



serving agriculture
since 1954

Christian Farmers Federation of Ontario

2002 ~ FARMING AS STEWARDS IN CHANGING TIMES

RESOURCE MANAGEMENT was a steady theme for the CFFO during 2002. Water protection issues moved into the spotlight after the release of the Report of the Walkerton Inquiry, Part Two. At the same time, the farming community continued working with the provincial government on the development of nutrient management regulations.

The CFFO also continued its research into voluntary environmental programs. As a result, the leadership of the Federation began to give serious consideration to the idea of having governments provide annual payments to farmers who adopt management practices aimed at enhancing the environment.

In addition to the work on resource management, the CFFO also developed a number of policy positions on various subjects.

WALKERTON REPORT & NUTRIENT MANAGEMENT

In response to release of the Report of the Walkerton Inquiry, Part Two, the CFFO advised the provincial government that the report's recommendations could be fine-tuned, or expanded, in two key areas. Specifically, the CFFO requested that a significant advisory role be developed for the agricultural community in the drafting of water protection regulations. The second area of fine-tuning for the CFFO is a commitment by the government to annual payments to farmers for water protection. The CFFO was also involved throughout the year, alongside the larger farm community and the provincial government, with continued work on pending nutrient management regulations.

CFFO Vision

Frustrated by current patterns within Ontario agriculture, the CFFO launched a new vision for farming. Contained within a 14-page booklet, *Closer to the Heart: A CFFO Vision for Farming*, the new vision chronicles long-term problems within agriculture, the values that CFFO members hold, the parts of Ontario agriculture that need to be maintained or strengthened, and an action plan for the immediate future. The CFFO vision represents several years' worth of work from CFFO members, leadership and staff. Facilitated workshop sessions, special committees, and contracted research all contributed towards the development and production of the new vision.

GUIDANCE FOR LIVESTOCK OPERATIONS

During continued discussions on nutrient management legislation, CFFO called on the provincial government to add a statement to the Planning Act allowing municipalities to set defined limits on the size and intensity of livestock farms. Specifically, the CFFO endorsed a recommendation allowing municipalities to set a maximum size in the range of 400 to 600 livestock units per site and a maximum density in the range of 1.0 to 2.0 livestock units per acre, depending on the environmental and cultural needs of their communities.

GREENHOUSE GASES

The CFFO endorsed Canada's agenda to reduce greenhouse gas emissions. As part of that endorsement, the CFFO called upon farmers to assist in the reduction of emissions through voluntary strategies that minimize, reduce or absorb such emissions. The CFFO proposal calls for annual financial payments for those farmers helping to reduce emissions, as well as increased research funding, and appropriate enhancements to the Environmental Farm Plan.

AGRICULTURAL ODYSSEY GROUP

The CFFO was well represented in the creation of the Agricultural Odyssey Group and its subsequent report. The report made 93 recommendations, covering nine distinct areas of importance. CFFO members involved with the Agricultural Odyssey Group include: Bob Bedgood, Henry Stevens, Jenny Denhartog, and Charlotte McCallum.

2002 EXECUTIVE BOARD

Jenny Denhartog	President	RR4 Arthur	N0G 1A0
Bob Bedgood	Past-President	RR2 Thorndale	N0M 2P0
Peter VanderZaag	Vice-President	RR3 Alliston	L9R 1V3
John Kikkert	Vice-President	RR3 Smithville	L0R 2A0
Jane Kapteyn	Director	RR6 Cobourg	K9A 4J9
Henry Stevens	Director	RR2 Palmerston	N0G 2P0
Gerald Poechman	Director	RR2 Walkerton	N0G 2V0
John Werkema	Director	RR1 Beachville	N0J 1A0

FROM THE PRESIDENT

We hope that you and your family were blessed in the year 2002. It was another challenging year for the CFFO as we continued to work on the Nutrient Management Plan, its implications and effects, the Agricultural Policy Framework and other timely issues of the day. It is only with the input of our 4300+ members that we, as Staff, Executive Board and Provincial Board, can continue to develop and recommend policies and decisions.

The highlight of the year for the CFFO Executive and Staff was our vision document, *Closer to the Heart: A CFFO Vision for Farming*. The vision that we have for Ontario agriculture is to promote family farms, to maintain and enhance the health of farming, to keep people on the land and to protect our resources. Our vision document will be the basis on which CFFO will move forward to tell others about our organization, our dreams, goals and actions.

On behalf of the Executive Board and Staff, we thank you for your support and may our Lord God continue to lead and guide each of you every new day.



John Kikkert, President
Christian Farmers Federation of Ontario

GENERAL MANAGER'S REPORT

The shadow of the Walkerton tragedy continued to be cast over much of the CFFO's public activities in 2002. A comprehensive report from Justice O'Connor on improving the province's water management, plus pending regulations on nutrient management, provided ample opportunities for CFFO members to offer grassroots perspectives.

From an operational standpoint, one of the major projects for 2002 was the writing, editing, printing and distribution of *Closer to the Heart: A CFFO Vision for Farming*. This small booklet showcases the values, principles and actions that CFFO members believe are essential for maintaining and developing a robust agriculture in Ontario. Highlighted at the 2002 CFFO Convention, and at numerous district association meetings, over 4,000 booklets have since made their way into circulation.

