

**QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC**

FINANCIAL STATEMENTS

MARCH 31, 2007

To the Members
Québec Farmers' Association
Association des fermiers du Québec


AUDITORS' REPORT

We have audited the statement of financial position of Québec Farmers' Association/Association des fermiers du Québec as at March 31, 2007 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 common with many non-profit organizations, the Association derives revenue from ticket sales, membership and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the books of the Association and we are not able to determine whether any adjustments might be necessary to ticket sales, membership and donations revenue, deficiency of revenue over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the ticket sales, membership and donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Québec Farmers' Association/Association des fermiers du Québec as at March 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Ronald Beaulieu, c.a.

June 29, 2007

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Statement of operations
Years ended March 31

				2007	2006
	General			Total	Total
	Operations	Translation	Advocate		
\$	\$	\$	\$	\$	
Revenues					
Government grants and contributions (Annex 1)	72 090	-	27 518	99 608	65 000
Memberships and subscriptions	11 630	-	6 957	18 587	10 149
Advertising	-	-	64 663	64 663	60 456
Contracts	-	-	61 157	61 157	51 869
Translation services	-	53 571	-	53 571	9 089
Corporate donations	6 040	-	-	6 040	9 533
Insurance	852	-	-	852	861
Product sales	919	-	-	919	768
Miscellaneous	84	-	-	84	289
Gifts in-kind	5 807	-	-	5 807	2 910
Volunteers' time	42 613	-	-	42 613	6 640
	\$ 140 035	\$ 53 571	\$ 160 295	\$ 353 901	\$ 217 564
Expenditures					
<i>Salaries and benefits</i>	\$ 63 978	\$ 5 598	\$ 50 399	\$ 119 975	\$ 87 622
<i>Professionnal fees- Honoraria</i>					
Advertising sales	-	-	23 800	23 800	22 431
Desktop publishing layout	-	-	11 707	11 707	10 177
Auditors	877	269	429	1 575	(4 206)
Bookkeeping	11 225	3 742	1 710	16 677	12 277
Translators	1 580	33 692	11 497	46 769	10 620
Other (AGM, web site, etc.)	21 240	-	1 663	22 903	10 932
	\$ 34 922	\$ 37 703	\$ 50 806	\$ 123 431	\$ 62 231
<i>Travel</i>					
Board	5 668	-	-	5 668	13 228
Staff and Consultants	7 958	-	243	8 201	871
	\$ 13 626	\$ -	\$ 243	\$ 13 869	\$ 14 099
<i>Publicity</i>					
Promotion	2 200	-	-	2 200	-
Publicity	2 101	-	-	2 101	-
	\$ 4 301	\$ -	\$ -	\$ 4 301	\$ -
<i>Operating costs</i>					
Rent and storage	1 818	364	728	2 910	3 104
Insurance	1 130	224	449	1 803	1 836
Printing	2 468	661	33 756	36 885	33 328
Postage	1 148	308	21 471	22 927	26 712
Telecommunications	2 173	360	604	3 137	3 483
Bank charges and interest	2 402	-	0	2 402	4 443
Taxes and permits	32	-	0	32	151
Office expenses	794	102	863	1 759	1 089
	\$ 11 965	\$ 2 019	\$ 57 871	\$ 71 855	\$ 74 146
<i>Others</i>					
Depreciation	1 669	-	-	1 669	1 720
Bad debts	-	420	-	420	-
	\$ 1 669	\$ 420	\$ -	\$ 2 089	\$ 1 720
<i>In-kind</i>					
Gifts and prizes	619	-	-	619	499
Volunteers' time	42 613	-	-	42 613	6 640
	\$ 43 232	\$ -	\$ -	\$ 43 232	\$ 7 139
	\$ 173 693	\$ 45 740	\$ 159 319	\$ 378 752	\$ 246 957
Deficiency of revenue over expenditures	\$ (33 658)	\$ 7 831	\$ 976	\$ (24 851)	\$ (29 393)

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Statement of changes in net assets
Years ended March 31

	Invested in Capital Assets	Restricted for Educational Purposes	Deficit	2007 Total	2006 Total
Balance at beginning of the year	\$ 4 979	\$ 7 374	\$ (106 543)	\$ (94 190)	\$ (64 747)
Deficiency of revenue over expenditures	(311)	-	(24 540)	(24 851)	(29 393)
Donations	-	1 345	-	1 345	1 932
Bursaries	-	(1 600)	-	(1 600)	(2 000)
Bank charges	-	(49)	-	(49)	(16)
Interest revenue	-	50	-	50	34
	<hr style="border-top: 1px dashed black;"/>				
Balance at end of the year	<u>\$ 4 668</u>	<u>\$ 7 120</u>	<u>\$ (131 083)</u>	<u>\$ (119 295)</u>	<u>\$ (94 190)</u>

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Statement of financial position
As at March 31

	2007	2006
ASSETS		
Current		
Cash	\$ 8 608	\$ 56 882
Cash - restricted	4 120	4 374
Term deposits - restricted - Note 4	3 000	3 000
Accounts receivable	16 189	26 956
Prepaid expenses	3 135	749
	<u>35 052</u>	<u>91 961</u>
Capital assets - Note 5	4 668	4 979
	<u>\$ 39 720</u>	<u>\$ 96 940</u>
LIABILITIES		
Current		
Accounts payable	\$ 48 396	\$ 86 090
Deferred revenue	21 092	15 513
Current portion of long-term debt - Note 7	20 000	-
	<u>89 488</u>	<u>101 603</u>
Long-term debt - Note 7	69 527	89 527
NET ASSETS		
Invested in capital assets	4 668	4 979
Restricted for educational purposes - Note 8	7 120	7 374
Deficit	<u>(131 083)</u>	<u>(106 543)</u>
	<u>(119 295)</u>	<u>(94 190)</u>
	<u>\$ 39 720</u>	<u>\$ 96 940</u>

Approved on behalf of the board:

_____ DIRECTOR

_____ DIRECTOR

The accompanying notes form part of this statement.

