



# 2019 ANNUAL REPORT



*Ontario's Agri Business Sector - With it....Ontario will grow!*

# ONTARIO AGRI BUSINESS ASSOCIATION

## *Board of Directors*

### **PRESIDENT**

Richard Smibert, London Agricultural Commodities, Inc.

### **PAST PRESIDENT**

Cassandra Loomans, Sylvite

### **VICE-PRESIDENT**

Nadine Schwandt, New-Life Mills, a div. of P&H Ltd.

### **TREASURER**

Claude Gauthier, GROWMARK, Inc.

### **DIRECTORS**

Dave Bender, B-W Feed & Seed Ltd.

Jim Campbell, AGRIS Co-operative Ltd.

Andrew Coghlin, Molesworth Farm Supply Ltd.

Matt Gardner, Parrish & Heimbecker Ltd.

Justin Merner, Cargill Limited

John Taylor, Collwest Grain Ltd.

Kevin Wepler, Shur-Gain, Trouw Nutrition Canada Inc.

### **MEMBER EX-OFFICIO**

#### **Chair, GRAIN SECTION COMMITTEE**

Jeff Stonehouse, Thompsons Limited

### **MEMBER EX-OFFICIO**

#### **Chair, FEED SECTION COMMITTEE**

Sandra Wolfe, Cargill Animal Nutrition

### **MEMBER EX-OFFICIO**

#### **Chair, CROP INPUTS SECTION COMMITTEE**

Jeff Holmes, Holmes Agro

## *Staff*

Dave Battenham, Chief Executive Officer

Ron Campbell, Operations & Member Services Manager

Tracey Forrester, Education & Communications Coordinator

Joanne Buell, Office & Financial Coordinator

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***Upcoming "Key Dates"***  
(see back cover)

# President's Report



I would like to take this opportunity to welcome delegates and guests to the 20th Annual Meeting & Convention of the Ontario Agri Business Association. This is the fourth year for OABA at the Hilton Mississauga/Meadowvale and we thank you for your continued support of this year's event.

It has been a great pleasure for me to serve as President of the Ontario Agri Business Association during the 2018-2019 year. Over the course of the past year, I have had the privilege to work with a group of people whose commitment and dedication to the industry are second to none. The OABA staff, executive and directors, have put in countless hours to identify and quantify industry issues and challenges, and to represent the interests of the association membership. Our three section committees, including Crop Inputs, Grain and Feed have been extremely active throughout this past year. They have been proactively addressing section specific matters to ensure that the association is dealing with issues on behalf of members in a professional and timely fashion. I would encourage you to read through the Section Committee Reports and the Health & Safety Committee Report in this 2019 Annual Report for full details.

On the Government Relations front, we continue to develop positive working relationships with elected officials at both the provincial and federal levels of government. In addition, we engage both provincial and federal ministries on a number of issues that are critical to Ontario agriculture and agri business. Within today's environment, we continue to see a significant change in how governments are developing and implementing policy and regulations. During 2019, the federal government's handling of proposed changes to federal labour standards is a clear example of how the policy making environment has deviated from a foundation of sound science, economics and common sense to one that is greatly influenced by "political marketing".

It is no secret that Ontario's population is getting "further and further from the farm", and that the general public is losing (or has



lost) connection with where their food comes from. Organizations such as Farm & Food Care Ontario and the Canadian Centre for Food Integrity provide leadership to the ag sector in developing broader public messaging based on credible and accurate information; but it is increasingly apparent that credible information alone is not the answer to the gap between agriculture and consumers. It is imperative that the broader agri-food sector step things up to the next level in building a strategy that will focus on efforts to gain the support and trust of consumers with modern-day agriculture and food production. During 2019, the Presidents' Council, a coalition of Ontario-based agriculture and food organizations, made the decision to engage the services of Edelman Canada to develop an Ontario agriculture and food strategic public outreach and communication plan which will also include proposed tactics. Along with many Ontario producer organizations, OABA is a funding partner of this exciting project that was initiated earlier this fall.

During 2019, OABA entered year seven of our Environmental Compliance Project, a collaborative initiative with the Ministry of Environment, Conservation and Parks (MECP), targeted to develop a better process that would allow agri business facilities to meet Ontario's compliance standards for dust, odour and noise in a more streamlined and cost-effective manner. Once again, OABA has experienced frustration with the inability of the MECP to move forward in developing an 'agri business solution' for regulatory compliance. This lack of progress has caused OABA's Environmental Compliance Committee to re-evaluate our current discussions with MECP, and to consider alternative options to move the process forward in a more timely fashion.

