

Financial Statements

Ontario Federation of Agriculture

August 31, 2018

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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, 2018 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, 2018, 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 12, 2018

Ontario Federation of Agriculture Statement of Operations

Year ended August 31	Budget 2018 (Note 9)	2018	2017
Income			
Revenue (Page 18)	\$ 7,064,000	\$ 8,233,423	\$ 7,153,568
Project management revenues (Note 12)	0	522,021	704,347
Other (Page 18)	<u>1,178,500</u>	<u>1,888,843</u>	<u>1,905,695</u>
	<u>8,242,500</u>	<u>10,644,287</u>	<u>9,763,610</u>
Expenses			
Organizational (Page 19)	2,718,000	2,496,496	2,412,015
Departments (Page 19)	5,246,000	5,180,296	4,976,046
Grants and dues (Page 19)	568,000	565,977	521,736
Project management expenses (Note 12)	0	522,021	704,347
Pension liability (Note 8)	22,000	1,265	20,977
Employee future benefits (Note 10)	<u>270,000</u>	<u>260,732</u>	<u>340,649</u>
	<u>8,824,000</u>	<u>9,026,787</u>	<u>8,975,770</u>
Excess (deficiency) of income over expenses	\$ <u>(581,500)</u>	\$ <u>1,617,500</u>	\$ <u>787,840</u>

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

	2018		Total	2017
	Unrestricted	Invested in		<u>Total</u>
	Net	Capital		
	<u>Assets</u>	<u>Assets</u>		<u>Total</u>
Balance, beginning of year	\$ 7,376,129	\$ 107,908	\$ 7,484,037	\$ 6,577,697
Excess (deficiency) of income over expenses	1,701,357	(83,857)	1,617,500	787,840
Unrealized market increase in pension obligation	658,500	0	658,500	118,500
Transfer for purchase of capital assets	<u>(774,519)</u>	<u>774,519</u>	<u>0</u>	<u>0</u>
Balance, end of year	<u>\$ 8,961,467</u>	<u>\$ 798,570</u>	<u>\$ 9,760,037</u>	<u>\$ 7,484,037</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 **2018** **2017**

Assets

Current

Cash (Note 3)	\$ 490,860	\$ 567,320
Short term deposit (Note 3)	1,600,000	1,000,000
Project funds receivable	289,964	385,458
Receivables	95,202	175,148
Prepaid expenses and other assets	<u>71,453</u>	<u>70,906</u>
	2,547,479	2,198,832

Capital assets (Note 4)	798,570	107,908
Investments, at fair value (Note 5)	3,649,794	3,523,376
Investments, at amortized cost (Note 6)	3,110,250	2,717,250
Employee future benefits asset (Note 10)	700,200	0
Cash surrender value life insurance (Note 7)	<u>258,007</u>	<u>250,507</u>
	\$ 11,064,300	\$ 8,797,873

Liabilities

Current

Accounts payable and accrued liabilities	\$ 514,098	\$ 448,083
Project funds received in advance (Note 13)	<u>607,565</u>	<u>664,453</u>
	1,121,663	1,112,536

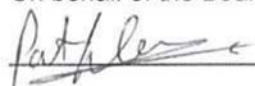
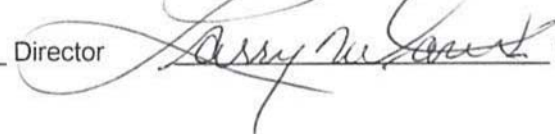
Pension liability (Note 8)	<u>182,600</u>	<u>201,300</u>
	1,304,263	1,313,836

Net assets

Net assets invested in capital assets	798,570	107,908
Unrestricted net assets	<u>8,961,467</u>	<u>7,376,129</u>
	9,760,037	7,484,037
	\$ 11,064,300	\$ 8,797,873

