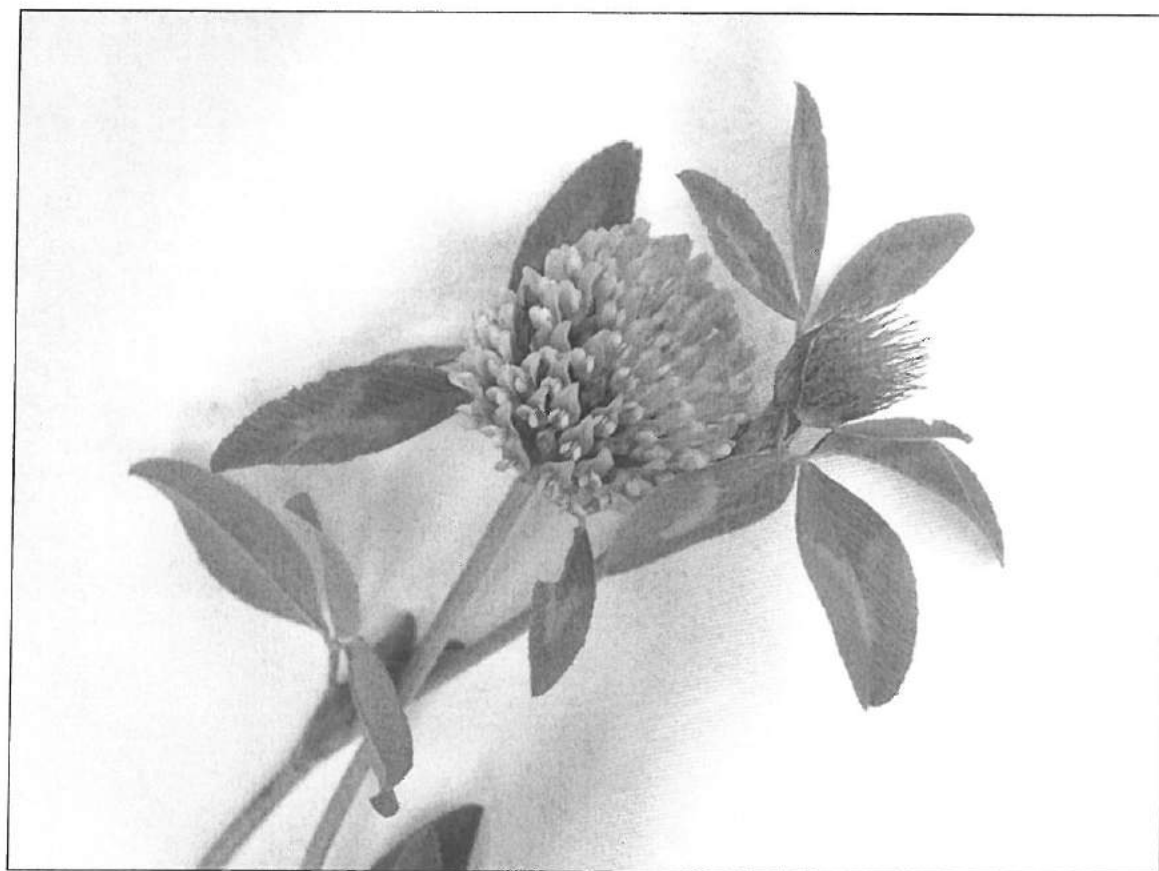


Saskatchewan Forage Seed  
Development Commission  
Annual Report July 1 2010 – June 30 2011





Saskatchewan Forage Seed  
Development Commission  
Board of Directors

David Maxwell  
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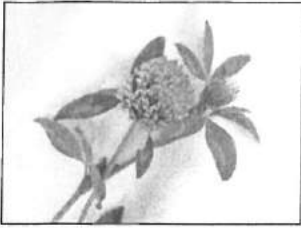
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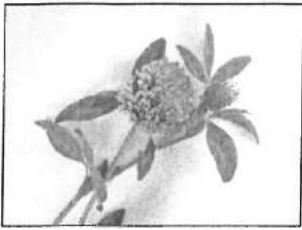


Saskatchewan Forage Seed Development Commission  
Box 1361  
Watrous, SK  
S0K 4T0  
(306) 946-3135