As mentioned in the Health & Safety Committee report, OABA has continued to develop and enhance the partnership with ACUTE Environmental & Safety Services in Waterloo that facilitates member access to expanded health and safety resources and training. With this partnership, ACUTE offers OABA members access to full-day and half-day training opportunities at their Waterloo training facility, as well as on-site training at member locations. In both methods of training, ACUTE Safety Training provides preferred pricing to all OABA members. Member feedback of this delivery model continues to be excellent, and we look forward to continuing this value-added partnership with ACUTE. Please refer to the Health & Safety Committee report in this Annual Report for more detailed information.

The Human Resources Committee continues to maintain a focus on HR with 2019 serving as an update year for conducting OABA's Employment, Benefits and Compensation Survey. This year's survey included data from 122 member locations representing 1,843 employees. The final survey report was made available in late September to those participating member firms. This survey continues to be a valuable tool in ensuring that our industry is providing competitive compensation and by giving guidance to members to manage their compensation and benefits programs effectively. OABA continues to have a licensing agreement with TwoGreySuits, an HR consulting firm that allows OABA members access to their HR website resources and HR hotline. Access to the

TwoGreySuits service is included with your membership in the Association – we encourage you to take advantage of the value it can offer.

Our association is fortunate to have a dedicated staff led by Dave Buttenham, our CEO. Dave provides excellent strategic and operational leadership to our organization. Ron Campbell (Operations and Member Services Manager), Tracey Forrester (Education and Communications Coordinator), and Joanne Buell (Office and Financial Coordinator) work as an excellent team to organize and coordinate the many events, meetings and initiatives that our organization undertakes. The efforts, talent and commitment of OABA's staff is truly appreciated. On that note, earlier this year, Dave Buttenham announced that he will be calling it a career and retiring from the Association later in the 2020 calendar year. Dave started his career with the Ontario Grain & Feed Dealers Association in 1984, and has spent the past 35+ years providing extraordinary leadership to the agri business sector and the broader agricultural sector as Executive Vice President of the Ontario Grain & Feed Association (1994 to 1999) and as CEO of the Ontario Agri Business Association (1999 to present). On behalf of the OABA membership, we wish Dave the very best as he enters the next and newest phase of his career later in 2020. With anticipation of Dave's planned departure, I am pleased to report that the Board of Directors has implemented a strategic search process with the target of having a new Executive Director in place by mid-2020.

In closing, it has been a great experience and a privilege for me to serve as your President over this past year. I would like to thank the OABA staff and the Board of Directors for their support, guidance and participation over this past year. I have enjoyed the challenge and sincerely hope that the Crop Input, Grain and Feed sectors of our membership are all a little further ahead thanks to our collective efforts. We sincerely appreciate your continued support of the association.

***Respectfully submitted,  
Richard Smibert, President  
Ontario Agri Business Association***

# Crop Inputs Section Report



Serving as Chair of the Crop Inputs Section Committee has been a privilege and I would like to show appreciation to both the committee members for their participation and the OABA office staff for the hard work over the past year.

For many, 2019 will certainly go down in the record book as one of the most challenging ever in the crop input business. It included a delayed and wet spring, followed by one of the driest summers on record for many areas in Ontario. With all this happening, the crop inputs committee has been active in addressing a number of topics.

The implementation of the 4R Retailer Certification program continues to be a priority for the Committee. OABA continues to provide \$37,500 per year in funding to support 4R Ontario jointly through OABA and the TFIO Foundation. A number of OABA members have participated in 4R activities by serving as members of the 4R Ontario Steering Committee and the 4R Science & Technical Working Group. I would also like to take this opportunity to thank Jim Campbell, who stepped down this year as the Chair of 4R Ontario. Jim was an excellent representative for our industry as we developed and implemented this program along with government, producer groups and conservation authorities.

At the time of writing this report, there have been twenty-eight retail facilities that have undergone pre-audits, with five locations completing and passing the full 4R audit conducted by AWSA (Agrichemical Warehousing Standards Association). Congratulations are extended to AGRIS Co-operative Ltd. (2 locations); FS Partners, div. of GROWMARK, Inc.; Settrington's Fertilizer Service, and; Thompsons Limited for being leaders in meeting the program audit standards and becoming a 4R Certified Retailer.

