

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

FINANCIAL STATEMENTS

MARCH 31, 2010

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

SUMMARY

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AUDITOR'S REPORT

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

I have audited the statement of financial position of Quebec Farmers' Association / Association des fermiers du Québec as at March 31, 2010, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 charitable organizations, the organization derives revenue from charitable donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Ronald Beaulieu, c.a. auditor

Saint-Hyacinthe, September 30, 2010

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Statement of operations
Years ended March 31, 2010

					2010	2009
	General Operations	Translation Services	Advocate	Warren Grapes	Total	Total
Revenues						
Government grants and contributions	73 950	-	11 050	-	85 000	116 147
Memberships	15 367	-	7 917	-	23 284	20 175
Subscriptions	-	-	885	-	885	-
Advertising	-	-	66 232	-	66 232	64 537
Contracts	-	-	48 464	-	48 464	57 142
Translation services	-	78 794	-	-	78 794	58 236
Donations	7 300	-	-	2 589	9 889	14 019
Foundation donations	171	-	-	-	171	-
Insurance	793	-	-	-	793	871
Product sales	706	-	-	-	706	980
Miscellaneous	1 387	-	25	146	1 558	1 360
Gifts in-kind	580	-	-	-	580	750
Volunteers' time	30 320	-	-	-	30 320	36 160
	\$ 130 574	\$ 78 794	\$ 134 573	\$ 2 735	\$346 676	\$ 370 377
Expenditures						
<i>Salaries and benefits</i>	\$ 53 435	\$ 3 495	\$ 36 831	\$ 505	\$ 94 266	\$ 92 286
<i>Professional fees- Honoraria</i>						
Advertising sales	-	-	23 778	-	23 778	23 170
Desktop publishing layout	-	-	13 228	-	13 228	11 388
Auditors	1 925	525	1 050	-	3 500	4 004
Bookkeeping	8 765	2 391	4 781	-	15 937	16 372
Translators	-	60 433	10 242	-	70 675	54 215
Other (AGM, web site, etc.)	1 492	-	7 829	-	9 321	34 095
	\$ 12 182	\$ 63 349	\$ 60 908	\$ -	\$136 439	\$ 143 244
<i>Travel</i>						
Board	1 755	-	-	-	1 755	5 774
Staff and Consultants	3 855	-	192	-	4 047	3 651
	\$ 5 610	\$ -	\$ 192	\$ -	\$ 5 802	\$ 9 425
<i>Publicity</i>	\$ 6 281	\$ -	\$ 56	\$ -	\$ 6 337	\$ 7 520
<i>Operating costs</i>						
Rent and storage	2 715	477	955	-	4 147	6 631
Equipment rental	366	-	-	-	366	998
Insurance	864	236	471	-	1 571	1 755
Printing	3 644	30	18 992	-	22 666	21 278
Postage	1 271	315	18 611	-	20 197	19 487
Telecommunications	3 103	365	1 010	9	4 487	3 185
Bank charges and interest	2 585	-	-	-	2 585	2 249
Office expenses	1 781	10	363	-	2 154	3 851
Bursaries	-	-	-	5 250	5 250	2 440
	\$ 16 329	\$ 1 433	\$ 40 402	\$ 5 259	\$ 63 423	\$ 61 874
<i>Other</i>						
Depreciation	389	-	-	-	389	401
Dispersal of capital assets	-	-	-	-	-	2 480
Bad debts	-	-	1 350	-	1 350	-
	\$ 389	\$ -	\$ 1 350	\$ -	\$ 1 739	\$ 2 881
<i>In-kind</i>						
Gifts and prizes	580	-	-	-	580	750
Volunteers' time	30 320	-	-	-	30 320	36 160
	\$ 30 900	\$ -	\$ -	\$ -	\$ 30 900	\$ 36 910
	\$ 125 126	\$ 68 277	\$ 139 739	\$ 5 764	\$338 906	\$ 354 140
Excess (Deficiency) of revenues over expenses	\$ 5 448	\$ 10 517	\$ (5 166)	\$ (3 029)	\$ 7 770	\$ 16 237

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Statement of changes in net assets
Years ended March 31, 2010

	Invested in Capital Assets	Restricted for Educational Purposes	Accumulated Profit / (Loss)	2010 Total	2009 Total
Balance at beginning of the year	\$ 1 296	\$ 12 839	\$ (97 467)	\$ (83 332)	\$ (99 569)
Excess (Deficiency) of revenues over expenses	(389)	(3 029)	11 188	7 770	16 237
	-----	-----	-----	-----	-----
Balance at end of the year	<u>\$ 907</u>	<u>\$ 9 810</u>	<u>\$ (86 279)</u>	<u>\$ (75 562)</u>	<u>\$ (83 332)</u>

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Statement of financial position
As at March 31, 2010

	2010	2009
ASSETS		
Current		
Cash - restricted	\$ 12 107	\$ 14 764
Term deposits - restricted - Note 5	3 596	3 500
Accrued interest - restricted	128	82
Investment	-	1 010
Accounts receivable - Note 6	96 192	71 007
Prepaid expenses	1 209	1 413
	<u>113 232</u>	<u>91 776</u>
Capital assets - Note 7	<u>907</u>	<u>1 296</u>
	<u>\$ 114 139</u>	<u>\$ 93 072</u>
LIABILITIES		
Current		
Cheques issued in excess of cash funds	\$ 5 507	\$ 7 207
Accounts payable - Note 9	69 478	60 647
Deferred revenue	25 189	19 023
Deferred revenue - restricted	5 000	5 000
Current portion of long-term debt - Note 10	75 000	55 000
	<u>180 174</u>	<u>146 877</u>
Long-term debt - Note 10	<u>9 527</u>	<u>29 527</u>
NEGATIVE EQUITY		
Invested in capital assets	907	1 296
Restricted for educational purposes - Note 12	9 810	12 839
Accumulated loss	(86 279)	(97 467)
	<u>(75 562)</u>	<u>(83 332)</u>
	<u>\$ 114 139</u>	<u>\$ 93 072</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, 2010

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. These financial statements include the Warren Grapes Agricultural Education Fund, which is a registered charity.