## **Chairman's Message**

Hello to all forage growers. Once again this year has brought challenges to our industry that are beyond our control. Weather and world economic problems continue to affect us negatively. Demand has been slow in the U.S. and Europe but at least it is matching production somewhat. We, at the commission, are very positive about this industry as forage has and always will be a significant cog in the wheel of agriculture. Now is the time to establish forages when total acreage is down. The commission is doing what it can to help growers tackle management challenges with informed solutions. I won't get into specific trials as these will be discussed later. More board members are needed for input and direction at this time and you may get a friendly call. I would like to thank Nancy Gray for being our Executive Director for the past number of years and wish her the best in her future endeavors. On behalf of the board I would like to wish everyone a Merry Christmas and a Happy New Year

David S. Maxwell



Saskatchewan Forage Seed Development Commission  
 Box 1361  
 Watrous, SK  
 S0K 4T0  
 (306) 946-3135

**December 6<sup>th</sup>, 2011**  
**Executive Director Report for 2010 -2011 year**

Another year has past for the Saskatchewan Forage Seed Development Commission, in which the numbers of our members have continued to decline as producing forages is not an easy task with the weather complications of past years. Again the growing season of 2010 - 2011 left us with lower levies returned to the commission. With the increase in grain prices, we have continued to see a sharp decline in the number of growers and acres of forage seed produced in Saskatchewan.

	2011	2010	2009	2008	2007
<b>REVENUE</b>					
Levy funds collected	34,854	42,543	39,093	58,215	54762.91
Less levy refund requests	(365.00)	(768.00)	(850.00)	(1308.00)	(7844.25)
<b>Levy Totals</b>	<b>34,489</b>	<b>41,775</b>	<b>38,243</b>	<b>56,907</b>	<b>46918.66</b>
<b>Producers who paid levies</b>	<b>138</b>	<b>149</b>	<b>229</b>	<b>313</b>	<b>322</b>

Our board has added two new members of Marcel Enns and Bruce Coulman over the past year and I have given my resignation so you will see a new face next year. The management of the Commission has been through Hope Floats Service Inc for the past 5 years.

We have begun more research initiatives this year. We applied for 3 ADOPT projects and received funding for Trefoil Pod Sealant, an extension of the Fertility Trial ongoing with coated fertilizer applied earlier in the season on trial was completed and another is going on for the next year. We were also funded for a Brome Grass Midge Control project. Through this program ADOPT there is very few costs that come out of the accounts and helps pay for some administration.

We have also partnered on an Invasive Plants project with the Saskatchewan Forage Council, the Frenchman – Wood River Weed Management Area, and the Crossing the Medicine Line Network for \$4000.

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 final year of this project is 2012 as it wraps up the Baled Weed Free project at Frenchman and Wood rivers. Also a forage seed industry meeting to get our opinion on the weed free hay program. The project has also produced the Invasive Plant species of Saskatchewan booklet; Forage Seed – Best Management Practices; Transport - – Best Management Practices; Hay Production – Best Management Practices; Grazing - – Best Management Practices and

We have also partnered with University of Alberta Researcher on Red Clover Case Bearer with their pheromone project. There is no known chemical control of this at this time and it is causing a decline in yields in Alberta. We have pledged \$1000 for three years to this project. Through this association, we will have information out to our producers who produce Red Clover and hope to find a way to control this pest.

We have also partnered with University of Saskatchewan through researcher Fran Walley on a Fertility of Grasses Project.

Specific objectives of this study are to:

- 1) Examine the potential agronomic and environmental benefits of using urease and nitrification inhibitors, and combinations of both, in forage seed production in the Parkland region of Saskatchewan.
- 2) Assess the economic feasibility of using urease and nitrification inhibitors for forage seed production in the Parkland region of Saskatchewan.

We are continuing our research focus with sending in more ADOPT projects with a focus on fungicide use in grasses for disease control and continued project on Brome Grass Midge Control.

This year, we funded the development of our own website; [www.skforageseeddc.com](http://www.skforageseeddc.com) so please have a look for all our research and upcoming events.

Thank you for the opportunity to work with all of you and look forward to meeting you at future events.

