

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Financial Statements

Year Ended December 31, 2016

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

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Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Junior Farmers' Association of Ontario

We have audited the accompanying financial statements of Junior Farmers' Association of Ontario, which comprise the statements of financial position as at December 31, 2016 and December 31, 2015 and the statements of revenues and expenditures, changes in net assets and cash flows for the years ended December 31, 2016 and December 31, 2015, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

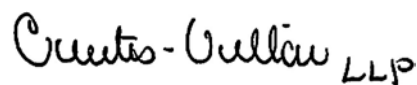
Basis for Qualified Opinion

In common with many not-for-profit organizations, Junior Farmers' Association of Ontario derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Junior Farmers' Association of Ontario. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2016 and December 31, 2015, current assets and net assets as at December 31, 2016 and December 31, 2015.

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 Junior Farmers' Association of Ontario as at December 31, 2016 and December 31, 2015 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Guelph, Ontario
March 9, 2017


CURTIS-VILLAR LLP
Chartered Professional Accountants
Licensed Public Accountants

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Statement of Financial Position

December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash - operating fund	\$ 49,032	\$ 28,730
Term deposits (<i>Market value \$10,500</i>) (<i>Note 6</i>)	10,500	10,500
Accounts receivable (<i>Note 7</i>)	11,934	10,458
Inventory	6,350	9,410
Prepaid expenses	3,731	3,057
Due from Operating Fund	755	2,530
	82,302	64,685
CASH - ENDOWMENT FUND	124,911	115,484
CASH - ALUMNI FUND	1,555	1,555
CASH - NEW CLUB FUND	10,011	10,511
	\$ 218,779	\$ 192,235
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (<i>Note 9</i>)	\$ 6,814	\$ 9,378
Deferred revenue (<i>Note 8</i>)	2,275	1,581
Due to Endowment Fund	755	2,530
	9,844	13,489
NET ASSETS		
Operating Fund (<i>Note 2</i>)	71,838	48,801
Endowment Fund (<i>Note 3</i>)	125,665	118,013
JFAO Alumni Fund (<i>Note 4</i>)	1,539	1,539
Club Funds in Trust (<i>Note 5</i>)	9,893	10,393
	208,935	178,746
	\$ 218,779	\$ 192,235

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Statement of Revenues and Expenditures

For the Year Ended December 31, 2016

	2016	2015
REVENUES		
Sponsorship	\$ 43,580	\$ 24,020
Programs and events	42,816	33,386
Memberships	15,750	14,469
Gifts and donations	13,337	6,399
Sale of merchandise	8,277	5,794
Fundraising	6,842	7,044
Grants	3,150	10,154
Fines and other revenue	1,973	1,234
	<u>135,725</u>	<u>102,500</u>
EXPENDITURES		
Events	44,627	41,268
Office and administration	19,215	17,536
Human resources	16,456	17,087
Travel	12,957	12,928
Provincial charity	6,000	6,000
Inventory purchases	5,386	5,001
Printing and promotion	3,745	4,098
Representation and meetings	2,834	2,955
Bursaries and exchanges	1,218	4,646
Club transfers	250	854
	<u>112,688</u>	<u>112,373</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 23,037</u>	<u>\$ (9,873)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Statement of Changes in Net Assets

Year Ended December 31, 2016

	Operating Fund 2016	Endowment Fund 2016	JFAO Alumni Fund 2016	Club Funds in Trust 2016	Total 2016	Total 2015
NET ASSETS - BEGINNING OF YEAR	\$ 48,801	\$ 118,013	\$ 1,539	\$ 10,393	\$ 178,746	\$ 186,283
Excess of revenues over expenditures	23,037	-	-	-	23,037	(9,873)
Investment gains (losses)	-	6,897	-	-	6,897	(194)
Donations	-	755	-	-	755	2,530
Funds transferred to clubs	-	-	-	(500)	(500)	-
NET ASSETS - END OF YEAR	\$ 71,838	\$ 125,665	\$ 1,539	\$ 9,893	\$ 208,935	\$ 178,746

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Statement of Cash Flows

Year Ended December 31, 2016

	Operating fund 2016	Endowment fund 2016	Alumni fund 2016	Club funds in trust 2016	Total 2016	Total 2015
OPERATING ACTIVITIES						
Excess (deficiency) of revenues over expenditures	\$ 23,037	\$ -	\$ -	\$ -	\$ 23,037	\$ (9,873)
Changes in non-cash working capital:						
Accounts receivable	(1,476)	1,775	-	-	299	(2,278)
Inventory	3,060	-	-	-	3,060	(1,662)
Accounts payable and accrued liabilities	(4,339)	-	-	-	(4,339)	6,028
Deferred revenue	694	-	-	-	694	(768)
Prepaid expenses	(674)	-	-	-	(674)	(831)
	(2,735)	1,775	-	-	(960)	489
Cash flow from operating activities	20,302	1,775	-	-	22,077	(9,384)
INVESTING ACTIVITY						
Funds provided to new clubs	-	-	-	(500)	(500)	-
Cash flow from (used by) investing activity	-	-	-	(500)	(500)	-
FINANCING ACTIVITIES						
Investment gains (losses)	-	6,897	-	-	6,897	(194)
Donations	-	755	-	-	755	2,530
Cash flow from financing activities	-	7,652	-	-	7,652	2,336
INCREASE (DECREASE) IN CASH FLOW	20,302	9,427	-	(500)	29,229	(7,048)
Cash - beginning of year	39,230	115,484	1,555	10,511	166,780	173,828
CASH - END OF YEAR	59,532	124,911	1,555	10,011	196,009	166,780
CASH CONSISTS OF:						
Cash	\$ 49,032	\$ 124,911	\$ 1,555	\$ 10,011	\$ 185,509	\$ 156,280
Investments	10,500	-	-	-	10,500	10,500
	\$ 59,532	\$ 124,911	\$ 1,555	\$ 10,011	\$ 196,009	\$ 166,780

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business

Junior Farmers' Association of Ontario is an organization with a mission to build future rural leaders through self help and community betterment in the province of Ontario.

