

Canadian Organic Growers
Cultivons Biologique Canada



Financial Statements
For the year ended December 31, 2008

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Financial Statements
For the year ended December 31, 2008**

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Auditors' Report

To the Members of Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.

We have audited the balance sheet of Canadian Organic Growers Inc. Cultivons Biologique Canada Inc. (COG) - National Office (COG National Office) as at December 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of COG - National Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraphs, 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.

Certain COG - National Office revenue may be sourced from its chapters. Under the terms of our engagement we have not performed audit procedures on the accounting records of the chapters nor were we required to satisfy ourselves concerning those revenues by alternative means. Therefore we were not able to obtain sufficient and appropriate audit evidence with respect to the completeness of COG - National Office's revenue. Accordingly, our verification of revenue was limited to the amounts recorded in COG - National Office's records and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, assets and net assets. In addition, because we have not performed audit procedures on the accounting records of the chapters nor were we able to satisfy ourselves concerning their financial activities including their financial position, results of operations and cash flows by alternative means, we were not able to determine the impact of the departure from Canadian generally accepted accounting principles with respect to the required disclosure of COG's chapters as described in the following paragraph.

The accompanying summary of significant accounting policies describe COG - National Office's accounting and presentation policy with respect to COG chapters. The policy entitled "Basis of Presentation" indicates a departure from Canadian generally accepted accounting principles, the impact of which has not been determined nor is the financial information readily available to COG - National Office management, nor were we able to determine the impact of the departure as explained in the preceding paragraph.

(Continued on next page)

Auditors' Report

(Continued from previous page)

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue and the disclosure of chapter financial activities as described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of COG - National Office as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied, on a basis consistent with that of the preceding year.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

June 8, 2009

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Balance Sheet**

December 31 **2008** **2007**

Assets

Current

Cash (Note 1)	\$ 115,675	\$ 41,796
Investments (Note 2)	11,361	80,815
Accounts receivable (Notes 3 and 4)	153,539	71,997
Inventory of publications	107,288	116,380
Prepaid expenses	2,357	2,817

390,220 **313,805**

Capital assets (Note 5)

1,149 **2,201**

\$ 391,369 **\$ 316,006**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 4)	\$ 122,854	\$ 90,937
Deferred contributions (Note 6)	136,389	92,049
Deferred membership fee revenue (Note 7)	33,903	32,863
Deferred contributions related to inventory of publications (Note 8)	42,499	45,062

335,645 **260,911**

Deferred membership fee revenue (Note 7)

2,268 **4,312**

337,913 **265,223**

Net assets (Note 9)

Invested in inventory of publications (Note 10)	64,789	71,318
Invested in capital assets	1,149	2,201
Unrestricted (deficit)	(12,482)	(22,736)

53,456 **50,783**

\$ 391,369 **\$ 316,006**

On behalf of the Board:



Arnold Taylor
President



Gavin Dandy
Secretary

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Statement of Changes in Net Assets**

For the year ended December 31

2008

2007

	Invested in Inventory of Publications (Note 10)	Invested in Capital Assets	Unrestricted (Deficit)	Total	Total
Balance, beginning of year	\$ 71,318	\$ 2,201	\$ (22,736)	\$ 50,783	\$ 49,438
Excess (deficiency) of revenue over expenses for the year	-	(1,291)	3,964	2,673	1,345
Decrease in investment in inventory of publications net of change in related deferred contributions	(6,529)	-	6,529	-	-
Investment in capital assets	-	239	(239)	-	-
Balance, end of year	\$ 64,789	\$ 1,149	\$ (12,482)	\$ 53,456	\$ 50,783

