**  
**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,447,564	\$ 1,332,194
Short term investments (Note 2)	155,266	178,073
Accounts receivable	111,487	117,892
Due from board funds (Note 7)	13,806	11,758
Prepaid expenses	3,436	3,436
	<u>1,731,559</u>	<u>1,643,353</u>
<b>CAPITAL ASSETS (Note 3)</b>	5,503	8,580
<b>LONG TERM INVESTMENTS (Note 2)</b>	<u>740,240</u>	<u>698,240</u>
	<u><b>\$ 2,477,302</b></u>	<u><b>\$ 2,350,173</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 214,750	\$ 210,287
Reserve for bursaries, current portion	2,000	2,000
	<u>216,750</u>	<u>212,287</u>
<b>RESERVE FOR BURSARIES</b>	<u>23,000</u>	<u>25,000</u>
	<u><b>239,750</b></u>	<u><b>237,287</b></u>
<b>NET ASSETS</b>		
General fund	2,232,049	2,104,306
Capital assets (Note 3)	5,503	8,580
	<u>2,237,552</u>	<u>2,112,886</u>
	<u><b>\$ 2,477,302</b></u>	<u><b>\$ 2,350,173</b></u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Jim Poel, Chairman*

\_\_\_\_\_ *Francis Dobbelaar, Vice-Chairman*

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**

**Statement of Revenues and Expenditures**  
**For the Year Ended December 31, 2015**

	Budget 2015	Total 2015	Total 2014
<b>LICENSE FEES</b>			
Tomatoes	\$ 739,200	\$ 760,629	\$ 590,907
Sweet corn	94,105	98,810	97,097
Green peas	186,000	198,971	205,865
Cucumbers	132,000	130,288	118,382
Green and wax beans	72,280	79,401	75,175
Carrots	41,200	48,804	42,800
Pumpkins and squash	14,408	14,107	14,344
Onions	6,354	6,292	6,496
Lima beans	27,510	30,984	26,679
	<u>1,313,057</u>	<u>1,368,066</u>	<u>1,177,745</u>
<b>OTHER REVENUES</b>			
Interest and other income	20,000	25,240	27,054
Federal research and development funding	6,000	32,429	50,827
	<u>26,000</u>	<u>57,669</u>	<u>77,881</u>
<b>EXPENSES</b>			
Staff salaries, benefits, and related services	445,000	438,419	440,392
Grading expense	181,300	167,886	140,958
Research	148,510	176,172	80,082
Board members fees and related costs	119,000	102,706	104,909
Board members travel and meeting expenses	80,000	75,811	71,971
Office expense, stationery, postage, subscriptions	69,375	53,635	58,764
Office rent, utilities, maintenance and improvements	61,089	58,133	59,624
Staff travel and meeting expenses	35,000	36,763	34,582
Legal fees	30,000	43,463	25,815
Other conventions and meetings	30,000	26,072	29,966
Acreage measurement	27,200	24,288	24,321
Negotiations and arbitration meetings	14,085	18,184	15,092
Membership fees	14,000	12,994	13,621
Audit fees	14,000	14,837	10,580
Consulting fees	13,500	19,806	37,076
Annual industry conference	9,000	24,097	8,733
Amortization	3,800	3,077	3,822
Public relations and promotions	2,500	4,726	1,988
	<u>1,297,359</u>	<u>1,301,069</u>	<u>1,162,296</u>
<b>EXCESS OF LICENSE FEES OVER EXPENSES</b>	<u>\$ 41,698</u>	<u>\$ 124,666</u>	<u>\$ 93,330</u>

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**

**Statement of Changes in Net Assets**  
**Year Ended December 31, 2015**

	General Fund	Capital Assets	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 2,104,306	\$ 8,580	\$ 2,112,886	\$ 2,019,556
Excess (Deficiency) of license fees over expenses	127,743	(3,077)	124,666	93,330
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,232,049</u>	<u>\$ 5,503</u>	<u>\$ 2,237,552</u>	<u>\$ 2,112,886</u>

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**

**Statement of Cash Flows**  
**Year Ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of license fees over expenses	\$ 124,666	\$ 93,330
Item not affecting cash:		
Amortization of capital assets	<u>3,077</u>	<u>3,822</u>
	<u>127,743</u>	<u>97,152</u>
Changes in non-cash working capital:		
Accounts receivable	6,405	6,667,959
Accounts payable and accrued liabilities	4,463	(162,544)
Due from board funds	<u>(2,048)</u>	<u>(2,041)</u>
	<u>8,820</u>	<u>6,503,374</u>
Cash flows from operating activities	<u>136,563</u>	<u>6,600,526</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	-	(7,712)
Bursaries, net	(2,000)	(2,620)
Long term Investments	<u>(42,000)</u>	<u>(18,800)</u>
Cash flows used by investing activities	<u>(44,000)</u>	<u>(29,132)</u>
<b>FINANCING ACTIVITY</b>		
Demand loan - FCC	-	(6,412,243)
Cash flow from financing activity	<u>-</u>	<u>(6,412,243)</u>
<b>INCREASE IN CASH FLOW</b>	<u>92,563</u>	<u>159,151</u>
Cash - beginning of year	<u>1,510,267</u>	<u>1,351,116</u>
<b>CASH - END OF YEAR</b>	<u>1,602,830</u>	<u>1,510,267</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 1,447,564	\$ 1,332,194
Short term investments	<u>155,266</u>	<u>178,073</u>
	<u>\$ 1,602,830</u>	<u>\$ 1,510,267</u>



**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**DESCRIPTION OF OPERATIONS**

The Ontario Processing Vegetable Growers (OPVG) is incorporated under the regulations of the Farm Products Marketing Act. OPVG was formed to represent processing vegetable growers in the three districts across Ontario. There are 14 regulated processing vegetables in the Province. OPVG is a non-profit organization under the Income Tax Act and, accordingly, is exempt from income taxes under Section 149 (1)(e) of the Income Tax Act.

OPVG employs Fund Accounting. For each fund established by legal, contractual or voluntary actions of the Board there is a self-balancing set of accounts. Elements of a fund include assets, liabilities, net assets, revenues and expenses. Fund accounting involves an accounting segregation, although not necessarily a physical segregation, of resources.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPFO).

**Cash and cash equivalents**

OPVG defines cash to include cash on hand, cash in the bank and short term guaranteed investment certificates with maturities or rights to redeem of less than 3 months.

**Measurement of financial instruments**

OPVG's financial instruments consist of cash, short term deposits, accounts receivable, short term investments, managed investments, and accounts payable. OPVG initially measures its financial assets and liabilities at fair value. OPVG subsequently measures all financial assets and liabilities at cost or amortized cost.

**Revenue recognition**

Licence Fees are levied by processing crop on licensed producers at a rate per delivered ton. The licensed processors collect the fees and remit to OPVG. Licence Fees are recognized as income in the fiscal year of delivery.

Interest income is recorded on an accrual basis.

Research and Development Funding from Government are recognized when the corresponding research expense has been incurred.

**Contributions**

OPVG accounts for contributions using the restricted fund method of accounting :

**(i) Government Funding**

Funding is granted for specific research. Accrual accounting is employed to account for the contributions in the contract period and to match the reported funding to the related expenditures

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**ONTARIO PROCESSING VEGETABLE GROWERS  
(General Fund)**

**Notes to Financial Statements  
Year Ended December 31, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**General Fund**

The General Fund reports unrestricted resources available for the Board's general operating activities. The OPVG presents consolidated financial statements that combine all of the resources of all funds where it has an economic interest.

**Capital assets**

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Leasehold improvements	5 years	straight-line method

OPVG regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

**Short Term and Long Term Investments**

It is OPVG's policy to hold investments to maturity. The funds are invested for income and OPVG is not attempting to make gains on short term swings in interest rates.

