

Financial Statements

Ontario Federation of Agriculture

August 31, 2015

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BDO Canada LLP  
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# Independent Auditor's Report

To the Members of  
Ontario Federation of Agriculture

We have audited the accompanying financial statements of Ontario Federation of Agriculture which comprise the statement of financial position as at August 31, 2015, 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.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Federation of Agriculture at August 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Guelph, Canada  
November 11, 2015

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## Ontario Federation of Agriculture Statement of Operations

Year ended August 31	Budget 2015 (Note 9)	2015	2014 (Restated- see Note 15)
Income			
Revenue (Page 18)	\$ 6,958,200	\$ <b>6,998,929</b>	\$ 7,019,551
Project management revenues (Note 12)	0	<b>506,148</b>	958,768
Other (Page 18)	<u>990,000</u>	<b><u>1,473,711</u></b>	<u>1,017,493</u>
	<u>7,948,200</u>	<b><u>8,978,788</u></b>	<u>8,995,812</u>
Expenses			
Organizational (Page 19)	2,328,700	<b>2,409,934</b>	2,331,990
Departments (Page 19)	4,901,500	<b>4,688,936</b>	4,721,399
Grants and dues (Page 19)	493,000	<b>484,752</b>	693,306
Project management expenses (Note 12)	0	<b>506,148</b>	958,768
Pension liability (Note 8)	22,000	<b>18,877</b>	14,007
Employee future benefits (Note 10)	<u>200,000</u>	<b><u>321,153</u></b>	<u>284,237</u>
	<u>7,945,200</u>	<b><u>8,429,800</u></b>	<u>9,003,707</u>
Excess (deficiency) of income over expenses	\$ <u>3,000</u>	\$ <b><u>548,988</u></b>	\$ <u>(7,895)</u>

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The accompanying notes are an integral part of these financial statements.

# Ontario Federation of Agriculture Statement of Changes in Net Assets

Year ended August 31

	2015		<b>Total</b>	2014
	Unrestricted	Invested in		(Restated- see Note 15)
	Net Assets	Capital Assets		Total
Balance, beginning of year	\$ 5,136,059	\$ 52,902	<b>\$ 5,188,961</b>	\$ 5,028,256
Excess (deficiency) of income over expenses	621,635	(72,647)	<b>548,988</b>	(7,895)
Unrealized market increase in pension obligation	65,700	0	<b>65,700</b>	168,600
Transfer for purchase of capital assets	<u>(102,077)</u>	<u>102,077</u>	<u>0</u>	<u>0</u>
Balance, end of year	<u>\$ 5,721,317</u>	<u>\$ 82,332</u>	<u><b>\$ 5,803,649</b></u>	<u>\$ 5,188,961</u>

The accompanying notes are an integral part of these financial statements.

**Ontario Federation of Agriculture**  
(Incorporated under the Corporations Act of Ontario)  
**Statement of Financial Position**

August 31	2015	2014
<b>Assets</b>		
Current		
Cash (Note 3)	\$ 738,177	\$ 1,714,481
Project funds receivable	347,032	149,584
Receivables	271,887	257,835
Prepaid expenses and other assets	57,779	66,219
Life insurance receivable (Note 7)	<u>500,000</u>	<u>0</u>
	<u>1,914,875</u>	<u>2,188,119</u>
Capital assets (Note 4)	82,332	52,902
Investments, at fair value (Note 5)	3,410,977	3,114,272
Investments, at amortized cost (Note 6)	1,753,250	1,077,250
Cash surrender value life insurance (Note 7)	<u>235,507</u>	<u>578,191</u>
	<u>\$ 7,396,941</u>	<u>\$ 7,010,734</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 521,244	\$ 492,347
Project funds received in advance (Note 13)	700,309	768,634
Deferred revenue	<u>2,739</u>	<u>6,392</u>
	<u>1,224,292</u>	<u>1,267,373</u>
Pension liability (Note 8)	213,100	215,400
Employee future benefits obligation (Note 10)	<u>155,900</u>	<u>339,000</u>
	<u>1,593,292</u>	<u>1,821,773</u>
<b>Net assets</b>		
Net assets invested in capital assets	82,332	52,902
Unrestricted net assets	<u>5,721,317</u>	<u>5,136,059</u>
	<u>5,803,649</u>	<u>5,188,961</u>
	<u>\$ 7,396,941</u>	<u>\$ 7,010,734</u>

Commitments (Note 11)

On behalf of the Board

 Director

 Director

The accompanying notes are an integral part of these financial statements.