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Statement of Operations**

For the year ended December 31	2008	2007
Revenue (Note 4)		
Membership fees	\$ 66,333	\$ 64,208
Corporate sponsorships	200	24,820
Grants and contributions		
Projects (Note 6)	606,869	485,407
Inventory of publications (Note 8)	6,475	3,366
Donations	16,372	15,115
Sales	76,405	86,368
Other	6,881	33,122
	779,535	712,406
Expenses (Note 4)		
Administration	40,940	48,381
Amortization of capital assets	1,291	2,619
Chapters' share of membership fees and donations	20,908	20,585
Contractors	421,485	227,857
Meetings and conferences	11,001	44,110
Printing and shipping	52,930	64,601
Promotion	1,494	9,687
Scholarships	24	4,000
Staff	185,804	194,462
Travel	40,985	90,611
Other	-	4,148
	776,862	711,061
Excess of revenue over expenses for the year	\$ 2,673	\$ 1,345

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Statement of Cash Flows**

For the year ended December 31	2008	2007
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 2,673	\$ 1,345
Adjustment for item not requiring the use of cash		
Amortization of capital assets	1,291	2,619
	3,964	3,964
Changes in non-cash working capital balances representing an increase (decrease) in cash		
Accounts receivable	(81,542)	(64,108)
Inventory	9,092	4,530
Prepaid expenses	460	5,319
Accounts payable and accrued liabilities	31,917	64,231
Deferred contributions	44,340	70,509
Deferred membership fee revenue - current	1,040	(2,005)
Deferred contributions related to inventory of publications	(2,563)	(3,366)
	6,708	79,074
Decrease in deferred membership fee revenue - non-current	(2,044)	(2,949)
	4,664	76,125
Cash flows from investing activities		
Net decrease (increase) in investments	69,454	(57,012)
Purchase of capital assets	(239)	(1,431)
	69,215	(58,443)
Increase in cash during the year	73,879	17,682
Cash, beginning of year	41,796	24,114
Cash, end of year	\$ 115,675	\$ 41,796

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office**

Summary of Significant Accounting Policies

December 31, 2008

Nature of Business

Canadian Organic Growers Inc. Cultivons Biologique Canada Inc. (COG) is a national not-for-profit organization founded by Letters Patent, issued by the Minister of Consumer and Corporate Affairs Canada (Industry Canada) and is incorporated under the Canada Corporations Act. COG's mission is to lead local and national communities towards sustainable organic stewardship of land, food and fibre while respecting nature, upholding social justice and protecting natural resources. COG has members in the regions of Canada and is connected to these regions through fifteen local chapters and three affiliated organizations. COG is a registered charitable organization and is exempt from income taxes.

During 2008, COG applied to change its Supplementary Letters Patent to change its corporate name to include a French version of its name. COG's full corporate name has been changed from "Canadian Organic Growers Inc." to "Canadian Organic Growers Inc. Cultivons Biologique Canada Inc." and this change has been approved by Industry Canada.

Basis of Presentation

These financial statements represent the financial position, results of operations and cash flows of COG - National Office only. They do not include the financial position, results of operations and cash flows of the local chapters that are controlled by COG. Under COG's bylaws, COG's Board of Directors may from time to time establish chapters throughout Canada to promote and carry out the objects of COG and may revoke a chapter's status and cause a dissolution of the same. A chapter's assets and liabilities remain with COG upon dissolution. A chapter may secede from COG and cease using COG as their name or part of their name, however, all remaining assets and property become the property of COG.

Under Canadian generally accepted accounting principles (GAAP), controlled not-for-profit organizations should be reported by consolidating the controlled organizations or by providing disclosure of the controlled organizations. This disclosure would include the total assets, liabilities and net assets as well as the revenues, expenses and cash flows of the controlled organizations. Disclosure is also required of any restrictions on the controlled organizations' resources as well as any significant differences in the accounting policies followed by the controlled organizations. A group of controlled organizations may be excluded from consolidation or the alternative disclosure set out above if the group of organizations excluded are a large number of organizations that are individually immaterial.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office**

Summary of Significant Accounting Policies

December 31, 2008

Basis of Presentation
(continued)

