

ONTARIO PROCESSING VEGETABLE GROWERS
Consolidated Financial Statements
Year Ended December 31, 2016

Gee, Lambert & Courneya LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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, 2016 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.

(continues)

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, 2016 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 31, 2017

Gee, Lambert & Courneya LLP

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO PROCESSING VEGETABLE GROWERS
Consolidated Statement of Financial Position
December 31, 2016

	OPVG (General Fund) 2016	OPVG (Trust Fund) 2016	OTRI 2016	OCRI 2016	Tomato Grading 2016	PBCIRC 2015	Interfund- elimination 2016	OF&VPA Share of Funds 2016	Total 2016	Total 2015
ASSETS										
CURRENT										
Cash	\$ 1,302,949	\$ (8,550)	\$ 402,590	\$ 37,459	\$ 25,294	\$ 58,051	\$ -	\$ (261,697)	\$ 1,556,096	\$ 1,666,483
Short-term Investments	248,177	-	-	-	105,302	-	-	(52,651)	300,828	207,297
Accounts Receivable	72,508	16,148	2,403	-	-	131	-	(1,268)	89,922	154,967
Due from (to) related board	33,531	(12,072)	(6,018)	(3,000)	2,076	(14,517)	-	10,730	10,730	1,622
Prepaid expenses	4,131	-	-	-	-	-	-	-	4,131	3,436
	<u>1,661,296</u>	<u>(4,474)</u>	<u>398,975</u>	<u>34,459</u>	<u>132,672</u>	<u>43,665</u>	<u>-</u>	<u>(304,886)</u>	<u>1,961,707</u>	<u>2,033,805</u>
CAPITAL ASSETS (Note 2)	3,282	-	-	-	-	-	-	-	3,282	6,236
MANAGED INVESTMENTS (Note 3)	675,121	2,658,357	-	-	-	-	-	-	3,333,478	3,374,090
	<u>\$ 2,339,699</u>	<u>\$ 2,653,883</u>	<u>\$ 398,975</u>	<u>\$ 34,459</u>	<u>\$ 132,672</u>	<u>\$ 43,665</u>	<u>\$ -</u>	<u>\$ (304,886)</u>	<u>\$ 5,298,467</u>	<u>\$ 5,414,131</u>

See accompanying notes

ONTARIO PROCESSING VEGETABLE GROWERS
Consolidated Statement of Financial Position
December 31, 2016

	OPVG (General Fund) 2016	OPVG (Trust Fund) 2016	OTRI 2016	OCRI 2016	Tomato Grading 2016	PBCIRC 2016	Interfund- elimination 2016	OF&VPA Share of Funds 2016	Total 2016	Total 2015
LIABILITIES AND NET ASSETS										
CURRENT										
Accounts payable and accrued liabilities (Note 4)	\$ 237,581	\$ 1,499	\$ 29,046	\$ 4,491	\$ 402	\$ 501	\$ -	\$ (17,220)	\$ 256,300	\$ 233,677
Deferred funding	-	-	13,923	-	-	-	-	(6,962)	6,961	25,126
Reserve for bursaries, current portion	2,000	-	-	-	-	-	-	-	2,000	2,000
	<u>239,581</u>	<u>1,499</u>	<u>42,969</u>	<u>4,491</u>	<u>402</u>	<u>501</u>	<u>-</u>	<u>(24,182)</u>	<u>265,261</u>	<u>260,803</u>
RESERVE FOR BURSARIES	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>23,000</u>
	<u>260,581</u>	<u>1,499</u>	<u>42,969</u>	<u>4,491</u>	<u>402</u>	<u>501</u>	<u>-</u>	<u>(24,182)</u>	<u>286,261</u>	<u>283,803</u>
NET ASSETS										
General Fund	2,075,836	-	-	-	-	-	-	-	2,075,836	2,232,049
Capital Assets	3,282	-	-	-	-	-	-	-	3,282	5,503
Restricted net assets	-	2,528,856	356,006	29,968	132,270	43,164	-	(280,704)	2,809,560	2,778,009
Unrestricted net assets	-	123,528	-	-	-	-	-	-	123,528	114,767
	<u>2,079,118</u>	<u>2,652,384</u>	<u>356,006</u>	<u>29,968</u>	<u>132,270</u>	<u>43,164</u>	<u>-</u>	<u>(280,704)</u>	<u>5,012,206</u>	<u>5,130,328</u>
	<u>\$ 2,339,699</u>	<u>\$ 2,653,883</u>	<u>\$ 398,975</u>	<u>\$ 34,459</u>	<u>\$ 132,672</u>	<u>\$ 43,665</u>	<u>\$ -</u>	<u>\$ (304,886)</u>	<u>\$ 5,298,467</u>	<u>\$ 5,414,131</u>

APPROVED

Elmer Buchanan, Trustee

See accompanying notes

ONTARIO PROCESSING VEGETABLE GROWERS
Consolidated Statement of Operations
Year Ended December 31, 2016

