

SEED CORN GROWERS OF ONTARIO

**AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

DECEMBER 31, 2008

SEED CORN GROWERS OF ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2008

Statement of operations	1
Statement of financial position	2
Notes to financial statements	3 - 8



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AUDITORS' REPORT

To the Members of the
Seed Corn Growers of Ontario

We have audited the statement of financial position of Seed Corn Growers of Ontario, as at December 31, 2008 and the statement of operations for the year then ended. These financial statements are the responsibility of the Board's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Chatham, Ontario
February 10, 2009

Collins Barrow CK ^{LLP}

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

SEED CORN GROWERS OF ONTARIO

STATEMENT OF OPERATIONS

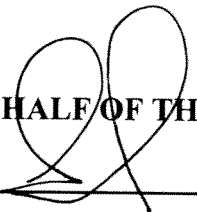
YEAR ENDED DECEMBER 31, 2008

	2008	2007
REVENUE		
Board fees	\$ 230,402	\$ 181,653
OSGA - service contract	19,991	19,770
Research - CORD funds	40,908	30,233
Research - ORD funds	7,624	-
Research - industry contributions	9,550	3,600
Interest income	12,458	11,496
Annual meeting income	1,450	750
Miscellaneous income	-	1,991
Gain (loss) on bond disposals	7,185	(288)
	<u>329,568</u>	<u>249,205</u>
EXPENSES		
Advertising and sponsorship	1,575	2,100
Annual meeting expense	1,105	1,222
Bank charges	99	133
Board meetings	9,211	8,848
Delegation expenses	27,205	19,753
Directors' office expense	1,899	1,575
Education expenses	1,082	-
Fees (note 4)	3,677	4,145
Grains and oilseeds safety net expenses	11,849	11,052
Insurance	1,509	1,508
Investment management fees	1,222	1,485
Negotiation expenses	11,257	9,091
Office equipment	1,226	5,224
Office supplies	8,479	8,188
Professional fees	1,100	3,622
Rent	15,600	15,600
Research	6,538	87,222
Salaries and benefits	75,917	70,520
Telephone	2,189	1,783
Website expense	-	500
	<u>182,739</u>	<u>253,571</u>
	146,829	(4,366)
OTHER INCOME		
Change in fair market value	<u>(25,731)</u>	<u>1,750</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 121,098</u>	<u>\$ (2,616)</u>

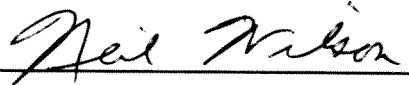
SEED CORN GROWERS OF ONTARIO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash	\$ 52,158	\$ 58,377
Investments (note 7)	396,135	267,591
Accrued interest	<u>221</u>	<u>309</u>
	<u>\$ 448,514</u>	<u>\$ 326,277</u>
LIABILITIES		
Goods and services tax payable	<u>\$ 7,270</u>	<u>\$ 6,131</u>
NET ASSETS		
Beginning balance	320,146	311,079
Change in accounting policy (note 2)	-	11,683
Excess (deficiency) of revenue over expenses	<u>121,098</u>	<u>(2,616)</u>
Ending balance	<u>441,244</u>	<u>320,146</u>
	<u>\$ 448,514</u>	<u>\$ 326,277</u>

ON BEHALF OF THE BOARD



 Director



 Director

SEED CORN GROWERS OF ONTARIO**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008**

1. NATURE OF ACTIVITIES

Seed Corn Growers of Ontario, formerly The Ontario Seed Corn Growers' Marketing Board, came into existence December, 1940 under The Farm Products Control Act. The Board currently operates under the authority provided by the Ontario Farm Products Marketing Act. The Board's main responsibility is to represent the growers in contract negotiations with the seed corn companies. The Board also has the responsibility to take an active part in the agricultural community, supporting efforts to improve and protect the conditions for seed corn growers.

