

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

FINANCIAL STATEMENTS

MARCH 31, 2011

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

SUMMARY

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Ronald Beaulieu, c.a. auditeur

Comptable agréé auditeur

INDEPENDENT AUDITOR'S REPORT

To the Membres of
Quebec Farmers' Association / Association des fermiers du Québec,

I have audited the accompanying financial statements of Quebec Farmers' Association / Association des fermiers du Québec, which comprise the statement of financial position at March 31, 2011, and the statement of operations and the 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 accounting standards for private enterprises, 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

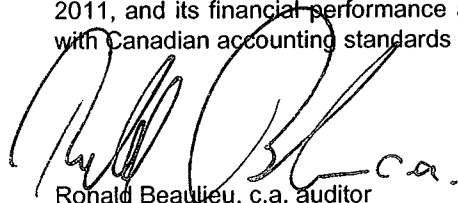
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Quebec Farmers' Association / Association des fermiers du Québec, as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.



Ronald Beaulieu, c.a. auditor

Saint-Hyacinthe, Québec
August 19th, 2011

**QUÉBEC FARMERS' ASSOCIATION
ASSOCIATION DES FERMISERS DU QUÉBEC**

**STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2011**

					2011	2010
	General Operations	Translation Services	Advocate	Warren Grapes	Total	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Government grants and contributions	69 450	-	9 600	-	79 050	85 000
Memberships	13 464	-	6 936	-	20 400	23 284
Subscriptions	-	-	375	-	375	885
Advertising	-	-	71 378	-	71 378	66 232
Contracts	-	-	42 990	-	42 990	48 464
Translation services	-	57 972	-	-	57 972	78 794
Donations	1 550	-	-	600	2 150	9 889
Foundation donations	-	-	-	-	-	171
Insurance	756	-	-	-	756	793
Product sales	867	-	-	-	867	706
Miscellaneous	759	-	45	24	828	1 558
Gifts in-kind	-	-	-	-	-	580
Volunteers' time	-	-	-	-	-	30 320
	86 846	57 972	131 324	624	276 766	346 676
Expenditures						
Salaries and Benefits	44 069	1 410	34 401	49	79 929	94 266
Professional Fees- Honoraria						
Advertising sales	-	-	25 651	-	25 651	23 778
Desktop publishing layout	-	-	13 756	-	13 756	13 228
Auditors	191	52	104	-	347	3 500
Bookkeeping	9 052	2 469	4 937	-	16 458	15 937
Translators	87	49 721	9 366	-	59 174	70 675
Writers	-	-	7 831	-	7 831	7 213
Other (AGM, web site, etc.)	18 715	2 532	440	-	21 687	2 108
	28 045	54 774	62 085	-	144 904	136 439
Travel						
Board	3 280	-	-	-	3 280	1 755
Staff and Consultants	3 641	-	82	-	3 723	4 047
	6 921	-	82	-	7 003	5 802
Publicity	1 334	-	-	-	1 334	6 337
Operating Costs						
Rent and storage	2 477	501	1 005	-	3 983	4 147
Equipment rental	668	-	-	-	668	366
Insurance	585	161	323	-	1 069	1 571
Printing	155	-	18 010	-	18 165	22 666
Postage	1 189	254	17 807	-	19 250	20 197
Telecommunications	2 977	307	936	18	4 238	4 487
Bank charges and interest	2 041	-	-	-	2 041	2 585
Office expenses	865	-	349	-	1 214	2 154
Bursaries	-	-	-	2 075	2 075	5 250
	10 957	1 223	38 430	2 093	52 703	63 423
Other						
Depreciation	272	-	-	-	272	389
Bad debts	-	-	-	-	-	1 350
	272	-	-	-	272	1 739
In-Kind						
Gifts and prizes	-	-	-	-	-	580
Volunteers' time	-	-	-	-	-	30 320
	-	-	-	-	-	30 900
	91 598	57 407	134 998	2 142	286 145	338 906
Excess (Deficiency) of Revenues Over Expenses	(4 752)	565	(3 674)	(1 518)	(9 379)	7 770