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	2018	2017
Cash from operations		
Excess of income over expenses	\$ 1,617,500	\$ 787,840
Non-cash items		
Depreciation	83,857	88,880
Realized gain on investments	(2,572)	(11,101)
Unrealized gain on investments	(13,200)	(48,499)
Member loyalty payment received in shares	(393,000)	(564,000)
Defined benefit asset	(700,200)	0
Unrealized change in pension valuation allowance	668,400	0
Pension expense	260,732	340,649
Pension liability (Note 14)	(18,700)	(200)
Cash surrender value of life insurance	(7,500)	(7,500)
	<u>1,495,317</u>	<u>586,269</u>
Net change in non-cash operating working capital		
Receivables	79,946	75,052
Project funds receivable	95,494	(47,984)
Prepaid expenses and other assets	(547)	19,254
Accounts payable and accrued liabilities	66,015	(16,295)
Project funds received in advance	(56,888)	(35,471)
	<u>1,679,337</u>	<u>580,825</u>
Investing activities		
Purchase of investments	(2,467,888)	(1,765,359)
Proceeds from sale of investments	2,357,410	1,711,519
Contributions to pension plan (Note 14)	(270,800)	(281,649)
Proceeds from insurance policy	0	500,000
Purchase of capital assets	(774,519)	(103,391)
	<u>(1,155,797)</u>	<u>61,120</u>
Increase in cash and cash equivalents	523,540	641,745
Cash and cash equivalents, beginning of year	<u>1,567,320</u>	<u>925,575</u>
Cash and cash equivalents, end of year	\$ <u>2,090,860</u>	\$ <u>1,567,320</u>
Represented by:		
Cash	\$ 490,860	\$ 567,320
Cash equivalents; short term deposit	<u>1,600,000</u>	<u>1,000,000</u>
	\$ <u>2,090,860</u>	\$ <u>1,567,320</u>

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

Ontario Federation of Agriculture

Notes to the Financial Statements

August 31, 2018

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").

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.

Ontario Federation of Agriculture

Notes to the Financial Statements

August 31, 2018

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
Buildings	- 4% declining balance

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.

Ontario Federation of Agriculture

Notes to the Financial Statements

August 31, 2018

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.

Ontario Federation of Agriculture

Notes to the Financial Statements

August 31, 2018

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, 2018 the Federation has not accessed this facility.

The Federation has 2 term deposits as of August 31, 2018. One is for \$600,000, bearing interest at 1.725% per annum and maturing September 17, 2018 and the other is for \$1,000,000 bearing interest at 1.735% per annum and maturing September 27, 2018.

4. Capital assets

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 248,493	\$ 219,572	\$ 28,921	\$ 29,000
Leasehold improvements	82,064	82,064	0	0
Land holdings	668,166	0	668,166	0
Buildings	19,763	0	19,763	0
Computer hardware	283,175	261,056	22,119	28,170
Computer software	<u>495,036</u>	<u>435,435</u>	<u>59,601</u>	<u>50,738</u>
	<u>\$ 1,796,697</u>	<u>\$ 998,127</u>	<u>\$ 798,570</u>	<u>\$ 107,908</u>

Depreciation on capital assets for the year is \$83,857 (2017 - \$88,880) and has been included in overhead expense.

During the year the Federation purchased a parcel of vacant land to build their own office building. The land was purchased for a total cost of \$668,166. The land address is 200 Hanlon Creek Blvd, Guelph Ontario.

The Federation is in the preliminary stages of erecting the building and therefore no depreciation has been taken on the capitalized building costs.

Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2018

5. Investments, at fair value

	<u>2018</u>	<u>2017</u>
Bonds:		
Enbridge Pipelines Inc. 3.08% yield to maturity due December 11, 2023	\$ 492,525	\$ 0
Toronto Dominion Bank. 2.68% yield to maturity due September 30, 2020	503,386	0
Bank of Nova Scotia 1.96% yield to maturity due December 8, 2020	0	427,745
Newfoundland & Labrador Hydro 1.78% yield to maturity due February 27, 2021	0	154,384
Bell Canada 1.14% yield to maturity due November 15, 2018	0	496,931
Equities:		
Loblaw Cos Ltd 200 (2017 - 200) 5.30% Cumulative 2 nd preferred shares series B at \$25.18 per share (2017 - \$25.31)	5,036	5,062
Bombardier In. 19,300 6.25% Cumulative preferred shares series 4 at \$22.75 per share	439,075	0
Royal Bank of Canada 6,100 (2017 - 6,100) common shares at \$103.66 (2017 - \$92.68) per share	632,326	565,348
Great West Life Inc. 23,400 (2017- 23,400) 5.15% Non-cumulative 1 st preferred shares series T at \$23.71 per share (2017 - \$24.61)	554,814	575,874
BCE Inc NEW 11,650 Common shares at \$53.20	620,129	0
Royal Bank of Canada 0 (2017 - 12,200) 5.25% Non-cumulative preferred shares series BJ at \$ NIL (2017 - \$25.56) per share	0	311,832