The chapters have not been consolidated, which is an acceptable accounting policy under GAAP, however, the alternative disclosures have not been provided. Since it is unlikely that all the chapters are individually immaterial, these financial statements lack the required disclosure under GAAP. At the present time, the required financial information to comply with the GAAP disclosure requirements is not readily available to COG - National Office management.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

The accounting standards for financial instruments require that financial assets and liabilities be classified according to their characteristics, management's intention, or the choice of category in certain circumstances. Financial assets must be classified as either held-for-trading, held-to-maturity, available-for-sale or loans and receivables. Financial liabilities must be classified as held-for-trading or other liabilities. When initially recognized, financial assets and financial liabilities are recorded at fair value on the balance sheet. In subsequent periods, financial assets and financial liabilities classified as held-for-trading will be valued at fair value with gains or losses arising from a change in fair value recognized in operations as they occur. Financial assets classified as available-for-sale are also recorded at fair value with any change in fair value recognized in the statement of changes in net assets until realized or they are other than temporarily impaired in which case they would be transferred to the statement of operations. Items that are classified in the following categories, will be measured at amortized cost using the effective interest method with gains or losses recognized in operations when realized. These categories are loans and receivables, investments held-to-maturity and other liabilities.

COG - National Office's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that COG - National Office is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office**

Summary of Significant Accounting Policies

December 31, 2008

Financial Risk Management

COG - National Office manages its investment portfolio to earn investment income and invests only in low risk investments. COG - National Office is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Investments

Investments are recorded at cost plus accrued interest which approximates fair value.

Inventory of Publications

Inventory of publications is stated at the lower of cost and net realizable value. Cost is generally determined on an average cost basis and includes the costs paid to printers for producing and printing organic reference books.

Capital Assets

Capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset and is provided using the following annual rates:

Office furniture, equipment and computer hardware	4 years straight-line basis
Computer software	2 years straight-line basis

Revenue Recognition

COG - National Office follows the deferral method of accounting for contributions including sponsorships; government grants and contribution; and donations. 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.

Membership fees are recognized as revenue in the year in which they pertain to.

Sales of publications and products are recognized on delivery and acceptance by the customer, and collectibility is reasonably assured.

Interest and investment revenue is included in other revenue and is recognized as revenue when it is earned on a time proportion basis.

Donated Materials and Services

The value of materials and services donated to COG - National Office is not reflected in these financial statements.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office**

Summary of Significant Accounting Policies

December 31, 2008

**Future Changes in
Accounting Standards**

The Canadian Institute of Chartered Accountants (CICA) has revised certain Canadian generally accepted accounting principles for not-for-profit organizations as set out in CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations. These revisions relate to presentation and disclosure standards and hence will have no impact on COG - National Office's net financial position or its results of operations. In addition, the CICA has issued a new standard, CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations.

The changes will impact the following:

- presentation of COG - National Office's balance sheet and statement of changes in net assets whereby the requirement to treat net assets invested in capital assets and net assets invested in inventory of publications as separate components of net assets is no longer required but rather can be presented as a category of internally restricted net assets when COG - National Office chooses to do so;
- presentation and recognition of revenues and expenses on a gross basis and not a net basis when COG - National Office is acting as a principal in transactions; and
- new disclosure standards for organizations that choose to classify some or all of their expenses by function and allocate expenses to a number of functions to which the expenses relate.

The main features of these new disclosure standards are:

- a requirement for an organization that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- a requirement for an organization to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These sections are effective for fiscal periods commencing on or after January 1, 2009 which would be COG - National Office's December 31, 2009 fiscal year however earlier adoption is permitted. The effects on COG - National Office's financial statement presentation and disclosure of adopting these changes has not yet been fully determined.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

1. Cash

COG - National Office's bank accounts are held at one chartered bank. The operating bank account does not earn interest. The savings account did not have the minimum balance required in order to earn interest.