	OPVG (General Fund) 2016	OPVG (Trust Fund) 2016	OTRI 2016	OCRI 2016	Tomato Grading 2016	PBCRC 2016	Interfund- elimination 2016	OF&VPA Share of Funds 2016	Total 2016	Total 2015
REVENUES										
Licence fees	\$ 1,197,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197,848	\$ 1,368,066
Investment and other income	34,904	64,049	686	48	1,284	-	-	(1,009)	99,962	83,786
Government research and development funding	28,630	-	122,406	-	-	-	-	(61,203)	89,833	59,724
Levies/checkoffs	-	-	99,398	35,196	-	41,034	(87,814)	(87,814)	-	500
Gain on sale of investments	-	-	-	-	-	-	-	-	-	-
	1,261,382	64,049	222,490	35,244	1,284	41,034	(87,814)	(150,026)	1,387,648	1,512,076
EXPENSES										
Staff salaries/director fees	578,604	-	-	-	-	-	-	-	578,604	541,125
Research	127,650	53,779	161,006	30,500	-	39,767	(87,814)	(115,637)	209,251	158,398
Grading expense	227,252	-	-	-	-	-	-	-	227,252	192,174
Travel and meetings	115,786	-	-	-	-	-	-	-	115,786	112,574
Professional fees	169,131	1,509	1,050	490	403	501	-	(1,220)	171,864	80,810
Office rent and utilities	52,910	-	-	-	-	-	-	-	52,910	58,133
Office expense	60,601	-	766	-	-	-	-	(383)	60,984	53,981
Industry conference and other meetings	62,770	-	-	-	-	-	-	-	62,770	68,353
Membership fees	15,372	-	-	-	-	-	-	-	15,372	12,994
Amortization	2,222	-	-	-	1,467	-	-	(734)	2,955	4,543
Bad debt	3,000	-	1,000	-	-	-	-	(500)	3,500	-
Public relations and promotions	4,518	-	-	-	-	-	-	-	4,518	4,726
	1,419,816	55,288	163,822	30,990	1,870	40,268	(87,814)	(118,474)	1,505,766	1,287,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (158,434)	\$ 8,761	\$ 58,668	\$ 4,254	\$ (586)	\$ 766	\$ -	\$ (31,552)	\$ (118,123)	\$ 224,265

See accompanying notes

ONTARIO PROCESSING VEGETABLE GROWERS
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2016

	OPVG (General Fund) 2016	OPVG (Trust Fund) 2016	OTRI 2016	OCRI 2016	Tomato Grading 2016	PBCIRC 2016	Interfund- elimination 2016	OF&VPA Share of Funds 2016	Total 2016	Total 2015
NET ASSETS - BEGINNING OF YEAR	\$ 2,237,552	\$ 2,643,623	\$ 297,338	\$ 25,714	\$ 132,856	\$ 42,398	\$ -	\$ (249,153)	\$ 5,130,328	\$ 4,906,063
Excess of revenues (deficiency) over expenses	(158,434)	8,761	58,668	4,254	(586)	766	-	(31,551)	(118,122)	224,265
NET ASSETS - END OF YEAR	\$ 2,079,118	\$ 2,652,384	\$ 356,006	\$ 29,968	\$ 132,270	\$ 43,164	\$ -	\$ (280,704)	\$ 5,012,206	\$ 5,130,328

See accompanying notes

ONTARIO PROCESSING VEGETABLE GROWERS**Consolidated Statement of Cash Flows****Year Ended December 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (118,123)	\$ 224,265
Item not affecting cash:		
Amortization of capital assets	<u>2,955</u>	<u>4,543</u>
	<u>(115,168)</u>	<u>228,808</u>
Changes in non-cash working capital:		
Accounts receivable	65,045	(15,678)
Accounts payable and accrued liabilities	22,623	16,101
Deferred funding	(18,165)	25,126
Prepaid expenses	(695)	-
Other receivables	<u>(9,108)</u>	<u>(284)</u>
	<u>59,700</u>	<u>25,265</u>
Cash flows from (used by) operating activities	<u>(55,468)</u>	<u>254,073</u>
INVESTING ACTIVITIES		
Managed investments	40,612	(66,633)
Reserve for bursaries	<u>(2,000)</u>	<u>(2,000)</u>
Cash flow from (used by) investing activities	<u>38,612</u>	<u>(68,633)</u>
INCREASE (DECREASE) IN CASH FLOWS	(16,856)	185,440
Cash - beginning of year	<u>1,873,780</u>	<u>1,688,340</u>
CASH - END OF YEAR	\$ 1,856,924	\$ 1,873,780
CASH CONSISTS OF:		
Cash - Unrestricted	\$ 1,302,949	\$ 1,447,564
Cash - Restricted	253,147	218,919
Short Term Investments - Unrestricted	248,177	155,266
Short Term Investments - Restricted	<u>52,651</u>	<u>52,031</u>
	<u>\$ 1,856,924</u>	<u>\$ 1,873,780</u>

See notes to consolidated financial statements

ONTARIO PROCESSING VEGETABLE GROWERS

Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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)

ONTARIO PROCESSING VEGETABLE GROWERS

Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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, 2016

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 of net assets is recorded.

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.

- Accounts receivable are stated after evaluation of their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary;

- Depreciation is based on the estimated useful lives of capital assets;

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

ONTARIO PROCESSING VEGETABLE GROWERS

Notes to Consolidated Financial Statements

Year Ended December 31, 2016

2. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Furniture and equipment	\$ 91,759	\$ 88,765	\$ 2,994	\$ 4,924
Computer equipment	32,283	31,995	288	1,079
Leasehold improvements	12,582	12,582	-	233
	\$ 136,624	\$ 133,342	\$ 3,282	\$ 6,236

The amortization was \$2,955 for 2016 (\$4,543 for 2015)