In order for the 4R Certification program to be successful, it is essential that producer organizations are on-board to help promote the program to farmers. In this regard, Christian Farmers Federation of Ontario (CFFO), Ontario Federation of Agriculture (OFA) and Grain Farmers of Ontario (GFO) have all provided financial support

to 4R Ontario and OABA will work with all of them to ensure that farmers are aware of this program and the value it provides. If you haven't done so already, I would encourage you to review the opportunity to become 4R certified and start talking to your growers to get involved.



Over the past year, Cleanfarms has provided the Crop Inputs Section Committee with regular updates on their stewardship programs. The committee has been providing feedback to Cleanfarms for their container and bag collection program. During this past fall, a number of OABA members hosted sites for the collection of obsolete pesticides and livestock medicines. This active industry participation is part of an incredibly successful national program that has collected and properly disposed of over 3 million kilograms of obsolete pesticides since 1998.

In closing, as I reflect upon the activities of the Crop Inputs Section Committee over the past year, it reaffirms to me that we are fortunate to work in a great industry that is supported by many dedicated people. A word of thanks to the OABA board of directors, committees and staff for their commitment and passion in supporting our member businesses and providing leadership to the industry.

*Respectfully submitted,  
Jeff Holmes, Chair  
OABA Crop Inputs Section Committee*

Earlier in the year, I was able to represent crop input retailers in a meeting with Ontario Ag-Minister Hardeman. During this discussion, we covered many issues that impact the ag retail sector. Specific topics included the impact of the neonicotinoid seed treatment regulations and the challenges that it has placed on our industry. We are very pleased that our work lobbying on this issue along with CropLife Canada, Canadian Seed Trade Association and GFO has led to a recent announcement that the government is proposing to modernize the Pesticides Act. The proposed amendments will eliminate existing duplication and align Ontario with the federal pesticide categories. The changes, as proposed by the Ontario government, should significantly reduce the administrative burden that is currently being placed on retailers.

During the past year, a committee was formed by Fertilizer Canada to review the current environment, and develop national guidelines for liquid fertilizer storage and handling. These guidelines will be addressing both retail and grower storage and handling. OABA is well represented on the working group and is supportive of the creation of consistent best management practices across the country. Currently, Fertilizer Canada is conducting a national risk assessment study to help determine what the program should look like.

Once again, during the fall of 2019, OABA members assisted in the collection of samples for the OMAFRA pre-harvest Grain Corn Ear Mould and Vomitoxin Survey. The involvement of OABA members helped ensure that the OMAFRA survey had sufficient corn samples from an adequate geographical distribution. The results of this year's survey were very positive.



# Feed Section Report



It is my honour to report on the activities of the Feed Section Committee. Members serving on the committee represent various feed mills and associated suppliers from across Ontario. The committee provides leadership on various issues which impact Ontario's livestock and poultry feed sector, and liaises with a wide range of producer organizations.

The Committee receives regular updates from the Animal Nutrition Association of Canada (ANAC). Feed regulatory modernization continued to be a primary focus for ANAC in 2019. The introduction of the legislation was once again delayed as the government prioritized livestock handling and cannabis regulations early in 2018, and then all proposed legislation was stalled when the writ was dropped for the federal election campaign. ANAC reports that the new legislation has been drafted, that it has all-party support, and is optimistic that it will be entered into Canada Gazette 1 early in 2020. ANAC is continuing to meet with the Canadian Food Inspection Agency (CFIA) to discuss some outstanding issues for items that will be referenced in the regulations including maximum nutrient levels, mycotoxins and salmonella. ANAC continues to build a strong relationship with the CFIA and both groups are working towards 'win-win' solutions that will meet the needs of both industry and government.

The outbreak of African Swine Fever in Europe and China last year is being closely monitored by the feed industry as it spreads throughout southeast Asia. Producers and processors have expressed concern that feed or feed ingredients could be a vector for spreading the disease in North America. OABA has distributed information to members from ANAC and other industry groups stressing the importance of having a supplier approval program in place to manage risk.

In December 2018, changes to federal livestock drug regulations came into effect. The work OABA and ANAC did with stakeholder groups representing government, producers and veterinarians proved worthwhile as the implementation occurred with minimal

disruption to the industry.

