

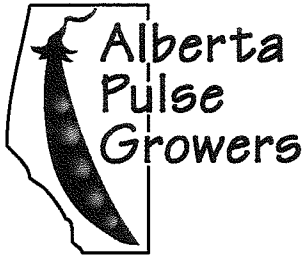
**ALBERTA PULSE GROWERS
COMMISSION
FINANCIAL STATEMENTS**

JULY 31, 2008



ALBERTA PULSE GROWERS COMMISSION
JULY 31, 2008
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To the Members
Alberta Pulse Growers Commission

Management has responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized; assets safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed of Commissioners who are neither management nor employees of the Commission. The Board reviews the financial statements in detail with management prior to their approval of the financial statements for publication.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Board and management to discuss their audit findings.

_____ Executive Director

_____ Secretary Treasurer



MEYERS NORRIS PENNY LLP

AUDITORS' REPORT

To the Members of

Alberta Pulse Growers Commission

We have audited the statement of financial position of the **Alberta Pulse Growers Commission** as at July 31, 2008 and the statements of revenue and expenditures, members' equity, cash flows and supporting schedules I to V for the year then ended. These financial statements are the responsibility of 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 disclosure in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The **Alberta Pulse Growers Commission** derives the majority of its revenue from levies submitted on behalf of producers of pulse crops. The recognition of this revenue is initiated by the purchaser at the time of delivery and reported to the Commission. Since it is not possible for the Commission to ensure that all revenues are reported, the completeness of revenues are not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Commission and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets, or surplus.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these statements present fairly, in all material respects, the financial position of the **Alberta Pulse Growers Commission** as at July 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

October 24, 2008
Leduc, Alberta

CHARTERED ACCOUNTANTS

ALBERTA PULSE GROWERS COMMISSION
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED JULY 31, 2008

	2008	2007 (Restated)
Revenue		
Service fees	\$ 1,494,206	\$ 1,227,679
Less: service fees refunded	(62,463)	(52,901)
Interest	38,390	27,446
Annual general meeting	-	10,785
Other revenue	<u>1,440</u>	<u>-</u>
Total administration revenue	1,471,573	1,213,009
Extension - Schedule I	30,694	46,579
Market Development - Schedule II	10,868	2,840
Zones - Schedule V	<u>28,493</u>	<u>66,406</u>
Total revenue	1,541,628	1,328,834
Less: Zone revenue transferred from operations (Note 3)	<u>(10,000)</u>	<u>(41,000)</u>
	<u>1,531,628</u>	<u>1,287,834</u>
Expenditures		
Remuneration and travel	323,744	191,867
Travel and meetings	53,417	34,594
Professional fees	45,414	20,102
Annual general meeting	27,194	25,658
Industry initiatives	22,893	-
Office lease and services	22,344	16,133
Office and postage	11,174	10,356
Communication	8,261	6,966
Insurance	6,509	6,451
Amortization	4,646	6,149
Gifts, awards and memberships	1,215	658
Bank charges and interest	944	863
Advertising	<u>415</u>	<u>332</u>
Total administration expenditures	528,170	320,129
Committee Expenditures		
Extension - Schedule I	139,627	168,298
Market Development - Schedule II	307,170	168,636
Research - Schedule III	342,979	261,366
Risk Management - Schedule IV	5,145	142
Zones - Schedule V	<u>26,671</u>	<u>61,731</u>
Total expenditures	<u>1,349,762</u>	<u>980,302</u>
Excess of Revenue Over Expenditures	<u>\$ 181,866</u>	<u>\$ 307,532</u>

ALBERTA PULSE GROWERS COMMISSION
STATEMENT OF MEMBERS' EQUITY
YEAR ENDED JULY 31, 2008

	General Surplus	Research Reserve	Equity in Capital Assets	2008 Totals	2007 Totals (Restated)
Opening - as previously reported	\$ 851,777	\$ 150,000	\$ 20,142	\$ 1,021,919	\$ 710,762
Correction of prior period error	10,269	-	12,935	23,204	26,829
Opening, as restated	862,046	150,000	33,077	1,045,123	737,591
Excess revenue	181,866	-	-	181,866	307,532
Amortization	10,745	-	(10,745)	-	-
Additions to capital assets	(7,517)	-	7,517	-	-
Ending	\$ 1,047,140	\$ 150,000	\$ 29,849	\$ 1,226,989	\$ 1,045,123