2. CHANGES IN ACCOUNTING POLICIES

Financial Instruments

On January 1, 2007, the Board adopted new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1530, Comprehensive Income, Section 3855, Financial Instruments - Recognition and Measurement, Section 3865, Hedges, and Section 3861, Financial Instruments - Disclosure and Presentation. The adoption of these new Financial Instruments standards resulted in changes in the accounting for financial instruments and hedges as well as the recognition of certain transition adjustments that have been recorded in opening retained earnings or opening accumulated other comprehensive income as described below. The comparative financial statements have not been restated.

Comprehensive Income

Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income (OCI). OCI represents changes in members' equity during a period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale and changes in the fair value of the effective portion of cash flow hedging instruments. Cumulative changes in OCI are included in accumulated other comprehensive income (AOCI), which is presented as a new category of members' equity on the balance sheet.

SEED CORN GROWERS OF ONTARIO**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008**

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

Financial Instruments -- Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives be recognized on the statement of financial position when the Board becomes party to the contractual provisions of the financial instrument or non-financial derivative contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Transaction costs are capitalized on initial recognition, except financial instruments designated as held-for-trading where transaction costs are expensed.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in other income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are presented as investments on the balance sheet and measured at fair value with unrealized gains and losses being recognized in OCI. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. Derivative instruments are recorded on the balance sheet at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair values of derivative instruments are recognized in net income with the exception of derivatives designated in effective cash flow hedges.

Impact upon adoption of Sections 1503, 3855, and 3865

The transition adjustments attributable to the remeasurement of financial assets and financial liabilities at fair value, other than financial assets classified as available-for-sale and hedging instruments designated as cash flow hedges were recognized in opening retained earnings as at January 1, 2007.

At January 1, 2007 retained earnings was increased by \$11,683 to reflect the fair market value of the RT Investments.

SEED CORN GROWERS OF ONTARIO**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008**

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

Investments

Investments held to maturity: Securities which the Board both positively intends and has the ability to hold to maturity are classified as investments held-to-maturity and are carried at amortized cost. Intent and ability to hold are not considered to be satisfied if an investment is available to be sold in response to changes in interest rates, prepayment rates, liquidity needs or other reasons as part of the overall asset/liability management strategy.

Investments held for trading: Securities that the Board has elected to hold for trading are reported at estimated fair value. Recognized changes in fair value are recognized in net income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

REVENUE RECOGNITION

The Board follows the deferral method of accounting for contributions. Restricted contributions 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.

CAPITAL ASSETS

The purchase of capital assets is recorded as an expense in the year acquired.

SEED CORN GROWERS OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from the Board's management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

4. FEES EXPENSE	2008	2007
Chamber of Commerce	\$ 97	\$ 95
American Seed Trade Association	223	200
Ontario Agricultural Commodity Council	500	1,000
Canadian Seed Trade Association	1,208	1,208
Ontario Federation of Agriculture	500	500
AG Care	1,000	1,000
Agricultural Adaptation Council	<u>149</u>	<u>142</u>
	<u>\$ 3,677</u>	<u>\$ 4,145</u>

5. STATEMENT OF CASH FLOWS

A statement of cash flows is not considered meaningful and consequently has been omitted from these financial statements.

SEED CORN GROWERS OF ONTARIO**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008****6. COMMITMENTS**

Payments on a building lease expiring May 2014 amount to \$89,200. They will become due as follows:

2009	\$	16,400
2010		16,800
2011		16,800
2012		16,800
2013		<u>16,800</u>
	\$	<u>83,600</u>

7. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash and investments. Unless otherwise noted, it is the Board's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. For financial instrument purposes, management has classified the GIC investments held to maturity and the RT Investments as held for trading.

Investments are comprised as follows:

GIC due December 24, 2008 - 4.1%	\$	-	\$	92,383
GIC due December 22, 2009 - 1.25%		120,000		-
GIC due December 24, 2009 - 1.25%		96,181		-
RT Investments - fixed income and equity investments		<u>179,954</u>		<u>175,208</u>
	\$	<u>396,135</u>	\$	<u>267,591</u>

SEED CORN GROWERS OF ONTARIO**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008**

8. CAPITAL DISCLOSURES

The Board's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to represent the growers in contract negotiation and benefits for other stakeholders.

The Board manages the investments and makes adjustments to the investments in the light of changes in economic conditions and the risk characteristics of the underlying assets.