

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

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

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

**SUMMARY**

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the financial statements of the Quebec Farmers' Association / Association des fermiers du Québec, which comprise the statement of financial position at March 31, 2015, and the statement of operations, the statement of changes in net assets and the cash flow 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 norms for Not-for-profit Associations, 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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Quebec Farmers' Association / Association des fermiers du Québec, as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting norms for Not-for-profit Associations.

*SCF Montérégie Inc.*

SCF Montérégie Inc.<sup>1</sup>

Saint-Hyacinthe  
September 10th, 2015

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<sup>1</sup> Manon Gemme, CPA auditor, CGA

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

**STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2015**

	General Operations	Translation Services	Advocate	Warren Grapes	Projects	2015 Total	2014 Total
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
Government grants and contributions	63 750		21 250		1 746	86 746	93 149
Memberships	14 517		7 478			21 995	19 161
Subscriptions			659			659	315
Advertising			75 531			75 531	87 122
Contracts			35 330			35 330	35 648
Translation services		24 833				24 833	71 432
Donations and sponsorships	250			3 279	2 075	5 604	15 703
Insurance	761					761	838
Product sales	390					390	762
Miscellaneous	240					240	610
	<b>79 908</b>	<b>24 833</b>	<b>140 248</b>	<b>3 279</b>	<b>3 821</b>	<b>252 089</b>	<b>324 740</b>
<b>Expenditures</b>							
<b>Salaries and Benefits</b>	<b>56 363</b>	<b>4 428</b>	<b>49 559</b>		<b>9 283</b>	<b>119 633</b>	<b>117 611</b>
<b>Professionnal Fees- Honoraria</b>							
Advertising sales			27 398			27 398	31 406
Desktop publishing layout			13 595			13 595	14 625
Auditors	2 467	673	1 346			4 486	4 378
Bookkeeping	6 324	1 725	3 449			11 498	11 919
Translators		14 853	8 826			23 679	60 493
Writers			4 598			4 598	5 921
Other (AGM, web site, consultants, etc.)	2 350		505		1 370	4 225	10 775
	<b>11 141</b>	<b>17 251</b>	<b>59 717</b>	-	<b>1 370</b>	<b>89 479</b>	<b>139 517</b>
<b>Travel</b>							
Board	1 478					1 478	1 859
Staff and Consultants	45					45	2 960
	<b>1 523</b>	-	-	-	-	<b>1 523</b>	<b>4 819</b>
<b>Publicity</b>	<b>1 367</b>					<b>1 367</b>	<b>1 344</b>
<b>Operating Costs</b>							
Rent and storage	2 822	521	1 042		1 875	6 260	6 920
Equipment rental	590					590	667
Insurance	529	143	287			959	948
Printing	11		19 203			19 214	28 685
Postage	329	57	16 425			16 811	16 130
Telecommunications	2 162	300	1 077		214	3 753	3 620
Bank charges and interest	1 780					1 780	1 589
Office expenses	386	12	503			901	1 621
Bursaries				1 920		1 920	500
	<b>8 609</b>	<b>1 033</b>	<b>38 537</b>	<b>1 920</b>	<b>2 089</b>	<b>52 188</b>	<b>60 680</b>
<b>Depreciation</b>	<b>402</b>					<b>402</b>	<b>574</b>
	<b>79 405</b>	<b>22 712</b>	<b>147 813</b>	<b>1 920</b>	<b>12 742</b>	<b>264 592</b>	<b>324 545</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>503</b>	<b>2 121</b>	<b>(7 565)</b>	<b>1 359</b>	<b>(8 921)</b>	<b>(12 503)</b>	<b>195</b>

