

Organic Council of Ontario
Annual General Meeting
 April 24, 2015

Welcome and Introductions

Meeting called to order: 1:07pm

Welcome: Jacob Pries

Run down of the agenda

Go around with name, organization and sector - and why do you think organic is important?
 (see attendee list)

Motion to approve the agenda: Jenn Pfenning

Second: Tony McQuail

All in favour: Show of hands

Oppose: None

Abstentions: None

Motion is carried with unanimous approval

Motion to accept minutes: Ted Zettel

Second: Hugh Martin

No concerns or changes noted; Maureen Kirkpatrick asks if these were made available to members prior to today's meeting - no, they were not

Oppose: None

Abstentions: Maureen Kirkpatrick

Motion is carried forward

National Update

- COTA was going to present national updates but are not here today
- There is a healthy increase in consumer trends and demands
- Sister organizations in other provinces have developed interesting funding options for themselves - there have been successes
 - Issues from the floor: Chris - if you aren't certified can you be part of AB or SK organizations? Maureen - there are fewer smaller producers that aren't certified; Hugh - Ontario has the largest number of uncertified producers
- State of the provincial sector:
 - Ontario is worth \$1B and growing, sales have continued to increase, and market is maturing;
 - Currently 913 certified organic operations in ON in 2014, with 250 processors, higher than anywhere else in the country
 - Organic farms employ twice as many people as conventional farms
 - Is this per dollar amount or per acre? Jacob - unknown what the ratio is for the math

- It's a good thing to have lots of people on the farm but does this show an inefficiency in organic farming? Jenn - Pfenning's employs a lot of people particularly seasonal, per acre our numbers are fairly close to conventional produce numbers, many acres of organic production may be fruit and veg., whereas a lot of acreage in conventional numbers may be for grain
- A comment about how difficult it is for conventional farms to retain employees with the hazards inherent with chemical use, maybe organic farms are more attractive to work at?
- There are a lot of job postings for working on small scale farms, many of these are unpaid
- The Premier has issued a challenge to create more jobs and this statistic looks good for the organic sector; a big issue is small scale certification and intra-provincial issues

Small Scale Certification Update - Tony McQuail

- The national working group has been meeting regularly and have drafted two proposals, a peer review model and self-declaration model
- Some key features of both: the COR needs to be what people are working to, but if you are marketing directly to your end consumer (farmers market, csa, farmgate, etc.), these models are an alternative process to certifying to the current third party inspection process
- Did a survey and it was clear that direct marketing don't need third party inspection for their marketing strategy
 - These folks believe they are organic and part of the movement but for whom the COR process doesn't work for them
 - The COR is set-up to be more appropriate for export or inter-provincial trade
- This small scale certification cannot be used for selling to retail stores or distributors
- The process would be different than third party auditing, such as a peer review with another farmer inspecting, or in a self-declaration model
 - Information would be publically available online so its transparent; there would be a registering complaint process with an inspection verification process to make sure people are complying to the organic standard
- A participatory guarantee system has a lot of merit between the farmer and consumer
- Suggest to the technical committee that for the next COR review small scale certification should be looked at; this is particularly of interest for folks who work at the borders of the provinces, this would prevent them from using it across provincial borders (example of Ottawa was used where it's easy for folks to cross into Quebec for farmers markets, and vice versa)
- Having peer review may be difficult for long distance
- There is an article about NOP undercutting grassroots organizations in the US
- Hope to have these two drafts proposed to the technical committee in May, for national consideration, for provinces developing provincial regulations, or even for those who have provincial regulations already
- How does Quebec deal with it?