2. Investments

Investments consist of a guaranteed investment certificate held by Montreal Trust Company of Canada with a face value of \$11,238 (2007 - \$80,000), which matures August 31, 2009 (2007 - August 30, 2008) and earns interest at an annual rate of 2.05% (2007 - 3.00%). The fair value at December 31, 2008 represents the market price quoted by COG - National Office's investment broker which includes accrued interest and approximates its carrying value in these financial statements.

3. Accounts Receivable

Included in accounts receivable are government contributions and grants receivable of \$140,791 (2007 - \$53,698) which have been recognized as an asset since the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

4. Related Party Transactions and Balances

Transactions between COG - National Office and related parties, consisting of its chapters and affiliates, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Transactions and balances with related parties include:

	2008	2007
a. Revenue		
Grants and contributions	\$ 1,662	\$ 13,573
Sales	6,041	6,172
Other - administration fees	1,090	6,100
	\$ 8,793	\$ 25,845
b. Expenses		
Contractors and staff expenses	\$ 85,750	\$ 32,847
Chapters' share of membership fees and donations	20,908	20,585
	\$ 106,658	\$ 53,432
c. Assets		
Accounts receivable		
Grants	\$ -	\$ 4,250
Other	1,092	5,722
	\$ 1,092	\$ 9,972
d. Liabilities		
Accounts payable and accrued liabilities	\$ 49,873	\$ 25,632

In addition, of the deferred membership revenue recorded in COG - National Office's accounting records (Note 7) \$9,884 (2007 - \$10,311) will be given to chapters as the chapters' share of membership fee revenue.

Further, throughout the 2008 year COG - National office collected special event fees on behalf of some of the chapters. The related revenue and expenses are not recorded in COG - National Office's accounting records however there was an administration fee that was charged for this service and is included in the \$1,092 amount of other - administration fees revenue above.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

5. Capital Assets

	<u>2008</u>			<u>2007</u>		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture, equipment and computer hardware	\$ 10,591	\$ 9,631	\$ 960	\$ 10,591	\$ 8,626	\$ 1,965
Computer software	13,088	12,899	189	12,849	12,613	236
	\$ 23,679	\$ 22,530	\$ 1,149	\$ 23,440	\$ 21,239	\$ 2,201

6. Deferred Contributions

Deferred contributions consist of the following:

	<u>2008</u>	<u>2007</u>
Practical Skills Series - British Columbia Investment Agriculture Foundation	\$ 23,486	\$ 21,058
Growing Up Organic - J.W. McConnell Foundation	51,579	70,991
Growing Up Organic - ACAAF	41,307	-
Growing Up Organic - Other	20,017	-
	\$ 136,389	\$ 92,049

Deferred contributions include unspent resources with respect to contributions received in the current year which are externally restricted for specific projects that were in process or ongoing at year-end. Changes in the deferred contributions balance as they relate to all projects undertaken, not just the ones noted above, are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 92,049	\$ 21,540
Add: Current year funding	651,209	555,916
Less: Contributions recognized as revenue	(606,869)	(485,407)
Balance, end of year	\$ 136,389	\$ 92,049

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

6. **Deferred Contributions** (continued)

Funding Agreements

COG - National Office has secured various funding agreements, with various external sources which extend beyond the current fiscal year. The more significant agreements are summarized below.

Standards Update Project

For the period November 20, 2006 to March 31, 2009 COG - National Office has secured multi-year funding from the Ministry of Agriculture and Agri-Foods of Canada (ACAAF). The total funding, based on eligible costs incurred is on a not-to-exceed basis. The maximum funding is \$618,400 of which \$566,374 has been recognized to date.

As part of the agreement, COG - National Office has agreed to contribute \$54,000 in the form of cash and/or fees/in-kind contributions as well as comply with certain other operational policies, procedures and constraints. Since this is a multi-year funding agreement, it is subject to annual approval by the Government of Canada and the unexpired portion can therefore be reduced or cancelled. Further, the balance of the agreement can be cancelled by the Ministry of Agriculture and Agri-Foods of Canada with at least 90 days notice. The agreement continued to operate under the same terms and conditions until its completion on March 31, 2009.

