

**National Sunflower  
Association of Canada Inc.**

**Independent Auditor's Report**

**Financial Statements  
December 31, 2017**

# National Sunflower Association of Canada Inc.

December 31, 2017

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**George & Associates Chartered Professional Accountants Inc.**  
**Box 567, 113 2nd Street SW**  
**Carman, Manitoba**  
**R0G 0J0**

**Independent Auditor's Report**

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To the Members  
National Sunflower Association of Canada Inc.

We have audited the accompanying financial statements of National Sunflower Association of Canada Inc., which comprise the statement of financial position as at December 31, 2017 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Sunflower Association of Canada Inc. as at December 31, 2017 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.



**George & Associates Chartered Professional Accountants Inc.**

Carman, Manitoba  
February 09, 2018

# National Sunflower Association of Canada Inc.

## Statement of Financial Position

December 31, 2017

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	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash (notes 2 and 3)	\$ 118,962	\$ 171,048
Investments (note 3)	151,777	151,517
Accounts receivable		
Check-off	13,633	21,494
Trade	14,195	14,195
GST	5,669	6,793
Associations - merger	33,085	-
Interest	36	52
Grants - CSVDI - II		
AIP	67,963	87,422
Growing Forward	12,500	-
<b>Total Assets</b>	<b><u>\$ 417,820</u></b>	<b><u>\$ 452,521</u></b>

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

# National Sunflower Association of Canada Inc.

## Statement of Financial Position

December 31, 2017

	2017	2016
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable		
Trade	\$ 12,420	\$ 5,099
Levy refunds	379	1,159
Unearned grant - CSVDI - II		
ARDI	18,503	5,819
WGRF	16,468	44,087
Employee benefits payable	4,975	4,045
Deferred administration project (note 4)	10,458	6,590
	<u>63,203</u>	<u>66,799</u>
	<u>63,203</u>	<u>66,799</u>
<b>Net Assets</b>		
Reserved net assets (note 5)	150,000	150,000
Unrestricted net assets	204,617	235,722
	<u>354,617</u>	<u>385,722</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 417,820</u>	<u>\$ 452,521</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, 2017

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	Reserved	Unrestricted	2017	2016
Balance, beginning of year	\$ 150,000	\$ 235,722	\$ 385,722	\$ 473,693
Excess (deficiency) of revenues over expenses	-	(31,105)	(31,105)	(87,971)
<b>Balance, end of year</b>	<b>\$ 150,000</b>	<b>\$ 204,617</b>	<b>\$ 354,617</b>	<b>\$ 385,722</b>

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, 2017

	2017	2016	Unaudited Budget
<b>Revenues</b>			
Check-off (note 2)	\$ 159,474	\$ 177,124	\$ 127,915
Grants			
CSVDI - II (note 6)			-
AIP	249,322	293,315	-
ARDI	67,316	75,353	-
WGRF	67,315	75,353	-
Membership dues	2,000	3,500	3,000
Interest	1,720	1,623	500
Miscellaneous	12,602	410	-
	<b>559,749</b>	<b>626,678</b>	<b>131,415</b>
<b>Expenses</b>			
Administration			-
Check-off refunds 0.5% (1.3% - 2016)	787	2,311	3,837
Admin - Other	25,545	27,278	23,580
Admin - Merger	909	-	250
Employee salaries and benefits	46,241	37,343	44,062
Membership	1,532	1,573	1,743
Member relations	(11,439)	17,635	1,679
Research	9,991	14,700	3,500
Travel and per diems	5,570	19,799	15,100
CSVDI - II	510,694	593,955	158,020
	<b>589,830</b>	<b>714,594</b>	<b>251,771</b>
<b>Non operating income and expenses</b>			
Foreign exchange gains (losses)	(1,024)	(55)	-
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (31,105)</b>	<b>\$ (87,971)</b>	<b>\$ (120,356)</b>

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, 2017

	2017	2016
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenues over expenses	\$ (31,105)	\$ (87,971)
<b>Increase (decrease) in working capital</b>		
Accounts receivable - check-off	7,861	14,667
Accounts receivable - grants	6,959	14,407
Accounts receivable - GST	1,124	(2,192)
Accounts receivable - trade	-	5,000
Prepaid expense	-	4,415
Accounts payable - trade	7,320	(4,698)
Accounts payable - levy refund	(780)	(1,292)
Employee benefits payable	930	340
Unearned grant revenue	(14,935)	9,666
Deferred administration project	3,868	5,232
Accounts receivable - interest	16	-
Accounts receivable - merger	(33,084)	-
<b>TOTAL CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>	<b>(51,826)</b>	<b>(42,426)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(51,826)</b>	<b>(42,426)</b>
Cash and cash equivalents at beginning of year	322,565	364,991
<b>Cash and cash equivalents at end of year</b>	<b>\$ 270,739</b>	<b>\$ 322,565</b>

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, 2017

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### 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. 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.

#### b. 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.

#### c. 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 as unrestricted contributions.

Investment income is recognized as revenue when earned.

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

#### d. 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.

#### e. Contributed Services

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

# National Sunflower Association of Canada Inc.

## Notes to the Financial Statements

For the Year Ended December 31, 2017

### 2 Significant Accounting Policies continued

#### f. Cash and Cash Equivalents

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

#### g. 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.

### 3 Cash and Investments

	<u>2017</u>	<u>2016</u>
<b>Cash</b>		
General account - 0.56% - 1.03%	\$ 113,185	\$ 162,650
US account	5,777	8,398
	<u>\$ 118,962</u>	<u>\$ 171,048</u>
<b>Investments</b>		
Guaranteed Investment Certificates		
Redeemable; 0.45%, due December 2018	\$ 100,000	\$ 100,000
Redeemable; 0.45%, due December 2018	51,777	51,517
	<u>\$ 151,777</u>	<u>\$ 151,517</u>

### 4 Deferred Administration Project

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

	<u>MCVET</u>
Opening balance	\$ 6,590
Contributions for the year	28,000
Expenditures for the year	<u>(24,132)</u>
<b>Closing balance</b>	<u>\$ 10,458</u>

# National Sunflower Association of Canada Inc.

## Notes to the Financial Statements

For the Year Ended December 31, 2017

### 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.

### 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
<b>Total</b>	<b>\$ 1,240,050</b>	<b>\$ 320,000</b>	<b>\$ 316,700</b>	<b>\$ 631,562</b>

### 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, 2017.

#### 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.

# National Sunflower Association of Canada Inc.

## Notes to the Financial Statements

For the Year Ended December 31, 2017

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### 7 Financial Risk continued

#### 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.

#### 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.