

NATIONAL SUNFLOWER ASSOCIATION
OF CANADA INC.

AUDITOR'S REPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2009

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

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AUDITOR'S REPORT

To the Members
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, 2009, 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, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Carman, Manitoba
January 29, 2010

Chartered Accountant Inc.

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

ASSETS

| | <u>2009</u> | <u>2008</u> |
|---------------------------------|-------------------|-------------------|
| CURRENT ASSETS | | |
| Bank | | |
| unrestricted | \$ 213,450 | \$ 268,896 |
| restricted (note 3) | 26,591 | 36,777 |
| Investments - reserved (note 7) | 250,000 | 35,000 |
| Accounts receivable - check-off | 16,727 | 91,423 |
| Interest receivable | 1,037 | 1,081 |
| Prepaid expense | 415 | 415 |
| | <u>\$ 508,220</u> | <u>\$ 433,592</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | | |
| trade | \$ 2,200 | \$ 2,931 |
| levy refunds | 1,444 | 5,537 |
| employee benefits | | 844 |
| Deferred administration projects (note 3) | 26,591 | 36,777 |
| | <u>30,235</u> | <u>46,089</u> |
| NET ASSETS | | |
| Reserved net assets (note 7) | 250,000 | 35,000 |
| Unrestricted net assets | 227,985 | 352,503 |
| | <u>477,985</u> | <u>387,503</u> |
| | <u>\$ 508,220</u> | <u>\$ 433,592</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, 2009

| | <u>Reserved</u> | <u>Unrestricted</u> | <u>TOTAL 2009</u> | <u>TOTAL 2008</u> |
|----------------------------------|-----------------------------|---------------------|-----------------------|-----------------------|
| NET ASSETS | | | | |
| Beginning of year | \$ 35,000 | \$ 352,503 | \$ 387,503 | \$ 157,051 |
| Appropriation | 215,000 | (215,000) | | |
| Excess revenues over expenses | <u> </u> | <u>90,482</u> | <u>90,482</u> | <u>230,452</u> |
| End of year | <u>\$ 250,000</u> | <u>\$ 227,985</u> | <u>\$ 477,985</u> | <u>\$ 387,503</u> |

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>2009 Budget</u> | <u>2009</u> | <u>2008</u> |
|--|------------------------|------------------|-------------------|
| REVENUES | | | |
| Check-off (note 2) | \$ 244,687 | \$ 255,663 | \$ 313,463 |
| Membership dues | 5,000 | 5,215 | 8,451 |
| Interest | 5,000 | 2,398 | 8,221 |
| Miscellaneous | - | 75 | 75 |
| | <u>254,687</u> | <u>263,351</u> | <u>330,210</u> |
| EXPENSES | | | |
| Administration | | | |
| check-off refunds | 14,681 | 7,392 | 10,781 |
| other | 12,900 | 13,110 | 13,495 |
| Employee salaries and benefits | 56,299 | 59,011 | 53,045 |
| Market development | 2,500 | 1,377 | 1,376 |
| Membership | 1,300 | 1,260 | 562 |
| Member relations | 16,228 | 13,402 | 10,439 |
| Research | 123,322 | 64,925 | 71 |
| Travel and per diems | 26,850 | 12,392 | 9,989 |
| | <u>254,080</u> | <u>172,869</u> | <u>99,758</u> |
| EXCESS REVENUES OVER EXPENSES | <u>\$ 607</u> | <u>\$ 90,482</u> | <u>\$ 230,452</u> |

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 recognize 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.

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 | \$ 5,358 | \$ 10,258 | \$ 21,161 | \$ 36,777 |
| Contributions for the year | 17,527 | 24,381 | - | 41,908 |
| Expenditures for the year | <u>(17,455)</u> | <u>(34,639)</u> | <u>-</u> | <u>(52,094)</u> |
| Closing balance | <u>\$ 5,430</u> | <u>\$ -</u> | <u>\$ 21,161</u> | <u>\$ 26,591</u> |

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 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.

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

7 Reserved Net Assets

The Board of Directors established a reserve fund in fiscal 2008 and has appropriated \$250,000 from unrestricted net assets for funding purposes. All transactions from the reserve fund requires board approval. Reserve funds are to be used to carry out the administrative and research functions as well as to fund any possible future wind down costs of the association.