Ontario Federation of Agriculture

Notes to the Financial Statements

August 31, 2018

5. Investments, at fair value (continued)

Brookfield Asset Management 0 (2017 - 13,850) 4.9% Cumulative class A preferred shares S37 at \$NIL (2017 - \$22.77) per share	0	315,365
Alimentation Couche Tard 0 (2017 - 4,950) Common shares at \$NIL (2017 - \$59.63) per share	0	295,169
Mutual Funds:		
RBC North America Value Fund 15,571.692 units (2017 - 15,571.692 units) at \$25.848 (2017 - \$24.125)	<u>402,503</u>	<u>375,666</u>
	<u>\$ 3,649,794</u>	<u>\$ 3,523,376</u>

The cost base of the above investments consists of bonds of \$1,005,296 (2017 - \$1,078,198), equities of \$2,192,073 (2017 - \$1,985,798) and mutual funds of \$331,695 (2017 - \$331,695).

Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2018

6. Investments, at amortized cost

	2018		2017
	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 2013	0	0	500,000
Class D, series 2014	1,793	179,300	179,300
Class D, series 2015	6,760	676,000	676,000
Class D, series 2016	4,000	400,000	400,000
Class D, series 2016	1,097	109,700	109,700
Class D, series 2017	1,681	168,100	168,100
Class D, series 2017	5,640	564,000	564,000
Class D, series 2018	3,930	393,000	0
Class D, series 2018	5,000	500,000	0
Ag Energy Co-operative Common shares	1	100	100
		\$ 3,110,250	\$ 2,717,250

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 2018 was 5% (2017 – 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 2018 was 5% (2017 – 5%).

7. Cash surrender value life insurance

Included in this account is one life insurance policy held by the Federation. The balance of \$258,007 (2017 - \$250,507) has been presented at the cash surrender value and presented as a long-term asset on the statement of financial position.

Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2018

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 3.10% (2017 - 2.80%) the future liability of the top-up to 90% for the retirees of the Federation has been estimated at \$182,600 (2017 - \$201,300). During the year ended August 31, 2018 voluntary payments of \$19,965 (2017- \$20,977) were made to retirees of the Federation who are only receiving 67% of their original pension entitlement from the insolvent plan. A recovery of \$18,700 (2017 - \$200) has been recorded in the financial statements reflecting a change in the present value of the liability during the year.

9. Budget

The budget figures as presented were approved by the Board of Directors at the August 2017 Board meeting and are unaudited.

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, 2017. The fair value of plan assets and accrued benefit obligation are as follows:

	<u>2018</u>	<u>2017</u>
Fair value of plan assets	\$ 9,560,300	\$ 8,464,800
Accrued benefit obligation	(7,406,100)	(7,092,700)
Valuation allowance	<u>(1,454,000)</u>	<u>(1,372,100)</u>
Employee future benefit asset	<u>\$ 700,200</u>	<u>\$ 0</u>

The effective date of the next required actuarial valuation for funding purposes is April 1, 2018, which is currently being prepared.

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

	<u>2018</u>	<u>2017</u>
Current year benefit cost	\$ 160,632	\$ 172,049
Interest on accrued benefit obligation	389,600	333,100
Administrative costs	92,300	160,300
Interest on plan assets	(453,800)	(324,800)
Interest on valuation allowance	<u>72,000</u>	<u>0</u>
Employee future benefit expenses	<u>\$ 260,732</u>	<u>\$ 340,649</u>

Ontario Federation of Agriculture Notes to the Financial Statements

August 31, 2018

10. Employee future benefits obligation (continued)

The total re-measurements and other items recognized in the statement of net assets are as follows:

	<u>2018</u>	<u>2017</u>
Actual return on plan assets	\$ 828,100	\$ 368,400
Interest income on plan assets	(453,800)	(324,800)
Actuarial gains	294,100	1,447,000
Valuation allowance	<u>(9,900)</u>	<u>(1,372,100)</u>
	<u>\$ 658,500</u>	<u>\$ 118,500</u>

Plan assets by asset category are as follows:

	<u>2018</u>	<u>2017</u>
Canadian Fixed Income	37%	40%
Canadian Equity	31%	30%
US Equity	16%	15%
International Equity	<u>16%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>

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

	<u>2018</u>	<u>2017</u>
Discount rate	5.75%	5.25%
Expected long-term rate of return on plan assets	4.00%	4.00%
Rate of compensation increase	3.00%	3.00%

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

	<u>2018</u>	<u>2017</u>
Employer contributions	\$ 270,800	\$ 281,649
Employee contributions	310,500	278,900
Benefits paid	221,600	242,000

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.