ONTARIO PROCESSING VEGETABLE GROWERS

Notes to Consolidated Financial Statements

Year Ended December 31, 2016

3. LONG TERM INVESTMENTS

	<u>2016</u>	<u>2015</u>
RESTRICTED INVESTMENTS		
Manulife Trust 2.3%, Due Aug. 9, 2016	\$ -	\$ 98,000
Canadian Western Bank 2.3%, Due Aug 13, 2016	-	98,000
HSBC Bank Of Canada 2.2%, Due Aug 15, 2016	-	98,000
CPN Province of Ontario Due Dec 2, 2016	-	115,182
Sun Life Financial Trust 2.0%, Due Dec. 5, 2016	-	55,700
Home Trust Co 2.8%, Due Dec 22, 2016	-	61,500
ICICI Bank (Canada) 2.58%, Due Jun 5, 2017	200,000	200,000
Home Trust Co 2.5% Due Jul. 18, 2017	69,300	69,300
Pacific & Western BK of Canada 2.51%, Due Jul 18, 2017	69,300	69,300
Equitable Trust Company 2.55%, Due Aug 9, 2017	100,000	100,000
Manulife Bank of Canada 2.55%, Due Aug 9, 2017	100,000	100,000
Montreal Trust Company 2.4%, Due Aug 13, 207	100,000	100,000
CPN Province of Nova Scotia, Due Dec. 1, 2017	118,512	119,609
CIBC Full Service 2.3%, Due Dec. 5, 2017	55,700	55,700
ICICI Bank (Canada) 2.45%, Due Dec. 18, 2017	34,770	34,770
Canadian Western Bank 2.5%, Due Dec. 5, 2018	55,700	55,700
National Trust Company 2.31%, Due Dec.8, 2018	95,000	95,000
B2B Bank 2.31%, Due Dec. 10, 2018	95,000	95,000
Bank of Nova Scotia 2.31%, Due Dec. 10, 2018	95,000	95,000
President's Choice Bank 2.71%, Due Jun 18, 2019	101,160	101,160
Home Equity Bank 2.5%, Due Aug 12, 2019	95,000	95,000
Laurentian Bank of Canada 2.46%, Due Aug. 12, 2019	95,000	95,000
Sun Life Financial Trust 2.5%, Due Aug 12, 2019	30,000	30,000
Manulife Trust Co 2.4%, Due Dec. 17, 2019	63,000	63,000
Equitable Bank 2.4%, Due Dec. 17, 2019	63,000	63,000
Sun Life Financial Trust 2.3%, Due Dec. 17, 2019	63,000	63,000
President's Choice Bank 2.21%, Due Aug 26, 2020	100,000	100,000
Pacific & Western BK of Canada 2.16%, Due Aug 26, 2020	67,000	67,000
Canadian Western Bank 2.35%, Due Nov. 16, 2020	68,700	68,700
President's Choice Bank 2.36%, Due Nov. 16, 2020	68,500	68,500
Homequity Bank 2.3%, Due Nov. 16, 2020	68,500	68,500
Equitable Bank 2.22%, Due Dec 8, 2020	23,800	23,800
Equitable Bank 2.32%, Due Dec. 18, 2020	10,800	10,800
Home Trust Co 1.95%, Due Aug 9, 2021	100,200	-
Homequity Bank 1.92%, Due Aug. 16, 2021	71,000	-
Home Trust Co 1.95%, Due Aug. 16, 2021	71,000	-
Canadian Western Bank 1.91%, Due Aug. 15, 2021	71,000	-
Home Trust Co 1.96%, Due Dec. 2, 2021	116,000	-
Canadian Tire Bank 1.96% Due Dec. 13, 2021	34,800	-
B2B Bank 1.91%, Due Dec 20, 2021	71,400	-
Renaissance High Interest Savings	17,215	629
	<u>2,658,357</u>	<u>2,633,850</u>

(continues)

ONTARIO PROCESSING VEGETABLE GROWERS

Notes to Consolidated Financial Statements

Year Ended December 31, 2016

3. LONG TERM INVESTMENTS (continued)

NON-RESTRICTED INVESTMENTS

Investment cash account	(1,300)	471
Renaissance High Interest Savings Account	24,577	3,295
BMO cashable GIC	52,851	52,031
CIBC 2.54%, Due Oct. 3, 2016	-	125,000
ICICI Bank (Canada) 1.51%, Due Oct. 11, 2016	-	11,500
Home Trust Co. 1.55%, Due Oct. 13, 2016	-	15,000
CIBC 2.76%, Due Mar. 22, 2017	100,400	100,400
Canadian Western Bank 2.55%, Due Oct. 4, 2017	100,000	100,000
Equitable Bank 1.46%, Due Oct. 19, 2017	10,500	-
CIBC 1.45% Due Oct. 19, 2017	14,000	-
B2B Bank 2.65%, Due Aug. 7, 2018	114,640	114,640
Equitable 2.91%, Due Oct. 9, 2018	124,681	114,400
President's Choice 2.65%, Due Oct. 7, 2019	125,000	125,000
National Trust 2.50%, Due Dec. 18, 2019	18,800	18,800
Manulife Bank of Canada 2.20%, Due Oct. 6, 2020	131,000	131,000
Home Trust Co. 2.31%, Due Dec. 17, 2020	36,000	36,000
Home Trust Co 1.9%, Due Oct. 4, 2021	62,500	-
Versabank 1.81%, Due Oct. 4 2021	62,500	-
	<u>975,949</u>	<u>947,537</u>
Less: Investments due within one year	<u>(300,828)</u>	<u>(207,297)</u>
	<u>675,121</u>	<u>740,240</u>
Total long term Investments	\$ 3,333,478	\$ 3,374,090

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:

	<u>2016</u>	<u>2015</u>
HST Payable	\$ 120,450	\$ 145,704
Employee deductions payable	14,984	14,324
EHT Payable	1,876	1,865
	<u>\$ 137,310</u>	<u>\$ 161,893</u>

ONTARIO PROCESSING VEGETABLE GROWERS
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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, 2019 with payments of \$10,884 per year.

Contractual obligation repayment schedule:

2017	\$	35,549
2018		32,584
2019		27,122
2020		21,680
2021		22,164
Thereafter		88,656
		<hr/>
	\$	<u>227,735</u>

ONTARIO PROCESSING VEGETABLE GROWERS

Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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.

7. SUBSEQUENT EVENTS

On March 3, 2017, Elmer Buchanan was appointed the trustee for OPVG with full legal authority to exercise all powers of OPVG under the Farm Products Marketing Act. The terms of office for Board Members and all District Vegetable Growers' committee members were terminated. Senior staff members are no longer with the board. The financial impact of these changes is not determinable at this time.

