

Saskatchewan Forage Seed Development Commission
Box 1361
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(306) 946-3135

Another year has past for the Saskatchewan Forage Seed Development Commission, in which our members have had a difficult year producing forages due to cold spring and an uncooperative fall for harvesting. The 2009 – 2010 growing season left us lower levies returned to the commission. With the increase in grain prices and the fall of forage seed prices, we have continued to see a sharp decline in the number of growers and acres of forage seed produced in Saskatchewan.

Our board has remained stable over the past year and we look forward to more normal conditions in the future and hopefully prices strengthening.

We have begun more research initiatives this year. We have a Fertility Trial ongoing with coated fertilizer applied earlier in the season. We will be looking at yields for a final measure to see if earlier timing of coated fertilizer. Also we will be applying for more ADOPT funding to continue the commission commitment to research that is relevant for our producers.

We have also partnered on a Invasive Plants project with the Saskatchewan Forage Council, the Frenchman – Wood River Weed Management Area, and the Crossing the Medicine Line Network.

The objectives of this project include:

- Increasing Saskatchewan's producer's awareness of invasive plant species, their effects on the environment and forage production, and available control measures;
- Assessing existing weed free forage certification programs and the potential for these to be adapted for Saskatchewan use.

The Canadian forage seed industry has been hit hard with tough growing and harvesting conditions; low pricing due to cattle markets and with no USA set aside programs; and strong grains sector that encourages the forage seed acres to be taken out and put into other grains for more profit.

We look to the future for stronger markets and better growing conditions to strength our industry.

Sincerely

Nancy Johns P. Ag.
Executive Director

Saskatchewan Forage Seed Development Commission

SFSDC Proposed Budget 2010/11

for period

July 1, 2010 to June 30, 2011

INCOME

Estimated net levy income \$23,000

Total \$23,000

EXPENDITURES

Newsletter (2) Year 5,000

Different Types of Fertilizers Usage 4,000

Grass Residual Evaluations 500

Fertility trials in grasses 1000

Red Clover Casebearer 1000

Bromegrass Brown Midge Project 2000

Fungicide Applications for Disease Control in Red Clover 5000

SFSDC office / administrative expenses 4,500

Directors expenses (travel) 1,000

Database entry / management 1,000

SFSDC annual audit 1,100

Total \$26,100

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Financial Statements
For the year ended
June 30, 2010

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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, 2010 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, 2010 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 6, 2010

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Saskatchewan Forage Seed Development Commission

BALANCE SHEET

As at June 30, 2010

	2009	2008
ASSETS		
CURRENT		
Cash	175,753	150,400
Levy receivable	6,668	0
	<hr/>	<hr/>
	182,421	150,400
	<hr/>	<hr/>
LIABILITIES		
CURRENT		
Accounts payable	0	6,405
SURPLUS		
SURPLUS		
Unappropriated	182,421	143,995
	<hr/>	<hr/>
	182,421	150,400
	<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, 2010

	2010 Budget	2010 Actual	2009 Actual
REVENUE			
Levy funds collected	35,800	42,543	39,093
Less levy refund requests	0	(768)	(850)
	<u>35,800</u>	<u>41,775</u>	<u>38,243</u>
Grants	0	7,000	0
	<u>35,800</u>	<u>48,775</u>	<u>38,243</u>
EXPENDITURE			
Administration	0	12	3,300
Annual general meeting	600	597	955
Bank charges	20	18	10
Database management	2,000	625	202
Directors' expense	3,000	0	0
Newsletter	2,000	2,022	1,692
Postage	50	33	37
Professional fees	1,500	1,100	1,100
Travel	830	942	420
Research			
Weed control in grasses	4,000	0	0
Weed control in legumes	4,000	0	0
Fertility trials in grasses	20,000	0	0
Invasive Plant Species Management	0	5,000	0
	<u>38,000</u>	<u>10,349</u>	<u>7,716</u>
SURPLUS (DEFICIT) FOR THE YEAR	(2,200)	38,426	30,527
UNAPPROPRIATED SURPLUS BEGINNING OF YEAR		143,995	113,468
UNAPPROPRIATED SURPLUS END OF YEAR		182,421	143,995

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

STATEMENT OF CASH FLOWS

For the year ended June 30, 2010

	<u>2010</u>	<u>2009</u>
CASH PROVIDED BY (USED BY) THE FOLLOWING ACTIVITIES		
OPERATIONS		
Surplus (deficit) for the year	38,426	30,527
Net change in non-cash working capital balances		
Accounts receivable	(6,668)	16,688
Accounts payable	(6,405)	6,405
Levy refunds payable	0	(1,423)
Increase (decrease) in cash during the year	25,353	52,197
CASH BEGINNING OF THE YEAR	150,400	98,203
CASH END OF THE YEAR	175,753	150,400
During the year, the organization had cash flows arising from interest and income taxes paid as follows:		
Bank charges paid	18	10
Income taxes paid	0	0

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

NOTES

For the year ended June 30, 2010

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, 2010

	<u>2010</u>	<u>2009</u>
Personal		
Art Westerlund	625	202
Hope Floats Services	2,271	6,404
Payees under \$1,500	0	0
	<u>2,896</u>	<u>6,606</u>
Suppliers		
Levy refunds	768	850
Merv Culham, CA	1,100	1,100
Payees under \$1,500	1,353	10
	<u>3,221</u>	<u>1,960</u>
Research		
Saskatchewan Forage Council	5,000	0
Payees under \$1,500	0	0
	<u>5,000</u>	<u>0</u>
	<u>11,117</u>	<u>8,566</u>

See accompanying notes to the financial statements.

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Merv Culham, Chartered Accountant

December 6, 2010

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, 2010.

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, 2009 to December 6, 2010. Total fees charged to the Company for services, other than audit, were Nil.

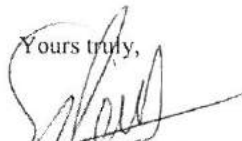
Canadian generally accepted standards for audit engagements require that I confirm my independence to management or persons having oversight responsibility for the financial reporting process in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan. 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 6, 2010.

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.

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December 6, 2010
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I look forward to discussing with you the matters addressed in this letter at your request.

Yours truly,

Mark Culham, CA

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

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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, 2010:

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, 2010.

Merv Culham



Chartered Accountant
Regina, Saskatchewan
December 6, 2010

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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, 2010 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

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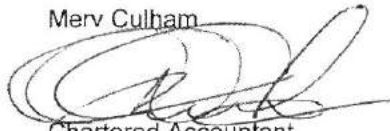
December 6, 2010

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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

A handwritten signature in black ink, appearing to read 'Merv Culham', written over a circular stamp or seal.

Chartered Accountant
Regina, Saskatchewan
December 6, 2010