



**Saskatchewan Forage Seed Development Commission
Annual Report
July 1, 2015 to June 30, 2016**

CONTENTS

Board of Directors 2015-2016

Chairman Report

Executive Director Report

Agenda of the Annual General Meeting – December 1, 2016

Minutes of the Annual General Meeting – December 1, 2016

Budget for 2016-2017

Planned Programs and Activities for 2016-2017

2015-2016 Audited Financial Report

**Ray McVicar, Executive Director
Saskatchewan Forage Seed Development Commission
2782 Aster Crescent
REGINA SK S4V 1Z9
Phone: 306-789-1958
Email: sfsdc05@gmail.com
Website: www.skforageseeddc.com**

SFSDC Board of Directors 2015-2016

David Maxwell
Chairman
Box 2936
Nipawin, SK S0E 1E0
(306) 862-9622
dandimaxwell@hotmail.com

Denton Peifer
Treasurer
Box 2527
Nipawin, SK S0E 1E0
(306) 862-3437
dgpeifer@sasktel.net

Nels Smelland
Box 2446
Nipawin, SK S0E 1E0
(306) 862-3061
smelland@sasktel.net

Morris Nycholat
Box 391
Whitefox, SK S0J 3B0
(306) 276-2084
nycholat@sasktel.net

Morley Doerksen
Box 92
Garrick, SK S0J 0Z0
(306) 276-2408
doerksen@sasktel.net

David Cox
Box 2536
Nipawin, SK S0E 1E0
(306) 862-1253
coxdavida@outlook.com

James Silcox
Vice-Chairman
Box 772
Nipawin, SK S0E 1E0
(306) 768-3888 *
pasagro.cr@sasktel.net

Bill Biligetu
Assistant Professor
University of Saskatchewan
4C74 – 51 Campus Drive
Saskatoon, SK S7N 5A8
(306) 966-4007
bill.biligetu@usask.ca

Terry Kowalchuk
(ex officio) Ministry of Agriculture
3085 Albert Street
Regina, SK S4S 0B1
(306) 787-7712
terry.kowalchuk@gov.sk.ca

Leanna Rousell
(ex officio) SFC
Box 308
Asquith, SK S0K 0J0
(306) 329-3116
office@saskforage.ca

Al Foster
(ex officio) Ministry of Agriculture
1105 99th Street
Tisdale, SK S0E 1T0
(306) 878-8890
al.foster@gov.sk.ca

Chairman's Report – David Maxwell
Saskatchewan Forage Seed Development Commission
December 1, 2016

This is the eleventh annual meeting of the Forage Seed Development Commission. This year's harvest was one for the record books with the snow in October and a bit of a break in the weather in November. Red clover is our highest levy contributor and I am sure there is plenty left out in the field. Thankfully, spring threshing is an option. Many other forages were harvested in late July to September, so most made it safe to the bin and on to the plant.

Your Commission is working to meet the goal of advancing research initiatives in the forage seed area. We are always looking for ideas and advice from producers on what is needed in research. We have continued to work with the Northeast Agriculture Research Foundation (NARF) at Melfort to expand forage seed research. We have been successful in the past few years in leveraging our money through research funding programs like Saskatchewan Agriculture's ADOPT. This allows us to spend levy dollars on other important areas of research such as herbicide minor use, insecticide, alternate planting methods and fertility work.

This is the second year we have contracted the services of the Weed Management Group at the University in Saskatoon. This helps expand research to two regions of the province and will hopefully lead to more minor use registrations in our crops.

Your Board met four times during this fiscal year; with two conference calls and two in-person meetings. Not an onerous schedule, but it is working to get our goals done. Our Executive Director, Ray is able to represent us at numerous meetings that don't require a Director; saving travel costs and time. At our Board meeting in July, our guest speaker was Penny McCall, Executive Director of Crops & Irrigation Branch with Saskatchewan Agriculture. It was very interesting to hear Penny say that the general public has high trust in farmers working to keep their food safe. We must make efforts to maintain this trust or new regulations could make our lives much more complicated in the future.