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

Financial Statements

Year Ended December 31, 2016

Gee, Lambert & Courneya LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

14361 Medway Road, P.O. Box 199, Arva, Ontario N0M 1C0 (519) 673-1421 FAX: (519) 678-8540

LARRY D. GEE, CA
(1944 - 2007)

DOUGLAS W. LAMBERT
Professional Corporation

ROBERT G. COURNEYA, CPA, CA

LLOYD R. DAVENPORT
Professional Corporation

INDEPENDENT AUDITOR'S REPORT

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, 2016 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.

(continues)

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, 2016 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 31, 2017**

Gee, Lambert & Courneya LLP

**Chartered Professional Accountants
Licensed Public Accountants**

ONTARIO PROCESSING VEGETABLE GROWERS
(General Fund)
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 1,302,949	\$ 1,447,564
Short term investments (Note 2)	248,177	155,266
Accounts receivable	72,508	111,487
Due from board funds (Note 7)	33,531	13,806
Prepaid expenses	4,131	3,436
	<u>1,661,296</u>	<u>1,731,559</u>
CAPITAL ASSETS (Note 3)	3,282	5,503
LONG TERM INVESTMENTS (Note 2)	675,121	740,240
	<u>\$ 2,339,699</u>	<u>\$ 2,477,302</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 237,581	\$ 214,750
Reserve for bursaries, current portion	2,000	2,000
	<u>239,581</u>	<u>216,750</u>
RESERVE FOR BURSARIES	21,000	23,000
	<u>260,581</u>	<u>239,750</u>
NET ASSETS		
General fund	2,075,836	2,232,049
Capital assets (Note 3)	3,282	5,503
	<u>2,079,118</u>	<u>2,237,552</u>
	<u>\$ 2,339,699</u>	<u>\$ 2,477,302</u>

APPROVED

Elmer Buchanan, Trustee

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

**Statement of Revenues and Expenditures
Year Ended December 31, 2016**

	Budget 2016	Total 2016	Total 2015
LICENCE FEES			
Tomatoes	\$ 593,400	\$ 685,842	\$ 760,629
Cucumbers	141,705	117,337	130,288
Green peas	125,060	161,659	198,971
Sweet corn	65,000	73,455	98,810
Green and wax beans	50,830	61,375	79,401
Carrots	48,790	57,479	48,604
Lima beans	20,705	29,566	30,964
Pumpkins and squash	19,340	16,628	14,107
Onions	6,800	4,507	6,292
	<u>1,071,630</u>	<u>1,197,848</u>	<u>1,368,066</u>
OTHER REVENUES			
Interest and other income	24,000	34,904	25,240
Federal research and development funding	-	28,630	32,429
	<u>24,000</u>	<u>63,534</u>	<u>57,669</u>
EXPENSES			
Staff salaries, benefits, and related services	447,600	453,293	438,419
Grading expense	180,880	200,171	167,886
Board members fees and related costs	109,000	125,311	102,706
Research	88,790	127,650	176,172
Board members travel and meeting expenses	80,000	82,639	75,811
Office expense, stationery, postage, subscriptions	65,625	60,601	53,635
Legal fees	60,000	65,554	43,463
Office rent, utilities, maintenance and improvements	53,465	52,910	58,133
Staff travel and meeting expenses	38,000	33,147	36,763
Consulting fees	29,000	93,836	19,805
Annual industry conference	28,000	24,533	24,097
Acreage measurement	27,800	27,081	24,288
Other conventions and meetings	26,000	29,129	26,072
Membership fees	15,500	15,372	12,994
Audit fees	12,500	9,741	14,837
Negotiations and arbitration meetings	10,000	9,108	18,184
Amortization	3,000	2,222	3,078
Public relations and promotions	2,500	4,518	4,726
Bad debts	-	3,000	-
	<u>1,277,660</u>	<u>1,419,816</u>	<u>1,301,069</u>
EXCESS (DEFICIENCY) OF LICENCE FEES OVER EXPENSES	<u>\$ (182,030)</u>	<u>\$ (158,434)</u>	<u>\$ 124,666</u>

See notes to financial statements

ONTARIO PROCESSING VEGETABLE GROWERS

(General Fund)

Statement of Changes in Net Assets

Year Ended December 31, 2016

	General Fund	Capital Assets	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 2,232,049	\$ 5,503	\$ 2,237,552	\$ 2,112,886
Deficiency of licence fees over expenses	(156,213)	(2,221)	(158,434)	124,666
NET ASSETS - END OF YEAR	\$ 2,075,836	\$ 3,282	\$ 2,079,118	\$ 2,237,552

See notes to financial statements

ONTARIO PROCESSING VEGETABLE GROWERS
(General Fund)
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of licence	\$ (158,434)	\$ 124,666
Item not affecting cash:		
Amortization of capital assets	2,222	3,078
	<u>(156,212)</u>	<u>127,744</u>
Changes in non-cash working capital:		
Accounts receivable	38,979	6,405
Accounts payable and accrued liabilities	22,830	4,462
Prepaid expenses	(695)	-
Due from board funds	<u>(19,725)</u>	<u>(2,048)</u>
	<u>41,389</u>	<u>8,819</u>
Cash flows from operating activities	<u>(114,823)</u>	<u>136,563</u>
INVESTING ACTIVITIES		
Bursaries, net	(2,000)	(2,000)
Long term Investments	<u>65,119</u>	<u>(42,000)</u>
Cash flows from (used by) investing activities	<u>63,119</u>	<u>(44,000)</u>
INCREASE (DECREASE) IN CASH FLOWS	(51,704)	92,563
Cash - beginning of year	<u>1,602,830</u>	<u>1,510,267</u>
CASH - END OF YEAR	<u>1,551,126</u>	<u>1,602,830</u>
CASH CONSISTS OF:		
Cash	\$ 1,302,949	\$ 1,447,564
Short term investments	<u>248,177</u>	<u>155,266</u>
	<u>\$ 1,551,126</u>	<u>\$ 1,602,830</u>

See notes to financial statements

ONTARIO PROCESSING VEGETABLE GROWERS

(General Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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 equal to or less than 12 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

(continues)

ONTARIO PROCESSING VEGETABLE GROWERS

(General Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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, 2016, OPVG's market values are equal to carrying values and there are not impaired positions in the portfolio.