As at December 31, 2015, OPVG's market values are equal to carrying values and there are not impaired positions in the portfolio.

OPVG accounts for the investments at cost and accounts for income on an accrual basis.

**Measurement uncertainty**

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The Board makes estimates relative to accruals for accounts receivable, accounts payable and if a reserve for collections may be required.

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**ONTARIO PROCESSING VEGETABLE GROWERS**  
(General Fund)

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

**2. INVESTMENTS, at cost**

	2015	2014
Investment cash account	\$ 471	\$ 73
Renaissance High Interest Savings Account	3,295	-
GIC Mont. Trust 2.3%, due Oct. 3, 2015	-	125,000
GIC Home Trust 2.00%, due Oct. 8, 2015	-	26,500
GIC Vancity Savings 1.70%, due Dec. 16, 2015	-	26,500
GIC CIBC 2.54%, due Oct. 3, 2016	125,000	125,000
GIC ICICI Bank (Canada) Due Oct. 11, 2016 1.51%	11,500	-
GIC Home Trust Co Due Oct. 13, 2016 1.55%	15,000	-
GIC CIBC 2.76%, due Mar. 22, 2017	100,400	100,400
GIC CDN West 2.55%, due Oct. 4, 2017	100,000	100,000
GIC B2B 2.65%, due Aug. 7, 2018	114,640	114,640
GIC Equitable 2.91%, due Oct. 9, 2018	114,400	114,400
GIC Presidents Choice 2.65%, due Oct. 7, 2019	125,000	125,000
GIC National Trust 2.50%, due Dec. 18, 2019	18,800	18,800
GIC Manulife Bank of Canada Due Oct. 6, 2020 2.2%	131,000	-
GIC Home Trust Co Due Dec. 17, 2020 2.31%	36,000	-
	895,506	876,313
Less: Investments due within one year	(155,266)	(178,073)
	<u>\$ 740,240</u>	<u>\$ 698,240</u>
Market value	<u>\$ 903,073</u>	<u>\$ 880,431</u>

**3. CAPITAL ASSETS**

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and equipment	\$ 37,310	\$ 33,119	\$ 4,191	\$ 5,438
Computer equipment	32,283	31,204	1,079	2,443
Leasehold improvements	12,582	12,349	233	699
	<u>\$ 82,175</u>	<u>\$ 76,672</u>	<u>\$ 5,503</u>	<u>\$ 8,580</u>

Additions during the year \$nil less amortization \$3,077 and disposals \$nil.

**4. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX**

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2015	2014
HST Payable	\$ 129,451	\$ 120,203
Employee deductions payable	14,324	13,332
EHT Payable	1,865	1,641
	<u>\$ 145,640</u>	<u>\$ 135,176</u>

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**5. CONTRACTUAL OBLIGATIONS**

OPVG is committed under the terms of an operating lease for office space to September 30, 2025. The base rate applies plus a proportionate share of common area expenses and taxes.

OPVG has a photocopy lease expiring in 2017 with payments of \$2,985 per year.

OPVG has a web portal service lease expiring August 31, 2016 with payments of \$11,940 per year.

Contractual obligation repayment schedule:

2016	\$	32,625
2017		24,665
2018		21,680
2019		21,680
2020		21,680
Thereafter		110,820
		<hr/>
	\$	<u>233,150</u>

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**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(General Fund)**

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**6. FINANCIAL INSTRUMENTS**

OPVG is exposed to various risks through its financial instruments. The following analysis provides a measure of OPVG's risk exposure and concentrations at the balance sheet date.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. OPVG's main credit risks relate to the collection of licence fees. OPVG manages this risk by reviewing what entities are licensed, obtaining letters of credit for large amounts and the constant monitoring and evaluation of the accounts.

**Liquidity risk**

Liquidity risk is the risk that OPVG will encounter difficulty in meeting obligations associated with financial liabilities. OPVG is exposed to this risk mainly in respect of its accounts payable. OPVG expects to meet these obligations as they come due by generating sufficient cash flow from operations.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. OPVG is mainly exposed to interest rate risk.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. OPVG is not exposed to currency risk.

**Interest rate risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, OPVG manages exposure through investing in non-risk GIC's for its investments. OPVG is exposed to interest rate risk primarily through its investments.

**Other price risk**

Other risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. OPVG is not exposed to other price risk.

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**ONTARIO PROCESSING VEGETABLE GROWERS  
(General Fund)**

**Notes to Financial Statements  
Year Ended December 31, 2015**

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**7. DUE FROM (TO) BOARD FUNDS**

	<u>2015</u>	<u>2014</u>
Ontario Tomato Research Institute	\$ 5,318	\$ 6,966
Ontario Processing Vegetable Growers (A Trust Fund)	10,563	9,084
Tomato Grading Reserve Fund	(2,075)	(3,841)
Ontario Cucumber Research Institute	-	(451)
Pea, Bean and Corn Industry Research Committee	-	-
	<u>\$ 13,806</u>	<u>\$ 11,758</u>

Transfers between boards are non-interest bearing with no set terms of repayment.

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**8. BUDGET FIGURES**

The budgeted figures are presented for comparison purposes as prepared and approved by OPVG. They have not been audited or reviewed by the auditor.

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**ONTARIO PROCESSING VEGETABLE GROWERS**  
***(A Trust Fund)***  
***THE RESERVE FUND FOR***  
***PROCESSING-VEGETABLE PRODUCERS***  
**Financial Statements**  
**Year Ended December 31, 2015**

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# **Gee, Lambert & Courneya LLP**

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**CHARTERED PROFESSIONAL ACCOUNTANTS**

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Ontario Processing Vegetable Growers (A Trust Fund)

We have audited the accompanying financial statements of Ontario Processing Vegetable Growers, (A Trust Fund), which comprise the statement of financial position as at December 31, 2015 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.

### **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 is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditor's Report to the Members of Ontario Processing Vegetable Growers *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Processing Vegetable Growers, (A Trust Fund), as at December 31, 2015 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.

Arva, Ontario  
March 23, 2016

*Gee, Lambert & Courneya* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(A Trust Fund)**

**Statement of Financial Position**  
**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 5,493	\$ 1,225
Accrued interest	16,342	20,438
	<u>21,835</u>	<u>21,663</u>
<b>LONG TERM INVESTMENTS (Market value \$2,640,548 - 2015; \$2,614,187 - 2014 ) (Note 2)</b>	<u>2,633,850</u>	<u>2,609,217</u>
	<u><b>\$ 2,655,685</b></u>	<u><b>\$ 2,630,880</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 1,499	\$ 1,479
Due to board	10,563	9,084
	<u>12,062</u>	<u>10,563</u>
<b>NET ASSETS</b>		
Restricted net assets	2,528,856	2,528,856
Unrestricted net assets	114,767	91,461
	<u>2,643,623</u>	<u>2,620,317</u>
	<u><b>\$ 2,655,685</b></u>	<u><b>\$ 2,630,880</b></u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*Jim Poel, Chairman*

\_\_\_\_\_  
*Bruce Shackleton, Past-Chairman*

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(A Trust Fund)**

**Statement of Operations**  
**For the Year Ended December 31, 2015**

	2015	2014
<b>Revenues</b>		
Interest	\$ 57,606	\$ 75,155
Gain on sale of investments	-	27,771
	<u>57,606</u>	<u>102,926</u>
<b>EXPENSES</b>		
Audit and accounting	1,500	1,479
Amortization of bond purchase premium	-	2,734
	<u>1,500</u>	<u>4,213</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 56,106</u>	<u>\$ 98,713</u>