The Commission joined the Saskatchewan Forage Network three years ago to work with larger organizations like the Saskatchewan Cattlemen's Association and Sask Milk to fund research needs. The Forage Network funding runs out in March 2017, so a decision on whether it will continue will be coming soon.

We are a member of Forage Seed Canada to keep abreast of issues that impact the Prairies. We will continue to monitor their activities to make sure they meet the needs of our members.

Our annual field tour in 2016 was held in conjunction with the Saskatchewan Forage Council at the University of Saskatchewan on July 26th with 38 in attendance. I want to thank Bill Biliget, Bruce Coulman, Nadia Petruic and Aaron Gerein for hosting us. I also attended the NARF annual field day on July 20th and found both tours very informative. It is important to work with all of our partners to continue our much needed research and to be able to hold field tours in the future.

Your Board is very interested in the on-going efforts to develop the forage crop demonstration sites in the Province and want to be part of the program in the future.

Two new Directors joined our Board in 2016. They are Morris Nycholat and David Cox. After six years of service, Marcel Enns retired from the Board. Clayton Myhre was appointed as advisor. Our Commission would not function without the assistance and advice of our Ex-Officio Directors; Terry Kowalchuk and Al Foster with the Ministry of Agriculture and Leanna Rousell with Saskatchewan Forage Council.

I want to thank our members, buyers, researchers and our very capable Board of Directors for their commitment to our industry and for their support in the seven years that I have served as your Chair.

Have a Prosperous 2017!

David S. Maxwell

Executive Director Report 2015-2016
Saskatchewan Forage Seed Development Commission (SFSDC)

December 1, 2016

I want to start by thanking our levy payers who continue to support the Commission. Many thanks also to our forage seed buyers and industry companies who contribute to the forage seed industry and the Commission in many ways. Thank you to the Board of Directors, advisors and researchers for all their time and effort for the Commission.

Research is the number one priority for SFSDC. Plant breeding, weed and insect control, and alternate seeding methods are all high on the list of research needs. For these reasons, the Board increased our research program in 2016. The Northeast Agriculture Research Foundation (NARF) at the Melfort Research Farm is the centre of many of our projects including:

- The continuation of the minor use herbicide program on established red, alsike and sweet clover, as well as seedling sweet clover;
- The Plant Growth Regulator (PGR) work was expanded to established red, alsike and sweet clovers;
- Saskatchewan Ministry of Agriculture provided funding for three ADOPT projects at NARF in 2016:
 - Management Options to Control Lesser Clover Leaf Weevil in Red Clover;
 - Evaluating the Placement of Companion Crops in Forage Seed Production - repeating the two-year project with meadow bromegrass and wheat to confirm results obtained in the 2014-2015 project; and
 - Evaluating the use of Direct Seeding and Pre-Seeding Cultivation in Forage Seed Crop Establishment - direct seeding or cultivation was combined with the use of pre-seed glyphosate and Express SG herbicide treatments when planting red clover underseeded to faba bean.

Four projects were completed in 2015-2016 and these final reports were posted on the SFSDC website:

- Fungicides for Use on Forage Seed Grasses;
- Forage Seed Response to Copper Fertilization;
- Demonstrating the Proper Timing and Application of a Desiccant in Red Clover; and
- Evaluating the Placement of Companion Crops in Forage Seed Production.

The Weed Management Program at the University of Saskatchewan in Saskatoon continued look at herbicide tolerance in 2016 on established cicer milkvetch, sainfoin, sweet clover, hybrid bromegrass, timothy and slender wheatgrass. They also applied a PGR to established sweet clover. Thank you to BASF Canada, Bayer CropScience, BrettYoung Seeds, DLF Pickseed Canada, Dow Agrosiences, DuPont Canada and Syngenta Canada for supplying products for our research programs in 2016.

