



Long-Term Thinking  
for Today's Issues

# Christian Farmers Federation of Ontario

## 2006 --- Issues and Opportunities in Marketing and Stewardship

The Christian Farmers Federation of Ontario developed leadership positions in several areas of concern during 2006. The management of farmers' impact on the environment continued to take centre stage, as did trade issues and stewardship matters.

The following is a brief overview of just some of the issues and opportunities the CFFO encountered during 2006.

- The CFFO opposed the further development and introduction of germination-inhibiting Terminator Technology. Delegates to the Federation's Provincial Council stated that the primary motivation of seed companies is product control and not the public good. In addition, delegates believe that the possibility of cross-species infiltration is not well understood and that a serious risk to food security exists if the terminator technology gets out of control.
- In cooperation with the Ecological Farmers Association of Ontario and the National Farmers Union-Ontario, the CFFO developed a joint proposal on providing a marketing exemption for small-scale, direct from farmer-to-consumer chicken sales. After long discussions by members within the three organizations, the proposal was presented to the Chicken Farmers of Ontario. Part of the proposal states: "Our three organizations have a rich history of supporting supply management as an avenue to empower farmers in the marketplace. We will continue to lobby strongly for producer marketing boards and supply management. This proposal is not an attempt to undermine supply management, but an attempt to strengthen it through timely improvements."
- The CFFO developed a leadership position, stating that farming operations under 300 Nutrient Units should not carry any costs for obtaining

certification for completing a nutrient management strategy. Delegates to the Federation's Provincial Council also wanted the strategy certification process simplified to one-half day, with approval of strategies given to local peer-review committees. The CFFO also said that owner-operators of smaller farms earn a majority of their income off-farm and should not be subject to the same lengthy certification process.

- Agricultural trade negotiations tend to be long, drawn-out affairs that last months at the earliest, and years at the latest. CFFO members adopted a leadership position on World Trade Negotiations that emphasizes fairness in trade, sustainability, a bottom-line on which trade-offs are acceptable and unacceptable, support for maintaining supply management, and the creation of fairer opportunities for grain and red meat producers.
- The province's Clean Water Act created a great deal of discussion among CFFO members. Early in the discussions, the CFFO took a leadership position that stated "the farm community is capable of providing public assurance regarding water quality without the need for complex and costly government regulations." After the legislation was enacted, the CFFO continued to provide a proactive critique of its implementation.

### 2006 Executive Board

John Kikkert	President	RR 3 Smithville	LOR 2A0
Clarence Nywening	Vice-President	RR 1 Thamesville	N0P 2K0
Henry Stevens	Vice-President	RR 2 Palmerston	N0G 2P0
Gerald Poechman	Director	RR 2 Walkerton	N0G 2V0
Glen Duff	Director	RR 2 Rockwood	N0B 2K0
John Van Dyk	Director	RR 2 Tavistock	N0B 2R0
Lorne Small	Director	Kenilworth	N0G 2E0
Peter Payne	Director	RR 1 Reaboro	K0L 2X0

## President's Report

Reflecting on the year 2006 brings to mind many challenging and interesting issues for farmers. For example, the ongoing trade ban of live animals to the United States and other countries resulted in continuing frustration for all livestock producers in Canada. Also, the rising value of the Canadian dollar created a new and changing dynamic for many agricultural sectors selling in the U.S. market, especially for those farmers involved in fruit and vegetables or pork. Finally, price volatility was seen for grains and oilseeds during the latter part of the year due to increased demand from ethanol production.



A good deal of discussion and deliberation took place within the CFFO regarding topics like the Clean Water Act, Small Scale Chicken Flocks and Corn Countervail. All these topics and more were covered at CFFO workshops, policy groups and Provincial Council meetings.

Many of us are wondering what the future is for Ontario agriculture and where future opportunities may arise. For some farmers, it may mean their farms will continue to expand and become more efficient. For others, it may lead to the pursuit of other opportunities in marketing their own local products or producing for niche markets.