Practical Skills Series Project

For the period November 30, 2006 to January 31, 2010 COG - National Office has secured multi-year funding through the British Columbia Investment Agriculture Foundation. The total funding, based on eligible costs incurred is on a not-to-exceed basis. The maximum funding is the lesser of 69.6% of eligible costs or \$98,263 of which \$46,141 has been recognized to date.

Since this is a multi-year funding agreement, it is subject to annual approval by the British Columbia Investment Agriculture Foundation and the unexpired portion can therefore be reduced or cancelled with written notice.

Growing Up Organic Project

For the period October 17, 2007 to March 31, 2009 COG - National Office has secured multi-year funding from the Ministry of Agriculture and Agri-Foods of Canada (ACAAF). The total funding, based on eligible costs incurred is on a not-to-exceed basis. The maximum funding is \$258,199 of which \$114,849 has been recognized to date.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

6. Deferred Contributions (continued)

Growing Up Organic Project (continued)

As part of the agreement, COG - National Office has agreed to contribute \$328,617 in the form of cash and/or fees/in-kind contributions as well as comply with certain other operational policies, procedures and constraints. The government's contributions are subject to reduction should COG - National Office secure other funding for the project. Since this is a multi-year funding agreement, it is subject to annual approval by the Government of Canada and the unexpired portion can therefore be reduced or cancelled. Further, the balance of the agreement can be cancelled by the Ministry of Agriculture and Agri-Foods of Canada with at least 90 days notice. The agreement continued to operate under the same terms and conditions to until its completion on March 31, 2009.

For the period June 16, 2006 to June 30, 2009 COG - National Office has also secured a multi-year grant from the J.W. McConnell Foundation. The total funding, based on eligible costs incurred is on a not-to-exceed basis. The maximum funding is \$388,800 of which \$327,721 has been recognized to date.

For the period April 1, 2008 to March 31, 2010 COG - National Office has secured multi-year funding from the Ministry of the Environment of Canada. The total funding, based on eligible costs incurred is on a not-to-exceed basis. The maximum funding is \$68,710 of which \$22,758 has been recognized to date. As part of the agreement, COG - National Office has agreed to contribute and/or secure \$71,500 in the form of cash and/or fees (including contributions from other non-government funders) and/or in-kind contributions as well as comply with certain other operational policies, procedures and constraints. Since this is a multi-year funding agreement, it is subject to annual approval by the Government of Canada and the unexpired portion can therefore be reduced or cancelled.

For the period June 26, 2008 to June 25, 2011 COG - National Office has secured multi-year funding from the Ontario Trillium Foundation. The total funding for the three year period is \$120,000 or \$40,000 per year and is available only for the items and activities set out in the agreement. Of the total funding available \$14,015 has been recognized to date.

Standards Training

For the period December 19, 2008 to March 31, 2009 COG - National Office has secured funding from the Ministry of Agriculture and Agri-Foods of Canada (ACAAF). The total funding, based on eligible costs incurred is on a not-to-exceed basis. The maximum funding is \$226,109 of which \$nil has been recognized to date.

As part of the agreement, COG - National Office has agreed to contribute \$115,374 in the form of cash and/or fees/in-kind contributions as well as comply with certain other operational policies, procedures and constraints. Further, the balance of the agreement can be cancelled by the Ministry of Agriculture and Agri-Foods of Canada with at least 90 days notice. The agreement continued to operate under the same terms and conditions until its completion on March 31, 2009.

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

7. Deferred Membership Fee Revenue

Current deferred membership fee revenue of \$33,903 (2007 - \$32,863) relates to membership fees received before December 31, 2008 with respect to the 2009 fiscal year (2007 - before December 31, 2007 with respect to the 2008 fiscal year).

