

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

FINANCIAL STATEMENTS

MARCH 31, 2008

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

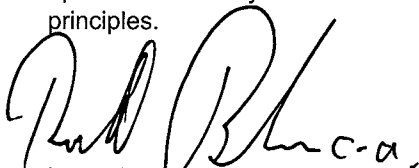
AUDITORS' REPORT

We have audited the statement of financial position of the Québec Farmers' Association/Association des fermiers du Québec as at March 31, 2008 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, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Ronald Beaulieu
27 mai 2008

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

						2008	2007
	General	Translation		International	Warren		
	Operations	Services	Advocate	Development	Grapes	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Government grants and contributions (Annex 1)	77 373		10 939			88 312	99 608
Memberships and subscriptions	14 927		8 857			23 784	18 587
Advertising			56 983			56 983	64 663
Contracts			52 432	24 686		77 118	61 157
Translation services		33 308				33 308	53 571
Corporate donations	8 813					8 813	6 040
Insurance	844					844	852
Product sales	1 722					1 722	919
Donations					3 991	3 991	1 345
Miscellaneous	1 079		605		101	1 785	134
Gifts in-kind	996					996	5 807
Volunteers' time	40 375			3 078		43 453	42 613
	\$ 146 129	\$ 33 308	\$ 129 816	\$ 27 764	\$ 4 092	\$ 341 109	\$ 355 296
Expenditures							
Salaries and benefits	\$ 56 546	\$ 3 973	\$ 36 553	\$ 4 479	\$ 204	\$ 101 755	\$ 119 975
Professionnal fees- Honoraria							
Advertising sales			20 673			20 673	23 800
Desktop publishing layout			10 618			10 618	11 707
Auditors	1 853	525	1 048			3 426	1 575
Bookkeeping	8 643	2 814	3 080			14 537	16 677
Translators		22 500	10 631			33 131	46 769
Other (AGM, web site, etc.)	9 409		5 028	5 148		19 585	22 903
	\$ 19 905	\$ 25 839	\$ 51 078	\$ 5 148	\$ -	\$ 101 970	\$ 123 431
Travel							
Board	3 035			286		3 321	5 668
Staff and Consultants	3 042		291	450		3 783	8 201
	\$ 6 077	\$ -	\$ 291	\$ 736	\$ -	\$ 7 104	\$ 13 869
Publicity							
	\$ 4 066	\$ 252	\$ -	\$ -	\$ -	\$ 4 318	\$ 4 301
Operating costs							
Rent and storage	2 271	366	752			3 389	2 910
Insurance	1 308	151	302			1 761	1 803
Printing	(6 004)	62	18 920	141	9	13 128	36 885
Postage	(131)	369	18 632			18 870	22 927
Telecommunications	1 437	289	861		14	2 601	3 137
Bank charges and interest	2 452				14	2 466	2 451
Taxes and permits	32					32	32
Office expenses	1 663	84	523			2 270	1 759
Bursaries					1 500	1 500	1 600
Miscellaneous				14 182		14 182	-
	\$ 3 028	\$ 1 321	\$ 39 990	\$ 14 323	\$ 1 537	\$ 60 199	\$ 73 504
Others							
Depreciation	1 215					1 215	1 669
Bad debts	143					143	420
	\$ 1 358	\$ -	\$ -	\$ -	\$ -	\$ 1 358	\$ 2 089
In-kind							
Gifts and prizes	1 226					1 226	619
Volunteers' time	40 375			3 078		43 453	42 613
	\$ 41 601	\$ -	\$ -	\$ 3 078	\$ -	\$ 44 679	\$ 43 232
	\$ 132 581	\$ 31 385	\$ 127 912	\$ 27 764	\$ 1 741	\$ 321 383	\$ 380 401
Excess (Deficiency) of revenues over expenses	\$ 13 548	\$ 1 923	\$ 1 904	\$ -	\$ 2 351	\$ 19 726	\$ (25 105)

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	Accumulated Profit / (Loss)	2008 Total	2007 Total
Balance at beginning of the year	\$ 4 668	\$ 7 120	\$ (131 083)	\$ (119 295)	\$ (94 190)
Excess (Deficiency) of revenues over expenses	(1 215)	2 351	18 590	19 726	(25 105)
<hr/>					
Balance at end of the year	<u>\$ 3 453</u>	<u>\$ 9 471</u>	<u>\$ (112 493)</u>	<u>\$ (99 569)</u>	<u>\$ (119 295)</u>

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

	2008	2007
ASSETS		
Current		
Cash	\$ 33 482	\$ 8 608
Cash - restricted	6 597	4 120
Term deposits - restricted - Note 4	3 101	3 000
Accounts receivable	31 902	16 189
Prepaid expenses	1 465	3 135
	<u>76 547 #</u>	<u>35 052</u>
Capital assets - Note 5	3 453	4 668
	<u>\$ 80 000</u>	<u>\$ 39 720</u>
LIABILITIES		
Current		
Accounts payable	\$ 53 351	\$ 48 396
Deferred revenue	36 691	21 092
Current portion of long-term debt - Note 7	40 000	20 000
	<u>130 042 #</u>	<u>89 488</u>
Long-term debt - Note 7	49 527	69 527
	<u>49 527</u>	<u>69 527</u>
NET ASSETS		
Invested in capital assets	3 453	4 668
Restricted for educational purposes - Note 8	9 471	7 120
Accumulated profit / (loss)	(112 493)	(131 083)
	<u>(99 569)</u>	<u>(119 295)</u>
	<u>\$ 80 000</u>	<u>\$ 39 720</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, 2008

1. INCORPORATION AND NATURE OF ACTIVITIES

The 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

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 \$ 40 375.

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, 2008

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	2008 Accumulated Amortization	2008 Net	2007 Net
Computer	\$ 42 777	\$ 40 810	\$ 1 967	\$ 2 811
Office equipment	8 187	6 701	1 486	1 857
	<u>\$ 50 964</u>	<u>\$ 47 511</u>	<u>\$ 3 453</u>	<u>\$ 4 668</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, 2008.

7. LONG-TERM DEBT

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.

	2008	2007
The full amount may be paid in advance without penalty.	\$ 89 527	\$ 89 527
Less current portion	<u>40 000</u>	<u>0</u>
	<u>\$ 49 527</u>	<u>\$ 89 527</u>

The minimum capital payments for the next 4 years are as follows:

2009	\$40 000
2010	\$20 000
2011	\$20 000
2012	\$9 527

QUÉBEC FARMERS' ASSOCIATION
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Notes to the financial statements
March 31, 2008

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 \$48,176 for technical support, insurance, rent and services. The revenue for translation services received from the UPA is \$42,370. 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 \$3,669. The accounts payable that have yet to be paid for these operations are included in the creditors and represent a total amount of \$9,334.

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>Agriculture and food production</u>	2008
	<u>- Community Life component</u>			
Contributions	\$	72 500	\$ 15 812	\$ 88 312
Expenses				
Salaries and benefits		40 000	5 358	45 358
Operating cost		14 700		14 700
Honoraria		10 000	9 499	19 499
Travel		3 500	955	4 455
Publicity		4 300		4 300
	\$	72 500	\$ 15 812	\$ 88 312

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