SFSDC is providing \$2,500 per year for two years for Dr. Bill Biligetu's plant breeding project at the University of Saskatchewan to develop new sainfoin lines with improved forage characteristics and stand persistence.

SFSDC has funded the Saskatchewan Forage Network at \$5,000 per year for three years. The goal of the Network is to promote the importance of forage research. The Network also combines the resources of grower organizations such as SaskMilk, Saskatchewan Cattlemen's Association and Saskatchewan Leafcutter Association to support forage research projects at the Masters and PhD level. To date, funding for seven projects has been granted in areas including improving crested

wheatgrass, new sainfoin lines, perennial native legumes, greenfeed production, introducing bloat-free legumes into pastures, and digestible fibre in high production dairy cattle.

The SFSDC Board of Directors held four board meetings or conference calls during 2015-2016, as well as the grower information session held in Nipawin on December 2, 2015.

The annual field tour was held on July 21, 2015 near Carrot River, SK. with 25 people in attendance. AG-Vision Seeds of Carrot River hosted the group and provided the gathering point for the afternoon. One of the forage seed research projects was included in the NARF Field Day in Melfort in July 2015. Our field tour in 2016 was held with the U of S in Saskatoon.

The *Prairie Seeds Newsletter* was published twice during 2015-2016. Past editions are posted on the SFSDC website. The Commission also contributed articles and purchased copies of the Manitoba Forage Seed Association *Forage Seed News Magazine* for current levy payers to keep up-to-date on research, marketing and forage seed industry information throughout the Prairies.

The SFSDC website remains active with 10,159 hits received in the past year and a total of 42,185 since its inception in July 2011.

The large clover crop in 2015 led to the highest level of forage seed sales and levy in the eleven-year history of SFSDC. Strong prices kept sales and levy stable for most other crops.

REVENUE	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Levy funds collected	\$103,946	\$ 49,340	\$59,801	\$38,458	\$46,318	\$34,854	\$42,543
Less levy refund	(\$6,472)	(\$348)	(\$2,870)	(\$2,521)	\$64*	(\$365)	(\$768)
Levy Total	\$97,474	\$ 48,992	\$56,931	\$35,937	\$46,382	\$34,489	\$41,775
Producers contributing levy	203	162	176	154	175	138	149

* levy refunds of (\$230.81) - \$294.81 adjustment from 2010-2011

Forage seed deliveries and levies submitted in 2015-2016 are summarized in the following table.

CROP KIND	Weight (kg)	Total Value (\$)	Levy (\$)
Alsike Clover	469,572	\$1,791,886	\$13,439
Birdsfoot Trefoil	9,939	\$17,304	\$130
Red Clover	1,939,391	\$7,115,390	\$53,365
Sweet Clover	625,303	\$1,180,443	\$8,853
Annual Ryegrass	335,324	\$212,701	\$1,595
Crested Wheatgrass	66,895	\$267,706	\$2,007
Dahurian Wild Rye	56,569	\$112,239	\$842
Hybrid Bromegrass	83,366	\$472,308	\$3,542
Intermediate Wheatgrass	68,750	\$261,824	\$1,963
Meadow Bromegrass	28,918	\$167,742	\$1,258
Meadow Fescue	22,706	\$59,182	\$443
Perennial Ryegrass	268,854	\$458,048	\$3,435
Red Top	10,037	\$63,035	\$473
Slender Wheatgrass	101,009	\$235,626	\$1,767
Smooth Bromegrass	11,671	\$76,048	\$570
Timothy	773,397	\$1,365,775	\$10,243
Totals	4,872,784	\$13,859,419	\$103,946