# Ontario Federation of Agriculture

## Statement of Cash Flows

Year ended August 31	2015	2014
		(Restated - see note 15)
<b>Cash from operations</b>		
Excess (deficiency) of income over expenses	\$ 548,988	\$ (7,895)
Non-cash items		
Depreciation	72,647	80,927
Realized gain on investments	(14,438)	(114,633)
Unrealized gain (loss) on investments	37,651	(99,595)
Member loyalty payment received in shares	(676,000)	(179,300)
Pension expense	321,153	284,237
Cash surrender value of life insurance	(157,315)	(7,685)
	<u>132,686</u>	<u>(43,944)</u>
Net change in non-cash operating working capital		
Receivables	(14,052)	(33,831)
Project funds receivable	(197,448)	351,255
Prepaid expenses and other assets	8,439	(3,802)
Accounts payable and accrued liabilities	28,896	15,724
Project funds received in advance	(68,325)	(84,084)
Deferred revenue	(3,653)	(13,153)
Contributions to pension plan	(438,553)	(410,837)
Pension liability	(2,300)	(8,400)
	<u>(554,310)</u>	<u>(231,072)</u>
<b>Financing activities</b>		
Repayment of capital lease obligations	<u>0</u>	<u>(13,984)</u>
<b>Investing activities</b>		
Purchase of investments	(1,964,199)	(1,782,141)
Proceeds from sale of investments	1,644,282	1,030,905
Proceeds from share redemption	0	219,400
Purchase of capital assets	(102,077)	(22,120)
	<u>(421,994)</u>	<u>(553,956)</u>
Decrease in cash and cash equivalents	(976,304)	(799,012)
Cash and cash equivalents, beginning of year	<u>1,714,481</u>	<u>2,513,493</u>
Cash and cash equivalents, end of year	\$ <u>738,177</u>	\$ <u>1,714,481</u>
Represented by:		
Cash	\$ 738,177	\$ 1,463,812
Cash equivalents	0	250,669
	\$ <u>738,177</u>	\$ <u>1,714,481</u>

The accompanying notes are an integral part of these financial statements.



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# Ontario Federation of Agriculture

## Notes to the Financial Statements

August 31, 2015

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### 1. Nature of operations

The Ontario Federation of Agriculture (the "Federation" and/or the "OFA") was incorporated without share capital August 23, 1956 under the laws of Ontario and works collaboratively towards a profitable, sustainable future for Ontario farmers.

The Federation is an accredited general farm organization under the *Farm Registration and Farm Organizations Funding Act, 1993* (the "Act").

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### 2. Summary of significant accounting policies

#### Basis of presentation

The Federation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The following is a summary of significant accounting policies adopted by the Federation in the preparation of the financial statements.

#### Revenue recognition

During fiscal 2013, the Federation received an accreditation ruling from the Agriculture, Food and Rural Affairs Appeals Tribunal (the Tribunal). The Tribunal ruled that farmers who have paid the Farm Business Registration (FBR) fee to OFA are supporters of OFA. They are not members of OFA until they have signed a membership agreement with the OFA. Accordingly, commencing in 2013, the OFA has established a two-step process, whereby when the farmer pays their registration fee they are sent a membership agreement. If they sign and return the membership agreement, then they become eligible for membership benefits. There is no additional fee required. The difference between a member and a supporter is voting rights. A supporter who returns their membership agreement becomes a member and has voting rights.

As a result of the Tribunal ruling, the characteristics of the fee has changed to only be a FBR fee for which OFA does not have to provide any benefits; hence this becomes a contribution which is recognized as revenue when received.

The Federation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted by the donor are deferred when received and recognized as revenue in the year in which the related expenses are recognized.

Management fees and other income are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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# Ontario Federation of Agriculture

## Notes to the Financial Statements

August 31, 2015

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### 2. Summary of significant accounting policies (continued)

Project funds received in advance are for ongoing projects under contract from various sources. The sources will advance the Federation funds before the actual expenditure is incurred. The money advanced is recorded as a liability until the related expense is paid.