Non-current deferred membership fee revenue of \$2,268 (2007 - \$4,312) relates to membership fees received before December 31, 2008 with respect to the 2010 fiscal year and thereafter (2007 - before December 31, 2007 with respect to the 2009 fiscal year and thereafter).

8. Deferred Contributions Related to Inventory of Publications

Deferred contributions related to inventory of publications represents restricted contributions from funders for the purpose of acquiring publications for resale.

The change in the deferred contributions for the year is as follows:

	2008		2007
Balance, beginning of year	\$ 45,062	\$	48,428
Add: Current year funding	3,912		-
Less: Contributions recognized as revenue	(6,475)		(3,366)
	\$ 42,499	\$	45,062

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

9. Capital Disclosures

COG - National Office has adopted CICA Handbook Section 1535, Capital Disclosures, which establishes standards for the disclosure of information about COG - National Office's capital and how it is managed. COG - National Office's capital includes its net assets and COG - National Office's objectives when managing this capital are to ensure the continuing operations of the organization.

The Board of Directors does not establish quantitative return on capital criteria.

In addition internal restrictions relate to COG - National Office's net assets invested in its capital assets and net assets invested in its inventory of publications and total \$65,938. Unrestricted net assets is a deficiency of \$12,482 at December 31, 2008. There are no external restrictions on COG - National Office's capital.

In addition, as set out in the basis of presentation of the summary of significant accounting policies to these financial statements, COG - National Office controls some local chapters which have not been consolidated in these financial statements. As such, the net assets referred to in this note exclude these chapters however the net assets of these chapters are part of COG - National Office's capital.

10. Net Assets Invested in Inventory of Publications

Net assets invested in inventory of publications is calculated as follows:

	<u>2008</u>	<u>2007</u>
Inventory of publications	\$ 107,288	\$ 116,380
Less: Amounts financed by:		
Deferred contributions (Note 8)	<u>(42,499)</u>	<u>(45,062)</u>
	<u>\$ 64,789</u>	<u>\$ 71,318</u>

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Notes to Financial Statements**

December 31, 2008

11. Commitments

COG - National Office has committed to a premises lease until April 30, 2009 at a monthly rate of \$1,147. Subsequent to year end COG - National Office entered into a new lease agreement for the same premises until April 30, 2010 at a monthly rate of \$1,214.

In addition COG - National Office has entered into agreements with contractors to provide support on COG - National Office projects with various expiry dates. These agreements are funded through grants and contributions that COG - National Office receives and are not expected to have any net cost to COG - National Office. Further these agreements contain provisions for cancellation and amendment without penalty should the related grants and contribution agreements be cancelled or amended.

12. Contribution Agreements

Funding received from government departments and others under certain contribution agreements contain restrictions in their use for specific purposes and may be subject to audit or final reconciliation under the terms and conditions of the respective contribution agreements. Should these audits or reconciliations reveal that any of the expenditures on the projects are not in accordance with funding guidelines or that there may be increased funding provided, the funders may require COG - National Office to reimburse a portion of the funds advanced or advance additional funding. No claim for reimbursement is currently pending and management is of the opinion that no claim is forthcoming. Consequently, no provision for reimbursement of funds has been made in these financial statements. In the event of any adjustment, it will be charged or credited to operations in the period of determination.

13. Comparative Amounts

In certain instances, the 2007 amounts presented for comparative purposes in these financial statements have been reclassified to conform to the financial statement presentation adopted for the current year.

Auditors' Comments on Supplementary Financial Information

**To the Members of
Canadian Organic Growers Inc. Cultivons Biologique Canada Inc.**

The audited financial statements of COG - National Office for the year ended December 31, 2008 and our report thereon dated June 8, 2009 are presented in the preceding section of this financial report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our audit of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole. Our opinion on financial statements contains reservations which are set out in our auditors' report in the preceding section of this financial report.