Ray McVicar, Executive Director

SFSDC 2782 Aster Crescent REGINA SK S4V 1Z9

Email: sfsdc05@gmail.com Website: www.skforageseeddc.com Phone: 306-789-1958



Saskatchewan Forage Seed Development Commission 2015-2016 Annual General Meeting

Thursday December 1, 2016

Chair: David Maxwell

AGENDA

- 1. Call to Order**
- 2. Agenda**
 - **Approval of the Agenda**
- 3. Minutes of the 2014-2015 Annual Meeting**
 - **Approval of the Minutes**
 - **Business Arising from the Minutes**
- 4. Directors**
- 5. Reports**
 - **Chairman Report – David Maxwell**
 - **Executive Director Report – Ray McVicar**
 - **2015-2016 Audited Financial Report – Ray McVicar**
 - **2016-2017 Planned Programs and Activities – James Silcox**
 - **2016-2017 Budget – James Silcox**
 - **Approval of the Reports**
- 6. New Business**
 - **Appointment of Auditor for 2016-2017**
- 7. Other Business**
- 8. Adjourn**



**Saskatchewan Forage Seed Development Commission
2015-2016 Annual General Meeting
December 1, 2016 Nipawin Saskatchewan
MINUTES**

Chairman: David Maxwell

Recording: Ray McVicar

1. Meeting called to order at 3:20 PM

2. Agenda

- Moved by David Cox, seconded by James Silcox to approve the agenda. Carried

3. Minutes of the 2014-2015 Annual General Meeting were reviewed by Ray McVicar.

- Moved by Ron Weighill, seconded by Don Larson that the minutes of the 2014-2015 Annual General Meeting be accepted. Carried
- Business arising from the minutes. None

4. Directors

- No Directors Terms expire this year.

5. Reports

Chairman Report - David Maxwell

- This is the Forage Seed Development Commission's 11th Annual Meeting
- We continue to partner with Northeast Agriculture Research Foundation (NARF) at Melfort, Saskatchewan Agriculture's ADOPT program, and the U of S Weed Management Program
- Membership in Saskatchewan Forage Network allows us to work with larger grower groups to improve funding research in forage crops
- Two new Directors joined the Board in 2015-2016
- Four Board meeting or Conference calls were held

Executive Director Report - Ray McVicar

- The research program expanded at the 2 research sites: Melfort and Saskatoon
- The Saskatchewan Forage Network has funded 7 forage research projects at U of S
- Published 2 editions of Prairie Seeds Newsletter
- The Grower Information Workshop was held in Nipawin on Dec 2, 2015
- Held the Forage Seed Tour near Carrot River in July 2015
- The levy increased to \$97,946 and the number of growers increased to 203

The Audited Financial Report 2015-2016 was reviewed by Ray McVicar.

The List of Planned Programs and Activities for 2016-2017 was reviewed by James Silcox.

The 2016-2017 Budget was reviewed by James Silcox.

- Moved by Don Larson, seconded by Lucien Lalonde that all reports be accepted. Carried

6. New Business

- Moved by Morris Nycholat, seconded by Tom Boyarchuk to appoint Gerhardt Neumann, NeuPath Group, Nipawin SK as Auditor for 2016-2017. Carried

7. Other Business

- None

8. Moved by James Silcox to adjourn the Annual General Meeting at 4:00 PM. Carried

Note: 16 forage seed growers were in attendance

**Saskatchewan Forage Seed Development Commission
Budget 2016 / 2017**

For the Period July 1, 2016 to June 30, 2017

	2016/17
INCOME	<u>Budget</u>
Estimated levy income	\$60,000
Estimated levy refunds	-\$3,000
Estimated other income	
Research - Revenue refunded	\$0
Research Revenues - Industry	\$500
Research	
ADOPT - Red Clover Leaf Weevil	\$700
ADOPT - '16/'17 Companion Crop	\$6,122
ADOPT - Direct Seed Pre Seed Till	\$4,082
ADOPT - New projects	\$5,000
Interest	\$2,100
Other Revenue	
Forage Seed Canada/Ind Org D Fund	\$1,000
 Total Income	 \$76,504
 EXPENDITURES	
Administration	\$13,000
Directors & Officers Liability Insurance	\$1,100
Director Meetings	\$600
Forage Seed Canada	\$1,275
Promotion / Advertising	\$800
Annual General Meeting/Workshop & Field Tours	\$3,000
Bank Charges	\$150
Database Management	\$1,200
Director Expenses	\$3,000
Website Maintenance	\$1,200
Newsletter (2)	\$1,500
Postage / Freight	\$200
Auditor	\$1,700
eNews / Forage Seed News	\$5,500
GST Paid	\$750
 Subtotal:	 \$34,975

