



Saskatchewan
DEVELOPMENT COMMISSION

**Saskatchewan Forage Seed Development Commission
Annual Report
July 1, 2016 to June 30, 2017**

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Chairman's Report – David Maxwell
Saskatchewan Forage Seed Development Commission
January 11, 2018

This is my final Chairman's report as my third term as a Director on the Saskatchewan Forage Seed Development Commission is rapidly coming to its conclusion. The Commission is evolving into an organization with a budget that is making a difference in the forage seed world. Hopefully, our efforts will benefit our levy contributors and future producers of forage crops. The venue change, to the Radisson Saskatoon, was made to accommodate producers who may want to attend the Crop Production Show and the Leafcutter Association AGM tomorrow. The Board will assess this change in the future and any feedback from producers would be appreciated.

I believe during my term with the Commission we have expanded our scope of research from small on-farm projects with limited data collection to more reliable data from Professional Research facilities such as NARF (Northeast Agriculture Research Foundation) and the University of Saskatchewan. Your Commission is very fortunate to have people such as Jessica Pratchler and Stu Brandt at NARF and Dr. Bill Biligetu and Eric Johnson at the University who dedicate themselves to the forage industry. We have been successful in leveraging your levy dollars through research funding programs like Saskatchewan Agriculture's ADOPT. I must also thank everyone with the Ministry of Agriculture who have always been there when we needed assistance. For example, some of today's speaker costs and our current website upgrade are funded by Saskatchewan Agriculture. Our involvement with the Saskatchewan Forage Council and the Saskatchewan Forage Network has given me a better perspective on the industry as a whole.

Our summer tour at Melfort was a huge success with many producers enjoying the day. Thanks to the folks at NARF and Agriculture Canada for hosting us. Thanks to our Executive Director, Ray McVicar, for his event planning expertise and general good management of the day-to-day workings of the Commission. I would also like to thank current Board Members and past Directors who have all been very dedicated to the mission statement established early in the life of the Commission. A special thank you to Nels Smelland who is retiring from your Board after six years of service.

Forage seed production has kept pace with demand and I think this year is no exception. We need to keep that balance to ensure the health of the industry. It is very important to work with all of our partners to continue to build the forage seed industry. Producers are doing their part and that is where the Commission is there to help!!

Best Wishes for a successful 2018.
David S. Maxwell

Executive Director Report 2016-2017

Saskatchewan Forage Seed Development Commission (SFSDC)

January 11, 2018

Another very challenging growing season has come and gone in Saskatchewan. I want to thank our growers who contribute their levy and our Directors, advisors and researchers for their time and effort given to the Commission. I have worked for SFSDC for five years, and feel fortunate to have the opportunity to be involved. Many thanks to our forage seed buyers and industry companies who contribute to the forage seed industry and the Commission in many ways.

The SFSDC Board of Directors held four board meetings or conference calls during 2016-2017, as well as the grower information session in Nipawin on December 1, 2016.

SFSDC worked with the Saskatchewan Forage Council (SFC) to hold the annual field tour on July 26, 2016 near Saskatoon SK. We were hosted by the Crop Development Centre at the University of Saskatchewan (U of S) and the Agriculture and Agri-Food Canada (AAFC) Research Station. Thirty-eight participants looked at forage research plots. In 2017, our field tour was held with the Northeast Agriculture Research Foundation (NARF) and AAFC at Melfort SK.

The *Prairie Seeds Newsletter* was published twice during 2016-2017. Past editions are posted on the SFSDC website. The Commission contributes articles and purchases the *Manitoba Forage Seed News Magazine* for our current levy payers to keep up-to-date on forage seed information throughout the Prairies. We also provide partial funding for the marketing articles published in the magazine.

We are in the process of upgrading our SFSDC website to make it more user-friendly for smart-phone users. Saskatchewan Agriculture has provided funding for the upgrade. The website received 9,205 hits in the past year and a total of 51,390 since it was launched in July 2011.

The SFSDC Board has a focus on Research and we were successful in increasing our program in 2016-2017. By using levy funds, the Board has been able to help leverage approximately \$750,000 funding from other sources in the recent 5 year period for research projects that include some forage seed work.