ALBERTA PULSE GROWERS COMMISSION
STATEMENT OF FINANCIAL POSITION BY ZONE
JULY 31, 2008

	Head Office	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	2008 Total	2007 Totals (Restated)
ASSETS:								
Current Assets:								
Cash	\$178,490	\$20,848	\$13,976	\$55,177	\$1,269	\$4,858	\$274,618	\$638,643
Guaranteed Investment Certificates	894,617	500	41,581	-	11,564	40,000	987,763	426,502
Accounts Receivable	129,083	500	1,102	-	-	-	130,685	107,510
Prepaid Expenses	42,620	-	765	280	-	-	43,665	17,206
Total Current Assets	1,244,810	21,348	57,424	55,457	12,834	44,858	1,436,731	1,189,861
Capital Assets (Note 4)	18,649	8,750	-	2,450	-	-	29,849	33,077
TOTAL ASSETS	\$1,263,459	\$30,098	\$57,424	\$57,907	\$12,834	\$44,858	\$1,466,580	\$1,222,938

LIABILITIES & MEMBERS' EQUITY

Current Liabilities:								
Accounts Payable	\$143,312	\$2,547	\$765	\$968	\$0	\$8,740	\$156,332	\$95,561
Research Grants Payable (Note 5)	23,277	-	-	23,612	-	10,902	57,791	62,227
Service Fees Refundable	25,468	-	-	-	-	-	25,468	20,027
Total Liabilities	192,057	2,547	765	24,580	-	19,642	239,591	177,815
Members' Equity								
Accumulated Surplus	902,753	18,801	56,659	30,877	12,834	25,216	1,047,140	862,046
Reserves (Note 6)	150,000	-	-	-	-	-	150,000	150,000
Equity in Capital Assets	18,649	8,750	-	2,450	-	-	29,849	33,077
Total Members' Equity	1,071,402	27,551	56,659	33,327	12,834	25,216	1,226,989	1,045,123
TOTAL LIABILITIES & MEMBERS' EQUITY	\$1,263,459	\$30,098	\$57,424	\$57,907	\$12,834	\$44,858	\$1,466,580	\$1,222,938

Approved by the Board of Directors

_____ Director _____ Director



ALBERTA PULSE GROWERS COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2008

	2008	2007 (Restated)
Operating Activities		
Cash receipts	\$ 1,262,584	\$ 1,335,068
Cash paid to suppliers	(772,959)	(779,821)
Cash paid to employees	(321,744)	(189,867)
Interest received	38,390	27,446
Interest paid	<u>(1,518)</u>	<u>(1,591)</u>
Cash From Operating Activities	<u>204,753</u>	<u>391,235</u>
Investing Activities		
Change in guaranteed investment certificates	(561,261)	24,530
Additions to capital assets	<u>(7,517)</u>	<u>(3,812)</u>
Cash From Investing Activities	<u>(568,778)</u>	<u>20,718</u>
Increase (Decrease) In Cash	(364,025)	411,953
Cash, beginning	<u>638,643</u>	<u>226,690</u>
Cash, Ending	\$ <u>274,618</u>	\$ <u>638,643</u>

ALBERTA PULSE GROWERS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2008

1. Purpose of the Organization

Alberta Pulse Growers Commission (APGC) is an incorporated not-for-profit organization, exempt for income tax purposes, established through the Alberta Marketing of Agricultural Products Act. The purpose of APGC is to promote marketing and research of pulse crops in Alberta. The organization is comprised of five zones and the head office.

2. Significant Accounting Policies

Guaranteed Investment Certificates

Guaranteed investment certificates are valued at cost, and stated at the lower of cost and market value. At year-end, cost was substantially the same as the market value.

Capital Assets

Capital assets are recorded at cost. The assets are amortized annually using the following rates and methods. The Commission's capitalization policy is for items costing \$600 and above.

Trade show booth	5 years straight line
Equipment	5, 10 and 20 years straight line
Computer equipment	5 years straight line
Automotive and farm equipment	5 and 10 years straight line

Long-Lived Assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Commission performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in revenue and expenditures for the year.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from current estimates. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

ALBERTA PULSE GROWERS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2008

2. Significant Accounting Policies (continued)

Contributed Services

Volunteers contribute significant hours per year to assist the Commission in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Zone Revenue Transferred from Operations

A portion of Zone revenues consists of amounts transferred from Operations. These amounts are reported as revenues in the zones with an offsetting deduction from revenue in Operations.

4. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2008</u>	<u>2007</u>
Automotive	\$ 28,830	\$ 20,079	\$ 8,751	\$ 12,934
Trade show booth	13,830	13,554	276	828
Equipment	53,931	43,821	10,110	10,541
Computer equipment	31,489	20,777	10,712	8,773
Self-propelled farm equipment	<u>10,956</u>	<u>10,956</u>	<u>-</u>	<u>-</u>
	<u>\$ 139,036</u>	<u>\$ 109,187</u>	<u>\$ 29,849</u>	<u>\$ 33,076</u>

5. Research in Progress

Research in progress includes grants for various programs at the zone level and research project commitments at the head office level. Under the terms of the grants, the zones undertaking the various programs are required to either spend the funds granted or return them to the appropriate governmental department, therefore these revenues and expenditures are not shown in the accompanying financial statements. Under the terms of research project commitments at the head office level, Memorandums of Understanding or other agreements have been signed by two or more parties. Levy revenue is allocated to these research expenditures and the transactions are reflected in the accompanying statements. The research project commitments are considered payable at year-end and are included in the research in progress amount as long as the agreements have been signed off.

6. Reserves

The Commission has appropriated \$100,000 (2007 - \$100,000) from accumulated surplus to sponsor future research projects and \$50,000 (2007 - \$50,000) from accumulated surplus for future support for Pulse Canada.

ALBERTA PULSE GROWERS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2008

7. Correction of Accounting Error

During the year the Commission determined that there were capital assets and a bank account that had not previously been recorded for Zone 1. Prior year's amounts have been restated to reflect this correction, resulting in an increase in net book value of capital assets of \$12,935, an increase in accumulated surplus of \$10,269, and an increase in equity in capital assets of \$12,935. 2007 revenue has been increased by \$9,690, operating expenses have been increased by \$7,945 and amortization expense has been increased by \$5,370 resulting in an decrease in excess of revenue over expenditures of \$3,625.

8. Zone Operations

Zone revenue and expenditures are included in the Commission's statements and are detailed in Schedule V.

9. Commitments

The Commission has entered into a lease agreement for office equipment with minimum lease payments of \$226 per month (\$2,712 per year) ending March 2012.

The Commission has entered into a lease agreement for the office space with minimum lease payments of \$1,130 per month (\$13,560 per year) ending February 2011.

The Commission has signed research grant agreements and marketing project agreements committing to the following payments over the next three years:

2009	\$ 262,178
2010	80,617
2011	<u>58,800</u>
	<u>\$ 401,595</u>

10. Financial Instruments

As part of its operations, the organization carries a number of financial instruments. Unless otherwise noted, it is the opinion of management that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying values cash, guaranteed investment certificates, accounts receivable, accounts payable, research grants payable, and service fees refundable approximates their fair values, due to the short-term nature of these instruments.

Credit Concentration

Financial instruments that potentially subject the Commission to concentrations of credit risk consist primarily of trade accounts receivable. Commission revenue is concentrated in the agricultural sector.

As at July 31, 2008, two customers accounted for 63.1% (2007 - three customers for 45.4%) of trade accounts receivable. The Commission believes that there is no unusual exposure associated with the collection of these receivables. The Commission performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

**ALBERTA PULSE GROWERS COMMISSION
SCHEDULE I - REVENUE AND EXPENDITURES
EXTENSION
YEAR ENDED JULY 31, 2008**

	2008	2007
Revenue		
Pulse Crop News - advertising	\$ 30,630	\$ 45,177
Sale of cookbooks/videos/other	34	197
Subscriptions	30	105
Field school registrations and sponsorships	<u>-</u>	<u>1,100</u>
	<u>30,694</u>	<u>46,579</u>
Expenditures		
Projects	56,553	96,047
Pulse Crop News - postage & printing	52,986	57,421
Trade fair and educational initiative	17,546	1,044
Sponsorships	4,000	3,759
Marketing channels	2,849	371
Travel and administration	2,730	2,244
Field school	2,500	200
Freelance articles	371	-
Promotional travel and tours	72	5,012
Agronomy network	20	148
Radio spots	-	1,675
Internet communications	-	229
Conference calls	<u>-</u>	<u>148</u>
	<u>139,627</u>	<u>168,298</u>
Net (Expenditures)	\$ <u>(108,933)</u>	\$ <u>(121,719)</u>