OPVG accounts for the investments at market value 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.

- Accounts receivable are stated after evaluation of their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary;

- Depreciation is based on the estimated useful lives of capital assets;

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

ONTARIO PROCESSING VEGETABLE GROWERS
(General Fund)

Notes to Financial Statements
Year Ended December 31, 2016

2. INVESTMENTS

	2016	2015
Investment cash account	\$ (1,300)	\$ 471
Renaissance High Interest Savings Account	24,577	3,295
CIBC 2.54%, Due Oct. 3, 2016	-	125,000
ICICI Bank (Canada) 1.51% Due Oct. 11, 2016	-	11,500
Home Trust Co 1.55% Due Oct.13, 2016	-	15,000
CIBC 2.76%, Due Mar. 22, 2017	100,400	100,400
Canadian Western Bank 2.55% Due Oct. 4, 2017	100,000	100,000
Equitable Bank 1.46%, Due Oct. 19, 2017	10,500	-
CIBC 1.45% Due Oct. 19, 2017	14,000	-
B2B Bank 2.65% Due Aug. 7, 2018	114,640	114,640
Presidents Choice 2.65% Due Oct. 7, 2019	125,000	125,000
Equitable Bank 2.91% Due Oct. 9, 2018	124,681	114,400
National Trust Company 2.50%, Due Dec. 18, 2019	18,800	18,800
Manulife Bank of Canada 2.2% Due Oct. 6, 2020	131,000	131,000
Home Trust Co 2.31% Due Dec. 17, 2020	36,000	36,000
Home Trust Co 1.9% Due Oct. 4, 2021	62,500	-
Versabank 1.81% Due Oct. 4, 2021	62,500	-
	923,298	895,506
Less: Investments due within one year	(248,177)	(155,266)
	\$ 675,121	\$ 740,240

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Furniture and equipment	\$ 37,310	\$ 34,316	\$ 2,994	\$ 4,191
Computer equipment	32,283	31,995	288	1,079
Leasehold improvements	12,582	12,582	-	233
	\$ 82,175	\$ 78,893	\$ 3,282	\$ 5,503

Additions during the year \$nil less amortization \$2,222 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:

	2016	2015
HST Payable	\$ 118,616	\$ 129,451
Employee deductions payable	14,984	14,324
EHT Payable	1,876	1,865
	\$ 135,476	\$ 145,640

ONTARIO PROCESSING VEGETABLE GROWERS

(General Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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, 2019 with payments of \$10,884 per year.

Contractual obligation repayment schedule:

2017	\$	35,549
2018		32,564
2019		27,122
2020		21,680
2021		22,164
Thereafter		<u>88,656</u>
	\$	<u>227,735</u>

ONTARIO PROCESSING VEGETABLE GROWERS

(General Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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.

ONTARIO PROCESSING VEGETABLE GROWERS

(General Fund)

Notes to Financial Statements

Year Ended December 31, 2016

7. DUE FROM (TO) BOARD FUNDS

	<u>2016</u>	<u>2015</u>
Ontario Tomato Research Institute	\$ 6,018	\$ 5,318
Ontario Processing Vegetable Growers (A Trust Fund)	12,072	10,563
Tomato Grading Reserve Fund	(2,075)	(2,075)
Ontario Cucumber Research Institute	3,000	-
Pea, Bean and Corn Industry Research Committee	14,516	-
	<u>\$ 33,531</u>	<u>\$ 13,806</u>

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

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.

9. SUBSEQUENT EVENTS

On March 3, 2017, Elmer Buchanan was appointed the trustee for OPVG with full legal authority to exercise all powers of OPVG under the Farm Products Marketing Act. The terms of office for Board Members and all District Vegetable Growers' committee members were terminated. Senior staff members are no longer with the board. The financial impact of these changes is not determinable at this time.

**ONTARIO PROCESSING VEGETABLE GROWERS
(A Trust Fund)
THE RESERVE FUND FOR PROCESSING-VEGETABLE PRODUCERS
Financial Statements
Year Ended December 31, 2016**

Gee, Lambert & Courneya LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

(continues)

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, 2016 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 31, 2017**

Gee, Lambert & Courneya LLP

**Chartered Professional Accountants
Licensed Public Accountants**

ONTARIO PROCESSING VEGETABLE GROWERS
(A Trust Fund)
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ -	\$ 5,493
Accrued interest	16,148	16,342
	16,148	21,835
LONG TERM INVESTMENTS - at cost (Note 2)	2,658,357	2,633,850
	\$ 2,674,505	\$ 2,655,685
 LIABILITIES AND NET ASSETS		
CURRENT		
Broker cash account overdraft	\$ 8,550	\$ -
Accounts payable and accrued liabilities	1,499	1,499
Due to board	12,072	10,563
	22,121	12,062
 NET ASSETS		
Restricted net assets	2,528,856	2,528,856
Unrestricted net assets	123,528	114,767
	2,652,384	2,643,623
	\$ 2,674,505	\$ 2,655,685

APPROVED

Elmer Buchanan, Trustee

See notes to financial statements

ONTARIO PROCESSING VEGETABLE GROWERS
(A Trust Fund)
Statement of Operations
Year Ended December 31, 2016

