

NATIONAL SUNFLOWER ASSOCIATION  
OF CANADA INC.

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2011

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

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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, 2011, 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, 2011, and its results of operations for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Carman, Manitoba  
February 6, 2012

D. F. George  
Chartered Accountant Inc.

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2011

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Bank		
unrestricted	\$ 282,269	\$ 281,345
restricted (note 3)		4,416
Investments - reserved (note 5)	150,000	250,000
Accounts receivable		
check-off	20,456	4,484
deferred administration project (note 3)	3,600	
AAFC grant (note 6)	71,575	
Interest receivable	199	334
Prepaid expense	<u>2,248</u>	<u>415</u>
	<u>\$ 530,347</u>	<u>\$ 540,994</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2011

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable		
trade	\$ 2,200	\$ 2,200
levy refunds	6,897	812
Employee benefits payable	2,279	
Unearned revenue	7,301	
Deferred administration project (note 3)	<u>572</u>	<u>4,416</u>
	<u>19,249</u>	<u>7,428</u>
<b>NET ASSETS</b>		
Reserved net assets (note 5)	150,000	250,000
Unrestricted net assets	<u>361,098</u>	<u>283,566</u>
	<u>511,098</u>	<u>533,566</u>
	<u>\$ 530,347</u>	<u>\$ 540,994</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, 2011

	<u>Reserved</u>	<u>Unrestricted</u>	<u>TOTAL 2011</u>	<u>TOTAL 2010</u>
NET ASSETS				
Beginning of year	\$ 250,000	\$ 283,566	\$ 533,566	\$ 477,985
Appropriation	(100,000)	100,000		
Excess (deficiency) revenues over expenses	<u>                    </u>	<u>(22,468)</u>	<u>(22,468)</u>	<u>55,581</u>
End of year	<u>\$ 150,000</u>	<u>\$ 361,098</u>	<u>\$ 511,098</u>	<u>\$ 533,566</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011 Budget</u>	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>			
Check-off (note 2)	\$ 192,805	\$ 181,410	\$ 142,611
AAFC grant (note 6)		71,575	
Membership dues	5,000	4,976	5,564
Interest	1,000	4,890	2,413
Miscellaneous		75	75
	<u>198,805</u>	<u>262,926</u>	<u>150,663</u>
<b>EXPENSES</b>			
Administration			
check-off refunds	7,712	7,841	3,838
other	21,000	27,249	18,004
Employee salaries and benefits	121,298	107,038	20,581
Market development	1,500	559	164
Membership	1,300	1,260	1,260
Member relations	12,200	10,819	7,845
Research	46,150	23,369	34,724
Travel and per diems	23,350	23,877	8,666
Confection Sunflower Variety Development (note 6)		83,382	
	<u>234,510</u>	<u>285,394</u>	<u>95,082</u>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENSES</b>	<u>\$ (35,705)</u>	<u>\$ (22,468)</u>	<u>\$ 55,581</u>

NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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, 2011

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.



NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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 Project

The association is responsible for the administration of the MCVET project. Bank funds for the projects are shown as restricted funds on the statement of financial position.

	<u>MCVET</u>
Opening balance	\$ 4,416
Contributions for the year	26,804
Expenditures for the year	<u>(30,648)</u>
Closing balance	<u>\$ 572</u>



NATIONAL SUNFLOWER ASSOCIATION OF CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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 had appropriated \$250,000 from unrestricted net assets for funding purposes. In the current year \$100,000 was withdrawn from the reserve to fund the Confection Sunflower Variety Development Initiative project. 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 (AAFC) for funding under the Canadian Agricultural Adaptation Program (CAAP) of a project entitled, Confection Sunflower Variety Development Initiative. The project is to develop adaptable sunflower confection hybrids with desirable traits for the Canadian market. AAFC's funding commitment is \$1,163,850 plus applicable taxes (\$73,300 for 2011; \$350,800 for 2012; \$437,300 for 2013; and \$302,450 for 2014) while the association's commitment is \$204,280 (\$12,900 for 2011; \$61,741 for 2012; \$76,965 for 2013; and \$52,674 for 2014).

The association has also entered into other funding agreements for long term research projects and has committed \$16,000 per year for 2012 and 2013.