- Quebec adopted COR, can't use 'organic' unless you are third party certified; there has been wide uptake despite this and there is still strong participation; before we had COR, Quebec already had a standard in law long before the COR standard; if we are afraid that a provincial regulation will scare off small operations, this has not happened in Quebec; BC is in the process of bringing in a provincial regulation and have a small scale process that they are looking at to have a binding regulation; MB and NB are moving to get provincial regulations as well
- Consumer issues, will it be assumed in Toronto that it will be the same system?
 - It's not a different system just a different process to say that you are meeting with the Canadian organic standard
- Would it apply to multi ingredient products or will it apply to only single ingredient, farm gate direct products? Does this include small scale processors?
 - Have not looked into this, maybe biting off more than we can chew?
- Would it be just about a reduction in cost? Can't imagine that the farm peer inspector will comb through everything on documents, or will it be more conversation on agricultural practices?
 - The paperwork burden is perceived and the paperwork will always been there; for small scale processor ingredients coming in will have paperwork; paper trail says that you are doing things correctly, both options will always have a paperwork trail but we hope there are going to be less fees
- There is a desire for more interaction with farmers, so looking at workshops with growers
- The program that Pro-Cert recently launched responds to the need of this small scale certification
 - Part of the problem is transparency; if Ontario brought in a provincial regulation, we will need to discuss this in detail
 - Pro-cert is trying to get ahead of this program to address the market need; it's a voluntary certification process with a low cost, every other year visit, this will follow the Canadian standard but not the Canadian Organic Regulation because it is a different inspection process; uses a Pro-Cert logo, only available in ON, can't use the COR logo, \$300 per year + inspection fee, which is half the cost, farmers would be inspected the first year and if things are done well, can skip inspection the second year, details still need to be worked out, forms are a lot more friendly
 - One of the key differences is the size in terms of acreage (10 acres) for Pro-Cert, whereas Tony's proposal is not based on acreage or \$ value, but has to do with where the marketing is for the product, where you are selling your product; this proposal will not look at a size appropriate cost
 - Tom Manley - Feed mills are CFIA inspected and inspection cost is based on initial risk analysis, CFIA has a system that is costed based on the scope and complexity of the operation and a preliminary risk assessment - can this model be used for the organic sector?
- Will consumers trust this?
 - We need these growers in our organic court and this is hopefully something that folks can react to

- Paperwork burden is going to change dramatically with the roll out of Safe Food for Canadians Act (SFfCA)
- The Organic Federation of Canada link needs to be shared far and wide - once it exists - to really hear what consumers and growers think
- Pro-Cert certification will only work in ON, it's currently a pilot program, and if ON had a provincial regulation it wouldn't work
- The need for small scale certification isn't always just about the consumer but also about helping producers to know what the organic standards are; they think they do what the standards mean, but many times they don't; many would like to be organic farmers and some need more knowledge on the standards and how to apply it; helping to educate is the key

Regulatory Update - Ted Zettel from Organic Federation of Canada

- Ted is the OCO representative on the Technical Committee for Canadian Organic Regulation review
- Everyone should watch the Standards Interpretation Committee (SIC) carefully, many people are not paying attention to the interpretation committee
- For example, regarding the use of biodegradable plastic mulches, where there was a ruling by the SIC in 2010, and operators were told this April that they could not use it from the decision in 2010; it's a long story and confusing, but the point is that the SIC is important, the certifying bodies need to pay attention to the rulings and the changes made need to be communicated to producers and processors
- The SIC work really hard with CFIA to soften the fact that it takes time for producers/processors to conform to changes
- Every interpretation goes through a 60 day comment period and the comments are looked at seriously, every comment is scrutinized by the committee; but the comment period is ineffective if no one is paying attention
- Who do we send the comment to? The shotgun approach is to send it to a bunch of places and hope it reaches the right person?
 - The Canadian Organic Office takes the comments for the SIC
- On the funding of the sector organizations, there have been efforts to engage the certification bodies on a surcharge to manage the standards and keep the organic sector going; to make a long story short we do not have a mechanism to collect money from the sector, we don't have check offs or obligatory membership fees, because of the way that Canadian Organic Regulation is written the CFIA cannot turn it into law to make certification bodies or producers/processors pay, it has to be voluntary
- Why did they certification bodies decline to pay?
 - They don't have to; one major certification bodies said no and the rest followed suit, they all need to be all in or no one will; this is a dead end
- Hugh Martin - on the Technical Committee on organic agriculture for the Canadian organic regulation review
- We are very late; it is supposed to be reviewed every 5 years
- There are 400+ items to look at, 1000's of hours
- Have had 3 technical meetings 3 days each, and have one coming in May

- The ballot for 32.311 has passed and the ballot for 32.310 did not; We resolve this by tinkering with language; comments and resolutions will be discussed at the meeting in May
 - Parallel to this process is the aquaculture standard, 32.312 is a voluntary standard but has no regulatory authority, but moving with the Safe Food for Canadians Act (SFCA), the CFIA is able to bring this into the Canadian Organic Regulation; in June there will be another ballot and public comment period for the organic aquaculture products; all the tinkering to 32.310 will be on this ballot as well

Provincial Regulation

- There is no ON provincial regulation
- In 2014, NB joined other provinces in having a provincial regulation
- OCO had meeting with Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) last fall and when OCO said other provinces have provincial regulations and we don't, they were very eager and did not want to be behind
- The majority government may mean they feel more safe to bring this forward; OCO has established a working group with 20 folks from the sector including consultants; chair Tom Manley, vice chair Maureen Bostock
- Have not been able to focus on this these past two months but want to spend more time on it
- Is the working group under OCO's umbrella?
 - Yes, OCO is one of the few organizations that can look at this in ON

Open discussion:

- There are a lot of young people who are wanting to get involved with organic agriculture; current land prices are not feasible for youth to get involved and this may be an issue with organic supply down the line; how do we get conventional landowners to transition and let the youth come on board?
 - If we are going to meet the demand of organic it won't be from the youth because they can't afford land and input, it has to come from conventional transition
 - One of the ways we can see potential, with anecdotal stories, is where aging conventional farmers that are fairly against organic are eager to get their kids on the farm and will begrudgingly accept organic if their kids will take the land
- Natural health products are not able to use the Canadian Organic logo; if they are using inputs that are certified organic there is no opportunity to use the Canadian Organic logo
 - This is relevant to the supplement sector (not food) as well
 - Can do this under the National Organic Program (NOP - US)
 - Pet products, cosmetics, textiles, people want them marketed as organic and there is not anything in the Canadian Organic Regulation
 - There is frustration with the Canadian law as there is no room because we don't have a regulation to house this standard in
 - Being able to communicate the organicness of this product is in the label and we are driving this with food but leaving out all these other products
 - OCO does not have the staffing to deal with this; COTA is trying to work on this and OCO is letting them head this

- Private label certification exists to the standard but there are no regulations and you can't use the Canadian Organic logo; there is consumer confusion with other labels and we need to get this in the Canadian Organic Regulation
- Supply is still a large issue, there are huge amount of imports and we are not meeting the demand/supply
 - People in primarily exporting-based countries are demanding organic products for themselves as well and can't find it in their own supplies either
 - We need better government investment in getting conventional acres organic certified
 - There are tens of thousands of acres in transition right now, will this sudden influx of acreage cause prices to crash? We hope there is a soft evening out of the market
- Land being bought out by Chinese companies - this is an issue
- Innovative Farmers group had a lot of interest in the conversation of organic and we should reach out to them
 - People who are motivated by the dollar need to be educated on the Canadian Organic Regulation
 - OCO gets a lot of phone calls from conventional farmers looking into organic; Jacob points them to resources, tells them to find an organic farmer to talk to, and encourages them to seek organic information

Chairs Report - Jenn Pfenning

- Activities over the year and perspective as chair
- As chair went to number of meetings on behalf of the organic sector
- On the President's Council, which comprises all the presidents from the various commodity boards, organic operation is not very well represented by most of these organizations
 - Jenn's role with OCO is representing the whole value chain, but also as the farmer representative, organic farmer's voices are lost at the policy table
- Met with chief of staff at OMAFRA and they were eager to look into a provincial regulation
 - OCO is necessary to continue to shepherd this program
- It is important to sit at the table with policy makers in order to bring the conversations that there is more which brings us together than separates us (conventional vs. organic)
- Had a great conversation at Ontario Fruit and Vegetable Growers Association (OFVGA) AGM about soil borne diseases and that compost and long rotations reduces the incidence of these issues; a conventional farmer didn't understand why and another conventional farmer explained that when he uses compost his input costs go down; this justifies the role OCO can play at these tables - to bring the organic voice into the conversation
- Speaking at a provincial level to the government
 - We are growing and successful and the government is interested in us, particularly with the value chain representation, from producer all the way to the consumer!

Executive Directors Report - Jacob Pries

- A year's worth of activities in 9 minutes
- Advocacy
 - Parliament Day in Ottawa - several board members went to the federal government to lobby the government, learned about the political process and talk with other provinces; talked to MPs, senators and staff, met with the agricultural critic, Jenn presented to the committee on Bill C-18, good chats with senior OMAFRA staff and deepen the relationship, where there are opportunity to connect
 - Can we do this provincially, have a lobbying day to go to Queens Park?
 - Was really involved with the neonics debate and presenting the organic sector perspective, organizing consumer involvement, particularly informing people what the government and the grain farmers association was doing
 - Heard that GMO alfalfa is not approved again this year (not released for general use but still in experimental plots) and OCO was active there
 - Initiating provincial regulation
 - Looking at commodity boards and looking to where we can collaborate because the organizations are not representing all of their members
 - Tom Manly has been very active in supporting Alfred College and organic dairy research
 - Organic retailer training and media training with COTA
 - When big stories come up we are able to deal with a media scrum, to develop the OCO staff skills
 - President's Council and Premiers Summit for key consultations
 - Solicit feedback from members and the sector on various advocacy projects
- Increasing production/processing
 - Guelph Organic Conference and traders breakfast - ran out of the brochures for 'the economic benefit of going organic for grain, beef, and veg'; had conversations about small scale certification and Canadian Organic certification amongst consumers; offered transition support resources and inquiries
 - Ecological Farmers Conference
 - Sending resources to other organizations
 - Farm Tour with 4 farmers
- Consumer engagement
 - Spent a large portion on the Organic Roadshow, the Canadian Organic Growers conference and Non-GMO Conference in Toronto
 - Grant from Local Food Fund for the Organic Road Show - Jodi coordinated this and hired someone to run the rest of the event; went to stores to raise the profile of the Ontario Foodland Organic and Think Organic brands; educate consumers
 - Active over Organic Week - farm tour and Southbrook vineyards sampling tour
 - Developed a video for think animal welfare for the Think Before You Eat - there has been a lot of media about animal welfare and this gave us opportunity to say 'this is what organic does'
 - Guide to local organic food - there is a challenge to distributing the guide, they did not go out with the Roadshow last year so we have to get these distributed