Saskatchewan Forage Seed Development Commission
Budget 2016 / 2017
For the Period July 1, 2016 to June 30, 2017

	2016/17
Research	<u>Budget</u>
Weed Control in Grasses NARF	\$1,500
Weed Control in Legumes NARF	\$15,000
Fertility Research	\$4,000
Weed Control Program at U of S	\$11,600
Plant Breeding UofS sainfoin project	\$2,500
Other Research	\$10,000
SK Forage Network	\$5,000
ADOPT - Red Clover Leaf Weevil	\$1,500
ADOPT - '16/'17 Companion Crop	\$5,500
ADOPT - Direct Seed Pre Seed Till	\$4,100
ADOPT - New projects	\$7,000
Subtotal:	\$67,700
Total Expenses	\$102,675
NET INCOME	-\$26,171



Saskatchewan Forage Seed Development Commission Planned Programs and Activities for 2016-2017

- Research Program
 - Continue the research program at Northeast Agriculture Research Foundation (NARF) at Melfort, SK
 - Continue research with the Weed Management Program at University of Saskatchewan on herbicide tolerance and Plant Growth Regulator testing
 - Complete ADOPT-funded projects. Apply for new ADOPT projects
 - Continue to provide financial support to the forage seed plant breeding program at the Crop Development Centre, University of Saskatchewan
 - Continue to support the Saskatchewan Forage Network to leverage funds for new forage research projects and promote increased research in forage crops
 - Provide input and support to develop Saskatchewan forage variety testing system
- Hold the Forage Seed Field Tour at U of S – July 2016
- Publish two issues of *Prairie Seeds Newsletter*
- Update the SFSDC Website on a regular basis
- Contribute articles to *eNews* – Saskatchewan Forage Council's email newsletter
- Contribute articles to and purchase *Forage Seed News Magazine* for current levy payers
- Maintain SFSDC Grower Database as required by the SFSDC Regulations
- Provide input to the Agriculture and Agri-Food Canada minor use priority program
- Collaborate with Forage Seed Canada on prairie-wide forage seed issues
- Cooperate with Saskatchewan Crop Insurance Corp to investigate possible crop insurance for individual forage seed crops
- Host Grower Information Session – December 2016

P.O. Box 1586
204 - 1st Avenue West
Nipawin, Saskatchewan
S0E 1E0

Telephone (306) 862-3333
Toll Free 1-866-862-3339
Fax (306) 862-1999
E-mail: office@neupathgroup.com
Website: neupathgroup.com

AUDITOR'S REPORT

To: The Members of Saskatchewan Forage Seed Development Commission

We have audited Saskatchewan Forage Seed Development Commission's control as of June 30, 2016 to express an opinion as to the effectiveness of its control 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 statements.
- 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 Professional Accountants (control framework) 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 control framework defines control as comprising those elements of an organization 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. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

We conducted our audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that we plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Forage Seed Development Commission's control related to the objectives stated 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 judgment 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 may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

Conclusion

In our 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, 2016 based on the control framework.

Nipawin, Saskatchewan
November 21, 2016


Chartered Accountants

P.O. Box 1586
204 - 1st Avenue West
Nipawin, Saskatchewan
S0E 1E0

Telephone (306) 862-3333
Toll Free 1-866-862-3339
Fax (306) 862-1999
E-mail: office@neupathgroup.com
Website: neupathgroup.com

AUDITOR'S REPORT

To: The Members of Saskatchewan Forage Seed Development Commission

We 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 public resources, spending, revenue raising, borrowing and investing activities during the year ended June 30, 2016:

The Agri-Food Act, 2004

The Saskatchewan Forage Seed Development Plan Regulations

Our examination was made in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the 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, 2016.