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(A Trust Fund)**

**Statement of Changes in Net Assets**  
**Year Ended December 31, 2015**

	Restricted Net Assets	Unrestricted Net Assets	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 2,528,856</b>	<b>\$ 91,461</b>	<b>\$ 2,620,317</b>	<b>\$ 2,613,394</b>
Excess of revenues over expenses	-	56,106	56,106	98,713
	2,528,856	147,567	2,676,423	2,712,107
Education	-	(32,800)	(32,800)	(30,269)
Research	-	-	-	(61,521)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,528,856</b>	<b>\$ 114,767</b>	<b>\$ 2,643,623</b>	<b>\$ 2,620,317</b>

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(A Trust Fund)**

**Statement of Cash Flows**  
**Year Ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 56,106	\$ 98,713
Changes in non-cash working capital:		
Accrued interest	4,096	(3,559)
Accounts payable and accrued liabilities	20	29
	<u>4,116</u>	<u>(3,530)</u>
Cash flows from operating activities	<u>60,222</u>	<u>95,183</u>
<b>INVESTING ACTIVITY</b>		
Long term Investments	<u>(24,633)</u>	<u>(4,930)</u>
<b>FINANCING ACTIVITIES</b>		
Research	-	(61,521)
Education	(32,800)	(30,269)
Advances from board	1,479	1,450
	<u>(31,321)</u>	<u>(90,340)</u>
Cash flows used by financing activities	<u>(31,321)</u>	<u>(90,340)</u>
<b>INCREASE (DECREASE) IN CASH FLOWS</b>	<u>4,268</u>	<u>(87)</u>
Cash - beginning of year	<u>1,225</u>	<u>1,312</u>
<b>CASH - END OF YEAR</b>	<u>\$ 5,493</u>	<u>\$ 1,225</u>

**ONTARIO PROCESSING VEGETABLE GROWERS  
(A Trust Fund)**

**Notes to Financial Statements  
Year Ended December 31, 2015**

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**PURPOSE AND TERMS OF RESERVE FUND (FUND)**

Under a 1992 agreement with the Ontario Ministry of Agriculture, Food and Rural Affairs, the Ontario Processing Vegetable Growers (OPVG) administers this fund as a separate trust. The fund capital consists of the funds available from the wind-up of the Processing-Vegetable Financial Protection Board. The terms of the agreement stipulate that the Ontario Processing Vegetable Growers shall not have access to the restricted capital and shall spend the interest only for the purposes of research, market development and education projects of benefit to the entire processing-vegetable industry.

The fund employs Fund Accounting. For each fund established by legal, contractual or voluntary actions of the association there is a self balancing set of accounts. Elements of a fund include assets, liabilities, net assets, revenues and expenses. Fund accounting involves an accounting segregation, although not necessarily a physical segregation, of resources.

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**1. SUMMARY OF ACCOUNTING POLICIES**

**Basis of presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Financial instruments policy**

The fund's financial instruments consist of cash, accounts receivable, accrued interest, accounts payable and investments. The fund initially measures its financial assets and liabilities at fair value. The fund subsequently measures all financial assets and liabilities at cost or amortized cost.

**Revenue Recognition**

The fund reports income on the accrual basis of accounting with interest income being recognized as earned.

**The Fund**

The Fund reports resources available for the fund's general operating activities. The association presents consolidated financial statements that combine all of the resources of all funds where the OPVG has an economic interest.

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**ONTARIO PROCESSING VEGETABLE GROWERS**  
**(A Trust Fund)**

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

Long Term Investments

The funds are invested for income and fund management may sell before maturity based on their judgement, however normally investments are held to maturity.

The accounting policies for the bond portfolio are:

- The bond premium (discount) paid upon purchase is amortized over the term of the bond, resulting in reported income being representative of the effective rate of interest at the time of purchase.
- The bonds are carried on the balance sheet at amortized cost and impairment is tested annually by comparing to market. A write-down to market would be recorded in the year OPVG determines the investment to be impaired.
- A current portion is not shown based on 2015 maturities since all investments are restricted and must be re-invested for income.

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2. LONG TERM INVESTMENTS

	<u>2015</u>	<u>2014</u>
Corporate Guaranteed Term Deposits - maturing in 2015 - weighted average rate - 2.40%	\$ -	\$ 388,700
Corporate Guaranteed Term Deposits and Province of Ontario Coupon - maturing in 2016 - weighted average rate - 2.31%	527,012	524,265
Corporate Guaranteed Term Deposits and Province of Nova Scotia Coupon - maturing in 2017 - weighted average rate - 2.75%	848,678	845,392
Corporate Guaranteed Term Deposits - maturing 2018 - weighted average rate - 2.34%	340,700	340,700
Corporate Guaranteed Term Deposits - maturing 2019 - weighted average rate - 1.95%	510,160	510,160
Corporate Guaranteed Term Deposits - maturing in 2020 - weighted average rate - 2.27%	407,300	-
	<u>\$ 2,633,850</u>	<u>\$ 2,609,217</u>

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**ONTARIO PROCESSING VEGETABLE GROWERS  
(A Trust Fund)**

**Notes to Financial Statements  
Year Ended December 31, 2015**

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**3. FINANCIAL INSTRUMENTS**

The fund is exposed to various risks through its financial instruments. The following analysis provides a measure of the fund's risk exposure and concentrations at the balance sheet date.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. There is some risk that the bond and interest bearing investments will not pay at redemption date, however the investments are made in high grade securities and the risk is considered low.

**Liquidity Risk**

Liquidity risk is the risk that the fund will encounter difficulty in meeting obligations associated with financial liabilities. The fund is exposed to this risk mainly in respect of its demand loan and accounts payable. The fund expects to meet these obligations as they come due by generating sufficient cash flow from operations

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The fund is mainly exposed to interest rate risk.

**i) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is not exposed to currency risk.

**ii) Interest Rate**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the fund manages exposure through its normal operating and financing activities. The fund is exposed to interest rate risk primarily through its investments.

**iii) Other Price Risk**

Other risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The fund is not exposed to other price risk.

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**4. FUND MANAGEMENT**

The Ontario Processing Vegetable Growers has assigned the day-to-day custody and management of the assets of the Reserve Fund to CIBC Wood Gundy. CIBC on a segregated and separate basis makes investments as authorized under the Trustee Act of the Province of Ontario and in accordance with the general investment policy stipulated by the Board.

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**ONTARIO TOMATO RESEARCH INSTITUTE**  
***(Incorporated under the Agricultural and Horticultural Organizations Act)***  
**Financial Statements**  
**Year Ended December 31, 2015**

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# **Gee, Lambert & Courneya LLP**

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**CHARTERED PROFESSIONAL ACCOUNTANTS**

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14361 Medway Road, P.O. Box 199, Arva, Ontario N0M 1C0 (519) 673-1421 FAX: (519) 679-8540

LARRY D. GEE, CA  
(1944 - 2007)

DOUGLAS W. LAMBERT  
Professional Corporation

ROBERT G. COURNEYA, CPA, CA

LLOYD R. DAVENPORT  
Professional Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Ontario Tomato Research Institute (Incorporated under the Agricultural and Horticultural Organizations Act)

We have audited the accompanying financial statements of Ontario Tomato Research Institute, (Incorporated under the Agricultural and Horticultural Organizations Act), which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, 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.

### **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 is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Ontario Tomato Research Institute *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Tomato Research Institute, (Incorporated under the Agricultural and Horticultural Organizations Act), as at December 31, 2015 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.