Nancy Johns P. Ag.  
Executive Director

**Saskatchewan Forage Seed Development Commission Annual Meeting**  
**July 1, 2010 - June 30, 2011**  
**Evergreen Centre, Nipawin SK Dec 6 2011**

Members present – David Maxwell; Clayton Myhre; Norm Klemmer; Barrie Wall; Rick Lindsay; James Staffen; Marcel Enns; Al Foster; Michel Tremblay; Denton Peifer; Bernie Schultz; Rick Cherepuschuk; Richard Wallington; Blair Remple; Fran Walley; Nancy Johns

1:30 pm Chair Dave Maxwell called meeting to order.

Circulated a Chair's Report:

- Forage seed has had a hard time competing with other commodities
- Research projects have been initiated
- Need an additional board member
- need to use levy money wisely so need input from growers

**Overview of Research Projects for 2011 Projects**

-ADOPT funding major supporter at this point, all costs covered in APOPT projects

Pod Sealant

- sprayed late so little effect observed.
- would like to repeat this next year
- In dry years shatter is a problem in birdsfoot trefoil
- relative humidity was high in 2009 and 2010, may be masking effect
- sampling is likely inadequate to get accurate assessment of effect. May use weigh wagon
- applying too early may effect seed size

Bromegrass Seed Midge

- may loose up to 50 % of seed
- two generations of insects, feeds on flowers, then on seed
- spray is two stages
- spraying occurred late in 2011 – second generation sprayed
- shatter reduced when sprayed late
- effects smooth and hybrid bromegrass
- would like to get a 2 year extension from ADOPT
- larger seed and higher germ was also observed on sprayed area
- burning first thing in spring may also help reduce insect numbers

Fertilizing Forage Grasses Project (ADF funded) – Dr. Fran Walley, U of S

- project expanded with AAFC support on the greenhouse gas emissions side of the project
- Agritain and SuperU and impact on nitrogen use efficiency



- nitrogen management is trickier than with annual crops, losses are more numerous
- want to minimize losses to increase profitability and reduce environmental impact
- objective: benefit of urease inhibitors on biomass and seed production
- economic feasibility looking at as well
- fall application of N is recommended to help with reproductive tiller formation
- early fall best, but increases N losses
- Timothy is a bit more flexible, can get reproductive tillers late or in spring.  
Application timing more rigid in bromegrass
- species differ in response
- residue removal can increase winter injury
- ammonium nitrate is most effective N source, but is hard to get
- can urea be used with inhibitors to get the same effect as AN?
- Inhibitor stops urea breakdown, for a week or two, to allow wider window to get rain to get urea into the ground
- Number of inhibitors are available: NBPT, Agritain
- Can get up to 25 percent losses of N in 5 day period
- Urease can be present in high quantities in no till fields - are seed fields like no till fields?
- high pH soils more prone to losses
- Nitrification inhibitors - effect bacteria that convert ammonium to nitrate - keeps N in ammonium form to reduce nitrate losses
- SuperU is commercial product
- 2012 start monitoring losses and apply treatments
- 2013 sample treatments biomass and seed yields, soil quality
- 2014 same treatments and measurements
- ADF, SFSDC, SFC, AAFC, Clayton Myhre for field reconnaissance

### **Business Meeting**

Call to order – 2:45 pm

**Motion** Denton Peifer. Approve agenda as circulated. **2nd** Marcel Enns **Carried.**

Reviewed minutes of 2010 business meeting.

**Motion:** Marcel Enns. Accept 2011 minutes, James Staffen **2<sup>nd</sup>** **Carried.**

Business arising from minutes - none

### Chairman Report:

- Weather and world economic conditions are weighing on production and demand
- Good time to get in as supplies tighten
- More Board members needed
- Thanks to Nancy for her service as Exec Director
- Merry Christmas

### Exec Director Report

- Membership decline continues due to weather challenges and market forces  
Levy decline in 2011
- Research initiatives this year some through adopt and fertility trial extension  
2 year extension on midge project will be requested
- invasive plants project the SFC
- red clover case bearer partnership pheromone study to trap males to reduce breeding
- grass fertility project 4000 \$ of SFSDC money in project
- fungicide for grass disease control headline

### Financial Statement

- \$34,000 was collected, 2% requested back
- term deposits
- Westlund managing database

### Proposed Budget 2001-2012 :

- \$30,000 levy income
- newsletters \$2000
- *Forage Seed News* \$3000
- Website \$4700

**Motion:** Accept all reports. Denton Peifer 2<sup>nd</sup> Barrie Wall **Carried.**

### Appointment of Auditor

**Motion:** Merv Culham as auditor. Marcel Enns 2<sup>nd</sup> James Staffen. **Carried.**

### Election of Permanent Board

**Motion:** Continuation of existing board. Norm Klemmer. 2<sup>nd</sup> Denton Peifer **Carried.**

### Per deim

- Is cost reducing participation on board?
- \$100 per meeting is recommendation.