During 2019, OABA has met with representatives from the Chicken Farmers of Ontario to discuss the implementation of a national program to eliminate the use of class 2 antimicrobials for preventative use. A recent meeting discussed the timeline for a proposal to extend this initiative to class 3 antimicrobials.

In 2018, OABA submitted comments to OMAFRA regarding the future role of Livestock Medicine Outlets (LMO's) under Ontario's livestock medicines regulatory framework. OABA took the position that there was still a role for licensed vendors in Ontario. Earlier this fall, the Ontario government announced a proposal to eliminate the Livestock Medicines Advisory Committee, and stated that they will replace stakeholder engagement through another source, possibly the Ministry of Health. OABA will closely monitor these changes to ensure the needs of our members who are livestock medicine vendors are addressed.

The Feed Section Committee receives reports from OABA's representative on the Ontario Livestock and Poultry Council. The reports include updates on activities by OMAFRA, CFIA, Ministry of Health and producer groups to prevent foreign animal disease outbreaks in the province. OABA also participates on the Advisory Committee for the Feather Board Command Centre (FBCC) which coordinates disease response amongst the poultry producer groups.

During 2019, the Nutrition Committee undertook a review of its mandate and the various topics that are typically discussed during committee meetings. It was agreed by members that 'nutrition' related topics are a relatively small part of their typical meeting agendas, and that the committee tends to spend considerably more time discussing feed inspection and registration issues with the CFIA, biosecurity/disease response, food safety, and other technical issues. On the basis of this review, the Nutrition Committee recommended to the Feed Section Committee that the name of the committee be changed to Feed Technical Committee. This recommendation was unanimously accepted by the Feed Section Committee.

The 'new' Feed Technical Committee is chaired by Kim Coudenys, and continues to be active in meeting with livestock and poultry practitioners, marketing and research groups, and providing guidance to the Feed Section Committee and ANAC on various regulatory and policy issues as required. OABA also works with OMAFRA to offer the annual Ruminant Feed Industry Day – this year's sessions were held in Elora and Osgoode in early November.

Over the past couple of years, the Feed Technical Committee has identified a need to improve communications with the Department of Animal Bioscience at the University of Guelph. This initiative has been successful with the committee receiving regular updates from the department and having presentations to committee meetings from graduate students and faculty. On November 21st, OABA representatives were invited to participate



in a 2nd year Animal Production class lecture. This class is mandatory for all Animal Science and Animal Biology students, and Feed Technical Committee representatives outlined many of the different career opportunities available within the feed industry.

It has been my pleasure to serve as the Chair of the Feed Section Committee during 2019. I want to thank all members of the Feed Section Committee and Feed Technical Committee for the time, work and effort this past year. I would also like to thank the hard working OABA staff who provide excellent leadership to the Association.

***Respectfully submitted,  
Sandra Wolfe, Chair  
OABA Feed Section Committee***

# Grain Section Report



It is my pleasure to report that the Grain Section Committee has been very active over the past year. The committee has taken a leadership role in a number of issues that impact Ontario's country and terminal elevators, and the commercial grain trade.

2019 has been a challenging year that started with the fallout from deoxynivalenol (DON) in the 2018 corn crop, continued with a small wheat crop, and a wet spring that delayed planting significantly. As a result, some areas suffered maturity and yield losses during the 2019 harvest season. In addition to the weather issues we are accustomed to, the markets have also had to react to almost daily challenges from the global political landscape. Trade issues, many of which have not directly involved Canada, have had significant implications for Ontario grains and oilseeds, and other agricultural commodities.

Throughout 2019, representatives of the Grain Section Committee continued to participate on a mycotoxin working group with Grain Farmers of Ontario, OMAFRA and the University of Guelph. Over 80 OABA members participated in a research project on the accuracy of DON quick tests. The study showed that the test kits provided accurate and repeatable results. A number of research projects were conducted looking at sampling, testing and sample preparation. OABA has communicated the results from these projects and has hosted a webinar for members with Dr. Art Schaafsma from the University of Guelph – Ridgetown Campus.

The committee receives regular updates from Agricorn. This past year, the updates included discussions on how DON was being managed through the production insurance program and the impact this could have on local markets. OABA recently had discussions with Agricorn on how the production insurance program will address the issue of low test-weight corn during the 2019 harvest, to ensure that Agricorn had no plans to introduce mid-harvest modifications similar to what was experienced with the DON salvage program in 2018.