ALBERTA PULSE GROWERS COMMISSION
SCHEDULE II - REVENUE AND EXPENDITURES
MARKET DEVELOPMENT
YEAR ENDED JULY 31, 2008

	2008	2007
Revenue		
ACIDF grant and other income	\$ 9,877	\$ -
Feed Pea Focus Newsletter	991	2,649
Feed quality Initiative	<u>-</u>	<u>191</u>
	<u>10,868</u>	<u>2,840</u>
Expenditures		
Pulse Canada operations	147,100	91,400
Human Food & Nutrition consultant	49,447	5,112
Marketing project funding	48,786	-
Promotion projects	16,052	4,319
Feed quality Initiative	14,277	13,622
CSCA membership and convention	11,104	7,099
Animal Nutrition consultant	5,952	12,334
Pulse Canada Feed Pea network	5,320	6,439
Pulse Canada travel	3,992	7,763
Administration	2,532	4,089
Western Nutritional conference	1,500	330
Feed Pea Focus Newsletter	714	3,723
Conference calls	394	282
Environmental sustainability project	-	10,000
Internet communications	<u>-</u>	<u>2,124</u>
	<u>307,170</u>	<u>168,636</u>
Net (Expenditures)	\$ <u>(296,302)</u>	\$ <u>(165,796)</u>

ALBERTA PULSE GROWERS COMMISSION
SCHEDULE III - REVENUE AND EXPENDITURES
RESEARCH
YEAR ENDED JULY 31, 2008

	2008	2007
<hr/>		
Expenditures		
Research project funding	\$ 331,083	\$ 249,863
Travel and meetings	6,157	6,203
Prairie Pest Minor Use Consortium membership	5,512	5,300
Conference calls	<u>227</u>	<u>-</u>
	<u>342,979</u>	<u>261,366</u>
Net (Expenditures)	\$ <u>(342,979)</u>	\$ <u>(261,366)</u>

ALBERTA PULSE GROWERS COMMISSION
SCHEDULE IV - REVENUE AND EXPENDITURES
RISK MANAGEMENT
YEAR ENDED JULY 31, 2008

	2008	2007
Expenditures		
Travel and meetings	\$ 4,245	\$ 142
Projects	<u>900</u>	<u>-</u>
	<u>5,145</u>	<u>142</u>
Net (Expenditures)	<u>\$ (5,145)</u>	<u>\$ (142)</u>

ALBERTA PULSE GROWERS COMMISSION
SCHEDULE V - REVENUE AND EXPENDITURES
ZONES
YEAR ENDED, JULY 31, 2008

	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	2008	2007
Revenue							
Allocation from operations	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ -	\$ 10,000	\$ 15,000
Agronomy advances, from operations	-	-	138	-	-	138	29,000
Annual general meeting	1,300	3,300	-	-	-	4,600	6,550
Interest	-	1,539	1,804	383	-	3,726	3,933
Projects	-	1,000	1,600	-	-	2,600	-
Tours and seminars	-	-	-	-	-	-	2,233
Equipment rental	7,429	-	-	-	-	7,429	9,690
Total Revenue	13,729	5,839	8,542	383	-	28,493	66,406
Expenditures							
Projects	-	-	194	-	1,440	1,634	29,800
Zone annual meeting	2,071	2,855	958	590	1,057	7,531	5,767
Travel and meetings	738	17	321	-	1,051	2,127	3,444
Tours and seminars	-	935	373	-	-	1,308	2,294
Contract fees	-	-	-	-	-	-	350
Amortization	4,185	-	1,915	-	-	6,100	7,492
Insurance	2,083	915	280	-	-	3,278	6,804
Sponsorship	575	-	-	-	-	575	575
Promotional materials	1,200	-	-	-	100	1,300	2,652
Office and postage	411	-	1,826	-	7	2,244	1,968
Bank charges and interest	-	117	153	194	110	574	585
Total Expenditures	11,263	4,839	6,020	784	3,765	26,671	61,731
Net Expenditures	\$ 2,466	\$ 1,000	\$ 2,522	\$ (401)	\$ (3,765)	\$ 1,822	\$ 4,675