Ontario Federation of Agriculture

Notes to the Financial Statements

August 31, 2018

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:

2019	\$	137,593
2020		12,355
2021		8,867
2022		8,867
2023		<u>1,478</u>
	\$	<u>169,160</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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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>2018</u>	<u>2017</u>
Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)	(A)	\$ 15,454	\$ 22,792
Other		<u>506,567</u>	<u>681,555</u>
		<u>\$ 522,021</u>	<u>\$ 704,347</u>

Ontario Federation of Agriculture

Notes to the Financial Statements

August 31, 2018

12. Project management revenues (continued)

- 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>2018</u>	<u>2017</u>
Opening balance	\$664,453	\$699,924
Expenditures incurred	(133,840)	(381,218)
Additional monies received in current year	<u>76,952</u>	<u>345,747</u>
Closing balance	<u>\$607,565</u>	<u>\$664,453</u>

14. Changes in presentation of comparative financial statements

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation. Net income is not affected by these reclassifications.

15. 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.

Ontario Federation of Agriculture

Schedule of Income

Year ended August 31, 2018

	Budget 2018 (Note 9)	Actual 2018	Actual 2017
Revenue			
Registration income	\$ 7,409,000	\$ 8,661,330	\$ 7,492,056
Registration refunds – 1,223 refunds (2017 – 1,249)	(272,000)	(275,085)	(243,555)
Registration administration fee Individual farm members and associates	(338,000) 250,000	(389,576) 222,754	(341,945) 234,512
Commodity, Co-operative, Educational	<u>15,000</u>	<u>14,000</u>	<u>12,500</u>
Total membership fees	\$ <u>7,064,000</u>	\$ <u>8,233,423</u>	\$ <u>7,153,568</u>
Other income			
Insurance finders' fee (Note 14)	\$ 120,000	\$ 52,675	\$ 46,389
Investment income, fair value	50,000	15,772	59,600
Investment income, amortized cost	50,000	160,700	134,567
Co-operators group limited loyalty program	350,000	786,046	764,230
Project management fees	12,000	12,000	12,000
Cash surrender value of life insurance (Note 7)	5,000	7,500	7,500
Convention revenue	141,000	134,583	143,240
Dividend income	55,000	104,416	94,626
Member benefit programs (Note 14)	355,500	558,816	536,710
Miscellaneous	<u>40,000</u>	<u>56,335</u>	<u>106,833</u>
Total other income	\$ <u>1,178,500</u>	\$ <u>1,888,843</u>	\$ <u>1,905,695</u>

Ontario Federation of Agriculture Schedule of Expenses

Year ended August 31, 2018

	Budget 2018 (Note 9)	Actual 2018	Actual 2017
Organizational			
Convention	\$ 292,000	\$ 286,992	\$ 288,245
Canadian Federation of Agriculture meetings	46,000	32,802	33,926
County funding	1,098,000	1,148,790	1,137,240
Executive members	405,000	308,439	313,275
Board of directors	432,000	352,618	358,008
Policy Advisory Council meetings	139,000	82,555	96,248
Public relations	100,000	61,415	0
Events	206,000	222,885	185,073
	<u>\$ 2,718,000</u>	<u>\$ 2,496,496</u>	<u>\$ 2,412,015</u>
Departments			
Research and policy	\$ 838,000	\$ 852,156	\$ 802,368
Member relations and systems group	115,000	98,940	99,308
Communications	521,000	400,433	414,653
Finance and administration	1,337,000	1,491,488	1,344,226
Field services	1,739,000	1,651,113	1,635,542
Overhead (Note 4)	696,000	686,166	679,949
	<u>\$ 5,246,000</u>	<u>\$ 5,180,296</u>	<u>\$ 4,976,046</u>
Grants and dues			
Canadian Federation of Agriculture	\$ 314,000	\$ 310,191	\$ 304,109
L'Union des Cultivateurs			
Franco-Ontariens	107,000	108,658	107,532
Agricultural Leadership Trust	13,000	13,000	13,000
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	17,500	28,075	13,075
Canadian Ag Human Resource Council	10,000	10,000	10,000
Research grants	64,000	53,553	31,520
L.I.C.C. grant	5,000	5,000	5,000
	<u>\$ 568,000</u>	<u>\$ 565,977</u>	<u>\$ 521,736</u>