Agricorp also provides regular updates on elevator and dealer licensing. The Committee also receives reports from Robert Foster, who serves as the dealer representative on the Financial Responsibility Review Committee (FRRRC). The FRRRC reviews all dealer license applications and renewals, and then provides recommendations to the Chief Inspector regarding any additional requirements for financial security. The Committee continues to provide feedback on the licensing process to ensure that it is transparent and consistent.



During 2019, the Ontario government proposed changes to the regulations that govern the financial protection programs. The biggest change will be that the province will no longer be providing funds for program administration. There are opportunities for minor changes to improve the licensing process and claims adjudication. The Grain Section Committee has provided feedback to the government encouraging changes to current inspection and licensing protocols to ensure they reflect current industry business practices.

OABA is well represented on the Grain Financial Protection Board (GFPB). Dave Bутtenham serves as Chair, and Darcy Oliphant, Nadine Schwandt and Ron Campbell serve as 'dealer' representatives.

The committee continues to work closely with Grain Farmers of Ontario. Our two organizations have worked together on a number of issues over the year and we are able to present a united voice on a variety of issues to the benefit of the Ontario grain industry.

OABA has two representatives appointed to the Canadian Grain Commission's Eastern Standards Committee. In this regard, Gord Hyndman serves as the representative for country elevators, and Riley Verhelst represents terminal elevators. Earlier this fall, Riley stepped down from this CGC committee after 7 years of service and was replaced by Kevin Reles. A word of thanks is extended to Riley for his many years on this committee, and a word of welcome is extended to Kevin Reles as he assumes duties as the new Ontario terminal representative on this CGC committee. The Eastern Standards Committee provides recommendations to the CGC on potential changes to the Canadian grading system. An ongoing concern of the Grain Section Committee is the challenge faced by grain buyers, who purchase grain from producers based on a visual grading system, but sell to end users based primarily on technical specifications. This past year, the CGC proposed incorporating Falling Number and DON as grade factors. OABA opposed this CGC proposal based on the fact that testing

technology is not at a level that is necessary to properly assess these factors for grading purposes, and took the position that Falling Number and DON were better addressed as contract specifications. OABA's position was in line with the Western Grain Elevator Association that represents grain elevators in western Canada.

During 2019, OABA updated the content and delivery of its annual grain grading courses. The traditional full day beginner and half-day refresher courses were replaced with full-day level 'one' and level 'two' courses. Feedback on the changes was positive, and OABA will be looking into the possibility of developing a level 'three' course in the future.

In closing, I would like to thank all members of the Grain Section Committee for the time and effort they have taken to make our committee successful. I would also like to thank the OABA staff for all of their hard work and commitment to the Association.

***Respectfully submitted,  
Jeff Stonehouse, Chair  
OABA Grain Section Committee***



# Health & Safety Report



## OABA's Leadership Role in Health & Safety Training and Consulting

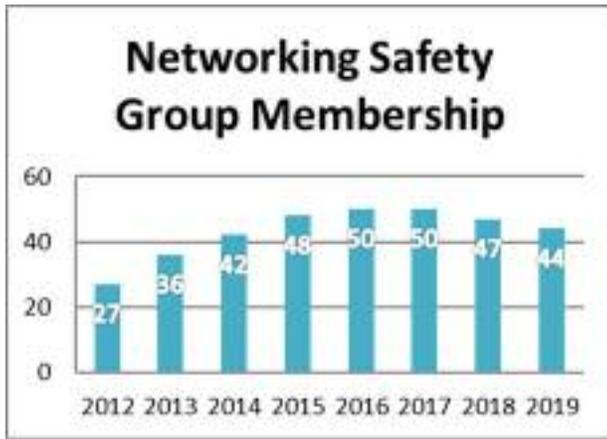
The Ontario Agri Business Association (OABA) continues to place a high priority on workplace health and safety for Ontario's agri business sector. OABA represents Ontario firms with employees in three primary Workplace Safety & Insurance Board (WSIB) rate classification groups, including: Rate Group 226 representing feed mills and flour mills; Rate Group 524 representing crop input retail supply businesses; and Rate Group 612, representing country grain elevators, terminal grain elevators, seed processors and retail/wholesale operations.