Arva, Ontario  
March 23, 2016

*Gee, Lambert & Courneya* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**ONTARIO TOMATO RESEARCH INSTITUTE**  
**(Incorporated under the Agricultural and Horticultural Organizations Act)**

**Statement of Financial Position**

**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 349,565	\$ 164,060
Accounts Receivable	30,039	1,918
	<u>\$ 379,604</u>	<u>\$ 165,978</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 26,695	\$ 10,764
Deferred funding	50,253	-
Due to general fund	5,318	6,966
	<u>82,266</u>	<u>17,730</u>
<b>NET ASSETS</b>		
Ontario Fruit & Vegetable Processors Association	148,669	74,124
Ontario Processing Vegetable Growers	148,669	74,124
	<u>297,338</u>	<u>148,248</u>
	<u>\$ 379,604</u>	<u>\$ 165,978</u>

**ON BEHALF OF THE MEMBERS**

\_\_\_\_\_  
Steve Lamoure, OF&VPA

\_\_\_\_\_  
Tom Keller, OPVG

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See accompanying notes

**ONTARIO TOMATO RESEARCH INSTITUTE**  
**(Incorporated under the Agricultural and Horticultural Organizations Act)**

**Statement of Revenues and Expenditures**

**For the Year Ended December 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>REVENUES</b>		
Ontario Processing Vegetable Growers levies	\$ 79,088	\$ 48,583
Ontario Fruit & Vegetable Processors Association levies	79,087	48,583
Funding	54,591	28,681
Ontario Tomato Seedling Growers' Marketing Board	1,000	1,000
Interest income	569	538
	<u>214,335</u>	<u>127,385</u>
<b>EXPENSES</b>		
Research	63,767	90,763
Audit	1,032	1,009
Meetings and office	446	447
	<u>65,245</u>	<u>92,219</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><b>\$ 149,090</b></u>	<u><b>\$ 35,166</b></u>

**ONTARIO TOMATO RESEARCH INSTITUTE**  
*(Incorporated under the Agricultural and Horticultural Organizations Act)*

**Statement of Changes in Net Assets**

**Year Ended December 31, 2015**

	Ontario Fruit & Vegetable Processors Association		Ontario Processing Vegetable Growers		2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$	74,124	\$	74,124	\$ 148,248	\$ 113,082
Excess of revenues over expenses		74,545		74,545	149,090	35,166
<b>NET ASSETS - END OF YEAR</b>	\$	148,669	\$	148,669	\$ 297,338	\$ 148,248

**ONTARIO TOMATO RESEARCH INSTITUTE**  
*(Incorporated under the Agricultural and Horticultural Organizations Act)*

**Statement of Cash Flows**  
**Year Ended December 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	<b>\$ 149,090</b>	<b>\$ 35,166</b>
Changes in non-cash working capital:		
Accounts Receivable	<b>(28,121)</b>	<b>15,328</b>
Accounts payable and accrued liabilities	<b>15,931</b>	<b>(40,894)</b>
Deferred funding	<b>50,253</b>	<b>-</b>
	<b>38,063</b>	<b>(25,566)</b>
Cash flows from operating activities	<b>187,153</b>	<b>9,600</b>
<b>FINANCING ACTIVITY</b>		
Advances from (to) general fund	<b>(1,648)</b>	<b>2,808</b>
<b>INCREASE IN CASH FLOWS</b>	<b>185,505</b>	<b>12,408</b>
Cash - beginning of year	<b>164,060</b>	<b>151,652</b>
<b>CASH - END OF YEAR</b>	<b>\$ 349,565</b>	<b>\$ 164,060</b>

**ONTARIO TOMATO RESEARCH INSTITUTE**  
**(Incorporated under the Agricultural and Horticultural Organizations Act)**

**Notes to Financial Statements**

**Year Ended December 31, 2015**

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**DESCRIPTION OF BUSINESS**

The Institute is a not-for-profit entity that conducts research on behalf of the Ontario tomato growers and processors. The net receipts over disbursements earned by this entity are restricted special purpose funds.

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**1. SUMMARY OF ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations .

**Financial instruments policy**

Ontario Tomato Research Institute (OTRI) financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. OTRI initially measures its financial assets and liabilities at fair value. OTRI subsequently measures all financial assets and liabilities at cost or amortized cost.

**Revenue Recognition**

For 2015 tomato processor members of the OF&VPA paid levies based on prior year contract tons @ \$.10/ton (2014- \$.10/ton). For 2015, all Ontario tomato processors also paid levies based on current years harvested tonnage @\$ .10/ton (2014 - Nil). OPVG matched both of these amounts.

Interest income is recorded on an accrual basis.

OTRI has entered into a 5 year Agreement from 2013 to 2018 with the University of Guelph to conduct a tomato breeding program for an amount not to exceed \$ 429,367. AAFC has approved a maximum funding of \$199,677 in support of this project.

OTRI revenues to fund this project have been budgeted to be collected equally over the 5 year period.

Government funding revenues are recognized when the corresponding research expense has occurred.

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**ONTARIO TOMATO RESEARCH INSTITUTE**  
**(Incorporated under the Agricultural and Horticultural Organizations Act)**

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**1. SUMMARY OF ACCOUNTING POLICIES (continued)**

Contributions

The restricted fund accounts for contributions using the restricted fund method of reporting :

(i) Government Funding

Funding is granted for specific research. It is accounted for in the fund in accordance with the contract terms. Accrual accounting is employed and results in a matching of funding to similar expenditures in the year.

(ii) Levies

OPVG and OF&VPA contribute equally to levies. The amount is based on delivered tons at rates determined annually by the Board of Directors.

(iii) Ontario Tomato Seedling Growers' Marketing Board

The Seedling Growers contribute annually to the research projects.

The Fund

The Fund reports resources available for the fund's general operating activities. The association presents consolidated financial statements that combine all of the resources of all funds where the OPVG has an economic interest.

Measurement uncertainty

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The fund estimates at year end certain receivables and payables.

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**2. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX**

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	<u>2015</u>	<u>2014</u>
HST Payable	<u>\$ 13,465</u>	<u>\$ 2,247</u>

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**ONTARIO TOMATO RESEARCH INSTITUTE**  
***(Incorporated under the Agricultural and Horticultural Organizations Act)***

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**3. FINANCIAL INSTRUMENTS**

OTRI is exposed to various risks through its financial instruments. The following analysis provides a measure of OTRI's risk exposure and concentrations at the balance sheet date.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. OTRI has limited risk given receivables are from OPVG.

**Liquidity Risk**

Liquidity risk is the risk that OTRI will encounter difficulty in meeting obligations associated with financial liabilities. OTRI is exposed to this risk mainly in respect of its accounts payable. OTRI expects to meet these obligations as they come due by generating sufficient cash flow from operations.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. OTRI is mainly exposed to interest rate risk.

**i) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. OTRI is not exposed to currency risk.

**ii) Interest Rate**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, OTRI manages exposure through its normal operating and financing activities. OTRI is exposed to interest rate risk primarily through its investments.

**iii) Other Price Risk**

Other risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. OTRI is not exposed to other price risk.

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**ONTARIO CUCUMBER RESEARCH COMMITTEE**  
***(A Joint Venture Fund)***  
**Financial Statements**  
**Year Ended December 31, 2015**

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# **Gee, Lambert & Courneya LLP**

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**CHARTERED PROFESSIONAL ACCOUNTANTS**

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14361 Medway Road, P.O. Box 199, Arva, Ontario N0M 1C0 (519) 673-1421 FAX: (519) 679-8540

LARRY D. GEE, CA  
(1944 - 2007)

DOUGLAS W. LAMBERT  
Professional Corporation

ROBERT G. COURNEYA, CPA, CA

LLOYD R. DAVENPORT  
Professional Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Ontario Cucumber Research Committee (A Joint Venture Fund)

We have audited the accompanying financial statements of Ontario Cucumber Research Committee, (A Joint Venture Fund), which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, 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.

### **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 is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Ontario Cucumber Research Committee *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Cucumber Research Committee, (A Joint Venture Fund), as at December 31, 2015 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.