	2016	2015
REVENUES		
Interest	\$ 64,049	\$ 57,606
EXPENSES		
Audit and accounting	<u>1,509</u>	<u>1,500</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 62,540</u>	<u>\$ 56,106</u>

See notes to financial statements

ONTARIO PROCESSING VEGETABLE GROWERS

(A Trust Fund)

Statement of Changes in Net Assets

Year Ended December 31, 2016

	Restricted Net Assets	Unrestricted Net Assets	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 2,528,856	\$ 114,767	\$ 2,643,623	\$ 2,620,317
Excess of revenue over expenses	-	62,540	62,540	56,106
	<u>2,528,856</u>	<u>177,307</u>	<u>2,706,163</u>	<u>2,676,423</u>
Education	-	(53,779)	(53,779)	(32,800)
NET ASSETS - END OF YEAR	\$ 2,528,856	\$ 123,528	\$ 2,652,384	\$ 2,643,623

See notes to financial statements

ONTARIO PROCESSING VEGETABLE GROWERS**(A Trust Fund)****Statement of Cash Flows****Year Ended December 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess of revenues over expenses	<u>\$ 62,540</u>	<u>\$ 56,106</u>
Changes in non-cash working capital:		
Accrued interest	194	4,096
Accounts payable and accrued liabilities	<u>-</u>	<u>20</u>
	<u>194</u>	<u>4,116</u>
Cash flows from operating activities	<u>62,734</u>	<u>60,222</u>
INVESTING ACTIVITY		
Long term investments	<u>(24,507)</u>	<u>(24,633)</u>
FINANCING ACTIVITIES		
Education	(53,779)	(32,800)
Advances from members	<u>1,509</u>	<u>1,479</u>
Cash flows used by financing activities	<u>(52,270)</u>	<u>(31,321)</u>
INCREASE (DECREASE) IN CASH FLOWS	(14,043)	4,268
Cash - beginning of year	<u>5,493</u>	<u>1,225</u>
CASH (DEFICIENCY) - END OF YEAR	<u>\$ (8,550)</u>	<u>\$ 5,493</u>

See notes to financial statements

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

**Notes to Financial Statements
Year Ended December 31, 2016**

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.

1. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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.

(continues)

ONTARIO PROCESSING VEGETABLE GROWERS

(A Trust Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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 2016 maturities since all investments are restricted and must be re-invested for income.
-

ONTARIO PROCESSING VEGETABLE GROWERS

(A Trust Fund)

Notes to Financial Statements

Year Ended December 31, 2016

2. LONG TERM INVESTMENTS - At cost

	<u>2016</u>	<u>2015</u>
Manulife Trust 2.3% Due Aug. 9, 2016	\$ -	\$ 98,000
Canadian Western Bank 2.3% Due Aug. 13, 2016	-	98,000
HSBC Bank of Canada 2.2% Due Aug 15, 2016	-	98,000
CPN Province of Ontario Due Dec 2, 2016	-	115,182
Sun Life Financial Trust 2.0% Due Dec. 5, 2016	-	55,700
Home Trust Co 2.6% Due Dec. 22, 2016	-	61,500
ICICI Bank (Canada) 2.58% Due Jun. 5, 2017	200,000	200,000
Home Trust Co 2.5% Due Jul 18, 2017	69,300	69,300
Pacific & Western BK of Canada 2.51% Due Jul 18, 2017	69,300	69,300
Equitable Trust Company 2.55% Due Aug 9, 2017	100,000	100,000
Manulife Bank of Canada 2.55% Due Aug. 9, 2017	100,000	100,000
Montreal Trust Company 2.4% Due Aug. 13, 2017	100,000	100,000
CPN Province of Nova Scotia Due Dec. 1, 2017	118,512	119,609
CIBC Full Service 2.3% Due Dec. 5, 2017	55,700	55,700
ICICI Bank (Canada) 2.45% Due Dec. 18, 2017	34,770	34,770
Canadian Western Bank 2.5% Due Dec. 5, 2018	55,700	55,700
National Trust Company 2.31% Due Dec. 8, 2018	95,000	95,000
B2B Bank 2.31% Due Dec. 10, 2018	95,000	95,000
Bank of Nova Scotia 2.31% Due Dec. 10, 2018	95,000	95,000
President's Choice Bank 2.71% Due Jun. 18, 2019	101,160	101,160
Home Equity Bank 2.5% Due Aug. 12, 2019	95,000	95,000
Laurentian Bank of Canada 2.46% Due Aug. 12, 2019	95,000	95,000
Sun Life Financial Trust 2.5% Due Aug. 12, 2019	30,000	30,000
Manulife Trust Co 2.4% Due Dec. 17, 2019	63,000	63,000
Equitable Bank 2.4% Due Dec. 17, 2019	63,000	63,000
Sun Life Financial Trust 2.3% Due Dec. 17, 2019	63,000	63,000
President's Choice Bank 2.21% Due Aug. 26, 2020	100,000	100,000
Pacific & Western BK of Canada 2.16% Due Aug. 26, 2020	67,000	67,000
Canadian Western Bank 2.35% Due Nov. 16, 2020	68,700	68,700
President's Choice Bank 2.36% Due Nov. 16, 2020	68,500	68,500
Homeequity Bank 2.3% Due Nov. 16, 2020	68,500	68,500
Equitable Bank 2.22% Due Dec. 8, 2020	23,800	23,800
Equitable Bank 2.32% Due Dec. 18, 2020	10,800	10,800
Home Trust Co 1.95% Due Aug. 9, 2021	100,200	-
Homeequity Bank 1.92% Due Aug. 16, 2021	71,000	-
Home Trust Co 1.95% Due Aug. 16, 2021	71,000	-
Canadian Western Bank 1.91% Due Aug. 15, 2021	71,000	-
Home Trust Co 1.96% Due Dec. 2, 2021	116,000	-
Canadian Tire Bank 1.96% Due Dec. 13, 2021	34,800	-
B2B Bank 1.91% Due Dec. 20, 2021	71,400	-
Renaissance High Interest Savings	17,215	629
	<u>\$ 2,658,357</u>	<u>\$ 2,633,850</u>

ONTARIO PROCESSING VEGETABLE GROWERS

(A Trust Fund)

Notes to Financial Statements

Year Ended December 31, 2016

3. FINANCIAL INSTRUMENTS

The fund is exposed to various 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.