The year 2006 was also a year for major changes in our staff. We thank Elbert van Donkersgoed for his many years of service to CFFO as policy advisor and Martin Oldengarm for all his work and service to our members and district associations.

On behalf of the Executive Board, I thank you for your support of the vision and goals of our organization and for your involvement during the past year. May we continue to be a Christian voice for farm families in Ontario.

A handwritten signature in cursive script that reads "John Kikkert".

John Kikkert, President

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## General Manager's Report



A good deal of change took place within the CFFO staff ranks during 2006. Our long-time policy advisor, Elbert van Donkersgoed, left to pursue new opportunities advancing farming and food in the Greater Toronto Area. And our long-time fieldman, Martin Oldengarm chose to pursue retirement, after a fashion.

After a time of experimentation and deliberation, Nathan Stevens took the reins in helping our members develop position statements on policy issues of the day. Also, Jenny Denhartog, a former CFFO president and board member, agreed to work alongside staff members in facilitating our district associations, members and various committees. Finally, Martin Oldengarm agreed to become a "CFFO alumni" and perform a few, selected duties in areas of continued importance.

With changes in staffing came more experimentation with methods to help serve our members. A new discussion document was launched on sorting through the various assumptions involved in developing public policy for both big and small farms. Also, plans were put in the works to try a new style of annual workshop. Rather than focus on policy-related matters, the workshops were developed to help our members think through their on-farm management. Finally, the weekly CFFO radio commentary was expanded to include more staff and board opinions and observations.

The goal in all of the CFFO's activities is to serve our Lord Jesus Christ through service to members, government and the rural community. May the Lord establish the work of our hands.

A handwritten signature in cursive script that reads "John Clement".

John Clement, General Manager

# Christian Farmers Federation of Ontario: Profile

~ dedicated to making the renewing power of Jesus Christ relevant to agriculture ~

## CFFO is:

**Christian:** Committed to being up-front about the Christian value system that motivates our members. We look to the Christian Scriptures for guidance for life and thought.

**Professional:** Committed to enabling our members as producers, as marketers and as citizens. Involved in a broad range of agricultural, rural and social issues that impact the quality of the family life and businesses of our members.

**Family Farm:** Committed to a farm culture that is entrepreneurial, collegial and family-worked.

**Stewardship:** Balancing the economic value that our culture places on food production with the enduring intrinsic value of our Lord's creation: people, family, land, plants and animals.

**Compassionate:** Support for those who take the brunt of the economic and social change that stresses all participants in agriculture. Government policy for agriculture needs to focus on the people of agriculture as much as the profitability of farm businesses.

**Targeted:** Intervention in farm production and marketing is at times appropriate, but the purposes should be very clear and very specific. In the long-term, less intervention is better than more.

## Our Members:

**Farm Families:** Our farm families operate their farm enterprises as both a way of life and a business. Many have two or more family members involved in the enterprise. Our membership currently stands at 4,336. It includes not only full-time commercial family farm entrepreneurs, but also part-time, hobby and lifestyle farmers; all those who have directed their farm organization fee to CFFO when they register through Agricornp with OMAFRA as part of the farm business registration process (and not requested a refund).

**Faith:** Historically, most have been participants in Christian churches of the Reformed tradition. A growing number now come from a broad range of denominations, including: Anglican, Baptist, Roman Catholic, Mennonite, Pentecostal, Presbyterian and United.

**Commercial:** A good number of the members of CFFO are full-time commercial family farm entrepreneurs dependent for our family incomes on the profits from our farm enterprises. We are part of the 25% of family-worked farms who produce 75% of Ontario's food.

**Commodities:** We are involved in a wide range of the commodities produced in Ontario. Only beef is not represented among our membership in a ratio comparable to the number of beef production enterprises in Ontario.

**Size:** Farm size is larger than the provincial average. An increasing number of the enterprises now involve more than one family member full-time or have become dependent on paid labour or custom work.

**Location:** We reach across Ontario from the Niagara Region to the Rainy River District and from the Ottawa Valley to Essex County.