Arva, Ontario  
March 23, 2016

*Gee, Lambert & Courneya* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**ONTARIO CUCUMBER RESEARCH COMMITTEE****(A Joint Venture Fund)****Statement of Financial Position****December 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 30,193	\$ 37,284
Due from board	-	451
	<u>\$ 30,193</u>	<u>\$ 37,735</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 4,479	\$ 470
<b>NET ASSETS</b>		
Ontario Fruit & Vegetable Processors Association	12,857	18,633
Ontario Processing Vegetable Growers	<u>12,857</u>	<u>18,632</u>
	<u>25,714</u>	<u>37,265</u>
	<u>\$ 30,193</u>	<u>\$ 37,735</u>

**ON BEHALF OF THE MEMBERS**

---

*John Lugtigheid, Chairman*

See accompanying notes

**ONTARIO CUCUMBER RESEARCH COMMITTEE**  
**(A Joint Venture Fund)**

**Statement of Revenues and Expenditures**  
**For the Year Ended December 31, 2015**

	2015	2014
<b>REVENUES</b>		
Ontario Fruit & Vegetable Processors Association levies	\$ 10,695	\$ 12,938
Ontario Processing Vegetable Growers levies	10,695	12,938
Interest income	37	172
	<u>21,427</u>	<u>26,048</u>
<b>EXPENSES</b>		
Research	32,500	36,308
Audit	478	469
	<u>32,978</u>	<u>36,777</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (11,551)</u>	<u>\$ (10,729)</u>

**ONTARIO CUCUMBER RESEARCH COMMITTEE****(A Joint Venture Fund)****Statement of Changes in Net Assets****Year Ended December 31, 2015**

	Ontario Fruit & Vegetable Processors Association		Ontario Processing Vegetable Growers		2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$	18,633	\$	18,632	\$ 37,265	\$ 47,994
Deficiency of revenues over expenses		(5,776)		(5,775)	(11,551)	(10,729)
<b>NET ASSETS - END OF YEAR</b>	\$	12,857	\$	12,857	\$ 25,714	\$ 37,265



**ONTARIO CUCUMBER RESEARCH COMMITTEE****(A Joint Venture Fund)****Statement of Cash Flows****Year Ended December 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	<b>\$ (11,551)</b>	<b>\$ (10,729)</b>
Change in non-cash working capital:		
Accounts payable and accrued liabilities	<b>4,009</b>	<b>(3,992)</b>
Cash flows used by operating activities	<b>(7,542)</b>	<b>(14,721)</b>
<b>FINANCING ACTIVITY</b>		
Due from board	<b>451</b>	<b>(451)</b>
<b>DECREASE IN CASH FLOWS</b>	<b>(7,091)</b>	<b>(15,172)</b>
Cash - beginning of year	<b>37,284</b>	<b>52,456</b>
<b>CASH - END OF YEAR</b>	<b>\$ 30,193</b>	<b>\$ 37,284</b>

**ONTARIO CUCUMBER RESEARCH COMMITTEE**  
**(A Joint Venture Fund)**

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**DESCRIPTION OF BUSINESS**

The Ontario Cucumber Research Committee (OCRI) is a not-for-profit entity that conducts research on behalf of the Ontario cucumber growers and processors.

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**1. SUMMARY OF ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations .

**Financial instruments policy**

OCRI's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. OCRI initially measures its financial assets and liabilities at fair value. OCRI subsequently measures all financial assets and liabilities at cost or amortized cost.

**Revenue Recognition**

The Cucumber processors pay levies based on delivered tons @ .50 (2014 - .50). The calculation excludes # 4 grade cucumbers. For the 2015 crop year the calculation excluded machine harvest cucumbers. The OPVG matches the amount.

Interest income is recorded on an accrual basis.

**Contributions**

The restricted fund accounts for contributions using the restricted fund method of accounting :

**(i) Government Funding**

Funding is granted for specific research. It is accounted for in the fund in accordance with the contract terms. Accrual accounting is employed and results in a matching of funding to similar expenditures in the year.

**(ii) Levies**

OPVG and OF&VPA contribute equally to levies. The amount is based on delivered tons at rates determined annually by the Board of Directors.

**(iii) Ontario Tomato Seedling Growers' Marketing Board**

The Seedling Growers contribute annually to the research projects.

**The Fund**

The Fund reports resources available for the fund's general operating activities. The association presents consolidated financial statements that combine all of the resources of all funds where the OPVG has an economic interest.

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# ONTARIO CUCUMBER RESEARCH COMMITTEE

## (A Joint Venture Fund)

### Notes to Financial Statements

Year Ended December 31, 2015

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#### 1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

##### Measurement uncertainty

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. There are no known uncertainties at this time.

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#### 2. FINANCIAL INSTRUMENTS

OCRI is exposed to various risks through its financial instruments. The following analysis provides a measure of OCRI's risk exposure and concentrations at the balance sheet date.

##### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. OCRI is not exposed to credit risk.

##### Liquidity Risk

Liquidity risk is the risk that OCRI will encounter difficulty in meeting obligations associated with financial liabilities. OCRI is exposed to this risk mainly in respect of its accounts payables. OCRI expects to meet these obligations as they come due by generating sufficient cash flow from operations.

##### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. OCRI is mainly exposed to interest rate risk.

##### i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. OCRI is not exposed to currency risk.

##### ii) Interest Rate

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, OCRI manages exposure through its normal operating and financing activities. OCRI is exposed to interest rate risk primarily through its investments.

##### iii) Other Price Risk

Other risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. OCRI is not exposed to other price risk.

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**PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE**  
***(A Joint Venture Fund)***  
**Financial Statements**  
**Year Ended December 31, 2015**

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# **Gee, Lambert & Courneya LLP**

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**CHARTERED PROFESSIONAL ACCOUNTANTS**

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14361 Medway Road, P.O. Box 199, Arva, Ontario N0M 1C0 (519) 673-1421 FAX: (519) 679-8540

LARRY D. GEE, CA  
(1944 - 2007)

DOUGLAS W. LAMBERT  
Professional Corporation

ROBERT G. COURNEYA, CPA, CA

LLOYD R. DAVENPORT  
Professional Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Pea, Bean and Corn Industry Research Committee (A Joint Venture Fund)

We have audited the accompanying financial statements of Pea, Bean and Corn Industry Research Committee, (A Joint Venture Fund), which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, 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.

### **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 is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Pea, Bean and Corn Industry Research Committee  
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pea, Bean and Corn Industry Research Committee, (A Joint Venture Fund), as at December 31, 2015 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.

Arva, Ontario  
March 23, 2016

*Gee, Lambert & Courneya* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE**

**(A Joint Venture Fund)**

**Statement of Financial Position**

**December 31, 2015**

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**ASSETS**

**CURRENT**

Cash	\$ 21,449
Accounts receivable	<u>24,237</u>
	<u>\$ 45,686</u>

**LIABILITIES AND NET ASSETS**

**CURRENT**

Accounts payable and accrued liabilities (Note 2)	<u>\$ 3,288</u>
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**NET ASSETS**

Ontario Fruit & Vegetable Processors Association	21,199
Ontario Processing Vegetable Growers	<u>21,199</u>
	<u>42,398</u>
	<u>\$ 45,686</u>

**ON BEHALF OF THE MEMBERS**

\_\_\_\_\_ *Jennifer Thompson, Processor Representative*

\_\_\_\_\_ *Jim Poel, OPVG*

See accompanying notes

**PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE**

***(A Joint Venture Fund)***

**Statement of Revenues and Expenditures**

**For the Year Ended December 31, 2015**

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**REVENUES**

Ontario Fruit & Vegetable Processors Association levies	\$ 21,449
Ontario Processing Vegetable Growers levies	<u>21,449</u>
	<b>42,898</b>

**EXPENSES**

Audit	<u>500</u>
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**EXCESS OF REVENUES OVER EXPENSES**

**\$ 42,398**



**PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE**  
**(A Joint Venture Fund)**

**Statement of Changes in Net Assets**  
**Year Ended December 31, 2015**

	Ontario Fruit & Vegetable Processors Association		Ontario Processing Vegetable Growers		<b>2015</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$	-	\$	-	\$ -
Excess of revenues over expenses		21,199		21,199	<b>42,398</b>
<b>NET ASSETS - END OF YEAR</b>	\$	21,199	\$	21,199	\$ <b>42,398</b>

**PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE**

**(A Joint Venture Fund)**

**Statement of Cash Flows**

**Year Ended December 31, 2015**

---

**OPERATING ACTIVITIES**

Excess of revenues over expenses **\$ 42,398**

Changes in non-cash working capital:

Accounts receivable **(24,237)**

Accounts payable and accrued liabilities **3,288**

**(20,949)**

**INCREASE IN CASH FLOWS**

**21,449**

Cash - beginning of year

**-**

**CASH - END OF YEAR**

**\$ 21,449**

**PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE**  
**(A Joint Venture Fund)**

**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**DESCRIPTION OF BUSINESS**

The Institute is a not-for-profit entity that conducts research on behalf of the Ontario pea, bean and corn growers and processors. The net receipts over disbursements earned by this entity are restricted special purpose funds.