**Motion:** In person SFSDC meeting per deim be \$100. Barrie Wall 2<sup>nd</sup> James Staffen **Carried.**

Thanks to Nancy for last five years service to the SFSDC!

**Motion:** Adjourn business meeting. Marcel Enns

### Forage Seed Market Outlook - Clayton Myrhe Pickseed Canada

- 8000 acres of pedigreed production of all species Manitoba 45,000, Alberta 20,000
- red clover largest crop in Sk.

- Acreage decline 18,000 to -8000 acres over last 5 years
- Most 2011 yields avg to below flood damage and rain during pollination
- Timothy and red clover did well
- Seed prices avg to above avg
- Timothy up to \$0.90 high
- Trefoil 4\$ pr pound with 500 lb crop - perhaps due to increased reclamation in US
- Smooth brome grass \$1.50 up from \$0.50 last year
- Sweet clover for plow down in US and Europe – very low supply has cause a price run up in 2011

## Saskatchewan Forage Seed Development Commission

### SFSDC Proposed Budget 2011/12 for period July 1, 2011 to June 30, 2012

#### INCOME

Estimated net levy income	\$30,000
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<b>Total</b>	<b>\$30,000</b>
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#### EXPENDITURES

Newsletter (2) Year	5,000
---------------------	-------

Forage Seed News	3000
------------------	------

Website	4,700
---------	-------

Fertility trials in grasses	1000
-----------------------------	------

Red Clover Casebearer	1000
-----------------------	------

Bromegrass Brown Midge Project	4000
--------------------------------	------

Fungicide Applications for Disease Control in Grasses	5000
---	------

SFSDC office / administrative expenses	12,000
--	--------

Directors' expenses (travel)	1,000
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Database entry / management	1,500
-----------------------------	-------

SFSDC annual audit	1,100
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<b>Total</b>	<b>\$ 39,300</b>
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# Merv Culham, Chartered Accountant

November 22, 2011

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

The purpose of this letter is to outline the terms of our engagement to audit the financial statements of **Saskatchewan Forage Seed Development Commission** (the entity) for the year ending **June 30, 2011**.

### Objective, Scope and Limitations

My statutory function as auditor of **Saskatchewan Forage Seed Development Commission** is to report to the members by expressing an opinion on **Saskatchewan Forage Seed Development Commission** annual financial statements. I will conduct my audit in accordance with Canadian generally accepted auditing standards and will issue an audit report. An auditor conducting an audit in accordance with Canadian generally accepted auditing standards obtains reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- a) Factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- b) Inherent limitations of internal control; and
- c) The fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

### My Responsibilities

I will perform the audit in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. Accordingly, I will plan and perform my audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, I will not provide

.....

any third party with confidential information concerning the affairs of the entity without the entity's prior consent, unless required to do so by legal authority, or the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Saskatchewan.

I will communicate in writing to Council the relationships between myself and the entity (including related entities) that, in my professional judgment, may reasonably be thought to bear on my independence. Further, I will confirm my independence with respect to the entity.

The objective of my audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if I identify any of the following matters, they will be communicated to the appropriate level of management:

- a) Misstatements, resulting from error, other than trivial errors;
- b) Fraud or any information obtained that indicates that a fraud may exist;
- c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- d) Significant weaknesses in the design or implementation of internal controls to prevent and detect fraud or error; and
- e) Related party transactions identified by me that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicate will be those that I identify during the course of my audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

I will consider the entity's internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable me to render an opinion on the effectiveness of internal control over financial reporting.

#### **Use and Distribution of my Report**

The examination of the financial statements and the issuance of my audit opinion are solely for the use of the entity and those to whom my report is specifically addressed by me. I make no representations of any kind to any third party in respect of these financial statements and I accept no responsibility for their use by any third party.

