

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

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## AUDITOR'S REPORT

To the Board of Directors  
National Sunflower Association of Canada Inc.

I have audited the statement of financial position of the National Sunflower Association of Canada Inc. as at December 31, 2006, and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Carman, Manitoba  
February 7, 2007

D. F. George  
Chartered Accountant Inc.

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2006

ASSETS

	<u>2006</u>	September <u>2005</u>
CURRENT ASSETS		
Bank - unrestricted	\$ 37,546	\$161,733
- restricted (note 3)	123,576	
Accounts receivable		1,153
Prepaid expense	<u>5,909</u>	<u>23,900</u>
	<u>\$167,031</u>	<u>\$186,786</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable - trade	\$ 1,200	\$ 751
Unearned memberships	6,109	
Deferred administration projects (note 3)	<u>70,420</u>	<u>.</u>
.	<u>77,729</u>	<u>751</u>
NET ASSETS		
Unrestricted net assets	<u>89,302</u>	<u>186,035</u>
	<u>\$167,031</u>	<u>\$186,786</u>

Approved on Behalf of the Board

Director: \_\_\_\_\_ Director: \_\_\_\_\_

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE 15 MONTHS ENDED DECEMBER 31, 2006

	TOTAL <u>2006</u>	(12 months) TOTAL <u>2005</u>
NET ASSETS		
Beginning of year	\$186,035	\$177,789
Allocation to deferred administration projects	(95,393)	
Excess (deficiency) revenues over expenses	<u>(1,340)</u>	<u>8,246</u>
End of year	<u>\$ 89,302</u>	<u>\$186,035</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF OPERATIONS  
FOR THE 15 MONTHS ENDED DECEMBER 31, 2006

	<u>2006</u>	( 12 months) <u>2005</u>
REVENUES		
Check off	\$ 55,543	\$ 34,680
Membership dues	5,764	2,200
Display fees	1,700	2,576
Program revenue (note 3)		
Morden Pathology		32,954
Manitoba Sunflower Committee		23,254
National Association		271
Sponsorships	<u>1,000</u>	<u>5,695</u>
	<u>64,007</u>	<u>101,630</u>
EXPENSES		
Advertising and promotion	1,846	967
Check-off refunds	3,925	3,855
Interest and bank charges	92	78
Meeting expenses	6,730	2,255
Miscellaneous	59	2,989
Newsletter	9,241	
Office and administration	7,385	14,398
Professional fees	1,509	884
Program expenses (note 3)		
Manitoba Sunflower Committee		7,965
Morden Pathology		27,285
Research	15,000	
Salaries and benefits	13,263	24,134
Subscriptions	141	842
Telephone	4,149	1,671
Travel	<u>2,007</u>	<u>6,061</u>
	<u>65,347</u>	<u>93,384</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENSES	<u>\$ (1,340)</u>	<u>\$ 8,246</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

1. Purpose of the Association

The purpose of the National Sunflower Association of Canada is to represent the interests of the sunflower growers of Canada in matters relating to sunflowers, in areas of research, market development, and liaison. The association is incorporated under the Manitoba Corporations Act as a not-for-profit organization and is exempt under the Income Tax Act under section 149 (1)(e) as an agricultural organization.

2. Significant Accounting Policies

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. Check-off revenue is recognized only when collected.

Investment income is recognized as revenue when received.

Seminar fees are recognized as revenue when the seminars are held.

Capital assets

It is the association's policy to charge capital asset purchases against operations in the year of acquisition.

Contributed services

Contributed services or materials are not recognized in the financial statements.

3. Deferred Administration Projects

The association is responsible for the administration of two projects; Manitoba Sunflower Committee (MSC) and Morden Pathology Research (MPR). Bank funds for the projects are shown as restricted funds on the statement of financial position.

	<u>MSC</u>	<u>MPR</u>	<u>TOTAL</u>
Opening balance	\$55,376	\$40,017	\$ 95,393
Contributions for the year	40,401	61,953	102,354
Expenditures for the year	<u>(31,720)</u>	<u>(95,607)</u>	<u>(127,327)</u>
Closing balance	<u>\$64,057</u>	<u>\$ 6,363</u>	<u>\$ 70,420</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

4. Statement of Cash Flow

A statement of cash flow has not been provided as it would not provide any further information to the users of the financial statements.

5. Prior Year Financial Statements

The prior year financial statements were not subject to an audit and are shown for information purposes only. The presentation of these statements were not altered to agree with the current year presentation. The statements were reviewed by BDO Dunwoody LLP.

NATIONAL SUNFLOWER ASSOCIATION  
OF CANADA INC.

AUDITOR'S REPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2006