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**1. SUMMARY OF ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

**Financial instruments policy**

The Pea, Bean and Corn Industry Research Committee (PBCIRC) financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. PBCIRC initially measures its financial assets and liabilities at fair value. PBCIRC subsequently measures all financial assets and liabilities at cost or amortized cost.

**Revenue Recognition**

OF&VPA pays research levies based on current year net delivered tons of all processors @ .10 a ton for Corn and .20 per ton for Peas and beans. OPVG matches the amount.

Funding revenues are recognized when the corresponding research expense has been incurred.

Interest income is recorded on an accrual basis.

**The Fund**

The Fund reports resources available for the fund's general operating activities. The association presents consolidated financial statements that combine all of the resources of all funds where the OPVG has an economic interest.

**Measurement uncertainty**

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The fund estimates at year end certain receivables and payables.

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**2. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX**

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

HST payable	<b>\$ <u>2,788</u></b>
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**PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE**

**(A Joint Venture Fund)**

**Notes to Financial Statements**

**Year Ended December 31, 2015**

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**3. FINANCIAL INSTRUMENTS**

PBCIRC is exposed to various risks through its financial instruments. The following analysis provides a measure of PBCIRC's risk exposure and concentrations at the balance sheet date.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. PBCIRC has limited risk given receivables are from known processors.

**Liquidity Risk**

Liquidity risk is the risk that PBCIRC will encounter difficulty in meeting obligations associated with financial liabilities. PBCIRC is exposed to this risk mainly in respect of its accounts payable. PBCIRC expects to meet these obligations as they come due by generating sufficient cash flow from operations.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. PBCIRC is mainly exposed to interest rate risk.

**i) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. PBCIRC is not exposed to currency risk.

**ii) Interest Rate**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, PBCIRC manages exposure through its normal operating and financing activities. PBCIRC is exposed to interest rate risk primarily through its investments.

**iii) Other Price Risk**

Other risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. PBCIRC is not exposed to other price risk.

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**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2015**

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# **Gee, Lambert & Courneya LLP**

**CHARTERED PROFESSIONAL ACCOUNTANTS**

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ROBERT G. COURNEYA, CPA, CA

LLOYD R. DAVENPORT  
Professional Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

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**To the Members of Ontario Processing Vegetable Growers**

We have audited the accompanying consolidated financial statements of Ontario Processing Vegetable Growers, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of revenues and expenditures, 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditor's Report to the Members of Ontario Processing Vegetable Growers (continued)**

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ontario Processing Vegetable Growers as at December 31, 2015 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.

Arva, Ontario  
March 23, 2016

*Gee, Lambert & Courneya* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Consolidated Statement of Financial Position**  
**December 31, 2015**

	OPVG (General Fund) 2015	OPVG (Trust Fund) 2015	OTRI 2015	OCRI 2015	Tomato Grading 2015	PBCIRC 2015	Interfund- elimination 2015	OF&VPA Share of Funds 2015	Total 2015	Total 2014
<b>ASSETS</b>										
<b>CURRENT</b>										
Cash	\$ 1,447,564	\$ 5,493	\$ 349,565	\$ 30,193	\$ 25,645	\$ 21,449	\$ -	\$ (213,426)	\$ 1,666,483	\$ 1,458,844
Short-term Investments	155,266	-	-	-	104,063	-	-	(52,032)	207,297	229,496
Accounts Receivable	111,487	16,342	30,039	-	-	24,237	-	(27,138)	154,967	139,289
Due from (to) related board	13,806	(10,563)	(5,318)	-	2,075	-	-	1,622	1,622	1,338
Prepaid expenses	3,436	-	-	-	-	-	-	-	3,436	3,436
	1,731,559	11,272	374,286	30,193	131,783	45,686	-	(290,974)	2,033,805	1,832,403
CAPITAL ASSETS (Note 2)	5,503	-	-	-	1,467	-	-	(734)	6,236	10,780
MANAGED INVESTMENTS (Note 3)	740,240	2,633,850	-	-	-	-	-	-	3,374,090	3,307,457
	\$ 2,477,302	\$ 2,645,122	\$ 374,286	\$ 30,193	\$ 133,250	\$ 45,686	\$ -	\$ (291,708)	\$ 5,414,131	\$ 5,150,640

See accompanying notes



**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Consolidated Statement of Financial Position**  
**December 31, 2015**

	OPVG (General Fund) 2015	OPVG (Trust Fund) 2015	OTRI 2015	OCRI 2015	Tomato Grading 2015	PBCIRC 2015	Interfund- elimination 2015	OF&VPA Share of Funds 2015	Total 2015	Total 2014
<b>LIABILITIES AND NET ASSETS</b>										
<b>CURRENT</b>										
Accounts payable and accrued liabilities (Note 4)	\$ 214,750	\$ 1,499	\$ 26,695	\$ 4,479	\$ 394	\$ 3,288	\$ -	\$ (17,428)	\$ 233,677	\$ 217,577
Deferred funding	-	-	50,253	-	-	-	-	(25,127)	25,126	
Reserve for bursaries, current portion	2,000	-	-	-	-	-	-	-	2,000	2,000
	216,750	1,499	76,948	4,479	394	3,288	-	(42,555)	260,803	219,577
<b>RESERVE FOR BURSARIES</b>	23,000	-	-	-	-	-	-	-	23,000	25,000
	239,750	1,499	76,948	4,479	394	3,288	-	(42,555)	283,803	244,577
<b>NET ASSETS</b>										
General Fund	2,232,049	-	-	-	-	-	-	-	2,232,049	2,104,306
Capital Assets	5,503	-	-	-	-	-	-	-	5,503	8,580
Restricted net assets	-	2,528,856	297,338	25,714	132,856	42,398	-	(249,153)	2,778,009	2,701,716
Unrestricted net assets	-	114,767	-	-	-	-	-	-	114,767	91,461
	2,237,552	2,643,623	297,338	25,714	132,856	42,398	-	(249,153)	5,130,328	4,906,063
	\$ 2,477,302	\$ 2,645,122	\$ 374,286	\$ 30,193	\$ 133,250	\$ 45,686	\$ -	\$ (291,708)	\$ 5,414,131	\$ 5,150,640