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

**STATEMENT OF CHANGES IN NET ASSETS  
YEARS ENDED MARCH 31, 2015**

	Invested in Capital Assets	Restricted for Educational Purposes	Accumulated Profit / (Loss)	2015 Total	2014 Total
Balance at Beginning of the Year	\$ 1 341	\$ 9 440	\$ (85 571)	\$ (74 790)	\$ (74 985)
Investments in capital assets	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenses	----- (402)	----- 1 359	----- (13 460)	----- (12 503)	----- 195
Balance at End of the Year	<u>\$ 939</u>	<u>\$ 10 799</u>	<u>\$ (99 031)</u>	<u>\$ (87 293)</u>	<u>\$ (74 790)</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current		
Cash	\$ 13 931	\$ 16 301
Cash - restricted	16 887	15 528
Accounts receivable - Note 4	17 629	41 192
Prepaid expenses	443	443
	48 890	73 464
Capital assets - Note 5	939	1 341
	<b>\$ 49 829</b>	<b>\$ 74 805</b>
<b>LIABILITIES</b>		
Current		
Accounts payable - Note 6	\$ 33 330	\$ 51 041
Deferred revenue - Note 8	25 965	17 127
Deferred revenue - restricted	5 000	5 000
Current portion of long-term debt - Note 9	3 600	3 600
	67 895	76 768
Long-term debt - Note 9	69 227	72 827
<b>NEGATIVE EQUITY</b>		
Invested in capital assets	939	1 341
Restricted for educational purposes - Note 11	10 799	9 440
Accumulated loss	(99 031)	(85 571)
	(87 293)	(74 790)
	<b>\$ 49 829</b>	<b>\$ 74 805</b>

Approved on behalf of the board:

\_\_\_\_\_ DIRECTOR

\_\_\_\_\_ DIRECTOR

*The accompanying notes form part of this statement.*

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

**CASH FLOW  
AS AT MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Excess (Deficiency) of Revenues Over Expenses	\$ (12 503)	\$ 195
Items not affecting cash :		
Depreciation	402	574
	-----	-----
	(12 101)	769
Net change in non -cash working capital items	14 690	11 510
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	----- (3 600)	----- (3 600)
<b>INCREASE (DECREASE) IN CASH</b>	(1 011)	8 679
<b>CASH AT BEGINNING OF YEAR</b>	----- 31 829	----- 23 150
<b>CASH AT END OF YEAR</b>	<u>\$ 30 818</u>	<u>\$ 31 829</u>
 <b>NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS</b>		
<b>DECREASE (INCREASE)</b>		
Accounts receivable	\$ 23 563	\$ (9 628)
Prepaid expenses	0	(8)
<b>INCREASE (DECREASE)</b>		
Accounts payable	(17 711)	30 805
Deferred revenue	8 838	(9 659)
Deferred revenue - restricted	0	0
	-----	-----
	<u>\$ 14 690</u>	<u>\$ 11 510</u>
 <b>CASH FLOW</b>		
Cash	\$ 13 931	\$ 16 301
Cash - restricted	16 887	15 528
	-----	-----
	<u>\$ 30 818</u>	<u>\$ 31 829</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015**

**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**

**BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with Canadian accounting standards for non-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

**USE OF ESTIMATES**

The preparation of financial statements in accordance with Accounting Standards for non-profit Associations requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from these estimates.

**REVENUE RECOGNITION**

The Association follows the deferral method of accounting for grants and contributions. Under this method, contributions restricted for future period expenses are deferred and 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.

The Association's principal other sources of revenue comprise advertising, translation service, contracts and membership fees. Revenues are recognized when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Services have been rendered;
- The price to the buyer is fixed or determinable;
- Collection is reasonably assured.

**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.

QUÉBEC FARMERS' ASSOCIATION  
ASSOCIATION DES FERMIERS DU QUÉBEC

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015

**2 - SIGNIFICANT ACCOUNTING STANDARDS (continued)**

INVESTMENT

The investments are accounted at cost.

CAPITAL ASSETS

Capital assets are accounted at cost, and are amortized over their estimated useful lives according to the method of depreciation on a diminishing balance, at the following annual rates:

Computers	30%
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FINANCIAL INSTRUMENTS

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Subsequently, financial assets and liabilities are measured and recognized as follows:

Help for trading

Cash, cash restricted, accounts receivable and prepaid expenses are classified as held for trading financial assets. Held for trading financial assets are measured at their fair value and the change in fair value is recognized in revenues and expenses.