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.

ONTARIO TOMATO RESEARCH INSTITUTE
(Incorporated under the Agricultural and Horticultural Organizations Act)
Financial Statements
Year Ended December 31, 2016

Gee, Lambert & Courneya LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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, 2016 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.

(continues)

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, 2016 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 31, 2017**

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, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 402,590	\$ 349,565
Accounts Receivable	2,403	30,039
	\$ 404,993	\$ 379,604
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 29,046	\$ 26,695
Deferred funding	13,923	50,253
Due to general fund	6,018	5,318
	48,987	82,266
 NET ASSETS		
Ontario Fruit & Vegetable Processors Association	178,003	148,669
Ontario Processing Vegetable Growers	178,003	148,669
	356,006	297,338
	\$ 404,993	\$ 379,604

ON BEHALF OF THE MEMBERS

_____ *Steve Lamoure, OF&VPA*

_____ *Elmer Buchanan, OPVG Trustee*

See notes to financial statements

ONTARIO TOMATO RESEARCH INSTITUTE
(Incorporated under the Agricultural and Horticultural Organizations Act)
Statement of Revenues and Expenditures
Year Ended December 31, 2016

	2016	2015
REVENUES		
Funding	\$ 122,406	\$ 54,591
Ontario Processing Vegetable Growers levies	49,699	79,088
Ontario Fruit & Vegetable Processors Association levies	49,699	79,087
Interest income	686	569
Ontario Tomato Seedling Growers' Marketing Board	-	1,000
	<u>222,490</u>	<u>214,335</u>
EXPENSES		
Research	161,006	63,767
Audit	1,050	1,032
Bad debts	1,000	-
Meetings and office	766	446
	<u>163,822</u>	<u>65,245</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 58,668</u>	<u>\$ 149,090</u>

See notes to financial statements

ONTARIO TOMATO RESEARCH INSTITUTE
(Incorporated under the Agricultural and Horticultural Organizations Act)
Statement of Changes in Net Assets
Year Ended December 31, 2016

	Ontario Fruit & Vegetable Processors Association	Ontario Processing Vegetable Growers	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 148,669	\$ 148,669	\$ 297,338	\$ 148,248
EXCESS OF REVENUES OVER EXPENSES	29,334	29,334	58,668	149,090
NET ASSETS - END OF YEAR	\$ 178,003	\$ 178,003	\$ 356,006	\$ 297,338

See notes to financial statements

ONTARIO TOMATO RESEARCH INSTITUTE
(Incorporated under the Agricultural and Horticultural Organizations Act)
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 58,668	\$ 149,090
Changes in non-cash working capital:		
Accounts Receivable	27,636	(28,121)
Accounts payable and accrued liabilities	2,351	15,931
Deferred funding	(36,330)	50,253
	(6,343)	38,063
Cash flows from operating activities	52,325	187,153
FINANCING ACTIVITY		
Advances from (to) related parties	700	(1,648)
INCREASE IN CASH FLOWS	53,025	185,505
Cash - beginning of year	349,565	164,060
CASH - END OF YEAR	\$ 402,590	\$ 349,565

See notes to financial statements

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

Notes to Financial Statements
Year Ended December 31, 2016

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.

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 2016 tomato processor members of the OF&VPA paid levies based on prior year contract tons @ \$.10/ton (2015- \$.10/ton). For 2016, all Ontario tomato processors also paid levies based on current years harvested tonnage @\$.10/ton (2015 - \$.10/ton). 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 \$214,678 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.

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 contact 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

Heinz USA and OMAFRA have been contributing annually to the research projects.

(continues)

ONTARIO TOMATO RESEARCH INSTITUTE
(Incorporated under the Agricultural and Horticultural Organizations Act)
Notes to Financial Statements
Year Ended December 31, 2016

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

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.

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>2016</u>	<u>2015</u>
HST Payable	<u>\$ 3,667</u>	<u>\$ 13,465</u>

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

Notes to Financial Statements
Year Ended December 31, 2016

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.

ONTARIO CUCUMBER RESEARCH COMMITTEE
(A Joint Venture Fund)
Financial Statements
Year Ended December 31, 2016

Gee, Lambert & Courneya LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

14361 Medway Road, P.O. Box 199, Arva, Ontario N0M 1C0 (519) 873-1421 FAX: (519) 879-8540

LARRY D. GEE, CA
(1944 - 2007)

DOUGLAS W. LAMBERT
Professional Corporation

ROBERT G. COURNEYA, CPA, CA

LLOYD R. DAVENPORT
Professional Corporation

INDEPENDENT AUDITOR'S REPORT

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, 2016 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.