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Jim Poel, Chairman

\_\_\_\_\_  
Francis Dobbelaar, Vice-Chairman

See accompanying notes

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2015**

	OPVG (General Fund) 2015	OPVG (Trust Fund) 2015	OTRI 2015	OCRI 2015	Tomato Grading 2015	PBCIRC 2015	Interfund-elimination 2015	OF&VPA Share of Funds 2015	Total 2015	Total 2014
<b>REVENUES</b>										
Licence fees	\$ 1,368,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,368,066	\$1,177,745
Investment and other income	25,240	57,606	569	37	1,274	-	-	(940)	83,786	103,298
Government research and development funding	32,429	-	54,591	-	-	-	-	(27,296)	59,724	65,167
Levies/checkoffs	-	-	159,175	21,390	-	42,898	(111,232)	(111,731)	500	500
Gain on sale of Investments	-	-	-	-	-	-	-	-	-	27,771
	<b>1,425,735</b>	<b>57,606</b>	<b>214,335</b>	<b>21,427</b>	<b>1,274</b>	<b>42,898</b>	<b>(111,232)</b>	<b>(139,967)</b>	<b>1,512,076</b>	<b>1,374,481</b>
<b>EXPENSES</b>										
Staff salaries/director fees	541,125	-	-	-	-	-	-	-	541,125	545,301
Research	176,172	32,800	63,767	32,500	25,050	-	(111,232)	(60,659)	158,398	173,886
Grading expense	192,174	-	-	-	-	-	-	-	192,174	165,279
Travel and meetings	112,574	-	-	-	-	-	-	-	112,574	106,708
Professional fees	78,106	1,500	1,032	478	395	500	-	(1,201)	80,810	75,884
Office rent and utilities	58,133	-	-	-	-	-	-	-	58,133	59,847
Office expense	53,635	-	446	-	247	-	-	(347)	53,981	58,764
Industry conference and other meetings	68,353	-	-	-	-	-	-	-	68,353	53,791
Membership fees	12,994	-	-	-	-	-	-	-	12,994	13,621
Amortization	3,077	-	-	-	2,933	-	-	(1,467)	4,543	5,288
	-	-	-	-	-	-	-	-	-	2,734
Public relations and promotions	4,726	-	-	-	-	-	-	-	4,726	1,988
	<b>1,301,069</b>	<b>34,300</b>	<b>65,245</b>	<b>32,978</b>	<b>28,625</b>	<b>500</b>	<b>(111,232)</b>	<b>(63,674)</b>	<b>1,287,811</b>	<b>1,263,091</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 124,666</b>	<b>\$ 23,306</b>	<b>\$149,090</b>	<b>\$(11,551)</b>	<b>\$(27,351)</b>	<b>\$42,398</b>	<b>\$ -</b>	<b>\$(76,293)</b>	<b>\$ 224,265</b>	<b>\$ 111,390</b>

See accompanying notes

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Consolidated Statement of Changes in Net Assets**  
**Year Ended December 31, 2015**

	OPVG (General Fund) 2015	OPVG (Trust Fund) 2015	OTRI 2015	OCRI 2015	Tomato Grading 2015	PBCIRC 2015	Interfund- elimination 2015	OF&VPA Share of Funds 2015	Total 2015	Total 2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 2,112,886	\$ 2,620,317	\$148,248	\$ 37,265	\$160,207	\$ -	\$ -	\$(172,860)	\$ 4,906,063	\$ 4,794,673
Excess of revenues (deficiency) over expenses	124,666	23,306	149,090	(11,551)	(27,351)	42,398	-	(76,293)	224,265	111,390
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,237,552</b>	<b>\$ 2,643,623</b>	<b>\$297,338</b>	<b>\$ 25,714</b>	<b>\$132,856</b>	<b>\$42,398</b>	<b>\$ -</b>	<b>\$(249,153)</b>	<b>\$ 5,130,328</b>	<b>\$ 4,906,063</b>

See accompanying notes

# ONTARIO PROCESSING VEGETABLE GROWERS

## Consolidated Statement of Cash Flows

Year Ended December 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 224,285	\$ 111,390
Item not affecting cash:		
Amortization of capital assets	4,543	5,288
	<u>228,808</u>	<u>116,678</u>
Changes in non-cash working capital:		
Accounts receivable	(15,678)	6,672,064
Accounts payable and accrued liabilities	16,101	(184,956)
Other receivables	(284)	(297)
Deferred funding	25,126	-
	<u>25,265</u>	<u>6,486,811</u>
Cash flows from operating activities	<u>254,073</u>	<u>6,603,489</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	-	(7,710)
Managed Investments	(66,633)	(23,730)
Reserve for bursaries	(2,000)	(2,620)
Cash flows used by investing activities	<u>(68,633)</u>	<u>(34,060)</u>
<b>FINANCING ACTIVITY</b>		
Demand loan - FCC	-	(6,412,243)
<b>INCREASE IN CASH FLOWS</b>	<u>185,440</u>	<u>157,186</u>
Cash - beginning of year	<u>1,688,340</u>	<u>1,531,154</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,873,780</u>	<u>\$ 1,688,340</u>
<b>CASH CONSISTS OF:</b>		
Cash - Unrestricted	\$ 1,447,564	\$ 1,332,194
Cash - Restricted	218,919	126,650
Short Term Investments - Unrestricted	155,286	178,073
Short Term Investments - Restricted	52,031	51,423
	<u>\$ 1,873,780</u>	<u>\$ 1,688,340</u>

# ONTARIO PROCESSING VEGETABLE GROWERS

## Notes to Consolidated Financial Statements

Year Ended December 31, 2015

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### DESCRIPTION OF OPERATIONS

The Ontario Processing Vegetable Growers (OPVG) is incorporated under the regulations of the Farm Products Marketing Act. OPVG was formed to represent processing vegetable growers in the three districts across Ontario. There are 14 regulated processing vegetables in the Province. OPVG is a non profit organization under the Income Tax Act and, accordingly, is exempt from income taxes under Section 149 (1)(e) of the Income Tax Act.

OPVG employs Fund Accounting. For each fund established by legal, contractual or voluntary actions of the Board there is a self balancing set of accounts. Elements of a fund include assets, liabilities, net assets, revenues and expenses. Fund accounting involves an accounting segregation, although not necessarily a physical segregation, of resources.

---

### 1. SUMMARY OF ACCOUNTING POLICIES

#### Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

#### Cash Equivalents

The organization defines cash to include cash on hand, cash in the bank and short term guaranteed investment certificates with maturities or rights to redeem of less than three months.

#### Measurement of financial instruments

The organization's financial instruments consist of cash, accounts receivable, investments (short term and managed), accounts payable and accrued liabilities. The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all financial assets and liabilities at cost or amortized cost. Estimates are required at times to account for accounts receivable and payables.

#### Revenue Recognition

Licence Fees are levied by processing crop on licensed producers at a rate per delivered ton. The licensed processors collect the fees and remit to OPVG. Licence Fees are recognized as income in the fiscal year of delivery.

OPVG has incurred bond premiums (net) on the purchase of in term bonds. The premium is a factor determined by market forces. The amounts are being amortized over the remaining term of the bond.

Interest income is recorded on an accrual basis.

Levies are calculated as a factor based on delivered tons as defined in the Processor Marketing Agreements.

Research and Development Funding from the Government are recorded when there is reasonable assurance that OPVG had complied with and will continue to comply with, all the necessary conditions to obtain the grants and the corresponding research expense has been incurred.

(continues)

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# ONTARIO PROCESSING VEGETABLE GROWERS

## Notes to Consolidated Financial Statements

Year Ended December 31, 2015

### 1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

#### Contributions

OPVG accounts for contributions using the restricted fund method:

##### (i) Government Funding

Funding is granted for specific research. It is accounted for in the appropriate restricted fund in accordance with the contact terms. Accrual accounting is employed and results in a matching of funding to the expenditure in the year.

##### (ii) Levies

OPVG and the Ontario Fruit and Vegetable Processors Association (OF&VPA) combine to equally fund projects in tomato research, cucumber research and to share the cost of the annual joint convention. The research levies are reported as income with OPVG share being eliminated upon consolidation. The cost of the annual convention is shown in expenses net of OF&VPA share.

##### (iii) Bursaries

Contributions received for the purpose of funding long term bursary programs is added to the liability in the balance sheet.