Nipawin, Saskatchewan
November 21, 2016


Chartered Accountants

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Financial Statements

Year Ended June 30, 2016

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Revenues and Expenditures	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10
Research expenses (<i>Schedule 1</i>)	11

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Saskatchewan Forage Seed Development Commission have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

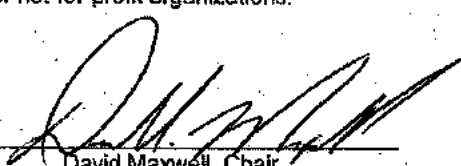
The integrity and reliability of Saskatchewan Forage Seed Development Commission's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and contractors and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility by periodically meeting with management and, if necessary, the members' auditors to review significant accounting, reporting and internal control matters. The Board also considers, for review approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by NeuPath Group Chartered Accountants, in accordance with Canadian accounting standards for not-for-profit organizations.



Ray McVicar, Executive Director



David Maxwell, Chair

Regina, SK
November 23, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan Forage Seed Development Commission

We have audited the accompanying financial statements of Saskatchewan Forage Seed Development Commission, which comprise the statement of financial position as at June 30, 2016 and the statements of revenues and expenditures, changes in net assets and cash flows 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 accounting standards for not-for-profit organizations, 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

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 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 the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

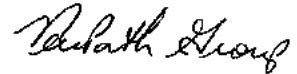
(continues)

Independent Auditor's Report to the Members of Saskatchewan Forage Seed Development Commission
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Forage Seed Development Commission as at June 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Nipawin, Saskatchewan
November 23, 2016



Chartered Accountants


SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

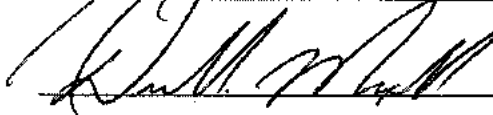
Statement of Financial Position

June 30, 2016

	2016	2015
ASSETS		
Cash	\$ 74,906	\$ 28,690
Term deposits (Note 3)	182,922	181,046
Levies receivable	13,863	25,624
Interest receivable	1,422	1,678
	\$ 273,113	\$ 237,038
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 4,044	\$ 348
NET ASSETS		
Unrestricted	269,069	236,690
	\$ 273,113	\$ 237,038

APPROVED ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

Statement of Changes in Net Assets

Year Ended June 30, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 236,690	\$ 229,511
Excess of revenue over expenses	32,379	7,179
NET ASSETS - END OF YEAR	\$ 269,069	\$ 236,690

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Revenues and Expenditures

For the Year Ended June 30, 2016

	Budget 2016	2016	2015
REVENUE			
Levies	\$ 40,000	\$ 103,946	\$ 49,341
Levies refunded	(2,000)	(6,472)	(348)
Grants	10,400	9,398	11,592
Interest	2,000	1,742	2,995
Other	1,000	200	4,088
	51,400	108,814	67,668
EXPENSES			
Administration	11,000	12,376	10,614
Advertising and promotion	800	790	-
Annual general meeting	2,000	939	803
Bank charges	150	142	123
Database management	1,200	1,155	980
Directors' and officers' liability insurance	1,100	975	975
Directors' expenses	4,300	867	4,246
Directors' meetings	600	257	4,400
E-News and Forage Seed News	4,400	3,277	3,596
GST	750	564	662
Forage Seed Canada	800	735	854
Newsletter	1,500	1,303	1,132
Postage	200	93	122
Professional fees	1,650	4,568	1,444
Research expenses (<i>Schedule 1</i>)	48,500	47,380	29,583
Website design and maintenance	1,200	1,014	955
	80,150	76,435	60,489
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (28,750)	\$ 32,379	\$ 7,179