## Training & Consulting

During 2019, OABA maintained and strengthened its partnership with ACUTE Environmental and Safety Services. Acute serves as a valuable resource to the membership in providing both



training and consulting services to our members. They provide the full spectrum of training options that are tailored to our industry's unique skills and needs. In addition to providing training and consulting services, they are an integral part of our networking group. This networking participation allows OABA to continue in developing our relationship with the ACUTE team so they are in the best position to understand and develop sessions that are applicable to the needs of the agri business sector. This ongoing relationship has proved to be a highly valuable asset to our members. Members are encouraged to contact ACUTE for all their training and consulting requirements.



## Agri Business Safety Networking Group

The networking group entered its 9th year in sharing our safety successes and challenges in three networking meetings held during the year. In 2019, these meetings focused discussion on a number of diverse safety-related topics including spills response, distracted driving, tow ropes, cannabis in the workplace, ladder safety, mental health in the workplace and developing a respiratory protection program. The participation from the members at the networking group reinforces that our dedication to these meetings are a necessity. It is at these sessions where we learn from each other and push each other to be better. OABA strongly encourages every member to take advantage of this opportunity. To become a member of this important group, refer to the OABA website or contact the Guelph office.

## Health & Safety Committee Activities

The OABA health and safety committee's vision continues to be providing leadership, awareness and mentoring in the field of health, safety and environment to the OABA membership. As a part of this vision, this includes voicing concerns and providing input to our external governing agencies. Throughout the past year we have been a part of consultation papers looking for opportunities to influence policy and regulatory decisions that impact our business sectors. During 2019, the committee developed and made available to the membership a draft policy that benchmarks expectations related to Customer/Client/Supplier Code of Conduct.

## WSIB Rate Framework

Commencing January 1, 2020, WSIB is changing the way they set premium rates for the 300,000 Ontario businesses covered by provincial workplace injury and illness insurance. The new WSIB model comes into effect January 1, 2020, and will change the way businesses are classified, and how premium rates are set and adjusted.

Commencing on January 1, 2020, the new WSIB model will use a two-step approach to set and adjust premium rates for businesses. Step one involves setting an average rate for each industry class based on their risk profile and share of responsibility to maintain the insurance fund. Step two looks at how individual firm claim history compares to the rest of the businesses in your class. This means that your overall rate under the new model will reflect your individual claims experience and risk. WSIB will be using insurable earnings, claims costs and the number of allowed claims, over a six-year period to set premium rates. For new businesses with less than one year of experience, your premium rate will be the class rate.

WSIB is moving from their current classification structure to the North American Industry Classification System (NAICS), that will streamline WSIB classifications from 155 rate groups down to just 34 classes/subclasses. Businesses that have more than one business activity will be classified according to their predominant business activity – the business activity with the highest amount of insurable earnings.

## Chair's Message

Last year we saw several challenges hit our industry, like the handling and managing of vomitoxin (DON) in corn. While this created a stress level beyond anyone's expectation, it was heartwarming to see our industry work together to navigate the challenge. The safety for the persons handling and managing the affected grains was present in all levels of discussion. This proves to me that as an industry we have moved past the "just get it done at all costs" mentality. When we are confronted with a situation, we take the time to look at the whole picture. The discussions around managing stress and mental health were at the forefront, showing that we recognize that hazards are more than just ones that take a physical form. There will always be a new challenge to overcome, and as we continue to apply the same level of diligence and care, we will continue to succeed.

*Respectfully submitted,  
Erin Byram, Chair  
OABA Health & Safety Committee*

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Ontario Agri Business Association

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Ontario Agri Business Association, which comprise the Statement of Financial Position as at September 30, 2019 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Agri Business Association as at September 30, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

# McDougall & Co.,

Chartered Professional Accountants

Stanley McDougall, CPA, CA

Kelly McDougall, CPA, CA, LPA

Sandra Forde, CPA, CA, LPA

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

**CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

October 30, 2019  
Baden, Ontario

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1457A Gingerich Road, Suite 1 - Baden, ON N3A 3J7 - Telephone: 519-634-8558 - Fax: 519-634-8388

