

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

AUDITOR'S REPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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, 2008, 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, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Carman, Manitoba
January 23, 2009

Chartered Accountant Inc.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

ASSETS

	<u>2008</u>	<u>Restated 2007</u>
CURRENT ASSETS		
Bank - unrestricted	\$268,896	\$103,976
- restricted (note 3)	36,777	86,619
Investments	35,000	
Accounts receivable – check-off	91,423	64,208
Interest receivable	1,081	
Prepaid expense	<u>415</u>	<u>188</u>
	<u>\$433,592</u>	<u>\$254,991</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable - trade	\$ 2,931	\$ 5,026
- levy refunds	5,537	1,814
Accounts payable – employee benefits	844	1,030
Unearned memberships		3,451
Deferred administration projects (note 3)	<u>36,777</u>	<u>86,619</u>
.	<u>46,089</u>	<u>97,940</u>
NET ASSETS		
Unrestricted net assets	<u>387,503</u>	<u>157,051</u>
	<u>\$433,592</u>	<u>\$254,991</u>

Approved on Behalf of the Board

Director: _____ Director: _____

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>TOTAL</u> <u>2008</u>	Restated <u>TOTAL</u> <u>2007</u>
NET ASSETS		
Beginning of year	\$157,051	\$ 50,001
Excess (deficiency) revenues over expenses	<u>230,452</u>	<u>107,050</u>
End of year	<u>\$387,503</u>	<u>\$157,051</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	<u>2008</u>	Restated <u>2007</u>
REVENUES			
Check-off (notes 2 and 7)	\$174,000	\$313,463	\$202,898
Membership dues	5,000	8,451	10,624
Interest		8,221	
Miscellaneous		<u>75</u>	<u>.</u>
	<u>179,000</u>	<u>330,210</u>	<u>213,522</u>
EXPENSES			
Administration – check-off refunds	10,440	10,781	31,083
- other	12,872	13,495	16,516
Employee benefits	53,998	53,045	39,635
Market development	2,500	1,376	888
Membership	250	562	212
Member relations	12,650	10,439	6,656
Research	24,550	71	7,099
Travel and per diems	<u>9,350</u>	<u>9,989</u>	<u>4,383</u>
	<u>126,610</u>	<u>99,758</u>	<u>106,472</u>
EXCESS REVENUES OVER EXPENSES	<u>\$ 52,390</u>	<u>\$230,452</u>	<u>\$107,050</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. Purpose of the Association

The purpose of the National Sunflower Association of Canada Inc. 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 and refunds are recognized on the accrual basis.

Investment income is recognized as revenue when earned.

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 three projects; MCVET; 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>MCVET</u>	<u>MSC</u>	<u>MPR</u>	<u>TOTAL</u>
Opening balance	\$ 4,855	\$ 12,603	\$ 69,161	\$ 86,619
Contributions for the year	23,072	26,947		50,019
Expenditures for the year	<u>(22,569)</u>	<u>(29,292)</u>	<u>(48,000)</u>	<u>(99,861)</u>
Closing balance	<u>\$ 5,358</u>	<u>\$ 10,258</u>	<u>\$ 21,161</u>	<u>\$ 36,777</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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. Financial Instruments

The association's financial instruments consist of cash, accounts receivable, accounts payable, unearned memberships and deferred projects. Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

6. Use of Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined.

7. Restatement of Comparative Figures

The association elected to change the accounting treatment for check-off transactions and check-off refunds from a cash basis to an accrual basis. The accounting changes resulted in an increase in income of \$62,394 in 2007.

The association also elected to report the MCVET transactions as a balance sheet item as described in note 3 rather than being reported in the statement of operations. The adjustment was made retroactive and resulted in a reduction of \$4,855 in the 2007 income.