

.....

# Merv Culham, Chartered Accountant

December 29, 2008

Board of Directors  
Saskatchewan Forage Seed Development Commission  
PO Box 1361  
Watrous, Sk. S0K 4T0

I have been engaged to audit the financial statements of Saskatchewan Forage Seed Development Commission for the year ending June 30, 2008.

Canadian generally accepted standards for audit engagements require that I communicate at least annually with you regarding all relationships between the Commission and myself that, in my professional judgement, may reasonably be thought to bear on my independence.

In determining which relationships to report, the standards require me to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Saskatchewan and applicable legislation, covering such matters as:

- a) holding a financial interest, either directly or indirectly, in a client;
- b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- d) economic dependence on a client; and
- e) provision of services in addition to the audit engagement.

I have prepared the following comments to facilitate my discussion with you regarding independence matters arising since the date of my last letter.

I am not aware of any relationships between the Commission and me that, in my professional judgement, may reasonably be thought to bear on my independence, that have occurred from July 1, 2007 to December 29, 2008. Total fees charged to the Company for services, other than audit, were Nil.


Canadian generally accepted standards for audit engagements require that I confirm my independence to management or persons having oversight responsibility for the financial reporting process in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan. Accordingly, I hereby confirm that I am independent with respect to the Commission within the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan as of December 29, 2008.

This report is intended solely for the use of the board of directors, management, and others within the Commission and should not be used for any other purposes.

.....

December 29, 2008  
Page 2

I look forward to discussing with you the matters addressed in this letter at your request.

Yours truly,  
  
Merv Culham, CA

.....

# Merv Culham, Chartered Accountant

To the Members of  
Saskatchewan Forage Seed Development Commission

I have audited Saskatchewan Forage Seed Development Commission's control as of June 30, 2008 to express an opinion as to the effectiveness of its control related to the following objectives.

- To safeguard agency 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 statements.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue-raising, spending, borrowing and investing.

I used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make my judgements about the effectiveness of Saskatchewan Forage Seed Development Commission's control. I 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 objectives that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

Saskatchewan Forage Seed Development Commission's management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I conducted my audit in accordance with standards for assurance engagements established by the Canadian Institute of Chartered Accountants. Those standards require that I plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Forage Seed Development Commission's control 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.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control

.....

December 29, 2008

Page 2

may become ineffective because of changes in internal and external conditions, or the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, Saskatchewan Forage Seed Development Commission's control was effective, in all material respects, to meet the objectives stated above as of June 30, 2008 based on the CICA criteria of control framework.

Merv Culham



Chartered Accountant  
Regina, Saskatchewan  
December 29, 2008

2731 - 13<sup>th</sup> Avenue  
Regina, Saskatchewan S4T 1N4  
Telephone: (306)352-4994  
Fax Number: (306)352-4969  
Email: mrc@sasktel.net

Merv Culham, Chartered Accountant

To the Members of  
Saskatchewan Forage Seed Development Commission

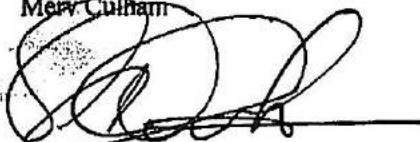
I have made an examination to determine whether Saskatchewan Forage Seed Development Commission complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended June 30, 2008:

The Agri-Food Act, 2004  
The Saskatchewan Forage Seed Development Plan Regulations

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

In my opinion, Saskatchewan Forage Seed Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended June 30, 2008.

Merv Culham



Chartered Accountant  
Regina, Saskatchewan  
December 29, 2008

**SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION**

Financial Statements  
For the year ended  
June 30, 2008

## INDEX

	Page
Auditor's report	1
Balance Sheet	2
Statement of Revenue and Cumulative Surplus	3
Statement of Cash Flows	4
Notes	5
Supplementary Information	6

.....

# Merv Culham, Chartered Accountant

## AUDITOR'S REPORT

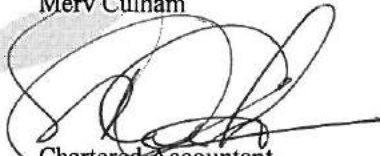
To the Members of  
**Saskatchewan Forage Seed Development Commission**

I have audited the balance sheet of Saskatchewan Forage Seed Development Commission as at June 30, 2008 and the statements of revenue, cumulative surplus 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 June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Merv Culham



Chartered Accountant  
Regina, Saskatchewan  
December 29, 2008

.....






