

NATIONAL SUNFLOWER ASSOCIATION
OF CANADA INC.

AUDITOR'S REPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2010

NATIONAL SUNFLOWER ASSOIATION OF CANADA INC.

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AUDITOR'S REPORT

To the Members
National Sunflower Association of Canada Inc.

I have audited the accompanying financial statements of National Sunflower Association of Canada Inc., which comprise the statement of financial position as at December 31, 2010, and the statement of operations and statement of changes in net assets 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 generally accepted accounting principles 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

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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position of National Sunflower Association of Canada Inc. as at December 31, 2010, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Carman, Manitoba
January 31, 2011

Chartered Accountant Inc.

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010 Budget</u>	<u>2010</u>	<u>2009</u>
REVENUES			
Check-off (note 2)	\$ 151,875	\$ 142,611	\$ 255,663
Membership dues	5,000	5,564	5,215
Interest	2,500	2,413	2,398
Miscellaneous	<u>75</u>	<u>75</u>	<u>75</u>
	<u>159,375</u>	<u>150,663</u>	<u>263,351</u>
EXPENSES			
Administration			
check-off refunds	6,075	3,838	7,392
other	17,900	18,004	13,110
Employee salaries and benefits	40,288	20,581	59,011
Market development	2,500	164	1,377
Membership	1,300	1,260	1,260
Member relations	17,100	7,845	13,402
Research	77,150	34,724	64,925
Travel and per diems	<u>14,350</u>	<u>8,666</u>	<u>12,392</u>
	<u>176,663</u>	<u>95,082</u>	<u>172,869</u>
EXCESS REVENUES OVER EXPENSES	<u>\$ (17,288)</u>	<u>\$ 55,581</u>	<u>\$ 90,482</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Reserved</u>	<u>Unrestricted</u>	<u>TOTAL 2010</u>	<u>TOTAL 2009</u>
NET ASSETS				
Beginning of year	\$ 250,000	\$ 227,985	\$ 477,985	\$ 387,503
Excess revenues over expenses	<u> </u>	<u>55,581</u>	<u>55,581</u>	<u>90,482</u>
End of year	<u>\$ 250,000</u>	<u>\$ 283,566</u>	<u>\$ 533,566</u>	<u>\$ 477,985</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Bank		
unrestricted	\$ 281,345	\$ 213,450
restricted (note 3)	4,416	26,591
Investments - reserved (note 5)	250,000	250,000
Accounts receivable - check-off	4,484	16,727
Interest receivable	334	1,037
Prepaid expense	415	415
	<u>\$ 540,994</u>	<u>\$ 508,220</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable		
trade	\$ 2,200	\$ 2,200
levy refunds	812	1,444
Deferred administration projects (note 3)	4,416	26,591
	<u>7,428</u>	<u>30,235</u>
NET ASSETS		
Reserved net assets (note 5)	250,000	250,000
Unrestricted net assets	283,566	227,985
	<u>533,566</u>	<u>477,985</u>
	<u>\$ 540,994</u>	<u>\$ 508,220</u>

Approved on Behalf of the Board

Director: _____

Director: _____

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

1 Purpose of the Association

National Sunflower Association of Canada Inc. is a member organization committed 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

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant for the association.

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.

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

2 Significant Accounting Policies cont.

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 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.

Financial Instruments

The association applies Sections 3855 "Financial Instruments - Recognition and Measurement" and 3861 "Financial Instruments - Disclosure and Presentation" of the Canadian Institute of Chartered Accountants (CICA) Handbook. As permitted by the CICA, the association has elected not to adopt the new standards 3862 and 3863, and continues to apply Section 3861 on disclosure and presentation of financial instruments.

All financial instruments are classified into one of five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale financial investments or other financial liabilities. On initial recognition, all financial instruments are recognized at their respective fair values except for investments in equity instruments that do not have a quoted market price in an active market. After initial recognition, held for trading and available for sale financial assets are measured at the balance sheet date at their fair values, and loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost.

The categories of the association's financial assets and liabilities are as follows:

Financial Assets

i) Held for trading:

Cash and cash equivalents are designated as held for trading at fair value with any subsequent changes in fair value as a charge to the statement of operations.

ii) Available for sale or held to maturity:

The association does not currently hold any financial assets classified as available for sale or held to maturity.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

2 Significant Accounting Policies cont.

iii) Loans and receivables:

Accounts receivable are recorded at amortized cost less any impairment losses recognized and approximate their fair values due to the relatively short periods to maturity.

Financial Liabilities

iv) Held for trading:

The association does not currently hold any financial liabilities classified as held for trading.

v) Other financial liabilities:

Accounts payable and accrued liabilities are recorded at amortized cost and approximate their fair values due to the relatively short periods to maturity.

It is management's opinion that the association is not exposed to significant currency, interest, market or credit risks arising from these instruments.

3 Deferred Administration Projects

The association is responsible for the administration of two projects; MCVET 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>MPR</u>	<u>Total</u>
Opening balance	\$ 5,430	\$ 21,161	\$ 26,591
Contributions for the year	29,676		29,676
Expenditures for the year	<u>(30,690)</u>	<u>(21,161)</u>	<u>(51,851)</u>
Closing balance	<u>\$ 4,416</u>	<u>\$</u>	<u>\$ 4,416</u>

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 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.