#### **Management's Responsibilities**

Management is responsible for:

##### **Financial statements**

The preparation and fair presentation of the entity's financial statements in accordance with Canadian generally accepted accounting principles;

##### **Completeness of information**

- a) providing me with and making available complete financial records and related data, and copies of all minutes of meetings of Council and ratepayers;
- b) providing me with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- c) providing me with information relating to any illegal or possibly illegal acts, and all facts related thereto;
- d) providing me with information regarding related parties and related party transactions;

##### **Fraud and error**

- a) the design and implementation of internal control to prevent and detect fraud and error;
- b) an assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- c) providing me with information relating to fraud or suspected fraud affecting the entity involving:
  - i) management
  - ii) employees who have significant roles in internal control; or
  - iii) others, where the fraud could have a non-trivial effect on the financial statements.
- d) providing me with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others;
- e) communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

**Recognition, measurement and disclosure**

- a) providing me with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- b) providing me with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- c) providing me with information relating to the measurement and disclosure of transactions with related parties;
- d) providing me with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with Measurement Uncertainty, CICA Handbook-Accounting section 1508;
- e) providing me with information relating to claims and possible claims, whether or not they have been discussed with the entity's legal counsel;
- f) providing me with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the entity is contingently liable;
- g) providing me with information on whether the entity has satisfactory title to assets, liens or encumbrances on assets exist, or assets pledged as collateral;
- h) providing me with information relating to compliance with aspects of contractual agreements that may affect the financial statements;
- i) providing me with information concerning subsequent events; and

**Written confirmation of significant representations**

- a) providing me with written confirmation of significant representations provided to me during the engagement on matters that are:
  - i) directly related to items that are material, either individually or in the aggregate, to the financial statements;
  - ii) not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; and
  - iii) relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

I ask that my name be used only with my consent and that any information to which I have attached a communication be issued with that communication unless otherwise agreed to by me.

If reproduction or publication of my audit report (or reference to my report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to me in sufficient time for my review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document

(electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

**Assistance Requested**

I will ask that your personnel, to the extent possible:

- a) prepare various schedules and analyses before my engagement is planned to commence; and
- b) make various invoices and other documents available to me.

This assistance will facilitate my work and will help to minimize my costs.

**Working Papers**

The working papers, files, other materials, reports and work created, developed or performed by me during the course of the engagement are the property of my firm, constitute confidential information and will be retained by me in accordance with my Firm policies and procedures.

**Use of Information**

It is acknowledged that I will have access to all information in your custody that I require to complete my engagement.

**File Inspections**

In accordance with professional regulations (and by Firm policy), my client files may periodically be reviewed by practice inspectors and by other file quality reviewers to ensure that I am adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

The above terms of my engagement will be effective from year to year until amended or terminated in writing.

If you have any questions about the contents of this letter, please raise them with me. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to me.

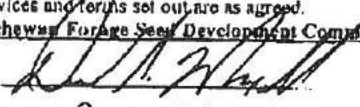
I appreciate the opportunity of continuing to be of service to your entity.

Yours very truly



Merr Culham, CA

The services and terms set out are as agreed.  
Saskatchewan Forage Seed Development Commission

Signed:   
Name and Title: DAVID MAXWELL  
CHAIRMAN  
Date: DEC 9, 2011

Signed: Clayton Myhre  
Name and Title: Clayton Myhre, Director  
Date: Dec 9, 2011



**SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION**

Financial Statements  
For the year ended  
June 30, 2011

## INDEX

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Balance Sheet	2
Statement of Revenue and Cumulative Surplus	3
Statement of Cash Flows	4
Notes	5
Supplementary Information	6

Merv Culham, Chartered Accountant

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of  
Saskatchewan Forage Seed Development Commission

I have audited the accompanying financial statements of the Saskatchewan Forage Seed Development Commission which comprise the statement of financial position as at June 30, 2011, and the accompanying statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**


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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

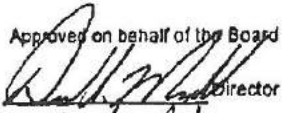

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Forage Seed Development Commission as at June 30, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

  
November 22, 2011  
Regina, Saskatchewan

Saskatchewan Forage Seed Development Commission  
BALANCE SHEET  
As at June 30, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	180,789	175,753
Levy receivable	23,644	6,668
	<u>204,433</u>	<u>182,421</u>
LIABILITIES		
CURRENT		
Accounts payable	10,368	0
Levy refunds payable	294	0
	<u>10,662</u>	<u>0</u>
SURPLUS		
SURPLUS		
Unappropriated	193,771	182,421
	<u>204,433</u>	<u>182,421</u>