(continues)

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, 2016 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 31, 2017**

Gee, Lambert & Courneya LLP

**Chartered Professional Accountants
Licensed Public Accountants**

ONTARIO CUCUMBER RESEARCH COMMITTEE
(A Joint Venture Fund)
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 37,459	\$ 30,193
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,491	\$ 4,479
Due to board	3,000	-
	7,491	4,479
NET ASSETS		
Ontario Fruit & Vegetable Processors Association	14,984	12,857
Ontario Processing Vegetable Growers	14,984	12,857
	29,968	25,714
	\$ 37,459	\$ 30,193

ON BEHALF OF THE MEMBERS

_____ *Elmer Buchanan, OPVG Trustee*

_____ *Kevin Talbot, Processor Representative*

See notes to financial statements

ONTARIO CUCUMBER RESEARCH COMMITTEE
(A Joint Venture Fund)
Statement of Revenues and Expenditures
Year Ended December 31, 2016

	2016	2015
REVENUES		
Ontario Fruit & Vegetable Processors Association levies	\$ 17,598	\$ 10,695
Ontario Processing Vegetable Growers levies	17,598	10,695
Interest income	48	37
	<u>35,244</u>	<u>21,427</u>
EXPENSES		
Research	30,500	32,500
Audit	490	478
	<u>30,990</u>	<u>32,978</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 4,254</u>	<u>\$ (11,551)</u>

See notes to financial statements

ONTARIO CUCUMBER RESEARCH COMMITTEE

(A Joint Venture Fund)

Statement of Changes in Net Assets

Year Ended December 31, 2016

	Ontario Fruit & Vegetable Processors Association	Ontario Processing Vegetable Growers	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 12,857	\$ 12,857	\$ 25,714	\$ 37,265
EXCESS OF REVENUES OVER EXPENSES	2,127	2,127	4,254	(11,551)
NET ASSETS - END OF YEAR	\$ 14,984	\$ 14,984	\$ 29,968	\$ 25,714

See notes to financial statements

ONTARIO CUCUMBER RESEARCH COMMITTEE
(A Joint Venture Fund)
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 4,254	\$ (11,551)
Change in non-cash working capital:		
Accounts payable and accrued liabilities	12	4,009
Cash flows from (used by) operating activities	<u>4,266</u>	<u>(7,542)</u>
FINANCING ACTIVITY		
Due from board	<u>3,000</u>	451
INCREASE (DECREASE) IN CASH FLOWS	7,266	(7,091)
Cash - beginning of year	<u>30,193</u>	<u>37,284</u>
CASH - END OF YEAR	\$ 37,459	\$ 30,193

See notes to financial statements

ONTARIO CUCUMBER RESEARCH COMMITTEE

(A Joint Venture Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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.

1. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

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

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 @ .40 (2015 - .50). The calculation excludes # 4 grade cucumbers. For the 2016 crop year the calculation included 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.

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. There are no known uncertainties at this time.

ONTARIO CUCUMBER RESEARCH COMMITTEE

(A Joint Venture Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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.

PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE
(A Joint Venture Fund)
Financial Statements
Year Ended December 31, 2016

Gee, Lambert & Courneya LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

14361 Medway Road, P.O. Box 199, Arva, Ontario N0M 1C0 (519) 673-1421 FAX: (519) 879-8540

LARRY D. GEE, CA
(1944 - 2007)

DOUGLAS W. LAMBERT
Professional Corporation

ROBERT G. COURNEYA, CPA, CA

LLOYD R. DAVENPORT
Professional Corporation

INDEPENDENT AUDITOR'S REPORT

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, 2016 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.

(continues)

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, 2016 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 31, 2017**

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, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 58,051	\$ 21,449
Accounts receivable	131	21,449
	\$ 58,182	\$ 42,898
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 501	\$ 500
Due to board	14,517	-
	15,018	500
 NET ASSETS		
Ontario Fruit & Vegetable Processors Association	21,582	21,199
Ontario Processing Vegetable Growers	21,582	21,199
	43,164	42,398
	\$ 58,182	\$ 42,898

ON BEHALF OF THE MEMBERS

_____ *Jennifer Thompson, Processor Representative*

_____ *Elmer Buchanan, OPVG Trustee*

See notes to financial statements

PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE

(A Joint Venture Fund)

Statement of Revenues and Expenditures

Year Ended December 31, 2016

	2016	2015
REVENUES		
Ontario Fruit & Vegetable Processors Association levies	\$ 20,517	\$ 21,449
Ontario Processing Vegetable Growers levies	20,517	21,449
	<u>41,034</u>	<u>42,898</u>
EXPENSES		
Research	39,767	-
Audit	501	500
	<u>40,268</u>	<u>500</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 766	\$ 42,398

See notes to financial statements

PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE

(A Joint Venture Fund)

Statement of Changes in Net Assets

Year Ended December 31, 2016

	Ontario Fruit & Vegetable Processors Association		Ontario Processing Vegetable Growers		2016	2015
NET ASSETS - BEGINNING OF YEAR	\$	21,199	\$	21,199	\$ 42,398	\$ -
EXCESS OF REVENUES OVER EXPENSES		383		383	766	42,398
NET ASSETS - END OF YEAR	\$	21,582	\$	21,582	\$ 43,164	\$ 42,398

See notes to financial statements

PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE
(A Joint Venture Fund)
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 766	\$ 42,398
Changes in non-cash working capital:		
Accounts receivable	21,318	(21,449)
Accounts payable and accrued liabilities	1	500
	<u>21,319</u>	<u>(20,949)</u>
Cash flow from operating activities	<u>22,085</u>	<u>21,449</u>
FINANCING ACTIVITY		
Advances from related parties	<u>14,517</u>	-
INCREASE IN CASH FLOWS	36,602	21,449
Cash - beginning of year	<u>21,449</u>	-
CASH - END OF YEAR	\$ 58,051	\$ 21,449

See notes to financial statements

PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE

(A Joint Venture Fund)

Notes to Financial Statements

Year Ended December 31, 2016

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.

1. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

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

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.

PEA, BEAN AND CORN INDUSTRY RESEARCH COMMITTEE
(A Joint Venture Fund)
Notes to Financial Statements
Year Ended December 31, 2016

2. 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.

3. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