- Green Living Show - partnered with Organics Live and shared a booth for consumer awareness
- ontariofresh.ca, which is to increase production and processing, for folks to buy and sell products; this is run by the greenbelt, its free and encouraged for people to find what you are buying and selling
- Social media, increased Facebook by 500 followers, Twitter doubled the amount of tweets and increased followers by 1000, Instagram pictures increased, videos of Think Before You Eat
- Organizational health
 - Relocated offices to reduce overhead
 - Development of concise strategic plan
 - Second successful \$2 @ till fundraiser
 - Production contribution programs
 - Awards
- Membership numbers and membership dollars - there is a graph by sector and its interesting
- Key shortcomings
 - Member outreach
 - Communications
 - Retention - not enough staff hours to accomplish all the necessary tasks
 - Attendance at events and advocacy opportunities
 - Lack of funds to pay Organic Federation of Canada membership (OFC relies on this to)
- Acknowledge the support OCO and Jacob have had over the year from the Board
 - In particular Jenn who has gone above and beyond the organization and the sector
 - John Devlin has taken on the finances of the organization
 - Lesley is the book keeper and supporting Jacob as a staff
 - Jodi is no longer on the board and her 5 years has been great with her energy and tenacity

Auditors Report - David Clayton from BDO Canada (external financial auditor)

- Quick overview of financial statements - Attached to minutes
- Maintain independence, not offering opinions on the organization, only financial audit opinions
- Statements are the responsibility of OCO; auditors look at them and know they have been assessed
- Have been able to do the audit; there have not been any issues with not being able to do the audit
- Credit risk has not changed from the prior year - this means you have not changed your credit streams and so the risk hasn't changed
- For the membership readjustment, we hope they renew in the future
 - A chunk from some of our larger membership saying that COTA serves their interests more than OCO and so they are not going to continue to fund OCO

- Initial years OCO was funded by other sources, that has dried up; membership and fundraising was not from the Canadian Organic sector and now it has to be; people have to find value to this organization and we have to find a way to deliver value to get this revenue stream up
- The Roadshow, was there a push for membership there?
 - A previous sustainability study told us to go after consumers and we did (2013) and this didn't work, it doesn't make a sustainable revenue stream
 - What the Roadshow did was show value to other sector membership - the value of marketing the organic message and branding directly to consumers - when we tried to get people to sign up to become [co-farmer] members we found that people were more responsive to giving a one-time donation

Motion to accept the audit report: Ted Zettel

Second: Tom Manley

No further discussion

Oppose: None

Abstentions: None

Motion is carried with unanimous approval

Motion to appoint BDO as auditor for 2015: Jenn Pfenning

Second: Maureen Kirkpatrick

Discussion: Is there a need for an audit or can we reduce that cost?

- Audit costs several thousand dollars, is it a requirement to have a audit?
- Do our funders require an audit, grants may require an audit, what are the regulations to need the audit?
- It shows organization transparency and accountability, these are important considerations, even if we are not required to
- Represents a tenth of OCO's budget
- Could be a board decision to see about the requirements of an audit
- The Board to take it under advisement to decide on a review engagement or a full audit
- We can appoint the auditor now and figure out what type of audit, with the board deciding

All in favour: Show of hands

Oppose: None

Abstentions: None

Motion is carried

Treasurers Report and 2015 Budget

- Circulate to membership the budget as it is not in the package - Attached to minutes
- The budget has been talked about at the board level and this is what the treasurer recommends as a conservative (judicious?) budget
- Budget of \$54,000 in income for the year (BDO audit is about \$7,000 by the way)
 - Cautiously optimistic with some other programs on the agenda to talk about
- Expenses