NARF at the Melfort Research Farm was the centre of many of our 2017 projects including:

- Minor use herbicide testing on established red, alsike and sweet clover, as well as seedling slender wheatgrass;
- Insecticide testing for lesser clover leaf weevil control in established red clover;
- Plant Growth Regulator (PGR) testing on established red, alsike and sweet clovers;
- Saskatchewan Ministry of Agriculture provided funding for three ADOPT projects at NARF in 2016-2017:
 - Evaluating the Placement of Companion Crops in Forage Seed Production - a two-year project with meadow brome grass and wheat to confirm results obtained in the 2014-2015 project;
 - Evaluating the use of Direct Seeding and Pre-Seeding Cultivation in Forage Seed Crop Establishment - direct seeding or cultivation combined with the use of pre-seed glyphosate and Express SG herbicide treatments when planting red clover underseeded to faba bean; and
 - Demonstrating the Effects of Red and Alsike Clover Seed Crops in Rotations - clovers were planted alone or with canola in 2017 to determine canola's effect on clover seed production in 2018.

The final report for the ADOPT project Management Options to Control Lesser Clover Leaf Weevil in Red Clover was posted on the SFSDC website.

The U of S Weed Management Program applied herbicides to seedling sweet clover, tall fescue, hybrid brome grass and sainfoin as well as established hybrid brome grass in 2017. They also applied PGRs to established hybrid brome grass.

SFSDC relies on the support of industry partners who provide products for the research program. Thank you to DLF Pickseed Canada, BASF Canada, Bayer CropScience, BrettYoung, Dow Agrosiences, DuPont Canada, Engage Agro, FMC Corporation, NuFarm Canada, Syngenta Canada and AG-Vision Seeds for their support of the forage seed industry.

SFSDC provided \$2,500 per year for two years for Dr. Bill Biligetu's sainfoin plant breeding project at the U of S. We also contributed \$2,500 to the Forage Variety Demonstration and Testing Program. The SFC is updating its Invasive Weeds Guide and SFSDC supported the project and is helping edit the guide.

SFSDC has supported the Saskatchewan Forage Network for four years at \$5,000 per year. When started, forage crop research was in major decline with many programs ended and scientists retired. Janice Bruynooghe, Network Coordinator, represented forage seed producers and the industry at many meetings and events to promote forages and remind funders that we need research scientists and projects. By joining with other organizations, success has been achieved. AAFC has recently hired and continues to hire new scientists working in forage crop research. The U of S, with funding from Saskatchewan Agriculture, hired Dr. Bill Biligetu as Forage Crop Plant Breeder and Dr. Sean Prager, Entomologist. The future of the Network is now uncertain as funding ends on March 31, 2018.

Forage seed sales from Saskatchewan growers were valued at over \$8 Million in the 2016-2017 crop year; down from \$13.8 Million last year. The poor harvest conditions in 2016 had an extreme impact, especially for red clover seed growers, who saw much of their crop deteriorate in the field over winter. This lowered both the quantity and price for the crop. The 2016-2017 forage seed crop summary and the SFSDC levy is shown in the table below. Grasses led the way, with perennial ryegrass the largest crop, followed by red clover and Timothy.

REVENUE	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Levy funds collected	\$ 60,340	\$103,946	\$ 49,340	\$59,801	\$38,458	\$46,318	\$34,854
Less levy refund	(\$1,624)	(\$6,472)	(\$348)	(\$2,870)	(\$2,521)	\$64*	(\$365)
Levy Total	\$ 58,716	\$97,474	\$ 48,992	\$56,931	\$35,937	\$46,382	\$34,489
Producers contributing levy	176	203	162	176	154	175	138

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

Forage seed deliveries and levies submitted in 2016-2017 are summarized in the following table.

CROP KIND	Weight (kg)	Total Value (\$)	Levy (\$)
Alsike Clover	201,409	\$765,047	\$5,737
Birdsfoot Trefoil	14,562	\$59,658	\$447
Red Clover	612,864	\$1,289,981	\$9,675
Sweet Clover	343,329	\$388,325	\$2,912
Annual Ryegrass	623,663	\$413,904	\$3,104
Crested Wheatgrass	76,104	\$234,759	\$1,761
Dahurian Wild Rye	54,000	\$96,000	\$700
Hybrid Bromegrass	177,189	\$677,854	\$5,084
Intermediate Wheatgrass	65,903	\$146,519	\$1,099
Meadow Bromegrass	128,939	\$480,542	\$3,604
Meadow Fescue	135,429	\$186,471	\$1,398
Perennial Ryegrass	1,003,332	\$1,428,415	\$10,713
Slender Wheatgrass	247,096	\$698,147	\$5,236
Smooth Bromegrass	22,655	\$90,459	\$678
Timothy	901,776	\$1,037,961	\$7,785
Totals	4,623,541	\$8,045,261	\$60,340