# ONTARIO AGRI BUSINESS ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

As at September 30, 2019

### ASSETS

	2019	2018
<b>CURRENT</b>		
Cash	\$ 19,544	\$ 18,255
Accounts receivable	18,075	15,884
Accrued interest receivable	13,201	12,175
Prepaid expenses	71,878	62,348
Inventory (Note 2b)	7,391	8,661
Investments (Note 3)	1,136,826	1,130,786
	1,266,915	1,248,109
<b>CAPITAL ASSETS (Note 2c, 4)</b>		
At cost less accumulated amortization	5,827	2,075
	\$ 1,272,742	\$ 1,250,184

### LIABILITIES

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 3,390	\$ 4,148
Memberships received in advance	2,208	1,331
	5,598	5,479

### NET ASSETS

<b>UNRESTRICTED NET ASSETS</b>	1,267,144	1,244,705
	\$ 1,272,742	\$ 1,250,184

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



# ONTARIO AGRI BUSINESS ASSOCIATION

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended September 30, 2019

	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>		
Annual Convention, conferences and meetings	\$ 376,211	\$ 340,032
Health & Safety Training / Consulting	-	4,714
Investment income	27,140	23,870
Membership fees	422,918	398,766
Other income	10,099	18,154
Safety Network	15,155	16,215
Trade Directory	61,964	60,267
	913,487	862,018
<b>EXPENDITURES</b>		
Amortization of capital assets	3,432	1,037
Annual convention, conferences and meetings	271,631	242,838
Association services and activities	53,359	49,986
Automobile, travelling and meetings	19,018	20,795
Office and general	29,642	32,002
Other expenses	4,198	3,841
Rent, utilities and taxes	50,892	51,660
Salaries and benefits	447,051	432,048
Trade directory	11,825	11,984
	891,048	846,191
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	22,439	15,827
Unrestricted net assets - beginning of year	1,244,705	1,228,878
<b>Unrestricted net assets - end of year</b>	\$ 1,267,144	\$ 1,244,705

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

# ONTARIO AGRI BUSINESS ASSOCIATION

## STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

	2019	2018
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for year	\$ 22,439	\$ 15,827
<b>Items not requiring an outlay of cash:</b>		
Amortization of capital assets	3,432	1,037
	25,871	16,864
<b>Changes in non-cash working capital:</b>		
(Increase) decrease in accounts receivable	(2,191)	1,930
Increase in accrued interest receivable	(1,026)	(844)
Increase in prepaid expenses	(9,530)	(13,323)
Decrease (increase) in inventory	1,270	(2,003)
(Decrease) increase in accounts payable and accrued liabilities	(758)	842
Increase in memberships received in advance	877	892
	14,513	4,358
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	401,394	251,431
Purchase of investments	(407,434)	(244,359)
Purchase of capital assets	(7,184)	-
	(13,224)	7,072
<b>NET INCREASE IN CASH</b>	1,289	11,430
<b>CASH, BEGINNING OF YEAR</b>	18,255	6,825
<b>CASH, END OF YEAR</b>	\$ 19,544	\$ 18,255

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

# ONTARIO AGRI BUSINESS ASSOCIATION

## SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended September 30, 2019

	2019	2018
<b>Association services and activities</b>		
4R Ontario	\$ 12,500	\$ 25,000
Consumer/Industry Promotion	6,000	-
Employment and benefits survey	16,330	-
Environmental Compliance Program	-	213
Health and safety services	-	4,782
Human resources services	6,095	5,750
Internet home page	360	610
Membership fees	2,118	2,483
Membership stickers	569	569
Webinar and online learning	1,058	-
Ontario 4-H Foundation	1,000	1,000
Safety Network	5,079	5,859
Scholarships	2,250	2,250
"The Real Dirt on Farming" booklet	-	1,470
	\$ 53,359	\$ 49,986
<b>Automobile, travelling and meetings</b>		
Directors and committees	\$ 6,799	\$ 8,254
Staff expenses	12,219	12,541
	\$ 19,018	\$ 20,795
<b>Office and general</b>		
Audit	\$ 3,100	\$ 3,100
Bank charges	(212)	217
Insurance	4,035	3,997
Janitorial service	2,789	2,794
Office expenses	11,343	13,044
Postage	3,872	3,692
Telephone	4,715	5,158
	\$ 29,642	\$ 32,002

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

# ONTARIO AGRI BUSINESS ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2019

### 1. PURPOSE OF THE ORGANIZATION

The Ontario Agri Business Association was incorporated on May 25, 1999 as a corporation without share capital to promote and represent the interests of the crop inputs, grain and feed industry, and related agricultural businesses operating in the Province of Ontario through the effective delivery of products, programs and services.