Two major research reports were also published by the CFFO in 2002. One report was a comprehensive study of voluntary incentive programs aimed at helping farmers enhance their environmental stewardship. The other report studied changes in the marketing of farm products and explored options for family farmers. Finally, a new project was launched in the latter part of the year to further study the barriers to farmers participating in environmental programs.

Alongside these major projects was a series of regular CFFO activities, including member workshops, district association meetings and farm show participation. And last, but not least, the CFFO was successful in its re-accreditation application under the farm business registration program.

Through all of these projects and processes, the CFFO staff strives to serve our Lord Jesus Christ through service to members, government and the rural community. May the Lord establish the work of our hands.



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 4,365. 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 AgriCorp with OMAF 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 23 district associations across Ontario. These vary in size from 27 to 429 members. Each association has its own board and sends delegates to province-wide policy meetings.

PROVINCIAL BOARD: Policy-setting authority is vested in a board made up of delegates from each of our district associations and our executive board. This board meets at least five times per year at the CFFO offices on Hwy 6 north of Guelph, generally on the fourth Wednesday of the months of January, March, June, September and November.

EXECUTIVE BOARD: Day-to-day activities are supervised by a board of eight family farmers. It meets on the first Thursday of each month.

STANDING COMMITTEES: Think tanks on dairy, pork, sheep and stewardship meet regularly to draft positions and resolutions. Grains and oilseeds and poultry 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 2003 annual convention will be held on Thursday, November 27 and Friday, November 28, 2003 at the Holiday Inn, Cambridge.

REPRESENTATION: 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 and beyond 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, Ontario Agricultural Commodity Council, Agricultural Odyssey Group, and Agri-food Biotechnology Coalition.

BUDGET: Our budget is almost totally dependent on the fees from our members and associates. Our budget for 2003 is \$506,244.15 plus \$172,142.25 for our district associations, for a total of \$678,386.40. During the 2002 budget year, 95% of \$687,800.00 came from members. Our 2003 membership fee is \$160.50 including GST, and extends voting membership to one person and spouse.

RESEARCH REPORTS FOR 2002

“Voluntary Agri-Environmental and
Other Incentive Programs “

“The Structure of the Market Place.”

The Christian Farmers Federation of Ontario released two research reports during 2002.

The first research project involved an investigation of incentives to aid farmers in their stewardship of the environment. The 190-page report is entitled “Voluntary Agri-Environmental and Other Incentive Programs to Protect the Environment in Ontario.” It provides an overview of how environmental incentive payments are delivered in various parts of the world, why such payments are needed, the history of Ontario’s involvement in environmental incentive programs, and methods to establish payments for environmental benefits.

The second research project involved an investigation of the current market structure for farm products. The 130-page report is entitled “The Structure of the Market Place”. It provides an overview of emerging patterns in the market place, a call to strengthen farmers’ bargaining position, an overview of four market mechanisms for farm products, and an advisory to farmers.

AUDITOR’S REPORT

February 4, 2003

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

I have audited the balance sheet of Christian Farmers Federation of Ontario (Fédération des Agriculteurs Chrétiens de l’Ontario) as at December 31, 2002 and the statements of operations, 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, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

David M. den Boer

David M. den Boer
CHARTERED ACCOUNTANT

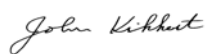
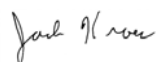
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CHRISTIAN FARMERS FEDERATION OF ONTARIO
(FÉDÉRATION DES AGRICULTEURS CHRÉTIENS DE L'ONTARIO)

BALANCE SHEET
DECEMBER 31, 2002

ASSETS	<u>2002</u>	<u>2001</u>
CURRENT ASSETS		
Cash	\$52,720	\$107,441
Accounts receivable	11,601	7,065
Prepaid expenses	5,063	3,968
	69,384	118,474
CAPITAL ASSETS (note 3)	11,787	14,786
	\$ 81,171	\$ 133,260
 LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	19,922	7,714
 NET ASSETS		
Invested in capital assets	11,787	14,786
Unrestricted (available for general purposes)	49,462	110,760
	61,249	125,546
	\$81,171	\$133,260

APPROVED ON BEHALF OF THE BOARD:

 John Kikkert, President
 Jack Kroes, Treasurer

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Invested in Capital Assets	Unrestricted (General)	<u>2002</u> Total	<u>2001</u> Total
Balance, beginning of year	\$14,786	\$110,760	\$125,546	\$171,294
Excess (deficiency) of revenues over expenses	(8,242)	(56,055)	(64,297)	(45,748)
Investment in capital assets	5,243	(5,243)	-	-
Balance, end of year	\$11,787	\$49,462	\$61,249	\$125,546

See accompanying notes to financial statements

CHRISTIAN FARMERS FEDERATION OF ONTARIO
(FÉDÉRATION DES AGRICULTEURS CHRÉTIENS DE L'ONTARIO)