Saskatchewan Forage Seed Development Commission

**BALANCE SHEET**

As at June 30, 2008

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	98,203	68,363
Levy receivable	16,688	21,197
	<hr/>	<hr/>
	114,891	89,560
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	0	1,391
Levy refunds payable	1,423	4,496
Research payable	0	11,260
	<hr/>	<hr/>
	1,423	17,147
<b>SURPLUS</b>		
<b>SURPLUS</b>		
Unappropriated	113,468	72,413
	<hr/>	<hr/>
	114,891	89,560
	<hr/>	<hr/>

Approved on behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission  
**STATEMENT OF REVENUE AND CUMULATIVE SURPLUS**  
For the year ended June 30, 2008

	2008 Budget	2008 Actual	2007 Actual
<b>REVENUE</b>			
Levy funds collected	35,800	58,215	57,035
Less levy refund requests	0	(1,308)	(6,121)
	<u>35,800</u>	<u>56,907</u>	<u>50,914</u>
Investment income	0	58	0
	<u>35,800</u>	<u>56,965</u>	<u>50,914</u>
<b>EXPENDITURE</b>			
Administrative and office	3,500	6,023	462
Directors' expnse	3,000	937	177
Database management	2,000	2,185	3,042
Professional fees	1,500	1,100	2,326
Research			
Insect pest survey	0	0	6,900
Weed control in grasses	4,000	5,640	4,360
Weed control in legumes	4,000	0	0
Fertility trials in grasses	25,000	0	0
Other	0	25	0
	<u>43,000</u>	<u>15,910</u>	<u>17,267</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(7,200)</b>	<b>41,055</b>	<b>33,647</b>
<b>UNAPPROPRIATED SURPLUS BEGINNING OF YEAR</b>		<b>72,413</b>	<b>38,766</b>
<b>UNAPPROPRIATED SURPLUS END OF YEAR</b>		<b>113,468</b>	<b>72,413</b>

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2008

	<u>2008</u>	<u>2007</u>
<b>CASH PROVIDED BY (USED BY) THE FOLLOWING ACTIVITIES</b>		
<b>OPERATIONS</b>		
Surplus (deficit) for the year	41,055	33,647
Net change in non-cash working capital balances		
Accounts receivable	4,509	(163)
Accounts payable	(1,391)	1,391
Levy refunds payable	(3,073)	4,158
Research payable	(11,260)	11,260
<b>Increase (decrease) in cash during the year</b>	<b>29,840</b>	<b>50,293</b>
<b>CASH BEGINNING OF THE YEAR</b>	<b>68,363</b>	<b>18,070</b>
<b>CASH END OF THE YEAR</b>	<b>98,203</b>	<b>68,363</b>

During the year, the organization had cash flows arising from interest and income taxes paid as follows:

Bank charges paid	0	0
Income taxes paid	0	0

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

**NOTES**

For the year ended June 30, 2008

**1. Accounting policies**

Saskatchewan Forage Seed Development Commission operates to promote and enhance the forage seed industry in Saskatchewan for maximum return to producers through research, leadership and communication in the industry.

The carrying amount of cash and term deposits - approximates their fair market value due to the short term maturities of these items.

The company does not have a significant credit exposure to any individual customer or counterpart.

Levy funds are recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated. Other revenues are recorded as earned.

The preparation of the financial statements in conformity 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 reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The budgeted figures are presented for comparison purposes as prepared and approved by the Board, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed.

**2. Incorporation statute**

Saskatchewan Forage seed Development Commission is a non-profit organization incorporated under the Agri-Foods Act, 2004 of Saskatchewan. Under present legislation, no income taxes are paid on the reported income of such operations.

Saskatchewan Forage Seed Development Commission  
**EXPENDITURE BY OBJECT**  
For the year ended June 30, 2008

	2008	2007
<b>Personal</b>		
Archie Campbell	784	177
Art Westerlund	2,185	1,215
Philip Curry	0	1,827
Hope Floats Services	4,095	0
Payees under \$1,500	0	0
	<hr/> 7,064	<hr/> 3,219
<b>Suppliers</b>		
Levy refunds	1,308	6,121
Meyers Norris Penny	0	2,326
Merv Culham, CA	1,100	0
Payees under \$1,500	2,106	462
	<hr/> 4,514	<hr/> 8,909
<b>Research</b>		
Saskatoon Research Center	0	6,900
Western Applied Research Corp	5,640	4,360
Payees under \$1,500	0	0
	<hr/> 5,640	<hr/> 11,260
	<hr/> 17,218	<hr/> 23,388