Deferred revenue includes unearned sponsorships and registration fees for the annual convention held after year-end.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and other institutions and term deposits with maturities of three months or less.

#### Capital assets

Capital assets are recorded at cost. Depreciation and amortization are recorded as follows:

Furniture and equipment	- 20% declining balance
Leasehold improvements	- straight line over the remaining term of the lease
Computer hardware	- 3 years straight line
Computer software	- 3 years straight line

When a capital asset no longer has any long-term service potential to the Federation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

#### Investments

Bonds, equities and mutual funds shares are classified as held for trading and are carried at fair value. Investments in shares included in long-term investments for which there is no active market have been designated as available-for-sale and are recorded at cost. If the value of an investment has permanently declined, the investment is written down to net realizable value.

#### Employee future benefits obligation

The Federation uses the immediate recognition approach to account for its defined benefit pension plans. The accrued benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

Plan assets are measured at fair value.

The Federation recognizes the plan's unfunded deficit, which is the net amount of the accrued benefit obligations and the fair value of plan assets on the statement of financial position.

The unrealized market related decrease (increase) in the pension obligation and the valuation allowance have been charged directly to net assets. Market volatility surrounding investments on pension assets and bond rates used to determine pension liabilities will have a significant impact on the funded status of the plan in any given year.

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# Ontario Federation of Agriculture

## Notes to the Financial Statements

August 31, 2015

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### 2. Summary of significant accounting policies (continued)

Current year benefit costs, interest on accrued benefit obligation, administrative costs and interest on plan assets are included in the cost of the plan for the year in the statement of operations.

#### Income taxes

The Federation is a non-profit Federation and is exempt from income taxes under section 149(1)(e) of the Income Tax Act.

#### Use of estimates

In preparing the Federation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from these estimates.

These estimates are reviewed periodically and adjustments are made to excess of income over expenses as appropriate in the year they become known.

Items subject to significant management estimates include valuation of investments and employee future benefit obligation.

#### Financial instruments

The Federation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees. Financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

At each reporting date, the Federation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, project funds receivable, receivables, investments other than bonds, equities and mutual funds, cash surrender value of life insurance, payables and accruals, and project funds received in advance.

For financial assets measured at cost or amortized cost, the Federation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Federation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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# Ontario Federation of Agriculture

## Notes to the Financial Statements

August 31, 2015

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### 3. Cash

The Federation's bank account is held at one credit union.

The Federation has access to an operating loan of \$500,000 to assist with day to day operating expenses. The facility bears interest at the prime rate plus 0.75%. As security for the operating loan, the Federation has provided an assignment of bond investments held with RBC Dominion Securities Inc. for an amount not less than \$500,000. At August 31, 2015, the Federation has not accessed this facility.

Included in the cash balance is cash equivalents of \$0 (2014 - \$250,669) held with RBC Dominion Securities Inc.

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### 4. Capital assets

			<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 206,543	\$ 203,632	\$ 2,911	\$ 0
Leasehold improvements	82,064	76,511	5,553	14,318
Computer hardware	199,184	186,347	12,837	15,727
Computer software	<u>351,572</u>	<u>290,541</u>	<u>61,031</u>	<u>22,857</u>
	<u>\$ 839,363</u>	<u>\$ 757,031</u>	<u>\$ 82,332</u>	<u>\$ 52,902</u>

Depreciation on capital assets for the year was \$72,647 (2014 - \$80,927) and has been included in overhead expense.

# Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2015

## 5. Investments, at fair value

	<u>2015</u>	<u>2014</u>
Bonds:		
RES C.I.B.C CARS & PARS 2.43% yield to maturity, due June 6, 2018	<b>\$ 353,046</b>	\$ 337,467
Province of British Columbia 1.93% yield to maturity, due November 22, 2015	<b>521,314</b>	510,537
Fairfax Financial Holdings Ltd 7.5% yield to maturity due August 19, 2019	<b>259,611</b>	0
Bell Canada 10.75% yield to maturity due April 15, 2021	<b>282,236</b>	0
Fairfax Financial Holdings Ltd 6.4% yield to maturity due May 25, 2021	<b>491,905</b>	0
Province of Quebec 1.86% yield to maturity due October 1, 2022	<b>242,588</b>	0
Province of Nova Scotia 2.47% yield to maturity,	<b>0</b>	251,743
Province of Ontario 2.43% yield to maturity,	<b>0</b>	511,519
Province of Quebec 4.09% yield to maturity,	<b>0</b>	481,274

# Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2015

## 5. Investments, at fair value (continued)

Equities:

National Bank of Canada 10,925 (2014 – 10,500) preferred shares at \$25.79 (2014 - \$26.68) 6% Non-cumulative, Series 20	<b>281,756</b>	280,140
BCE Inc NEW 4,500 (2014 – 2,000) common shares at \$53.20 (2014 - \$48.95)	<b>239,400</b>	97,900
Manulife Financial Corp 15,900 (2014 – 6,400) common shares at \$21.38 (2014 - \$21.95)	<b>339,942</b>	140,480
Bank of Montreal 8,500 5.8% Non-cumulative class B preferred shares At \$25.74 per share (2014 - \$26.33)	<b>218,790</b>	223,805
Transalta Corp 8,000 (2014 – NIL) common shares	<b>0</b>	100,320
Mutual Funds:		
RBC North America Value Fund 8,156.633 units at \$21.064 (2014 - \$21.932)	<b>171,811</b>	178,891
Other	<b><u>8,578</u></b>	<u>196</u>
	<b><u>\$ 3,410,977</u></b>	<b><u>\$ 3,114,272</u></b>

The cost base of the above investments consist of bonds of \$2,116,900 (2014 - \$2,036,464), equities of \$1,131,250 (2014 - \$851,504), mutual funds of \$175,680 (2014 - \$175,680) and other of \$8,578 (2014 - \$196).

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## Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2015

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### 6. Investments, at amortized cost

	2015		2014
	Share Holdings	Market	Market
Debentures:			
Gay Lea Foods Co-operative 5.00% due November 30, 2022		\$ 6,000	\$ 6,000
Central 1 Credit Union Common shares	100	100	100
The Co-operators Group Limited			
Member shares	12,500	1,250	1,250
Class B, series "A" preferred shares	1,127	112,700	112,700
Class D, series 2008	7,778	777,800	777,800
Class D, series 2014	1,793	179,300	179,300
Class D, series 2015	6,760	676,000	0
Ag Energy Co-operative Common shares	1	100	100
		\$ 1,753,250	\$ 1,077,250

The Co-operators Group Limited Class D shares are automatically redeemable five years from issuance and they pay an annual dividend. The dividend rate for 2015 was 5% (2014 – 5%). These shares can be sold to or purchased from other members of the Co-operators Group Limited.

The Co-operators Group Limited Class B Preferred Shares pay an annual dividend. The dividend rate for 2015 was 5% (2014 – 5%).

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### 7. Cash surrender value life insurance

Included in this account are two life insurance policies held by the Federation. During the year, one of the life insurance policies came due and therefore the face value of the policy of \$500,000 (2014 - \$NIL) has been presented as a current asset on the statement of financial position. The remaining balance of \$235,507 (2014 - \$578,191) has been presented at the cash surrender value and presented as a long-term asset on the statement of financial position.

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# Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2015

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## 8. Pension liability

The OFA is making voluntary top-up payments to retirees of the Ontario Trusteed Pension Plan ("the insolvent plan") that was wound up in 2012. Using a discount rate of 1.9% (2014 - 2.4%) the future liability of the top-up to 90% for the retirees of the Federation has been estimated at \$213,100 (2014 - \$215,400). During the year ended August 31, 2015 voluntary payments of \$21,177 (2014 - \$22,407) were made to retirees of the Federation who are only receiving 67% of their original pension entitlement from the insolvent plan. A recovery of \$2,300 (2014 - \$8,400) has been recorded in the financial statements reflecting a change in the present value of the liability during the year.

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## 9. Budget

The budget figures as presented were approved by the Board of Directors at the August 2014 Board meeting and are unaudited.

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## 10. Employee future benefits obligation

The Federation has a single employer defined benefit pension plan. Benefits are based upon a percentage of an employee's best average earnings multiplied by pensionable service. As of April 1, 2014 the benefit formula changed to career average. The latest actuarial valuation for funding purposes was performed as at April 1, 2014. The fair value of plan assets and accrued benefit obligation are as follows:

	<u>2015</u>	<u>2014</u>
Fair value of plan assets	\$ 7,412,300	\$ 6,707,000
Accrued benefit obligation	<u>(7,568,200)</u>	<u>(7,046,000)</u>
Employee future benefit obligation	<u>\$ (155,900)</u>	<u>\$ (339,000)</u>

The effective date of the next required actuarial valuation for funding purposes is April 1, 2016.

