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# REPORT ON FINANCIAL STATEMENTS

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CDC Annual Public Meeting

January 26, 2010

Gaëtan Paquette, Senior Director,  
Finance and Operations



Canadian Dairy  
Commission

Commission  
canadienne du lait

**BALANCE SHEET**July 31  
(in thousands)**Assets****Current**

|  |  |
|--|--|
| Cash   |  |
| Accounts receivable                                    |  |
| Due from provincial milk boards and agencies (pooling) |  |
| Trade  |  |
| Derivative asset - foreign exchange contracts          |  |
| Inventories (Note 4)                                   |  |

|  | 2009              | 2008              |
|--|-------------------|-------------------|
|  | \$ 490            | \$ -              |
|  | 28,053            | 29,766            |
|  | 969               | 1,076             |
|  | 53                | 19                |
|  | 154,621           | 163,466           |
|  | <u>\$ 184,186</u> | <u>\$ 194,327</u> |

**Liabilities****Current**

|   |  |
|---|--|
| Bank indebtedness (Note 5)  |  |
| Accounts payable and accrued liabilities  |  |
| Due to provincial milk boards and agencies (pooling)                                      |  |
| Trade   |  |
| Provision for margin payable to provincial milk boards and agencies (operational surplus) |  |
| Other liabilities   |  |
| Derivative liability - foreign exchange contracts   |  |
| Loans from the Government of Canada (Note 6)  |  |

|  |                |                |
|--|----------------|----------------|
|  | \$ 825         | \$ 25,367      |
|  | 24,325         | 25,767         |
|  | 15,092         | 13,417         |
|  | -              | 718            |
|  | 895            | 1,311          |
|  | 183            | -              |
|  | 129,488        | 116,316        |
|  | <u>170,808</u> | <u>182,896</u> |

**Long-term**

Severance benefits (Note 12)

|  |       |     |
|--|-------|-----|
|  | 1,196 | 819 |
|--|-------|-----|

**Equity (Note 7)**

Retained earnings

|  |                   |                   |
|--|-------------------|-------------------|
|  | 12,182            | 10,612            |
|  | <u>\$ 184,186</u> | <u>\$ 194,327</u> |

**Commitments (Note 14)***The accompanying notes and Detailed Schedule of Operations are an integral part of these financial statements.*

Approved:



Chief Executive Officer



Chairman



Senior Director, Finance and Operations

FINANCIAL STATEMENTS

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# Balance Sheet at July 31 (p. 51) - Assets

|   | <u>2009</u>       | <u>2008</u>       |
|---|-------------------|-------------------|
| (in thousands)                                  |                   |                   |
| <b>Assets</b>                                   |                   |                   |
| <b>Current</b>                                  |                   |                   |
| Cash  | \$ 490            | \$ -              |
| Accounts receivable                             |                   |                   |
| - Due from provinces (pooling)                  | \$ 28,053         | \$ 29,766         |
| - Trade   | \$ 969            | \$ 1,076          |
| - Derivative asset - foreign exchange contracts | \$ 53             | \$ 19             |
| Inventories                                     | \$ 154,621        | \$ 163,466        |
|   | <u>\$ 184,186</u> | <u>\$ 194,327</u> |



# Balance Sheet at July 31 – Liabilities and Equity

(in thousands)

|   | <b>2009</b>       | <b>2008</b>       |
|---|-------------------|-------------------|
| <b>Liabilities</b>  |                   |                   |
| <b>Current</b>  |                   |                   |
| Bank indebtedness   | \$ 825            | \$ 25,367         |
| Accounts payable and accrued liabilities                  |                   |                   |
| - Due to provinces (pooling)                              | \$ 24,325         | \$ 25,767         |
| - Trade   | \$ 15,092         | \$ 13,417         |
| - Provision for margin payable to provinces (op. surplus) | \$ -              | \$ 718            |
| - Other liabilities                                       | \$ 895            | \$ 1,331          |
| - Derivative liability - foreign exchange contracts       | \$ 183            | \$ -              |
| Loans from the Government of Canada                       | \$ 129,488        | \$ 116,316        |
|   | <u>\$ 170,808</u> | <u>\$ 182,896</u> |
| <b>Long-term</b>  |                   |                   |
| Severance benefits  | \$ 1,196          | \$ 819            |
| <b>Equity</b>   |                   |                   |
| Retained earnings   | \$ 12,182         | \$ 10,612         |
|   | <u>\$ 184,186</u> | <u>\$ 194,327</u> |



# Statement of Operations and Comprehensive Income at July 31 (Loss)(p. 52)

(in thousands)

|   | <u>2009</u>       | <u>2008</u>        |
|---|-------------------|--------------------|
| Sales   | \$ 231,897        | \$ 284,935         |
| Cost of sales   | \$ (232,415)      | \$ (291,147)       |
| <b>Total loss on sales</b>  | <b>\$ (518)</b>   | <b>\$ (6,212)</b>  |
| Operating and administrative expenses                                 | \$ (19,801)       | \$ (19,373)        |
| Pooling contributions withheld to fund op. and adm. expenses          | \$ 7,930          | \$ 9,703           |
| Funding of adm. expenses by the Government of Canada                  | \$ 4,270          | \$ 4,003           |
| <b>Results after pooling contributions and gov. funding</b>           | <b>\$ (8,119)</b> | <b>\$ (11,879)</b> |
| Recovery of (provision for) op. deficit (surplus) from (to) provinces | \$ 9,689          | \$ (718)           |
| <b>Results of Operations and comprehensive income (loss)</b>          | <b>\$ 1,570</b>   | <b>\$ (12,597)</b> |



# Statement of Changes in Equity at July 31

(p. 53)

|  | <u>2009</u>      | <u>2008</u>        |
|--|------------------|--------------------|
| (in thousands)   |                  |                    |
| Retained earnings at beginning of year                         | \$ 10,612        | \$ 23,026          |
| Transition adj. on adoption of financial instruments standards | <u>\$ -</u>      | <u>\$ 183</u>      |
| Revised retained earnings at beginning of year                 | \$ 10,612        | \$ 23,209          |
| Results of operations and comprehensive income (loss)          | <u>\$ 1,570</u>  | <u>\$ (12,597)</u> |
| Retained earnings at end of year                               | <u>\$ 12,182</u> | <u>\$ 10,612</u>   |