Loans and receivables and other financial liabilities

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method (including any impairment in the case of financial assets). The interest on other financial liabilities is calculated using the effective interest method and is presented in revenues and expenses under administrative expenses.

**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, 2015**

**4 - ACCOUNTS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Accounts receivable	\$ 13 379	\$ 32 692
Contributions to be received	4 250	8 500
	<u>\$ 17 629</u>	<u>\$ 41 192</u>

**5 - CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2015 Net</b>	<b>2014 Net</b>
Computers	<u>\$ 4 536</u>	<u>\$ 3 597</u>	<u>\$ 939</u>	<u>\$ 1 341</u>

The amortization of the period is \$ 402 (2014 – \$ 574).

**6 - ACCOUNTS PAYABLE**

	<b>2015</b>	<b>2014</b>
Suppliers and expenses	\$ 23 140	\$ 33 442
Salaries and fringe benefits	4 574	9 651
Warren Grapes Agricultural Education Fund	1 088	1 088
Sales taxes	4 528	6 860
	<u>\$ 33 330</u>	<u>\$ 51 041</u>

**7 - OVERDRAFT PROTECTION**

The Association maintains an overdraft protection 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, 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015**

**8 - DEFERRED REVENUE**

	<b>2015</b>	<b>2014</b>
Memberships	\$ 17 136	\$ 8 298
New Canadian Farmers Incubator Project	8 829	8 829
	<u>\$ 25 965</u>	<u>\$ 17 127</u>

**9 - LONG-TERM DEBT**

	<b>2015</b>	<b>2014</b>
The Association has a loan with the Fonds de defense professionnelle of the Union des producteurs agricoles in the amount of \$ 84,527 without interest to be reimbursed in equal monthly payments of \$ 300, beginning January, 2012 and maturity on 2035. The full amount may be paid in advance without penalty.	\$ 72 827	\$ 76 427
Less current portion	3 600	3 600
	<u>\$ 69 227</u>	<u>\$ 72 827</u>

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

2016	\$ 3 600
2017	\$ 3 600
2018	\$ 3 600
2019	\$ 3 600
2020	\$ 3 600

During the year, the Association reimbursed \$ 3 600 (2014 - \$ 3 600) 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 \$ 3,389 and is readjusted each year. The lease is automatically renewed.

**QUÉBEC FARMERS' ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015**

**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 Association under number 871285045 RR 0001.

**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 \$ 96,372 for technical support, insurance, rent and services. The revenue for translation and services received from the UPA and La Terre de chez nous is \$ 107,150. 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 \$ 5,428. The accounts payable that have yet to be paid for these operations are included in the creditors and represent a total amount of \$ 9,557.

**13 - FINANCIAL INSTRUMENTS**

The Association is exposed to various financial risks resulting from both its operations and its investments activities. The Association's management manages financial risks.

The Association does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

**INTEREST RATE RISK**

The Association uses a line of credit and assumes a long term debt with variable interest rates. Consequently, the Association 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 at zero and, as a result, is exposed to minimal risks.

QUÉBEC FARMERS' ASSOCIATION  
ASSOCIATION DES FERMIERS DU QUÉBEC

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015

**13 - FINANCIAL INSTRUMENTS (continued)**

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.

**QUÉBEC FARMERS' ASSOCIATION**  
**ASSOCIATION DES FERMIERS DU QUÉBEC**  
 Additional information  
 YEARS ENDED MARCH 31, 2015

	2015	2014
<b>Revenues from projects</b>		
Government grants and contributions	1 746	8 149
Donations and sponsorships	2 075	7 063
	2 075	15 212
<b>Expenditures</b>		
Salaries and Benefits	8 623	7 898
Professional Fees- Honoraria	284	6 230
Travel		889
Operating Costs	2 089	4 295
	10 996	19 312
	12 742	19 312