

**National Sunflower
Association of Canada Inc.
Independent Auditor's Report
Financial Statements
December 31, 2015**

National Sunflower Association of Canada Inc.

December 31, 2015

Table of Contents

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

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Independent 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, 2015 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

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, 2015 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.



D.F. George Chartered Accountant Inc.

Carman, Manitoba
February 05, 2016

National Sunflower Association of Canada Inc.

Statement of Financial Position

December 31, 2015

	2015	Restated 2014
Assets		
Current Assets		
Cash (notes 2 and 3)	\$ 213,781	\$ 96,262
Investments (note 3)	151,210	150,803
Accounts receivable		
Check-off	36,161	31,762
Grants - CSVDI - II		
AIP	63,941	176,113
ARDI	37,888	4,429
WGRF	-	44,420
Grant - other	-	2,729
Trade	19,195	19,195
GST	4,601	2,683
Interest receivable	52	199
Prepaid expense	4,415	4,822
Total Assets	\$ 531,244	\$ 533,417

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

National Sunflower Association of Canada Inc.

Statement of Financial Position

December 31, 2015

	2015	Restated 2014
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		
Trade	\$ 9,797	\$ 4,800
Levy refunds	2,451	2,228
Unearned grant - CSVDI - II		
WGRF	40,240	-
Employee benefits payable	3,705	3,059
Deferred administration project (note 4)	1,358	1,736
	<u>57,551</u>	<u>11,823</u>
	<u>57,551</u>	<u>11,823</u>
Net Assets		
Reserved net assets (note 5)	150,000	150,000
Unrestricted net assets	323,693	371,594
	<u>473,693</u>	<u>521,594</u>
Total Liabilities and Net Assets	<u>\$ 531,244</u>	<u>\$ 533,417</u>

Approved on Behalf of the Board:

_____, Director

_____, Director

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

National Sunflower Association of Canada Inc.

Statement of Changes In Net Assets

For the Year Ended December 31, 2015

	Reserved	Unrestricted	2015	Restated 2014
Balance, beginning of year	\$ 150,000	\$ 371,594	\$ 521,594	\$ 584,618
Excess (deficiency) of revenues over expenses	-	(47,901)	(47,901)	(63,024)
Balance, end of year	\$ 150,000	\$ 323,693	\$ 473,693	\$ 521,594

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

National Sunflower Association of Canada Inc.

Statement of Operations

For the Year Ended December 31, 2015

	2015	Restated 2014	Unaudited Budget
Revenues			
Check-off (note 2)	\$ 169,901	\$ 194,220	\$ 181,752
Grants			
CSDVI - I (note 6)	-	144,236	-
CSVDI - II (note 6)			-
AIP	283,839	176,113	-
ARDI	73,459	44,429	-
WGRF	73,448	44,420	-
Membership dues	3,000	4,550	4,500
Interest	2,494	3,421	1,000
Miscellaneous	-	5,000	-
	606,141	616,389	187,252
Expenses			
Administration			-
Check-off refunds 1.6% (1.4% - 2014)	2,797	2,739	5,453
Admin - Other	25,009	20,869	25,180
Employee salaries and benefits	48,516	52,098	55,755
Market development	-	-	1,500
Membership	1,230	1,230	1,230
Member relations	2,822	564	3,766
Research	1,336	2,572	4,250
Travel and per diems	9,744	9,351	15,000
CSVDI - I	-	224,634	-
CSVDI - II	564,805	365,356	157,080
	656,259	679,413	269,214
Non operating income and expenses			
Foreign exchange gains	2,217	-	-
Excess (deficiency) of revenues over expenses	\$ (47,901)	\$ (63,024)	\$ (81,962)

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

National Sunflower Association of Canada Inc.

Statement of Cash Flows

For the Year Ended December 31, 2015

	2015	2014
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ (47,901)	\$ (63,024)
Increase (decrease) in working capital		
Accounts receivable - check-off	(4,399)	(9,592)
Accounts receivable - grants	125,862	(227,691)
Accounts receivable - trade	-	182,591
Accounts receivable - GST	(1,918)	(1,076)
Interest receivable	147	-
Prepaid expenses	405	(4,823)
Accounts payable - trade	5,000	-
Accounts payable - levy refunds	223	1,129
Employee benefits payable	645	2,015
Unearned grant revenue	40,240	(144,236)
Deferred administration project	(378)	(12,808)
TOTAL CASH FLOWS FROM (TO) OPERATING ACTIVITIES	117,926	(277,515)
Net increase (decrease) in cash and cash equivalents	117,926	(277,515)
Cash and cash equivalents at beginning of year	247,065	524,580
Cash and cash equivalents at end of year	\$ 364,991	\$ 247,065

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

National Sunflower Association of Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

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

a. Prior Year Restated

The association was required to allocate a 5% deposit on the CSVDI-II project to the 2014 fiscal year as part of the reporting requirements as stated by the government. The change has been applied retroactively and prior periods have been restated to reflect this change.