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

**STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011**

	Invested in Capital Assets	Restricted for Educational Purposes	Accumulated Profit / (Loss)	2011 Total	2010 Total
Balance at Beginning of the Year	\$ 907	\$ 9 810	\$ (86 279)	\$ (75 562)	\$ (83 332)
Excess (Deficiency) of Revenues Over Expenses	(272)	(1 518)	(7 589)	(9 379)	7 770
Balance at End of the Year	<u>\$ 635</u>	<u>\$ 8 292</u>	<u>\$ (93 868)</u>	<u>\$ (84 941)</u>	<u>\$ (75 562)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011**

	2011	2010
ASSETS		
Current		
Cash	\$ 7 962	\$ -
Cash - restricted	14 380	12 107
Term deposits - restricted	-	3 596
Accrued interest - restricted	-	128
Accounts receivable - Note 5	32 715	96 192
Prepaid expenses	570	1 209
	55 627	113 232
Capital assets - Note 6	635	907
	56 262	114 139
LIABILITIES		
Current		
Cheques issued in excess of cash funds	-	5 507
Accounts payable - Note 7	29 619	69 478
Deferred revenue	22 057	25 189
Deferred revenue - restricted	5 000	5 000
Current portion of long-term debt - Note 9	84 527	75 000
	141 203	180 174
Long-term debt - Note 9	-	9 527
NEGATIVE EQUITY		
Invested in capital assets	635	907
Restricted for educational purposes - Note 11	8 292	9 810
Accumulated loss	(93 868)	(86 279)
	(84 941)	(75 562)
	\$ 56 262	\$ 114 139

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, 2011**

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 - SIGNIFICANT ACCOUNTING STANDARDS

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

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

Revenues are accounted for when there is persuasive evidence that an arrangement exists, the services are returned, when the price is determined or déterminable and when the collection is reasonably assured.

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

CASH AND CASH EQUIVALENTS

The entity's policy is to present within the cash, the banking balance including the bank overdraft whose balance often fluctuates between positive and negative.

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%

**QUÉBEC FARMERS' ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011**

3 - IMPACT OF CHANGE IN ACCOUNTING STANDARDS

The organization has chosen to adopt the Standards of Part III of the Manual of Accounting for non-profit organizations, in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements in which the organization has applied Accounting Standards for Canadian non-profit organizations.

The adoption of these standards had no impact on the preparation of financial statements for the year ended March 31, 2011.

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 - ACCOUNTS RECEIVABLE

	2011	2010
Accounts receivable	\$ 28 715	\$ 33 053
Contributions to be received	4 000	63 139
	<u>\$ 32 715</u>	<u>\$ 96 192</u>

6 - CAPITAL ASSETS

	Cost	Accumulated Amortization	2011 Net	2010 Net
Computers	<u>\$ 2 649</u>	<u>\$ 2 014</u>	<u>\$ 635</u>	<u>\$ 907</u>

The amortization of the period is \$ 272 (2010 – \$ 389).

**QUÉBEC FARMERS' ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011**

7 - ACCOUNTS PAYABLE

	2011	2010
Suppliers and expenses	\$ 20 306	\$ 60 941
Salaries and fringe benefits	2 655	4 375
Warren Grapes Agricultural Education Fund	1 088	1 021
Sales taxes	5 570	3 141
	-----	-----
	\$ 29 619	\$ 69 478

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, 2011.

9 - LONG-TERM DEBT

	2011	2010
The Association has a loan with the fonds de defense	\$ 84 527	\$ 84 527
Less current portion	84 527	75 000
	-----	-----
	\$ -	\$ 9 527

The minimum capital payments for the next year are as follows: 2012 \$ 84 527

During the year, the Association reimbursed \$ 0 (2010 - \$ 0) in capital.

10 - 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 \$ 3,435 and is readjusted each year. The lease is automatically renewed.

11 - 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.

**QUÉBEC FARMERS' ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011**

12 - 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 \$ 100,287 for technical support, insurance, rent and services. The revenue for translation and services received from the UPA and La Terre de Chez Nous is \$ 100,843. 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 \$ 6,941. The accounts payable that have yet to be paid for these operations are included in the creditors and represent a total amount of \$ 1,621.

13 - 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.

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.

14 - CASH FLOWS

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