- Biggest expense is phone - convoluted phone system and conference board meetings
- Moving back to Ignatius so rent is going to double to \$425 per month
- Payroll expenses are based on 20 hours of one staff
- Consulting fee - unknown as this time?
- Total expenses are \$54,000
- Treasurer report - Written by John Devlin, read by Jenn Pfenning
 - For the first few years OCO was successful to arrange project funding, this gave more full-time staff and resources, these funding arrangements came to an end in 2013
 - Reduction in staff in 2014, remaining activities (other than 30hr week staff) is the responsibility of the board
 - OCO remained solvent at the end of 2014 because OCO received project funds carried over in 2014, hoped these funds would be retained and it's turned out OCO had to use these funds to keep operations going
 - OCO does not have the buffer to retain these activities into 2014
 - For 2015 we have a projected budget and even with the income we are looking at significant reductions and the possible layoff of one staff before December
 - Significantly less than we had hoped to receive in membership by this time of the year
 - Trying to get membership at the beginning of the year instead of throughout the year (because this makes it hard to calculate membership funds being received), this will improve our ability to forecast membership revenue
 - We are 30% through the year and we may not reach our \$54,000 budget and will have to lay off staff soon
 - Need membership to explore checkoff fees and donations
 - If we cannot keep the organization afloat we will lose our seat at the table
- The board approves the budget and has done so

Funding Provincial Associations - Tom Manley

- Checkoff fees, a voluntary production contribution program
- Last year we proposed to trial this at Homestead Organics
 - Had a \$0.50 per tonne checkoff in the supplier contracts and there was barely a peep, those that had questions were explained to and they were fine
 - Customers are now getting on board
 - \$0.50 per tonne of grain bought and sold - Homestead matches \$0.50 from suppliers
 - Some consumers are donating \$1, some of whom are not in ON
 - This has been proposed to other grain marketers
 - Roger Rivest Marketing is on board and new contracts will include this
 - Field Farms Marketing and Thompsons Limited
 - Other buyers are not on board and Tom continues with his solicitation
 - \$20,000 OCO contribution should be from the grain sector alone
- Pfenning's implementation is rolling out in May

- Letters went out to customers and suppliers earlier this week
- Pfenning's will charge 0.1% on purchases and sales, and will match 0.1% of farm supplier purchases
- Have had some positive responses and two staunch no's so far; Jenn will do outreach with those no's
- A chicken and the egg situation when people don't see the value - well it's hard to see a value when there are not enough resources to do the work
- ONFC is leading a charge with wholesalers
- Roger Rivest has begun with producer contracts beginning this year
- Tricky situation with outside ON province
 - Quebec already has a check off fund and it's collected by the regulator (equivalent to Grain Farmers of Ontario) and then sent to the provincial organic association
- We are going to be aggressively marketing this so peer pressure gets others on board

Strategic Plan

- 2015-2018 strategic plan
- We are doing this for solid core funding and to stay up-to-date with the sector
- Look at the slide show**
- Sister organization chart handout**
 - This is compiled based on Jacob's and the board's impressions of the organizations listed
 - Organizations could have the input for any changes and feedback
 - It's a good starting point to clarify who is doing what
- We are asking folks to be members of many organizations
 - One thought was asking for one cheque and dividing it among the organizations
 - Or do we merge organizations? Which ones?
- Where is the working group to see about the future of all the organizations?
 - Many are laying off Executive Directors - we are all struggling - this is why OCO is moving back to Ignatius so we can share resources with the organizations like EFO, etc.
- Points 1-3, currently we can't do all three, which one should we do?
 - Advocacy is not one that will get us government grants, increasing organic producer/processing may?
 - Does OCO still have a purpose?
 - Are we fundable by the sector? If so, what's fundable - with the potential for solid funding from the sector with what Tom presented, where should that money be spent?

It was decided, given the short amount of time left, to postpone this discussion on OCO's Strategic plan to after the Bylaws and Board Elections agenda points

Bylaws

- Why are we reviving the bylaw?
 - The federal government has passed a new act for all non-profits

- All non-profits had a certain date to go through their bylaws to ensure they comply with the new act
- This is what we've done and made a few changes to comply
- Does not constitute a substantial change that impacts the functioning of OCO in any way
- Our bylaws were virtually the same as the legislation but they had not been reviewed/changed since 2006
- No major intent on change
- Any questions?
 - None raised

Motion to adopt the bylaws as amended: Jens Gemmrich

Second: Joel Aitken

All in favour: Show of hands

Oppose: None

Abstentions: None

Motion is carried with unanimous approval

Board of Directors Elections

- Marketers and distributors are now combined with new board position
- Certifier and consumer needs to be voted on
 - Dave Lockman will run again for certifier
 - John Devlin will run again for consumer
 - There is only one consumer in the room and no certifiers
- Members at large
 - Ted Zettle and Joel were appointed by the board and we would like them to be voted in
- Dave Lockman is acclaimed with no opposition
- Hugh Martin proposes a motion to approve the roster of Board of Directors as it now sits
 - A call out of the list – Jenn Pfenning, Tom Manley, Michelle Schmidt, John Devlin, Joel Aitken, Ted Zettel, Dave Lockman, Michael Budd, Hugh Martin.
 - Seconded by Tom Manley
- One more Member at large position - no other self nominees

Motion to approve the Board of Directors as it now sits: Hugh Martin

Second: Tom Manley

All in favour: Show of hands

Oppose: None

Abstentions: None

Motion is carried with unanimous approval

Discussion

- Resume discussion on Strategic plan
- With limited resources and something no other organizations do is the advocacy to government
- What has changed where we lost government funding?