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>
REVENUES		
Farm organization funding fees (note 4)	\$825,786	\$797,033
Less: refunds	(169,776)	(174,070)
Net farm organization funding fees	656,010	622,963
Membership fees – other	8,740	9,150
Annual convention	16,060	16,490
Grants	14,097	-
Farm business registration administration fees refund	5,840	15,580
Earthkeeping advertising and subscriptions	27,110	23,054
Interest income and other	4,617	13,415
TOTAL REVENUES	<u>732,474</u>	<u>700,652</u>
EXPENSES		
ADMINISTRATIVE		
Amortization	8,242	8,329
Bank charges and interest	1,626	1,782
Equipment repairs and maintenance	11,029	7,305
Insurance	1,743	1,475
Farm business registration administration fees	46,784	48,280
Maintenance and repairs	-	1,387
Miscellaneous	640	3,684
Office and printing supplies	13,567	12,827
Postage and courier	15,027	12,057
Professional and consulting fees	4,398	3,525
Rent	34,080	20,680
Salaries and benefits	316,366	258,135
Staff travel and expenses	17,660	16,743
Telephone	9,465	9,116
	<u>480,627</u>	<u>405,325</u>
PROVINCIAL ACTIVITIES		
Annual convention	17,340	21,576
Board and Committee expenses	61,500	70,990
Earthkeeping Ontario newsletter (note 7)	22,370	20,220
Farm community activities (note 5)	18,484	25,366
Promotion and advertising	17,586	17,459
	<u>137,280</u>	<u>155,611</u>
CONTRIBUTIONS TO DISTRICT ASSOCIATIONS (note 6)		
Earthkeeping Ontario newsletter	33,556	30,330
Meeting and travel expenses	37,167	37,813
Projects	22,243	38,302
Salaries and benefits	85,898	79,019
	<u>178,864</u>	<u>185,464</u>
TOTAL EXPENSES	<u>796,771</u>	<u>746,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$(64,297)</u>	<u>\$(45,748)</u>

See accompanying notes to financial statements

CHRISTIAN FARMERS FEDERATION OF ONTARIO
(FÉDÉRATION DES AGRICULTEURS CHRÉTIENS DE L'ONTARIO)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$(64,297)	\$(45,748)
Adjustments for items not affecting cash		
Amortization	8,242	8,329
Decrease (increase) in accounts receivable	(4,536)	(270)
Decrease (increase) in prepaid expenses	(1,095)	671
Increase (decrease) in accounts payable	12,208	(3,551)
	(49,478)	(40,569)
FINANCING AND INVESTING ACTIVITIES		
Investment in capital assets	(5,243)	(12,336)
INCREASE (DECREASE) IN CASH	(54,721)	(52,905)
CASH, <i>beginning of year</i>	107,441	160,346
CASH, <i>end of year</i>	\$52,720	\$107,441

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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 - 25% 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) **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 2002</u>	<u>Net 2001</u>
Furniture and equipment	\$6,707	\$5,436	\$1,271	\$1,592
Computer equipment	32,581	22,465	10,116	13,194
Leasehold improvements	500	100	400	-
	\$39,788	\$28,001	\$11,787	\$14,786

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002, CONT'D

4. FARM ORGANIZATION FUNDING FEES

During the year the organization received farm organization funding fees. Of these farming businesses, 20.6% requested and received refunds (2001 - 21.9%). In addition to the fees received from 5,684 farming businesses, the organization received membership fees from 58 non-registered farming businesses (2001 - 66).

	<u>2002</u>		<u>2001</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Farm funding fees - current year	5,504	\$825,786	5,678	\$796,192
- prior years	-	-	6	841
	<u>5,504</u>	<u>\$825,786</u>	<u>5,684</u>	<u>\$797,033</u>
Refunds - current year	<u>1,136</u>	<u>\$169,776</u>	<u>1,246</u>	<u>\$174,070</u>

5. COMMITMENTS

(a) PAYMENTS TO UNION DES CULTIVATEURS FRANCO-ONTARIENS

Under an agreement with the Minister of Agriculture, Food and Rural Affairs, the organization has agreed to make payments to Union des Cultivateurs Franco-Ontariens for the 2003, 2004 and 2005 registration years. Christian Farmers Federation of Ontario is to pay \$4 to Union des Cultivateurs Franco-Ontariens for each farming business registration not requesting a refund. There is an exemption for the first 1,000 registrations. Payments totalling \$13,460 were made in 2002 (2001 - \$13,720).

(b) ADMINISTRATION COSTS OF FARM BUSINESS REGISTRATION PROGRAM

Under an agreement with the Minister of Agriculture, Food and Rural Affairs (the Minister), the organization has agreed to pay Agricornp \$9 for each registration to administer the Farm Business Registration Program for 2003.

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 future annual payments as follows:

2003	\$40,811
2004	\$40,811
2005	\$40,811
2006	\$28,656

6. CONTRIBUTIONS TO DISTRICT ASSOCIATIONS

Contributions have been made to and expenses incurred on behalf of 23 district associations and to the member activities in an area without a local association.

These contributions and expenses totaled \$178,864 which represents 27.3% of the net farm organization funding fees (2001 - \$185,464 and 29.8%).

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.



serving agriculture
since 1954

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