

## **Saskatchewan Forage Seed Development Commission**

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### **Interim Board of Directors**

Kirk Riglin, Chairperson, Elrose  
Bruce Coulman, Saskatoon  
Kelvin Grisdale, Weekes  
Ernest Horudko, Nipawin  
Roger Kirk, Nipawin  
Clayton Myhre, Nipawin  
Randy Tulloch, Broadview

Phil Curry, Executive Director, Melfort

### **Annual Report Review – Fiscal year end – June 30**

The Saskatchewan Forage Seed Development Commission (SFSDC) is required to submit five reports annually, in addition to audited financial statements, to the Agri-food Council. The five reports include:

- an audit report on the financial statements;
- an audit report on the rules and procedures to safeguard and control agency assets;
- an audit report on compliance with authorities;
- a comparison of actual results to planned results in each agency's audited financial statements; and
- a payee list with Board of Director approved thresholds disclosed.

The Saskatchewan Forage Seed Development Commission will complete and submit these five reports to the Council for the 2005-06 fiscal year by December 31, 2006.

In addition to the five reports listed above, several other aspects of the Saskatchewan Forage Seed Development Commission were reviewed. This included an analysis of dollars spent on programs and administration, a review of SFSDC's meeting minutes, a review of the activities of the SFSDC, and ensuring that a list of directors is included in the annual report.

### **Administration and Finance**

The SFSDC's system of internal control, legislative compliance and financial statements is audited by Meyers Norris Penny LLP. The board of directors and management are

responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

### Summary of Financial Activities

In accordance with the Commission's regulations and orders, the Commission is funded by a check-off of 0.75 percent of the gross value of forage seed marketed at the first point of sale. Producers may request a refund of any or all of the check-off paid. During the 2005-06 fiscal year, the Commission collected \$40,950 in check-off and refunded \$1,999, or 5.1 per cent.

	<u>2006</u>	<u>2005</u>
Check-off revenue	\$ 40,950	-
Check-off refunds	(1,999)	-
Refunds (%)	5.1%	-
Administrative Expenditures	185	-
Administration (%)	0.5%	-
Total income	38,766	-

### Other Activities

- Visits and registration of forage seed buyers/processors
- Data base development and management (Art Westlund – Melfort)
- Discussions with producers and administration of levy refunds
- Contact with forage researchers and other association re: potential research and development projects
- Development of required forms and brochure
- Preparation of nomination forms and mailout for election of new board of directors
- Board of directors conference calls
- Meet with the Agri-food Council (Ryan Boughen)
- Presentations to newsletters and the SK Advisory Council on Forage Crops
- Preparation of payee lists and thresholds, conflict of interest guidelines and code of conduct forms
- Review of regulatory changes from the Agri-food Council
- Preparation of annual report
- Preparation of financial plan and proposed activities for 2006-07

#### SFSDC – The First Year

- 380 – number of registered producers
  - \$38,766 – net income 2005/06
- 8 – number of active buyers & processors of SK forage seed
  - \$5 M – total value of crop delivered
- Red clover – highest value crop & most registered producers
  - Annual/perennial ryegrass – second highest value crop



MEYERS NORRIS PENNY LLP

To the Members of  
Saskatchewan Forage Seed Development Commission and the Agri-Food Council


We have made an examination to determine whether Saskatchewan Forage Seed Development Commission complied with the following provisions of The Agri-Food Act, 2004 pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended June 30, 2006:

ORDER 01/05 – FORAGE SEED SPECIES INCLUSION  
ORDER 02/05 – BUYER REGISTRATION  
ORDER 03/05 – PRODUCER REGISTRATION  
ORDER 04/05 – EXEMPTIONS  
ORDER 05/05 – REPORTING  
ORDER 06/05 – CHECK-OFF COLLECTION  
ORDER 07/05 – REFUND OF CHECK-OFF

Our examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, Saskatchewan Forage Seed Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislation and related authorities during the year ended June 30, 2006.