The total benefit cost recognized for the year is as follows:

	<u>2015</u>	<u>2014</u>
Current year benefit cost	\$ 138,200	\$ 94,740
Interest on accrued benefit obligation	293,600	256,600
Administrative costs	168,253	172,500
Interest on plan assets	(278,900)	(225,100)
Reduction of accrual	<u>0</u>	<u>(14,503)</u>
Employee future benefit expenses	<u>\$ 321,153</u>	<u>\$ 284,237</u>



# Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2015

## 10. Employee future benefits obligation (continued)

Plan assets by asset category are as follows:

	<u>2015</u>	<u>2014</u>
Canadian Fixed Income	33%	33%
Canadian Equity	47%	49%
US Equity	10%	9%
International Equity	<u>10%</u>	<u>9%</u>
	<u>100%</u>	<u>100%</u>

The significant assumptions adopted in measuring the Federation's accrued benefit obligation are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.00%	4.00%
Expected long-term rate of return on plan assets	3.54%	4.00%
Rate of compensation increase	3.00%	3.00%

Other information about the Federation's defined benefit plan is as follows:

	<u>2015</u>	<u>2014</u>
Employer contributions	\$ 438,600	\$ 425,340
Employee contributions	222,500	200,340
Benefits paid	<u>132,100</u>	<u>209,400</u>

The Federation's plan provides that annual contributions to the plan (excluding top-up payments) will be split on a 50/50 basis between employees and the Federation.

## 11. Commitments

a) The Federation is committed to leasing office space and equipment under various operating leases. The minimum annual payments under these leases are as follows:

2016	\$ 161,971
2017	<u>3,920</u>
	<u>\$ 165,891</u>

b) As an accredited farm organization the Federation has a commitment to pay to the L'Union Des Cultivateurs Franco-Ontariens ("UCFO") each year an amount equal to 1.5% of its registration revenue less refunds from the payments received from all farming businesses pursuant to the Farm Registration and Farm Organizations Funding Act 1993 (the 'Act'). This commitment exists for all accredited general farm organizations.

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# Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2015

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## 12. Project management revenues

The Federation is engaged by various parties to administer the following programs. The Federation's involvement varies by program and is outlined in the respective agreements. The fees earned for these activities are included in income. Where the Federation is active in managing and/or delivering the program, the related revenue and expenses are reported in the statement of operations. Where the Federation has an oversight or an administrative role and the delivery is provided by another party, the activities related to these contracts are reflected in the transactions reported through the project fund accounts of the Federation, and are not included in the statement of operations.

Project management revenues and expenses are comprised of the following:

		<u>2015</u>	<u>2014</u>
Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)	(A)	\$ 234,414	\$ 378,322
Other		<u>271,734</u>	<u>580,446</u>
		<u>\$ 506,148</u>	<u>\$ 958,768</u>

A) The Federation was engaged by OMAFRA to facilitate the development and delivery of conservation technology activities under the direction of the Best Management Practices Project Team. These activities have been carried out in accordance with the Agreement Respecting Support for Technology Transfer Activities under the Canada/Ontario Environmental Sustainability Agreement. These contracts are ongoing.

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## 13. Project funds received in advance

Project funds received in advance represents unspent project funds. During the year the Federation incurred expenditures and received monies from funding arrangements as follows:

	<u>2015</u>	<u>2014</u>
Opening balance	\$768,634	\$852,718
Expenditures incurred	(83,325)	(100,154)
Additional monies received in current year	<u>15,000</u>	<u>16,070</u>
Closing Balance	<u>\$700,309</u>	<u>\$768,634</u>

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# Ontario Federation of Agriculture

## Notes to the Financial Statements

August 31, 2015

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### 14. Financial instruments risk

#### 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 Federation is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Federation's financial instruments that are exposed to concentrations of credit risk relate primarily to project funds receivable and receivables. This risk has not changed from the previous year.

#### Other price risk

Other price 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 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 Federation is exposed to other price risks on its investments, which include investments in shares and bonds and on the accrued pension obligation. The risk has not changed from the previous year.