Junior Farmers' Association of Ontario is incorporated without share capital under the Ontario Business Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

Basis of presentation

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

Tax exempt status

Junior Farmers' Association of Ontario is a not-for-profit organization and a registered charity and is therefore exempt from income taxes. As a registered charity, Junior Farmers' Association of Ontario is also eligible for the HST Public Service Bodies Rebate.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted bank balances.

Investments

Investments are recorded at cost plus accrued interest where interest is not paid annually.

Inventory of supplies

The inventory of the Association has been accounted for at the lower of cost and net realizable value. Items for which there have been no sales in the past two years are written off as obsolete.

Revenue recognition

Junior Farmers' Association of Ontario 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. Endowment contributions are recognized as direct increases in net assets.

Donations are recognized when collection is reasonably assured. In-kind donations are only recorded in the financial statements to the extent that they would have been incurred in the absence of the gift.

Memberships are recognized on a monthly basis. Amounts not yet earned are deferred to the next fiscal year.

Sponsorships are recognized in the year that the event or activity being sponsored occurs.

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JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2016

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

Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

Endowment contributions are reported in the Endowment Fund. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund or Operating Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

The Alumni Fund reports the revenues and expenses related to Junior Farmers' Association of Ontario's alumni relationships.

The Club Fund In Trust reports revenues and expenses related to the folding or creation of clubs within the association.

Property, plant and equipment

Property, plant and equipment is expensed on acquisition. Property, plant and equipment currently held includes office furniture, computer equipment and computer software. During the year \$734 was spent on property, plant and equipment (2015 - Nil).

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

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

2. OPERATING FUND

The purpose of the operating fund is for program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2016

3. ENDOWMENT FUND

The purpose of the 50th Anniversary Endowment Fund is to establish a financial resource base that will provide annual income to assist the Junior Farmers' Association of Ontario in enhancing its mission statement. The Endowment Fund was established with receipts from the March Conference in 1994, 50th Anniversary donations and other donations specified for the Endowment Fund. In addition, 5% of revenue generated from the Provincial Charity is donated to the Endowment Fund on an annual basis.

A minimum of 20% of the annual interest income from the Endowment Fund will be reinvested each year.

To further the management of the Endowment Fund, the Junior Farmers Association of Ontario hired Ontario 4-H Foundation to manage the fund. Through this agreement Junior Farmers' Association of Ontario retains ownership of the fund.

4. JFAO ALUMNI FUND

The purpose of the Junior Farmers' Association of Ontario Alumni Fund is to establish a financial resource base that will provide a means of communication for Alumni and to assist the Junior Farmers' Association of Ontario in enhancing its mission statement.

The organization's Board of Directors administers the fund. Junior Farmers' Association of Ontario can periodically request funds for specific needs from the Alumni Fund. All requests will be considered for approval by the Board of Directors.

5. CLUB FUNDS IN TRUST

These funds will be held until a new club is formed in the area and have met all the affiliation requirements, at that time the funds will be handed over to the newly formed club to use.

	<u>2016</u>	<u>2015</u>
Essex-Kent	\$ 6,007	\$ 6,507
Lambton	2,759	2,759
Russell	369	369
Elgin	758	758
	<u>\$ 9,893</u>	<u>\$ 10,393</u>

6. TERM DEPOSITS

	<u>2016</u>	<u>2015</u>
BMO RateRiser Plus GIC, 1.00% interest in 2016, 1.150% interest in 2017, matures July 2017	\$ 3,500	\$ 3,500
BMO RateRiser Plus GIC, 1.00% interest in 2016, 1.150% interest in 2017, matures July 2017	3,500	3,500
BMO RateRiser Max GIC, .85% interest in 2016, 1.00% in 2017, 2.00% in 2018, matures July 2018	3,500	3,500
	<u>\$ 10,500</u>	<u>\$ 10,500</u>

JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2016

7. ACCOUNTS RECEIVABLE

Accounts receivable is made up of receivables from members, contributions receivables and HST receivable. The following amounts were receivable at year end:

	<u>2016</u>	<u>2015</u>
Receivables from members	\$ 2,160	\$ 2,047
Contribution receivable	4,968	3,561
HST receivable	4,806	4,850
	<u>\$ 11,934</u>	<u>\$ 10,458</u>

8. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Deferred revenue		
University of Guelph membership dues	\$ -	\$ 510
Provincial charity	1,675	1,071
Corporate sponsors	600	-
	<u>\$ 2,275</u>	<u>\$ 1,581</u>

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of trade payables and government remittances payables.

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums.

	<u>2016</u>	<u>2015</u>
Trade payables	\$ 6,692	\$ 9,359
Employee deductions payable	122	19
	<u>\$ 6,814</u>	<u>\$ 9,378</u>

10. LEASE COMMITMENTS

Junior Farmers' Association of Ontario has an open ended lease for its premises with annual payments of \$4,365.

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2016.

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JUNIOR FARMERS' ASSOCIATION OF ONTARIO

Notes to Financial Statements

Year Ended December 31, 2016

11. FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of members which minimizes concentration of credit risk. All accounts receivable are deemed collectible.

(b) Liquidity risk

Currency risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from members and accounts payable.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its Endowment fund and savings accounts.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

12. COMPARATIVE FIGURES

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