- OMAFRA funding of organizations has now become more for project based, as opposed to “keeping the lights on” type funding
- Sustainability is the organization’s issue
- Some conventional organizations have provincially mandated check off fees, and natural and organic sectors don’t
- Does the government want OCO to exist?
 - Yes, we believe OCO serves a purpose and the government goes to OCO for information, but that doesn’t mean they will fund it
 - Strategy before was to get consumer membership and that did not work at all
 - Industry was asking for other projects
 - The government wants us to exist but be self-funded
- COG (Canadian Organic Growers) is more about consumer engagement
 - The chart gives us a better perspective of where we should be within the milieu of the organic sector organization
 - We do have to be engaged with consumers
- There is frustration with the lack of producers in the room
 - One of the challenges with producers is the conservative/Old-Order Mennonite and their belief system expressly prohibits involvement in this organization
 - They support the work we do in principle and they are supportive of our contribution fee (Pfenning’s), but cannot be members or attend meetings
- One grant last year was consumer facing, that was partially because of what we wrote
 - When we write grants with other commodity groups we can’t use organic or climate change in the proposals
- We’ve had more energy in the last few years consumer facing than producer facing
 - Larger commodity boards are opposed to the idea of organic and climate change
- One of our difficulties has been expecting an engaged membership, this is just not true of members and not realistic to think people are going to be engaged, we need to get the money from the people to do the job they want us to do but don’t have time to do themselves
 - We are a delegated democracy not a participatory democracy
 - Commodity boards engage members through surveys on what policies they should focus on and keep the wheel spinning by doing that and then marketing back to the members that it has been done
- Check off system in the US, the NOP (National Organic Program) has proposed that the conventional check off fee is to be redirect to the organic sector
 - Our laws are written differently and our ability to do that is nil
 - Jenn has good relations with the folks at the President’s Council and if we go after them for check off fee portions she will have the door slammed
- What about being forced to pay for a membership and then requesting money back from the other organizations we have to join, why can’t we take that money back and give to OCO?
 - We want to build bridges and taking from one organization to give to another will still leave someone starving
 - NFU does a lot of sustainable agriculture and, while not specifically organic, membership in that organization is beneficial in other ways

- What are the resources that OCO can refer calls to and develop a list of organizations and people that should be referred to?
- Increasing capacity could be a passive resource based activity
 - The west has a program fund that they are getting off the ground to help fund programs for increasing capacity, can we partner with other people and not head it up ourselves?
- Should we be doing consumer facing eating organic in Ontario?
 - We have spent a lot of resources doing these activities, this may still be important, but the demand for organic is outpaced with Ontario supply
 - OCO could be partnered with COG
 - There is a need for education for consumers with organic
 - Not so much about making customers but educating folks on what organic means
- We have heard a lot about why organic is better and we need to talk about why consumers spend more on organic and why that's important
- Need to engage with consumers but not all the time, how can members engage with consumers on behalf of OCO?
- How much energy does OCO spend on developing resources?
- We need to scale back what we are doing because we have very limited resources, what is not being done?
 - Conversations with government
 - This is the most important because it's not being done by anyone else

Motion to adjourn: Jenn Pfenning

Second: Hugh Martin

**The Organic Council of Ontario
Financial Statements
For the Year Ended December 31, 2014**

**The Organic Council of Ontario
Financial Statements
For the Year Ended December 31, 2014**

Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



Tel: 519 824 5410
Fax: 519 824 5497
Toll-free: 877 236 4835
www.bdo.ca

BDO Canada LLP
512 Woolwich Street
Guelph ON N1H 3X7 Canada

Independent Auditor's Report

To the members of The Organic Council of Ontario

We have audited the accompanying financial statements of The Organic Council of Ontario, which comprise the statement of financial position as at December 31, 2014, and 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.



Basis for Qualified Opinion

Due to the structure of the collection and reporting of the organization's fundraising revenue, the completeness of these fees is not susceptible to satisfactory audit verification. Accordingly, our verification of fundraising revenue was limited to an examination of amounts recorded in the accounts and we were not able to determine whether any adjustments might be necessary to fundraising and other revenue, deficiency of revenues over expenses, current assets and net assets.