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Notes to the financial statements
March 31, 2007

1. INCORPORATION AND NATURE OF ACTIVITIES

Québec Farmers' Association/Association des fermiers du Québec was incorporated on April 4, 1957 under the Professional Syndicates' Act for the study, defence and promotion of the economic, social and moral interests of its members. The Association is exempt from tax on its operations as it is incorporated on a "not for profit" basis.

2. SIGNIFICANT ACCOUNTING POLICIES

CONTRIBUTION REVENUE RECOGNITION

The Association uses the deferral method to track contributions. The allocated contributions are recognized as revenue during the fiscal year for which the related charges are incurred. The non-allocated contributions are recognized as income once they have been received or become receivable if the amount to be received be determined by a reasonable estimation and the receipt of such amounts is reasonably certain. The contributions received as donations are recognized as a direct increase in the net assets throughout the fiscal period.

INCOME PRESENTATION

Membership fees received during the current calendar year are treated as income in the following fiscal year.

CONTRIBUTIONS

The directors approved a method for calculating the value of volunteer time donated while attending meetings of the organization. In addition, some waived their claims for reimbursement of expense claims for a value of \$ 42 613.

DEFERRED REVENUE

Deferred revenue represents income collected for membership fees.

CAPITAL ASSETS

a) Capital assets are recorded at cost and are amortized using the diminishing balance method at the following rates:

Computer	30%
Office equipment	20%

b) The Association's financial instruments consist of cash, accounts receivable, temporary investments, bank indebtedness, accounts payable and amounts due from (to) related parties. 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.

3. GOVERNMENT CONTRIBUTION

The Quebec Farmers' Association/Association des Fermiers du Québec entered into a contribution agreement with the federal department of Canadian Heritage.

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Notes to the financial statements
March 31, 2007

4. TERM DEPOSITS

The Warren Grapes Agricultural Education Fund has a short-term investment at a rate of 3.75 per cent maturing on April 28, 2008.

5. CAPITAL ASSETS

	Cost	2007 Accumulated Amortization	Net	2006 Net
Computer	\$ 42 777	\$ 39 966	\$ 2 811	\$ 2 657
Office equipment	8 187	6 330	1 857	2 322
	<u>\$ 50 964</u>	<u>\$ 46 296</u>	<u>\$ 4 668</u>	<u>\$ 4 979</u>

6. LINE OF CREDIT

The Association maintains a line of credit with a banking institution having a limit of \$ 20,000, at an annual interest of prime plus 6 per cent. The loan is guaranteed by unrestricted revenues. The line of credit is renegotiable prior to July 31, 2007.

7. LONG-TERM DEBT

	2007	2006
The Association has a loan with the fonds de defense professionnelle of the Union des producteurs agricoles in the amount of \$ 89,527 without interest to be reimbursed in equal annual payments of \$ 20,000, beginning March 31, 2008. The full amount may be paid in advance without penalty.	\$ 89 527	\$ 89 527
Less current portion	<u>20 000</u>	<u>-</u>
	<u>\$ 69 527</u>	<u>\$ 89 527</u>

The minimum capital payments for the next 5 years are as follows:

2008	\$20 000
2009	\$20 000
2010	\$20 000
2011	\$20 000
2012	\$9 527

QUÉBEC FARMERS' ASSOCIATION
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Notes to the financial statements
March 31, 2007

8. RESTRICTIONS FOR EDUCATIONAL PURPOSES

The net assets restricted for educational purposes were established when the Association received a donation in memory of former president Warren Grapes. Each year, the Association receives donations on behalf of the Warren Grapes Agricultural Education Fund. The Fund awards bursaries to college students according to criteria established from time to time by the Fund's trustees. The Fund is registered as a charitable organization under number 871285045 RR 0001.

9. RELATED PARTY TRANSACTIONS

During this fiscal period, the Association committed to pay the Union des Producteurs agricoles (UPA), the Maison de l'UPA and La Terre de Chez Nous \$54,560 for technical support, insurance, rent and services. The revenue for translation services received from the UPA is \$43,753. The UPA has, among other things, the role of promoting, defending and developing the economic and social interests of the Association. These operations took place during the normal course of activities and are measured against the value established and agreed upon by both parties. The accounts receivable that have yet to be received for these operations are included in the debtors and represent a total amount of \$4,043. The accounts payable that have yet to be paid for these operations are included in the creditors and represent a total amount of \$2,965.

10. CASH FLOWS

We have not prepared a statement of cash flows as any additional information is readily apparent from the other statements.

11. PREVIOUS YEAR FIGURES

Certain figures for the previous fiscal year have been regrouped to reflect the presentation in the current year.

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC

Annex 1

Years ended March 31

	<u>Development of Official- Language Communities Program</u>			<u>Revenue</u>		
	<u>- Community Life</u>	<u>Generation</u>	<u>North</u>		2007	2006
	<u>component</u>	<u>Plan</u>	<u>Shore</u>			
Contributions	\$ 61 500	\$ 19 500	\$ 18 608	99 608	\$ \$	65 000
Expenses						
Salaries and benefits	43 963	6 500	3 450	53 913		35 000
Operating cost	7 250	1 000	2 277	10 527		20 000
Honoraria	4 125	11 750	7 219	23 094		7 000
Travel	2 787	250	5 662	8 699		3 000
Publicity	3 375	-	-	3 375		-
	\$ 61 500	\$ 19 500	\$ 18 608	\$ 99 608	\$	\$ 65 000