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### 15. Change in Accounting Policy

Effective September 1, 2014, the Federation adopted the requirements of the new Section 3463 of the CPA Handbook, Reporting Employee Future Benefits by Not-for-Profit Organizations. This accounting standard requires a not-for-profit organization to recognize measurements and other items directly in net assets rather than in the statement of operations and requires the accounting standards to be applied retrospectively. The adoption of Section 3463 resulted in adjustments to the previously reported expenditures and components of unrestricted net assets. At August 31, 2014, an unrealized market increase in the pension obligation of \$168,600 has been recognized in the statement of changes in net assets and a corresponding increase in employee future benefits expense of \$168,600 has been reflected in the statement of operations.

# Ontario Federation of Agriculture

## Schedule of Income

Year ended August 31, 2015

	Budget 2015 (Note 9)	Actual 2015	Actual 2014
<b>Revenue</b>			
Registration income	\$ 7,332,975	\$ 7,395,375	\$ 7,489,170
Registration refunds – 1,464 refunds (2014 – 1,724)	(352,275)	(285,480)	(336,180)
Registration administration fee	(335,000)	(337,533)	(341,813)
Individual farm members and associates	297,500	212,567	193,874
Commodity, Co-operative, Educational	<u>15,000</u>	<u>14,000</u>	<u>14,500</u>
Total membership fees	\$ <u>6,958,200</u>	\$ <u>6,998,929</u>	\$ <u>7,019,551</u>
<b>Other income</b>			
Insurance finders' fee	\$ 120,000	\$ 100,190	\$ 96,138
Investment (loss) income, fair value	80,000	(23,214)	214,228
Investment income, amortized cost	80,000	61,682	56,356
Co-operators group limited loyalty program	280,000	676,091	179,300
Project management fees	12,000	12,000	12,000
Cash surrender value of life insurance (Note 5)	10,000	157,315	7,685
Convention revenue	158,000	153,856	146,429
Dividend income	0	55,473	0
Member benefit programs	215,000	213,635	243,674
Miscellaneous	<u>35,000</u>	<u>66,683</u>	<u>61,683</u>
Total other income	\$ <u>990,000</u>	\$ <u>1,473,711</u>	\$ <u>1,017,493</u>

# Ontario Federation of Agriculture Schedule of Expenses

Year ended August 31, 2015

	Budget 2015 (Note 9)	Actual 2015	Actual 2014
<b>Organizational</b>			
Convention	\$ 230,700	\$ 253,112	\$ 244,109
Canadian Federation of Agriculture meetings	62,000	37,831	32,508
County funding	1,074,000	1,137,030	1,145,550
Executive members	299,000	349,457	329,954
Board of directors	362,000	363,987	366,740
Policy Advisory Council Meetings	74,000	71,584	79,327
Events	<u>227,000</u>	<u>196,933</u>	<u>133,802</u>
	<u>\$ 2,328,700</u>	<u>\$ 2,409,934</u>	<u>\$ 2,331,990</u>
<b>Departments</b>			
Research and policy	\$ 711,000	\$ 681,373	\$ 674,403
Member relations and systems group	186,000	258,117	209,844
Drive forward campaign	60,000	30,464	58,589
Communications	509,000	378,661	432,205
Finance and administration	989,500	1,039,184	993,570
Field services	1,732,000	1,651,384	1,649,353
Overhead (Note 4)	<u>714,000</u>	<u>649,753</u>	<u>703,435</u>
	<u>\$ 4,901,500</u>	<u>\$ 4,688,936</u>	<u>\$ 4,721,399</u>
<b>Grants and dues</b>			
Canadian Federation of Agriculture	\$ 295,000	\$ 295,195	\$ 289,407
L'Union des Cultivateurs			
Franco-Ontariens	105,000	107,213	108,854
Agricultural Leadership Trust	13,000	13,000	12,000
Farm and Food Care	30,000	30,000	30,000
Agri Food Technologies	2,500	2,500	2,500
Ontario Agri Food Education	5,000	5,000	5,000
Donations and contributions (Note 14)	17,500	13,975	23,268
Research grants	20,000	12,869	217,277
L.I.C.C. grant	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	<u>\$ 493,000</u>	<u>\$ 484,752</u>	<u>\$ 693,306</u>