## Our Structure:

**District Associations:** Our members have established 21 district associations across Ontario. These vary in size from 27 to 363 members. Each association has its own board and sends delegates to province-wide policy meetings.

**Provincial Council:** The setting of public policy is vested in a council made up of delegates from each of our district associations and our Executive Board. The Provincial Council meets at least four times per year at the Gencor facility on Hwy 6, north of Guelph, in the months of January, March, June and October.

**Executive Board:** Day-to-day activities are supervised by a board of eight family farmers. The Executive Board meets monthly at the CFFO offices in the Gencor East complex in Guelph.

**Standing Committees:** Think tanks on pork, sheep, supply management and stewardship issues meet regularly to draft positions and resolutions. Grains and oilseeds, poultry, dairy and greenhouse committees meet on an ad hoc basis. All district associations are encouraged to have representation on each committee.

**Convention:** Once a year our members gather for a celebration, the election of leaders and the adoption of a budget. The 2007 annual convention will be held on Wednesday, November 14, 2007 at the Holiday Inn, Cambridge, Ontario.

**Presentation:** We are members of the Ontario Farm Environmental Coalition, Ontario Agricultural Human Resources Committee, Ontario Rural Council, and the Water Quality Working Group. We are officially represented on a number of organizations within the farm community: AGCare, Christian Environmental Council, Ontario Farm Animal Council, Ontario Agricultural Adaptation Council, Ontario Transportation Working Group and Ontario Agricultural Commodity Council.

**Budget:** Our budget is almost totally dependent on the fees from our members and associates. Our budget for 2007 is \$466,891 plus \$160,900 for our district associations, for a total of \$627,791. Our 2007 membership fee is \$159.00 including GST.

# CFFO Discussion Document

Listen carefully to many conversations on farming and you'll occasionally hear assumptions about the desirability of one farm size over another. Some people see small farms as being better for rural communities and environmental stewardship, with larger farms being far less desirable. Others see larger farms as not only desirable, but inevitable. Still others are more democratic and tolerant, thinking there is room for everyone.

One thing is for certain --- there are few people without an opinion on the matter of farm size. At the Christian Farmers Federation of Ontario, our members have been pointing out for years now that there are differences in farms. This viewpoint has shown up regularly at our annual provincial seminar series, particularly in our 2006 series. Our organization's leaders heard repeatedly last year from members and friends that there are differences between farms and that those differences are becoming more pronounced.

In response to these voices, the CFFO has developed a new discussion document entitled *A Place for All: Addressing the Policy Implications of Farm Size*. It's not our organization's intention to pit one size of farm against another; we simply want people to think about the subject and ask themselves if there isn't a better way to support farms of all sizes. We seek to disentangle the actual size of a farm from a host of other social, environmental and cultural factors that affect our perceptions of farm size.

The CFFO discussion document also examines Canada's public policy framework for agriculture and asks if government support, alongside new rules and regulations, isn't tilted favourably towards the development of larger farms. Finally, the document proposes that all sizes of farms be included in public policy development and outlines a series of principles that should be taken into account when developing public policy.

The CFFO invites you to download a copy of the discussion document and to consider the ideas it presents. We welcome and encourage your feedback on this perennial subject of conversation.

You can access *A Place for All: Addressing the Policy Implications of Farm Size* by logging onto [Http://www.christianfarmers.org/documents/farm\\_size\\_booklet.pdf](http://www.christianfarmers.org/documents/farm_size_booklet.pdf)

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## Auditor's Report


To the Directors of  
Christian Farmers Federation of Ontario  
(Fédération des Agriculteurs Chrétiens de l'Ontario)

February 1, 2007

I have audited the balance sheet of Christian Farmers Federation of Ontario (Fédération des Agriculteurs Chrétiens de l'Ontario) as at December 31, 2006 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

  
DAVID I. DEN BOER

Chartered Accountant, Licensed Public Accountant

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Christian Farmers Federation of Ontario  
(Fédération des Agriculteurs Chrétiens de l-Ontario)