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods.

Furniture and equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Leasehold improvements	5 years	straight-line method

#### Managed Investments

It is OPVG's policy to hold its managed investments to maturity. The funds are invested for income and OPVG is not attempting to make gains on short term swings in interest rates.

Based on the held to maturity program, the accounting policies are:

- The bond premium (discount) paid upon purchase is amortized over the term of the bond, resulting in reported income being representative of the effective rate of interest at the time of purchase.
- The bonds are carried on the balance sheet at amortized cost and impairment is tested annually by comparing to market. A write-down to market would be recorded in the year OPVG determines the investment to be impaired.
- A current portion is shown for non-restricted investments maturing in one year. All investments in the Reserve Fund are restricted and must be re-invested for income. As such, they are all classified long term assets.

*(continues)*

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

**1. SUMMARY OF ACCOUNTING POLICIES (continued)**

**Consolidated Funds**

The purpose of the individual funds are:

**General Fund** - An unrestricted fund that derives the majority of its revenues from crop licence fees. The fund reports the use of resources for general operating activities.

**Reserve Fund** - A restricted fund. The original capital is maintained and invested for income. All resources are expended for research, market development and education projects of benefit to the entire processing vegetable industry.

**Ontario Tomato Research Institute Reserve** - A restricted fund. The fund conducts research on behalf of the Ontario tomato growers and processors.

**Ontario Cucumber Research Committee** - A restricted fund. The fund conducts research on behalf of the Ontario cucumber growers and processors.

**Tomato Grading Reserve** - A restricted fund. The fund acquires grading equipment and manages the tomato third party tomato grading system on behalf of growers and processors.

**Pea, Bean and Corn Industry Research Committee** - A restricted fund. The fund conducts research on behalf of the Ontario pea, bean and corn growers and processors.

The OF&VPA has a 50% equity interest in the last four funds listed above. In these consolidated financials only the OPVG share is recorded as an asset.

**Measurement uncertainty**

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The Board makes estimates relative to accruals for accounts receivable, accounts payable and if a reserve for collection may be required.

**2. CAPITAL ASSETS**

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and equipment	\$ 91,759	\$ 86,835	\$ 4,924	\$ 7,638
Computer equipment	32,283	31,204	1,079	2,443
Leasehold improvements	12,582	12,349	233	699
	<b>\$ 136,624</b>	<b>\$ 130,388</b>	<b>\$ 6,236</b>	<b>\$ 10,780</b>

The amortization was \$4,543 for 2015 (\$5,288 for 2014)

# ONTARIO PROCESSING VEGETABLE GROWERS

## Notes to Consolidated Financial Statements

Year Ended December 31, 2015

### 3. LONG TERM INVESTMENTS

	2015	2014
<b>RESTRICTED INVESTMENTS</b>		
Corporate Guaranteed Term Deposits - matured in 2015 - weighted average rate - 2.40%	\$ -	\$ 388,700
Corporate Guaranteed Term Deposits and Province of Ontario Coupon - maturing in 2016 - weighted average rate - 2.31%	527,012	524,265
Corporate Guaranteed Term Deposits and Province of Nova Scotia Coupon - maturing in 2017 - weighted average rate - 2.75%	848,678	845,392
Corporate Guaranteed Term Deposits - maturing 2018 - weighted average rate - 2.34%	340,700	340,700
Corporate Guaranteed Term Deposits - maturing 2019 - weighted average rate - 1.95%	510,160	510,160
Corporate Guaranteed Term Deposits - maturing in 2020 - weighted average rate - 2.27%	407,300	-
	<u>2,633,850</u>	<u>2,609,217</u>
<b>NON-RESTRICTED INVESTMENTS</b>		
Investment cash account	471	73
Renaissance High Interest Savings Account	3,295	-
GIC Mont. Trust 2.30%, due Oct. 3, 2015	-	125,000
GIC Home Trust 2.00%, due Oct. 8, 2015	-	26,500
GIC Vancity Savings 1.70%, due Dec. 16, 2015	-	26,500
GIC CIBC 2.54%, due Oct. 3, 2016	125,000	125,000
GIC ICICI Bank (Canada) 1.51%, due Oct. 11, 2016	11,500	-
GIC Home Trust Co. 1.55%, due Oct. 13, 2016	15,000	-
GIC CIBC 2.76%, due Mar. 22, 2017	100,400	100,400
GIC CDN West 2.55%, due Oct. 4, 2017	100,000	100,000
GIC B2B 2.65%, due Aug. 7, 2018	114,640	114,640
GIC Equitable 2.91%, due Oct. 9, 2018	114,400	114,400
GIC Presidents Choice 2.65%, due Oct. 7, 2019	125,000	125,000
GIC National Trust 2.50%, due Dec. 18, 2019	18,800	18,800
GIC Manulife Bank of Canada 2.20%, due Oct. 6, 2020	131,000	-
GIC Home Trust Co. 2.31%, due Dec. 17, 2020	36,000	-
Less: Investments due within one year	(155,266)	(178,073)
	<u>740,240</u>	<u>698,240</u>
Total long term investments	<u>\$ 3,374,090</u>	<u>\$ 3,307,457</u>



**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

**4. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX**

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2015	2014
HST Payable	\$ 145,704	\$ 121,327
Employee deductions payable	14,324	13,332
EHT Payable	1,865	1,641
	<u>\$ 161,893</u>	<u>\$ 136,300</u>

**5. CONTRACTUAL OBLIGATIONS**

OPVG is committed under the terms of an operating lease for office space to September 30, 2025. The base rate applies plus a proportionate share of common area expenses and taxes.

OPVG has a photocopy lease expiring in 2017 with payment of \$2,985 per year.

OPVG has a web portal service lease expiring August 31, 2016 with payments of \$11,940 per year.

Contractual obligation repayment schedule:

2016	\$ 32,625
2017	24,665
2018	21,680
2019	21,680
2020	21,680
Thereafter	<u>110,820</u>
	<u>\$ 233,150</u>

**ONTARIO PROCESSING VEGETABLE GROWERS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

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**6. FINANCIAL INSTRUMENTS**

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 balance sheet date.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to the collection of licence fees. The organization manages this risk by reviewing what entities are licensed, obtaining letters of credit for large amounts and the constant monitoring and evaluation of the accounts.

**Liquidity Risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

**i) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is not exposed to currency risk.

**ii) Interest Rate**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through investing in non-risk GIC's for its investments. The organization is exposed to interest rate risk primarily through its investments.

**iii) Other Price Risk**

Other risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

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**7. COMPARATIVE FIGURES**

Certain of the prior period's figures have been reclassified in conformity with the current period's financial statement presentation.

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**ONTARIO PROCESSING VEGETABLE GROWERS**  
**2015 CASH FLOW ANALYSIS**

	<b><u>1<sup>st</sup> Quarter</u></b>	<b><u>2<sup>nd</sup> Quarter</u></b>	<b><u>3<sup>rd</sup> Quarter</u></b>	<b><u>4<sup>th</sup> Quarter</u></b>	<b><u>Total</u></b>
Revenue	\$1,698	\$1,073	\$11,009	\$1,411,956	\$1,425,736
Expenses	<u>\$294,315</u>	<u>\$147,869</u>	<u>\$267,306</u>	<u>\$591,580</u>	<u>\$1,301,070</u>
Cash Requirements	<u>\$292,617</u>	<u>\$146,796</u>	<u>\$256,297</u>	<u>(\$820,376)</u>	<u>(\$124,665)</u>

**Note:** The major portion of the board's annual revenue is received in the 4<sup>th</sup> Quarter whereas significant expenditures occur in the first three quarters annually. It is necessary therefore to maintain a cash balance at December 31<sup>st</sup> to meet the cash requirements of the first three quarters.