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Cash Flows

Year Ended June 30, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess Of Revenue Over Expenses	\$ 32,379	\$ 7,179
Changes in non-cash working capital:		
Levies receivable	11,761	4,404
Interest receivable	256	(1,678)
Accounts payable and accrued liabilities	3,696	(191)
	15,713	2,535
INCREASE IN CASH FLOW	48,092	9,714
Cash - beginning of year	209,736	200,022
CASH - END OF YEAR	257,828	209,736
CASH CONSISTS OF:		
Cash	\$ 74,906	\$ 28,690
Term deposits	182,922	181,046
	\$ 257,828	\$ 209,736

1. PURPOSE OF THE COMMISSION

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

The SFSDC is a non-profit organization incorporated under the Agri-Food Act, 2004 of Saskatchewan and as such, is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) using the following significant accounting policies:

Cash and cash equivalents

Cash includes cash in chequing and savings accounts. The carrying amounts approximate fair value.

Capital assets

Capital assets are expensed in the year they are acquired.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Revenue recognition

Saskatchewan Forage Seed Development Commission follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Levies are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

3. TERM DEPOSITS

	2016	2015
Credit Union 24 month 2.0% term maturing June 28, 2017	\$ 16,368	\$ 16,046
Credit Union 24 month 1.55% term maturing August 5, 2016	101,554	100,000
Credit Union Index Linked term maturing March 19, 2018	65,000	65,000
	\$ 182,922	\$ 181,046

4. FINANCIAL INSTRUMENTS

The Commission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Commission's risk exposure and concentration as of June 30, 2016.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Commission is exposed to credit risk from forage seed buyers. Approximately 87% of levies are received from two buyers of forage seed. The Commission manages its credit risk by monitoring the activities of buyers and by educating buyers of their legislative requirements to collect and forward levies to the Commission.

The Commission manages its credit risk surrounding cash by dealing with reputable financial institutions. The Commission invests surplus funds to earn investment income with the objective of maintaining safety of the principal and providing adequate liquidity to meet cash flow requirements.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The commission manages its liability risk by monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities.

At June 30, 2016 the Commission has a cash balance of \$74,906 (2015 - \$28,690).

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Commission is mainly exposed to interest rate risk on its term deposits and other price risk associated with forage seed prices.

5. BUDGETED FIGURES

The budgeted figures, approved by the Board on July 21, 2015, are presented for comparative purposes only and have not been audited or reviewed.

6. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants. Certain of the prior year figures have been reclassified to conform to the current year's presentation.

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Research expenses (Schedule 1)

Year Ended June 30, 2016

	Budget 2016	2016	2015
Weed Control in Grasses NARF	\$ 2,000	\$ 450	\$ 3,200
Weed Control in Legumes NARF	8,500	12,500	6,410
Fertility in Grasses NARF (copper)	600	600	2,840
Fertility research	4,000	-	-
Weed Control U of S	10,000	10,000	-
Plant Breeding U of S	2,500	2,500	-
Other research	5,000	5,900	-
SK Forage Network	5,000	5,000	5,000
ADOPT 20130351 Leaf Weevil Red Clover	500	408	179
ADOPT 20130352 Companion Crops	2,000	2,251	5,637
ADOPT 20140338 Fungicide on Grasses	1,400	668	3,344
ADOPT 20130355 Weeds in Grasses	-	-	680
ADOPT 2013056 Weeds in Legumes	-	-	1,983
ADOPT 20150462 Companion Crop - Repeat	3,900	3,982	-
ADOPT 20150463 Direct Seed Pre-Seed Till	3,100	3,121	-
Other	-	-	310
	\$ 48,500	\$ 47,380	\$ 29,583

**SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION
EXPENDITURE BY PAYEE
For The Year Ended June 30, 2016**

<u>Payee</u>	<u>Amount</u>
Northeast Agricultural Research Foundation	\$ 26,276
R. McVicar	19,223
University of Saskatchewan	12,500
Levy Refunds	6,472
Saskatchewan Forage Council	5,500
Manitoba Forage Seed Association	2,916
Milton & Associates	1,595
Prairie Orchid Media	1,063
Payees under \$1,000	4,172