Melfort, Saskatchewan  
October 31, 2006

  
Chartered Accountants



MEYERS NORRIS PENNY LLP

To the Board of Directors of  
Saskatchewan Forage Seed Development Commission

We have audited Saskatchewan Forage Seed Development Commission's controls as of June 30, 2006 in order to express an opinion as to the effectiveness of its controls related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan to achieve its goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial reports.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue-raising, spending, borrowing and investing.

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Saskatchewan Forage Seed Development Commission's control. We did not audit certain aspects of control concerning the effectiveness, economy and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization's systems that, taken together, support people in the achievement of the organization's objective. Controls are effective to the extent that they provide reasonable assurance that the organization will achieve its objectives reliably.

Saskatchewan Forage Seed Development Commission's management is responsible for designing and implementing effective controls related to the objectives described above. Our responsibility is to express an opinion of the effectiveness of the organization's controls based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by the CICA. Those standards require that we plan and perform an audit to obtain reasonable assurance as to the effectiveness of Saskatchewan Forage Seed Development Commission's controls related to the objectives above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

In our opinion, Saskatchewan Forage Seed Development Commission's controls were effective in all significant respects related to the objectives stated above as of June 30, 2006 based on the control framework developed by the Canadian Institute of Chartered Accountants.

Controls can provide only reasonable, not absolute, assurance of achieving objectives reliably for two reasons. First, there are inherent limitations in controls including judgment in decision-making, human error, collusion to circumvent control activities and management override of controls. Second, cost/benefit decisions are made when designing control systems. Because controls can be expected to provide only reasonable, not absolute, assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of controls to future periods are subject to the risk that controls may become ineffective because of changes in internal and external conditions, or the degree of compliance with control activities may deteriorate.

Melfort, Saskatchewan  
October 31, 2006

  
Chartered Accountants



MEYERS NORRIS PENNY LLP

**Saskatchewan Forage Seed Development  
Commission  
Financial Statements**  
*June 30, 2006*

**Chartered Accountants and Business Advisors**

**[www.mnp.ca](http://www.mnp.ca)**

# Saskatchewan Forage Seed Development Commission

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*For the year ended June 30, 2006*

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To the Directors of Saskatchewan Forage Seed Development Commission:

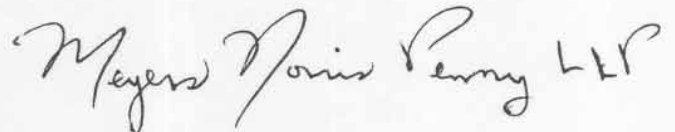
We have audited the statement of financial position of Saskatchewan Forage Seed Development Commission as at June 30, 2006 and the statements of revenue and expenses, and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Melfort, Saskatchewan

October 31, 2006



Chartered Accountants

**Saskatchewan Forage Seed Development Commission**  
**Statement of Revenue and Expenses**  
*For the year ended June 30, 2006*

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**Revenue**

Levies collected	40,950
Levies refunded	(1,999)

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38,951

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**Expenses**

Office	41
Rental	144

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185

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<b>Excess of Revenue over Expenses, and Unappropriated Equity, end of year</b>	<b>38,766</b>
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**Saskatchewan Forage Seed Development Commission**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2006*

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**1. Incorporation and operations**

Saskatchewan Forage Seed Development Commission ("the Commission") was incorporated on July 1, 2005. The Commission's objective is to utilize producer funding to assist in the research of forage crops to benefit the agricultural industry in Saskatchewan.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

***Revenue recognition***

The Commission recognizes revenue as earned when the levies have been collected on its behalf and are payable to the Commission. Refunds of levies collected from producers are presented as a reduction to net revenue when the request for the refund has been received by the Commission.

***Measurement uncertainty***

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**3. Income taxes**

The Commission is a non-profit organization incorporated under the Agri-Foods Act of Saskatchewan. Under present legislation, no income taxes are paid on the reported income of such operations. Therefore no provision for income taxes has been recorded in the financial statements.