2. CHANGE IN ACCOUNTING POLICY

Futur change in accounting policy

Over the next fiscal year, the Association will adopt the new recommendations of the Canadian Institute of Chartered Accountants concerning the itemization of expenses of not-for-profit organizations, specifically in the new section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The latter establishes new standards on the information to be provided by a not-for-profit organization that files its expenses according to function and itemizes them among the various functions to which they belong.

These modifications come into force for fiscal years beginning on or after January 1, 2009, and the Association will apply them starting on April 1, 2010.

Other standards have been published, but they do not affect the financial statements of the Association.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were set up in accordance with generally recognized Canadian accounting principles and include the following main accounting conventions:

Accounting Estimate

In order to draft financial statements according to the generally recognized Canadian accounting principles, the organization's directors must make estimates and hypotheses that have an influence on the amounts presented in the financial statements and attached annotations. These estimates are based on the directors' knowledge of the organization's current activities and measures that may be undertaken by the organization in the future. The actual results may be different than these estimates.

Income Presentation

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 \$ 30 320 (2009 - \$ 36 160).

Deferred revenues include sums committed in advance through means of contracts. They are redeemed on the proportion of incurred charges that are used.

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Notes to the financial statements
March 31, 2010

3. **SIGNIFICANT ACCOUNTING POLICIES (continued...)**

Cash and Cash Equivalents

The entity's policy is to present within the cash and cash equivalents, the banking balance including the bank overdraft whose balance often fluctuates between positive and negative, and the short-term investments whose maturity dates do not exceed three months from the date of acquisition. Moreover, the term deposit, which cannot be used for current operations due to guarantees that address the entity, are not included in the cash and cash equivalents.

Investment

Investments are accounted for according to the lower of cost and market method (cost or value of net liquidation).

Capital assets

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

Computers	30%
Office equipment	20%

4. **GOVERNMENT CONTRIBUTION**

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

5. **TERM DEPOSITS**

The Warren Grapes Agricultural Education Fund has a short-term investment at a rate of 4.15 per cent, maturing May 25, 2010.

6. **ACCOUNTS RECEIVABLE**

	2010	2009
Accounts receivable	\$ 33 053	\$ 12 358
Contributions to be received	63 139	58 649
	<u>\$ 96 192</u>	<u>\$ 71 007</u>

QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMIERS DU QUÉBEC
Notes to the financial statements
March 31, 2010

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	2010 Net	2009 Net
Computers	\$ 2 649	\$ 1 742	\$ 907	\$ 1 296

The amortization of the period is \$ 389 (2009 – \$ 401).

8. 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, 2010.

9. ACCOUNTS PAYABLE

	2010	2009
Suppliers and expenses	\$ 60 941	\$ 43 092
Salaries and fringe benefits	4 375	11 963
Warren Grapes Agricultural Education Fund	1 021	507
Sales taxes	3 141	5 085
	<u>69 478</u>	<u>60 647</u>

10. 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.

	2010	2009
	\$ 84 527	\$ 84 527
Less current portion	<u>75 000</u>	<u>55 000</u>
	<u>\$ 9 527</u>	<u>\$ 29 527</u>

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

2011	\$ 75 000
2012	\$ 9 527

During the exercise, the Association reimbursed \$ 0 (2009 - \$ 5 000) in capital.

11. CONTRACTUAL COMMITMENT

Lease

The Association rents office space by means of an annual lease. The lease can be cancelled three months prior to the end date. The minimum annual rent is \$ 3,102 and is readjusted each year. The lease is automatically renewed.

12. 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.

13. 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 \$ 104,215 for technical support, insurance, rent and services. The revenue for translation and services received from the UPA is \$ 101,532. 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 \$ 7,303. The accounts payable that have yet to be paid for these operations are included in the creditors and represent a total amount of \$ 12,386.

14. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Association uses a line of credit and assumes a long term debt with variable interest rates. Consequently, the organization runs a risk from the fluctuation of the prime interest rate. However, a fluctuation of 1% of the prime interest rate would not have a significant impact on the Association's results and financial situation.

The Association's long term debt has a fixed interest rate and, as a result, is exposed to minimal risks.

Credit Risk

The Association is not exposed to any major risk with regards to any particular client or third party. The Association continually evaluates the financial health of its clients and examines the credit history of any large new clients. The Association establishes a provision for doubtful accounts while taking into account the credit risk of particular clients, credit history and other relevant information.

14. FINANCIAL INSTRUMENTS (continued...)

Fair Value

The cash book value, the accounts receivable as well as the accounts payable and the accrued liability come close to their fair value despite the fact that these elements have a short term maturity date.

15. CASH FLOWS

A statement of cash flows has not been prepared because any additional information is readily apparent from the other statements.

16. 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, 2010

Minister of Canadian
Heritage - Development of
Official Language
Communities Program

Contributions	\$ 85 000
Expenses	
Salary	55 000
Honoraria	15 000
Travel	5 000
Publicity	1 000
Operating costs	9 000
	<hr/>
	85 000
	<hr/>
	\$ -
	<hr/> <hr/>