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 The Organic Council of Ontario as at December 31, 2014, 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, Ontario
April 14, 2015

The Organic Council of Ontario Statement of Financial Position

December 31	2014	2013
Assets		
Current		
Cash (Note 2)	\$ -	\$ 27,408
Accounts receivable	21,030	4,457
Grants receivable	20,001	34,773
Prepaid expenses	2,821	5,739
	43,852	72,377
Property, plant and equipment (Note 3)	205	408
Website development costs (Note 4)	-	2,204
	\$ 44,057	\$ 74,989

Liabilities and Net Assets

Current		
Bank indebtedness (Note 2)	\$ 134	\$ -
Accounts payable and accrued liabilities	14,830	22,946
Deferred revenue	8,050	21,209
Loans payable (Note 5)	15,000	-
	38,014	44,155

Net Assets		
Invested in property, plant and equipment	205	408
Unrestricted	5,838	30,426
	6,043	30,834
	\$ 44,057	\$ 74,989

On behalf of the Board:

_____ Director

_____ Director

**The Organic Council of Ontario
Statement of Changes in Net Assets**

For the year ended December 31	Invested in Property, Plant and Equipment	Unrestricted	2014 Total	2013 Total
Balance, beginning of the year	\$ 408	\$ 30,426	\$ 30,834	\$ 75,575
Excess (deficiency) of revenues over expenses	(203)	(24,588)	(24,791)	(44,741)
Balance, end of the year	\$ 205	\$ 5,838	\$ 6,043	\$ 30,834

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

The Organic Council of Ontario Statement of Operations

For the year ended December 31	2014	2013
Revenue		
Fundraising and other	\$ 68,358	\$ 37,136
Membership fees	34,580	38,816
Ontario Ministry of Agriculture, Food and Rural Affairs	27,219	-
Agricultural Adaptation Council	-	55,576
Agricultural Research Institute of Ontario	-	54,699
	130,157	186,227
Expenses		
Professional and consulting fees	51,284	66,499
Salaries	36,368	71,810
Advertising and promotion	33,056	36,639
Meetings	9,391	8,723
Travel	7,953	8,283
Telephone	4,903	3,747
Office supplies	4,373	8,468
Insurance	3,792	3,592
Rent	3,640	7,984
Bad debts	3,092	1,441
Amortization	2,407	4,687
Bank charges and interest	1,479	489
Website and internet	252	185
Membership fees (recovery)	(7,042)	8,421
	154,948	230,968
Deficiency of revenues over expenses	\$ (24,791)	\$ (44,741)

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

The Organic Council of Ontario Statement of Cash Flows

For the year ended December 31	2014	2013
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (24,791)	\$ (44,741)
Items not affecting cash:		
Amortization of capital assets	2,407	4,687
	(22,384)	(40,054)
Changes in non-cash working capital:		
Accounts receivable	(16,574)	6,655
Grant receivable	14,772	28,803
Prepaid expenses	2,918	5,030
Accounts payable and accrued liabilities	(8,114)	(9,287)
Deferred revenue	(13,160)	6,609
	(42,542)	(2,244)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(253)
Cash flows from financing activities		
Proceeds from loans payable	15,000	-
Net decrease in cash	(27,542)	(2,497)
Cash, beginning of the year	27,408	29,905
Cash (bank indebtedness), end of the year	\$ (134)	\$ 27,408

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

The Organic Council of Ontario Notes to Financial Statements

December 31, 2014

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Organic Council of Ontario (the "organization") is incorporated, without share capital, under the Canada Corporations Act and is a membership-based non-profit association representing the organic sector in Ontario at a provincial and national level. The Organic Council of Ontario represents all groups (including producers, processors, marketers, distributors, suppliers, certifiers, retailers, restaurants and others), providing leadership and supporting the continued growth of Ontario's organic sector.</p> <p>As the organization is a non-profit entity, it is exempt from income tax.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The organization follows the deferral method of accounting for restricted contributions (grant revenue). Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.</p> <p>Unrestricted contributions (donations, sponsorships, advertising, event fees & other fundraising) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Membership fees are recognized quarterly commencing in the period in which the services are provided, as evidenced by a fixed or determinable price and reasonably assured collectibility. Any unearned portion is recorded in deferred revenue.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Contributed Services	<p>The work of the organization is significantly dependent upon the services provided by volunteers. Because of the difficulty of determining the fair value of the time spent, contributed services are not recognized in the financial statements.</p>

The Organic Council of Ontario

Notes to Financial Statements

December 31, 2014

1. Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is provided using the following methods and annual rates:

	Method	Rate
Computer equipment	Diminishing balance	45 to 100%
Computer software	Diminishing balance	100%

In the year of acquisition, one-half the normal rate is used.