In certain instances, the 2007 information presented for comparative purposes has been reclassified to conform with the presentation of the financial information adopted for the current year.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

June 8, 2009

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Schedule of Operations**

For the year ended December 31

2008

2007

	Membership Fees	Corporate Sponsorships	Grants and Contributions	Donations	Sales	Other	Total	Total
Revenue								
Membership services	\$ 66,333	\$ -	\$ -	\$ 15,872	\$ 3,310	\$ 2,747	\$ 88,262	\$ 105,816
Education								
The Canadian Organic Grower	-	-	-	500	44,025	154	44,679	68,414
Publications	-	200	29,769	-	29,070	3,980	63,019	73,175
Growing up Organic Standards	-	-	241,124	-	-	-	241,124	227,878
Farmer Training	-	-	342,451	-	-	-	342,451	223,922
Mary Perlmutter Scholarship	-	-	-	-	-	-	-	8,901
	-	-	-	-	-	-	-	4,300
	-	200	613,344	500	73,095	4,134	691,273	606,590
	\$ 66,333	\$ 200	\$ 613,344	\$ 16,372	\$ 76,405	\$ 6,881	779,535	712,406
Expenses (Schedule)								
Membership services							82,601	110,595
Education								
The Canadian Organic Grower							69,509	96,069
Publications							39,750	47,333
Growing Up Organic Standards							241,124	213,434
Farmer Training							342,451	223,922
Library							-	8,901
Mary Perlmutter Scholarship							1,403	2,570
Other							24	4,089
							-	4,148
							776,862	711,061
Excess of revenue over expenses for the year							\$ 2,673	\$ 1,345

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Schedule of Expenses**

For the year ended December 31 **2008** **2007**

Membership Services

Administration	\$	24,886	\$	27,315
Amortization of capital assets		1,291		2,619
Chapters' share of membership fees and donations		20,908		20,585
Contractors		19,492		14,270
Meetings and conferences		4,320		6,015
Printing and shipping		2,704		4,047
Promotion		-		3,114
Staff		9,000		32,550
Travel		-		80

Total membership services expenses	\$	82,601	\$	110,595
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Education

The Canadian Organic Grower

Administration	\$	2,047	\$	2,494
Contractors		17,200		17,195
Meetings and conferences		111		1,162
Printing and shipping		28,710		35,839
Promotion		105		4,439
Staff		20,928		31,586
Travel		408		3,354
		69,509		96,069

Publications

Administration		248		336
Contractors		15,672		21,589
Printing and shipping		16,131		15,824
Promotion		810		155
Staff		6,889		9,104
Travel		-		325
		39,750		47,333

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Schedule of Expenses**

For the year ended December 31 2008 2007

Education (continued)

Growing Up Organic

Administration	\$	9,549	\$	10,068
Contractors		96,161		54,077
Meetings and conferences		2,423		31,254
Printing and shipping		5,154		7,179
Promotion		579		1,979
Staff		120,115		95,085
Travel		7,143		13,792
		241,124		213,434

Standards

Administration		4,175		4,112
Contractors		272,960		118,095
Meetings and conferences		4,147		5,679
Staff		28,872		25,148
Travel		32,297		70,888
		342,451		223,922

Farmer Training

Administration		-		3,725
Contractors		-		2,631
Printing and shipping		-		1,545
Staff		-		989
Travel		-		11
		-		8,901

Library

Administration		35		331
Printing and shipping		231		158
Travel		1,137		2,081
		1,403		2,570

**Canadian Organic Growers Inc.
Cultivons Biologique Canada Inc.
- National Office
Schedule of Expenses**

For the year ended December 31 **2008** **2007**

Education (continued)

Mary Perlmutter Scholarship		
Printing and shipping	-	9
Scholarships	\$ 24	\$ 4,000
Travel	-	80
	24	4,089
Total education expenses	\$ 694,261	\$ 596,318
Other expenses	\$ -	\$ 4,148
Total expenses	\$ 776,862	\$ 711,061