Ray McVicar, Executive Director

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Saskatchewan Forage Seed Development Commission 2016-2017 Annual General Meeting

Thursday January 11, 2018

Chair: David Maxwell

AGENDA

- 1. Call to Order**
- 2. Agenda**
 - **Approval of the Agenda**
- 3. Minutes of the 2015-2016 Annual Meeting**
 - **Approval of the Minutes**
 - **Business Arising from the Minutes**
- 4. Directors**
 - **Retiring**
 - **New**
- 5. Reports**
 - **Chairman Report – David Maxwell**
 - **Executive Director Report – Ray McVicar**
 - **2016-2017 Audited Financial Report – Ray McVicar**
 - **2017-2018 Planned Programs and Activities – James Silcox**
 - **2017-2018 Budget – James Silcox**
 - **Approval of the Reports**
- 6. New Business**
 - **Appointment of Auditor for 2017-2018**
- 7. Other Business**
- 8. Adjourn**



**Saskatchewan Forage Seed Development Commission
2016-2017 Annual General Meeting
January 11, 2018 Saskatoon Saskatchewan
MINUTES**

Chairman: David Maxwell

Recording: Ray McVicar

1. Meeting called to order at 3:20 PM

2. Agenda

- Moved by Denton Peifer, seconded by Marcel Enns to approve the agenda. Carried

3. Minutes of the 2015-2016 Annual General Meeting were reviewed by Ray McVicar.

- Moved by Terry Kowalchuk, seconded by James Silcox that the minutes of the 2015-2016 Annual General Meeting be accepted. Carried
- Business arising from the minutes. None

4. Directors

- Returning Directors are: James Silcox, Morley Doerksen, Denton Peifer and Bill Biligetu.
- Retiring Directors are: Nels Smelland and David Maxwell

5. Reports

Chairman Report - David Maxwell

- This is my final report as Chair as my third term as Director has concluded
- Moving the AGM to Saskatoon was done to accommodate producers wanting to attend Crop Production Show and the Leafcutter Association AGM
- We continue to partner with Northeast Agriculture Research Foundation (NARF) at Melfort, and the University of Saskatchewan for our research program
- Leveraging other funding using our levy is important such as with Saskatchewan Agriculture's ADOPT program
- Saskatchewan Agriculture continues to be a welcome partner. Some of the speaker costs for our AGM and our current website upgrade are funded by Saskatchewan Agriculture.
- Our involvement with Saskatchewan Forage Council and the Saskatchewan Forage Network has provided a better perspective on the industry as a whole
- The summer research tour and barbecue at Melfort Research station was a great success
- It is important for production to keep pace with demand and our producers are doing their part and the Commission is there to help.

Executive Director Report - Ray McVicar

- The Board held 4 meetings plus the Grower Information Session in Nipawin, December 2016
- The research program expanded at the 2 research sites: Melfort and Saskatoon
- Published 2 editions of Prairie Seeds Newsletter
- Held the Forage Seed Tour at U of S Kernen Farm and AAFC Saskatoon in July 2016
- The levy decreased to \$58,716 and the number of growers decreased to 176.

The Audited Financial Report 2016-2017 was reviewed by Ray McVicar.

The List of Planned Programs and Activities for 2017-2018 was described by James Silcox.

The 2017-2018 Budget was reviewed by James Silcox.

- Moved by Marcel Enns, seconded by Morris Nycholat that all reports be accepted. Carried

6. New Business

- Moved by James Silcox, seconded by Denton Peifer to appoint Gerhardt Neumann, NeuPath Group, Nipawin SK as Auditor for 2017-2018. Carried

7. Other Business

- None

8. Moved by David Cox to adjourn the Annual General Meeting at 3:45 PM. Carried

Note: 17 forage seed growers were in attendance

Saskatchewan Forage Seed Development Commission
Budget 2017 / 2018
For the Period July 1, 2017 to June 30, 2018