Balance Sheet  
December 31, 2006

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 162,307	\$84,062
Accounts receivable	3,944	4,238
Prepaid expenses	4,174	4,727
	<u>170,425</u>	<u>93,027</u>
CAPITAL ASSETS (note 3)	5,542	4,8376
	<u>\$ 175,967</u>	<u>\$97,863</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	21,559	9,607
Deferred revenue	-	1,400
	<u>21,559</u>	<u>11,007</u>
NET ASSETS		
Invested in capital assets <sup>5</sup>	,5424	,836
Unrestricted (available for general purposes) <sup>1</sup>	<u>48,8868</u>	<u>2,020</u>
	<u>\$ 154,408</u>	<u>\$ 86,856</u>
	<u>\$ 175,967</u>	<u>\$ 97,863</u>

APPROVED ON BEHALF OF THE BOARD:

 John Kikkert, President

 Lorne Small, Treasurer

Statement of changes in Net Assets  
For the Year Ended December 31, 2005

	<i>Invested in Capital Assets</i>	<i>Unrestricted (General)</i>	<u>2006 Total</u>	<u>2005 Total</u>
Balance, beginning of year	\$4,836	\$82,020	\$86,856	\$103,935
Excess (deficiency) of revenues over expenses	(6,423)	73,975	67,552	(17,079)
Investment in capital assets	7,129	(7,129)	-	-
	<u>\$5,542</u>	<u>\$148,866</u>	<u>\$154,408</u>	<u>\$86,856</u>

Christian Farmers Federation of Ontario  
(Fédération des Agriculteurs Chrétiens de l'Ontario)

Statement of Revenues and Expenses  
For the Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>
REVENUES		
Farm organization funding fees (note 4)	\$743,400	\$745,800
Less: refunds	(92,053)	(119,285)
Net farm organization funding fees	651,347	626,515
Membership fees - other	5,980	7,800
Annual convention	25,035	19,985
Commodity group donations	2,050	-
Interest income and other	9,037	7,898
TOTAL REVENUES	<u>693,449</u>	<u>662,198</u>
EXPENSES		
ADMINISTRATIVE		
Amortization	6,423	6,846
Bank charges and interest	909	1,110
Equipment repairs and maintenance	7,362	6,254
Insurance	2,387	2,352
Farm business registration administration fees	44,108	44,251
Office and printing supplies	9,862	12,022
Postage and courier	10,520	15,290
Professional and consulting fees	4,370	3,752
Rent	19,108	34,080
Salaries and benefits	237,537	259,431
Staff travel and expenses	17,019	12,326
Telephone	8,898	10,195
	<u>368,503</u>	<u>407,909</u>
PROVINCIAL ACTIVITIES		
Annual convention	17,734	16,765
Board and Committee expenses	39,430	48,922
Farm community activities (note 5)	16,590	17,903
Farm media/newsletter	12,358	10,670
Promotion and advertising	11,325	9,495
	<u>97,437</u>	<u>103,755</u>
CONTRIBUTIONS TO DISTRICT ASSOCIATIONS		
Meeting and travel expenses	54,111	55,772
Newsletter	13,551	12,713
Projects	13,116	13,322
Salaries and benefits	79,179	85,806
	<u>159,957</u>	<u>167,613</u>
TOTAL EXPENSES	<u>625,897</u>	<u>679,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$67,552</u>	<u>\$(17,079)</u>
<i>See accompanying notes to financial statements</i>		

Christian Farmers Federation of Ontario  
(Fédération des Agriculteurs Chrétiens de l-Ontario)

Statement of Cash Flows  
For the Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$67,552	\$(17,079)
Adjustments for items not affecting cash		
Amortization	6,423	6,846
Decrease (increase) in accounts receivable	294	653
Decrease (increase) in prepaid expenses	553	436
Increase (decrease) in accounts payable and accrued liabilities	11,952	3,656
Increase (decrease) in deferred revenue	(1,400)	1,400
	85,374	(4,088)
FINANCING AND INVESTING ACTIVITIES		
Investment in capital assets	(7,129)	(4,330)
INCREASE (DECREASE) IN CASH	78,245	(8,418)
CASH, <i>beginning of year</i>	84,062	92,480
CASH, <i>end of year</i>	\$ 162,307	\$ 84,062