Other Intangible Assets

Website development costs are stated at cost less amortization. Amortization is provided on a straight line basis over 3 years. In the year of acquisition, one-half the normal rate is used. The value of this intangible asset is regularly evaluated by reviewing the benefits and returns generated from the website. Any impairment in the value of the asset is written off against earnings.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to restricted funds. Changes in fair value of financial instruments related to the restricted funds are recorded directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

The Organic Council of Ontario Notes to Financial Statements

December 31, 2014

2. Cash

The organization's bank account is held at one credit union and earns interest at 0.5%.

3. Property, Plant and Equipment

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 1,014	\$ 1,014	\$ 1,014	\$ 1,014
Computer equipment	4,041	3,836	4,041	3,633
	5,055	4,850	5,055	4,647
		\$ 205		\$ 408

4. Website Development Costs

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$ 13,225	\$ 13,225	\$ 13,225	\$ 11,021
Net Book Value		\$ -		\$ 2,204

5. Loans Payable

Certain board members have advanced funds to the organization during the year to facilitate the delivery of the Local Food Fund Project. The loans are non-interest bearing and will be repaid when the project is completed and final project reimbursement is received from OMAFRA.

The Organic Council of Ontario Notes to Financial Statements

December 31, 2014

6. Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset at all. Liquidity risk arises from accounts payable and accrued liabilities. This risk has not changed from the prior year.

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 organization is exposed to normal credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts and grants receivable. The risk has not changed from the prior year.

OCO Base Budget for 2015

Date of this draft

25-Feb-15

Period covered:

1 Jan - 31 December 2015

	Base Operations Budget 2014	Actuals Jan-Dec 2014 Cash Basis	Base Operations Budget 2015
Income			
3500 · Grant Revenue	0		0
4011 Membership revenue	42000	25,000.00	30,000
4021 · Event Revenue	0		0
4250 · Organic Directory			
4510 Donations	22000	13,000.00	22,000
4520 · Sponsorship	0	1,135.00	2,000
4530 · Interest	0	128.97	0
Income total	64000	39,263.97	54,000
Expense			
5000 · Overhead			
5010 · Bank & Merchant Fees	400	818.94	400
5020 · Subscriptions & Membership	2500	500.00	500
5030 · Insurance	1600	831.61	700
5050 · Courier & Postage	1000	400.75	600
5060 · Meals & Accomodations	1000	294.19	200
5070 · Supplies and Materials	1000	1,387.56	1,000
5080 · Printing and Photocopying	200	403.03	200
5090 · Rent	3600	3,261.16	2,400
5110 · Telephone	2800	4,645.45	5,000
5120 · Internet	0	100.00	120
5130 · Travel Air & Ground	2000	3,392.24	2,000
5140 · PayPal Fees	200	112.67	150
5170 · Software	600	45.00	0
5180 · Electronic Equipment	140		500
5190 · Staff Training	0		0
Total 5000 · Overhead			
5500 · Payroll Expenses	34560		23,000
5510 · Payroll Service Fees		656.34	
5520 · Wages & Salaries		27,318.07	
5530 · EI Expense		1,532.51	
5540 · CPP Expense		3,029.00	
5560 · Income Tax		4,488.74	
Total 5500 · Payroll Expenses			
6000 · Conferences, Meeting, Events			
6010 · Attendance & Registration	0	760.00	750
6020 · Materials & Equipment	0		0
6030 · Hospitality	0		0
6040 · Speaker Fees, Honorariums	0	518.76	0
6050 · Space Rental	3000	1,628.00	0
Total 6000 · Conferences, Meeting, Events			
6500 · Contract Services			
6510 · Accounting	9400	11,968.77	11,000
6530 · Consulting	0	4,905.10	5,000
Total 6500 · Contract Services			
66900 · Reconciliation Discrepancies			
7000 Marketing and Promotion			
5617 · Event Space Rental		-570.65	0
7020 · Promotion Materials		40.00	80
7030 · Communication Materials			
7040 · Website		251.64	400
7050 · Donations			
7000 · Marketing & Promotion - Other		256.30	0
7500 · Other Expenses			
7510 · Bad Debts	0	1,508.70	0
7520 · Depreciation	0		0
Total 7500 · Other Expenses			
8000 · Unclassified			
8500 · Personal - Non Deductible		940.26	
Total Expenses	64000	75,424.14	54,000
Total Net Income (Expenses)	0.00	-36,160.17	0.00
Adjustments to Project Revolving Fund		36,160.17	0
Net balance budgeted and year to date	0.00	0.00	0

Notes

- 1 The estimated memberships are higher than the 2014 actuals reflecting the expectation that efforts to increase membership will be successful
- 2 Donations are estimated higher than in 2014 reflecting the voluntary check-off fees offered by Tom Manley, Jenn and other members. These are low estimates.
- 3 Even creating a balanced the budget for the year will not assure solvent cash flow from month to month. The inflow of memberships and donations will determine monthly cash positions.