The Association commenced operations on January 1, 2000 through the amalgamation of The Fertilizer Institute of Ontario Inc., the Ontario Grain and Feed Association and the Ontario Agri Business Association.

For Canadian income tax purposes, the Association is qualified as a not-for-profit organization, which is exempt from income tax under the *Income Tax Act*.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

Fees from Association goods and services are recognized as revenue when received or receivable.

(b) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

(c) Capital assets

Capital assets are recorded at cost. Generally, capital expenditures in excess of \$1,000 are capitalized. Minor expenditures which do not extend the life of an asset are expensed.

Amortization is provided from the date the asset is put into service on a straight line basis over the expected useful life as follows:

Office furniture and equipment	5 years
Computer equipment	3 years

(d) Contributed services

Volunteers contribute numerous hours per year to assist the Association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.



# ONTARIO AGRI BUSINESS ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(f) Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, term deposits and amounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### 3. INVESTMENTS

Details of the investments are as follows:

	Cost	Market Value
GIC - 2.51%, due November 12, 2019	\$ 35,000	\$ 35,775
GIC - 2.16%, due June 22, 2020	100,000	100,592
GIC - 1.80%, due July 14, 2020	53,143	53,347
GIC - 2.42%, due November 16, 2020	36,600	37,372
GIC - 1.86%, due February 10, 2021	75,000	75,887
GIC - 1.86%, due February 10, 2021	32,500	32,884
GIC - 1.86%, due February 10, 2021	40,000	40,473
GIC - 2.70%, due February 12, 2022	97,000	98,650
GIC - 3.05%, due June 20, 2022	25,000	25,217
GIC - 3.00%, due July 20, 2022	70,000	70,414
GIC - 3.30%, due November 21, 2022	70,000	71,993
GIC - 3.20%, due December 28, 2022	95,000	97,332
GIC - 3.15%, due January 16, 2023	30,000	30,668
GIC - 3.22%, due January 15, 2024	35,000	35,797
GIC - 2.43%, due June 18, 2024	95,000	95,658
GIC - 2.27%, due June 26, 2024	40,000	40,239
GIC - 2.22%, due June 26, 2024	25,000	25,146
Investment savings account	182,583	182,583
	<b>\$ 1,136,826</b>	<b>\$ 1,150,027</b>

# ONTARIO AGRI BUSINESS ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2019

### 4. CAPITAL ASSETS

	Cost	Amortization	Net 2019	Net 2018
Office furniture and equipment	\$ 30,982	\$ 29,945	\$ 1,037	\$ 2,075
Computer equipment	18,468	13,678	4,790	-
	\$ 49,450	\$ 43,623	\$ 5,827	\$ 2,075

### 5. COMMITMENTS

- a) The Association leases office space under a lease expiring August 31, 2023, at an annual cost, exclusive of utilities, taxes and maintenance, as follows:

2020	\$33,128
2021	\$33,128
2022	\$33,128
2023	\$30,367

- b) The Association entered into an agreement in October 2018 to contribute \$12,500 a year over three years toward the development of a nutrient stewardship initiative in Ontario, for a total commitment of \$37,500. These financial statements reflect the first year commitment of \$12,500.

### 6. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, amounts receivable, investments and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. Unless otherwise noted, it is the opinion of the Board that the Association is not exposed to significant liquidity, interest, currency or credit risks arising from these financial instruments.

### 7. CAPITAL MANAGEMENT

The Association considers its capital to be the balance maintained in its Net Assets. The primary objective of the Association is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Association with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Association is not subject to any externally imposed restrictions on its capital.

# 2020 Upcoming Meetings

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***OABA Summer Conference***

JUNE 14-16, 2020

Deerhurst Resort, Huntsville, Ontario

***OABA Western Ontario Golf Day***

JULY 7, 2020

Craigowan Golf Club, Woodstock, Ontario

***OABA Eastern Ontario Golf Day***

JULY 14, 2020

Smuggler's Glen Golf Course, Lansdowne, Ontario

***OABA Fall Classic Golf Day***

SEPTEMBER 22, 2020

Grey Silo Golf Course, Waterloo, Ontario



## ONTARIO AGRI BUSINESS ASSOCIATION

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