Notes to the Financial Statements  
For the Year Ended December 31, 2006

1. PURPOSE OF THE ORGANIZATION

The organization was founded on March 6, 1954 as a federation of local associations of Christian family farmers in Ontario. It was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on June 26, 1991. The corporation is a non-profit organization operating to promote and apply Christian ideas and principles to the solution of agricultural problems and to increase the knowledge of members with respect to their responsibilities and opportunities. The corporation is exempt from payment of income taxes as provided under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture and equipment	-20% straight line
Computer equipment	-40% straight line
Leasehold improvements	-20% straight line

(b) Revenue Recognition

The organization follows the deferral method of accounting for contributions and fees. Unrestricted contributions and fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Use of Estimates

The preparation of financial statements in accordance with 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 amounts of revenues and expenses during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future.

(d) Contributed Services

Because the hours of service by volunteers are not normally purchased by the organization and the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

## 3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2006</u>	<u>Net 2005</u>
Furniture and equipment	\$ 3,050	\$ 2,651	\$ 399	\$ 911
Computer equipment	17,595	12,452	5,143	3,825
Leasehold improvements	500	500	-	100
	<u>\$ 21,145</u>	<u>\$ 15,603</u>	<u>\$ 5,542</u>	<u>\$ 4,836</u>

## 4. FARM ORGANIZATION FUNDING FEES

During the year the organization received farm organization funding fees. Of these farming businesses 12.4% requested and received refunds (2005 - 16.1%). In addition to the fees received from 4,956 farming businesses, the organization received membership fees from 40 non-registered farming businesses (2005 -44).

	<u>Number</u>	<u>2006 Amount</u>	<u>Number</u>	<u>2005 Amount</u>
Farm funding fees -current year	<u>4,956</u>	<u>\$ 743,400</u>	<u>4,972</u>	<u>\$ 745,800</u>
Refunds - current year	<u>617</u>	<u>\$ 92,053</u>	<u>799</u>	<u>\$ 119,285</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

## 5. COMMITMENTS

## (a) PAYMENTS TO UNION DES CULTIVATEURS FRANCO-ONTARIENS

Under an agreement with the Minister of Agriculture, Food and Rural Affairs, the organization agreed to make payments to Union des Cultivateurs Franco-Ontariens for the 2003, 2004 and 2005 registration years. Christian Farmers Federation of Ontario paid \$4 to Union des Cultivateurs Franco-Ontariens for each farming business registration not requesting a refund for 2003, 2004 and 2005, with an exemption for the first 1,000 registrations. Payments of \$12,688 were made in 2005. A new agreement for future years has not yet been reached. For the 2006 year, payments of \$6,678 were made and another \$6,678 was included in accounts payable. Any difference between this provision of \$6,678 and the final resolved amount will be included as an expense in the year when an agreement is reached.

## (b) ADMINISTRATION COSTS OF FARM BUSINESS REGISTRATION PROGRAM

Under an agreement with the Minister of Agriculture, Food and Rural Affairs, the organization has agreed to pay Agricorp \$8.90 for each registration to administer the Farm Business Registration Program for 2007. This agreement can be terminated by either party by giving prior written notice no later than May 31 of any calendar year that the notifying party intends to terminate the agreement.

## (c) OTHER COMMITMENTS AND CONTINGENCIES

Under the terms of various lease agreements and other contracts, the organization will be required to make the following payments: 2007 -\$21,021; 2008 - \$18,706; 2009 -\$15,197; 2010 -\$13,205 and 2011 -\$3,301.

## 6. CONTRIBUTIONS TO DISTRICT ASSOCIATIONS

Contributions have been made to and expenses incurred on behalf of 21 district associations and to the member activities in an area without a local association.

These contributions and expenses totalled \$159,957 which represents 24.6% of the net farm organization funding fees (2005-\$167,613 and 26.7%).

## 7. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.



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