Approved on behalf of the Board  
 Director  
 Director

See accompanying notes to the financial statements

Saskatchewan Forage Seed Development Commission  
**STATEMENT OF REVENUE, EXPENDITURE AND UNAPPROPRIATED SURPLUS**  
 For the year ended June 30, 2011

	2011 Budget	2011 Actual	2010 Actual
<b>REVENUE</b>			
Levy funds collected	23,000	34,854	42,543
Less levy refund requests	0	(365)	(768)
	23,000	34,489	41,775
Grants	0	6,260	7,000
Investment income	0	807	0
	23,000	41,556	48,775
<b>EXPENDITURE</b>			
Administration	4,500	11,131	12
Annual general meeting	3,000	2,485	597
Bank charges	0	30	18
Database management	1,000	882	625
Directors' expense	1,000	6,903	0
Newsletter	5,000	1,111	2,022
Postage	0	21	33
Professional fees	1,100	1,100	1,100
Travel	0	719	942
Research			
Gross residual evaluations	500	0	0
Fertility trials in grasses	1,000	4,000	0
Different types of fertilizers usage	4,000	0	0
Red Clover casebearer	1,000	0	0
Bromegrass <sup>seeds</sup> <del>grass</del> midge project <i>DM</i>	2,000	0	0
Fungicide applications for disease control in red clover	5,000	0	0
Invasive Plant Species Management <i>DM</i>	0	1,814	5,000
	29,100	30,208	10,349
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	(6,100)	11,350	38,426
<b>UNAPPROPRIATED SURPLUS BEGINNING OF YEAR</b>		182,421	143,995
<b>UNAPPROPRIATED SURPLUS END OF YEAR</b>		193,771	182,421

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2011

	<u>2011</u>	<u>2010</u>
<b>CASH PROVIDED BY (USED BY) THE FOLLOWING ACTIVITIES</b>		
<b>OPERATIONS</b>		
Surplus (deficit) for the year	11,350	38,428
Net change in non-cash working capital balances		
Accounts receivable	(16,976)	(6,668)
Accounts payable	10,368	(6,405)
Levy refunds payable	294	0
<b>Increase (decrease) in cash during the year</b>	<b>5,036</b>	<b>25,353</b>
<b>CASH BEGINNING OF THE YEAR</b>	<b>175,753</b>	<b>150,400</b>
<b>CASH END OF THE YEAR</b>	<b>180,789</b>	<b>175,753</b>
During the year, the organization had cash flows arising from interest and income taxes paid as follows:		
Bank charges paid	30	18
Income taxes paid	0	0

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

**NOTES**

For the year ended June 30, 2011

**1. Nature of entity**

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.

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.

**2. Accounting policies**

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.

Saskatchewan Forage Seed Development Commission  
**EXPENDITURE BY OBJECT**  
For the year ended June 30, 2011

	2011	2010
<b>Personal</b>		
Art Westerlund	882	625
Hope Floats Services	17,271	2,271
Payees under \$1,500	0	0
	<u>18,153</u>	<u>2,896</u>
<b>Suppliers</b>		
Levy refunds	365	768
Merv Culham, CA	1,100	1,100
Payees under \$1,500	5,139	1,353
	<u>6,604</u>	<u>3,221</u>
<b>Research</b>		
Saskatchewan Forage Council	0	5,000
Maxwell Farms Inc.	1,814	0
University of Saskatchewan	4,000	0
Payees under \$1,500	0	0
	<u>5,814</u>	<u>5,000</u>
	<u>30,571</u>	<u>11,117</u>

See accompanying notes to the financial statements.



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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, 2011 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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November 22, 2011

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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, 2011 based on the CICA criteria of control framework.

Merv Culham

A handwritten signature in black ink, appearing to read 'Merv Culham', written over a horizontal line.

Chartered Accountant  
Regina, Saskatchewan  
November 22, 2011

2731 - 13<sup>th</sup> 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, 2011:

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, 2011.

Merv Culham



Chartered Accountant  
Regina, Saskatchewan  
November 22, 2011

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