

National Farmers Union - Ontario
Financial Statements
September 30, 2018

National Farmers Union - Ontario Contents

For the year ended September 30, 2018

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Independent Auditors' Report

To the Members of National Farmers Union - Ontario:

We have audited the accompanying financial statements of National Farmers Union - Ontario, which comprise the statement of financial position as at September 30, 2018, and the statements of operations and 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.

Auditors' 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 auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from the public in the form of memberships and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation or membership revenues, excess of revenue over expenditures, and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Farmers Union - Ontario as at September 30, 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.

Other Matter

The financial statements of National Farmers Union - Ontario for the year ended September 30, 2018, were audited by another auditor who expressed a modified opinion on those statements on February 26, 2018 due to the completeness of donation and membership revenue not being susceptible to satisfactory audit verification.

London, Ontario

February 13, 2019

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

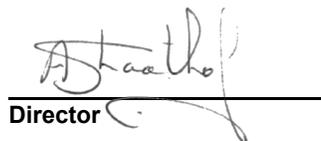
National Farmers Union - Ontario
Statement of Financial Position

As at September 30, 2018

	2018	2017
Assets		
Current		
Cash	47,641	27,837
Accounts receivable	13,373	12,876
	61,014	40,713
Capital assets (Note 4)	965	1,218
	61,979	41,931
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	72,836	4,556
Net Assets	(10,857)	37,375
	61,979	41,931

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

National Farmers Union - Ontario Statement of Operations and Changes in Net Assets

For the year ended September 30, 2018

	2018	2017
Revenue		
Farm Business Registration fees, net of refunds	337,920	292,890
Memberships	11,865	12,105
Allocation to locals	(82,913)	(71,760)
Allocation to NFU	(166,141)	(137,133)
Net revenue (Note 6)	100,731	96,102
Other revenue		
Special funding	76,804	20,985
Grants	15,198	15,051
Donations	8,654	20,114
Convention	5,427	5,177
Reimbursement	4,600	4,600
Sundry	4,262	1,558
Debt forgiveness	651	3,763
Interest and dividends	268	233
	115,864	71,481
Total revenue	216,595	167,583
Expenses		
Advertising	298	416
Agricorp administration fee	15,513	13,670
Amortization	253	322
Bank charges and interest	1,368	951
Council	8,682	10,261
Francophone fee	4,393	4,329
Insurance	937	972
Local support	7,461	7,569
Newsletter	2,113	2,318
Office	8,785	9,420
Professional fees	11,055	3,675
Rent	337	301
Wages	140,879	91,705
Special funding	53,117	33,165
Travel, conventions and trade shows	8,143	4,937
Youth project	1,493	486
Total expenses	264,827	184,497
Deficiency of revenue over expenses	(48,232)	(16,914)
Net assets, beginning of year	37,375	54,289
Net assets, end of year	(10,857)	37,375

The accompanying notes are an integral part of these financial statements

National Farmers Union - Ontario Statement of Cash Flows

For the year ended September 30, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(48,232)	(16,914)
Amortization	253	322
	(47,979)	(16,592)
Changes in working capital accounts		
Accounts receivable	(497)	(11,115)
Accounts payable and accrued liabilities	68,280	2,050
	19,804	(25,657)
Increase (decrease) in cash resources	19,804	(25,657)
Cash resources, beginning of year	27,837	53,494
Cash resources, end of year	47,641	27,837

The accompanying notes are an integral part of these financial statements

National Farmers Union - Ontario
Notes to the Financial Statements
For the year ended September 30, 2018

1. Incorporation and nature of the organization

National Farmers Union - Ontario (the "Organization") was incorporated under the laws of the Province of Ontario in May, 2002 and is registered as a not-for-profit organization.

The Organization's purpose is to represent persons carrying on a farming business in Ontario so as to promote the betterment of farmers in the attainment of their economic and social goals.

2. 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:

Revenue recognition

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

Registration fees are received directly from the Farm Business Registration and are recorded as revenue upon receipt. The registration fees are refundable to the contributing farmer upon request up until May 30th each year.

Membership revenue and other revenue is recorded upon receipt.

Cash

The Organization follows a policy of including its credit union shares in its cash balance.

Capital assets

Purchased equipment is recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	30 %
Furniture and fixtures	20 %

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable.

Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

Financial asset impairment:

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- a. the present value of the cash flows expected to be generated by the asset or group of assets;
- b. the amount that could be realized by selling the assets or group of assets;
- c. the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Contributed services

Directors and members volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Income Taxes

The Organization qualifies as a tax exempt organization under section 149(1)(l) of the *Income Tax Act*.

3. Financial instruments and risks

Unless otherwise noted it is management's opinion that the Organization is not exposed to any significant risk arising from its financial instruments. There have been no changes from management's risk assessment in the prior year.

Credit Risk

The financial instrument that potentially subject the Organization to credit risk consist of cash. The Organization mitigates its exposure to credit risk by placing its cash with high quality institutions.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they become due. The Organization reduces its exposure to liquidity risk by establishing budgets.

National Farmers Union - Ontario
Notes to the Financial Statements
For the year ended September 30, 2018

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>	<i>2017 Net book value</i>
Computer equipment	2,360	2,251	109	97
Furniture and fixtures	11,779	10,923	856	1,122
	14,139	13,174	965	1,219

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at year end includes the following amounts of government remittances payable:

	<i>2018</i>	<i>2017</i>
Employee source deductions	3,967	-
WSIB	282	-
	4,249	-

6. Revenue

Details over net revenue are as follows:

1	registration fee received at \$195	\$ 195
1,532	registration fees received at \$225	344,700
31	registration fees refunded at \$225	<u>(6,975)</u>
1,502	Total Registration fees	337,920
2	membership fees received at \$150	300
12	membership fees received at \$195	2,340
41	membership fees received at \$225	<u>9,225</u>
55	Total Memberships	11,865
1,557	Revenue allocation to NFU-O's locals	349,785
	Revenue allocation to NFU	<u>(82,913)</u>
	Net revenue	100,731

The Organization is currently undergoing negotiations with the National Farmers Union (NFU) to determine the fee split going forward.