The effects of this change are as follows:

	2015	2014
Increase in deficiency of revenues over expenses	\$ -	\$ 5,595
Decrease in accounts receivable	-	5,595
Decrease in opening net assets	5,595	-

b. Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. Outlined below are those policies considered significant for the association.

c. Use of Estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined.

The significant items subject to such estimates and assumptions include valuation of accounts receivable.

d. 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.

National Sunflower Association of Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

2 Significant Accounting Policies continued

d. Revenue Recognition continued

Check-off revenue and refunds are recognized as unrestricted contributions.

Investment income is recognized as revenue when earned.

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

e. Capital Assets

It is the association's policy to charge capital asset purchases under \$10,000 against operations. Capital items in excess of that amount would be capitalized and amortized over its estimated useful life.

f. Contributed Services

Contributed services or materials, the fair value of which are difficult to determine, are not recognized in the financial statements.

g. Cash and Cash Equivalents

Cash and cash equivalents are made up of the general and US bank accounts.

h. Financial Instruments

The association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, investments and accounts receivable. The financial liabilities measured at amortized cost include trade accounts payable and accrued liabilities.

National Sunflower Association of Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

3 Cash and Investments

	<u>2015</u>	<u>2014</u>
Cash		
General account	\$ 205,826	\$ 83,764
US account	7,955	12,498
	<u>\$ 213,781</u>	<u>\$ 96,262</u>
Investments		
Guaranteed Investment Certificates		
Redeemable; 0.6%, due December 2016	\$ 100,000	\$ 100,000
Redeemable; 0.6%, due December 2016	51,210	50,803
	<u>\$ 151,210</u>	<u>\$ 150,803</u>

4 Deferred Administration Project

The association is responsible for the administration of the MCVET project.

	<u>MCVET</u>
Opening balance	\$ 1,736
Contributions for the year	14,385
Expenditures for the year	<u>(14,763)</u>
Closing balance	<u>\$ 1,358</u>

5 Reserved Net Assets

The Board of Directors established the reserve fund in fiscal 2008. 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.

National Sunflower Association of Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

6 Commitments

The association has entered into an agreement with Agriculture and Agri-Food Canada under the AgriInnovation Program (AIP) for a project entitled, Confection Sunflower Variety Development Initiative (AIP - P133). The project is to develop new adaptable confection sunflower hybrids with desirable traits for the Canadian market. The project runs from April 1, 2014 to March 31, 2018, with a fiscal reporting year end of March 31st. Total funding of \$2,508,312 is as follows:

	AIP	ARDI	WGRF	NSAC
2014-2015	\$ 311,140	\$ 80,000	\$ 79,175	\$ 159,793
2015-2016	307,030	80,000	79,175	155,999
2016-2017	309,670	80,000	79,175	157,368
2017-2018	312,210	80,000	79,175	158,402
Total	\$ 1,240,050	\$ 320,000	\$ 316,700	\$ 631,562

7 Financial Risk

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations at the balance sheet date of December 31, 2015.

Credit risk

Credit risk is the risk that the collectors of the levies (purchasers) will fail to remit to the association. The association is not exposed to significant credit risk as remittances are due quarterly and the purchasers are bound to perform such services under the Agricultural Producers Organization Funding Act.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade account payables and accrued liabilities are generally paid within thirty days. This risk is reduced due to the high dollar value of funds on hand.

Interest rate risk

The association is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the association to the fair value risk. The exposure to this type of risk is the result of investments in guaranteed investment certificates. The association is not exposed to price risk as the market price of guaranteed investment certificates do not fluctuate. The association manages exposure by restricting the term of investments to five years or less.

National Sunflower Association of Canada Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

7 Financial Risk continued

Commodity price risk

Commodity price risk is the risk that revenue will fluctuate due to changes in market prices affecting the dollar amount of sunflower crops sold and in turn the amount of check-off revenue collected.