	2017/18
INCOME	<u>Budget</u>
Estimated levy income	\$50,000
Estimated levy refunds	-\$2,000
Estimated other income	
Research - Revenue refunded	\$0
Research Revenues - Industry	\$0
Research	
ADOPT 20150463 Direct Seed	\$800
ADOPT 20160365 Red Alsike Rotations	\$6,000
ADOPT 20160366 Companion Crop	\$6,000
ADOPT - New projects	\$4,000
Interest	\$2,400
Other Revenue	
Industry Org Dev Fund	\$3,000
Total Income	\$70,200
EXPENDITURES	
Administration	\$13,000
Directors & Officers Liability Insurance	\$1,050
Director Meetings	\$700
Forage Seed Canada	\$1,250
Promotion / Advertising	\$1,100
Annual General Meeting/Workshop & Field Tours	\$3,500
Bank Charges	\$140
Database Management	\$1,200
Director Expenses	\$4,500
Website Maintenance	\$4,200
Newsletter (2)	\$1,500
Postage / Freight	\$100
Auditor	\$3,200
eNews / Forage Seed News	\$6,000
GST Paid	\$700
Subtotal:	\$42,140

Saskatchewan Forage Seed Development Commission
Budget 2017 / 2018
For the Period July 1, 2017 to June 30, 2018

	2017/18
Research	<u>Budget</u>
Weed Control in Grasses NARF	\$3,000
Weed Control in Legumes NARF	\$9,000
Plant Growth Regulator NARF	\$5,000
Insect Control	\$5,500
Fertility Research	\$1,000
Weed Control Program at U of S	\$14,850
ADF U of S Red Clover Management	\$7,500
Variety Demonstration	\$2,500
SK Forage Network	\$2,500
Other Research	\$5,000
ADOPT 20150463 Direct Seed	\$1,700
ADOPT 20160365 Red Alsike Rotations	\$5,900
ADOPT 20160366 Companion Crop	\$5,500
ADOPT - New projects	\$4,000
Subtotal:	\$72,950
Total Expenses	\$115,090
NET INCOME	-\$44,890



Saskatchewan Forage Seed Development Commission Planned Programs and Activities for 2017-2018

- **Research Program**
 - The research program at Northeast Agriculture Research Foundation (NARF) at Melfort, SK will be continued in 2018
 - Contract research work with the Weed Management Program at University of Saskatchewan in 2018
 - Complete ADOPT-funded projects
 - Provide financial support for the Red Clover Management project at the University of Saskatchewan if supported by Ag Development Fund
 - Provide funding for the Saskatchewan Forage Variety Demonstration Program
- Provide financial support for the Saskatchewan Forage Network to promote increased research in forage crops if supported by other industry organizations
- Provide input to the Saskatchewan Forage Council's update of the Invasive Weeds Guide
- Hold the Forage Seed Field Tour and Barbecue at Melfort – July 2017
- Publish two issues of *Prairie Seeds Newsletter*
- Upgrade the SFSDC Website to make it more user-friendly for smart phones with funding from Saskatchewan Agriculture
- Contribute financial support and articles to *eNews* – Saskatchewan Forage Council's email newsletter
- Contribute articles and purchase the *Forage Seed News Magazine* for current levy payers
- Provide input to Agri-Food Council for potential changes to the SFSDC Regulations
- Provide input to the Agriculture and Agri-Food Canada minor use priority program
- Work with Sask Crop Insurance to investigate individual forage seed crop coverage
- Collaborate with Forage Seed Canada on prairie-wide forage seed issues
- Maintain SFSDC Grower Database as required by the SFSDC Regulations
- Host Grower Information Session – January 2018
- Participate in the Ag Update Tradeshow in Melfort – February 2018

NeuPath Group, PC Inc.
Chartered Accountants

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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, 2017:

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, 2017.


Chartered Accountants

Nipawin, Saskatchewan
November 16, 2017

NeuPath Group, PC Inc.
Chartered Accountants

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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, 2017 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, 2017 based on the control framework.


Chartered Accountants

Nipawin, Saskatchewan
November 16, 2017

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Financial Statements

Year Ended June 30, 2017

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

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Year Ended June 30, 2017

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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

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, 2017 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.

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, 2017 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 22, 2017



Chartered Accountants

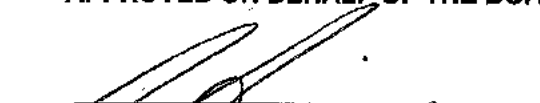
SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

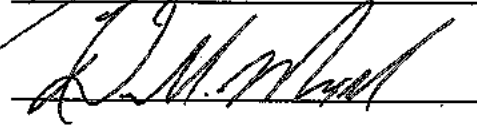
Statement of Financial Position

June 30, 2017

	2017	2016
ASSETS		
Cash	\$ 44,623	\$ 74,906
Term deposits (Note 3)	188,126	182,922
Levies receivable	20,944	13,863
Interest receivable	1,723	1,422
	\$ 255,416	\$ 273,113
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 3,251	\$ 4,044
NET ASSETS		
Unrestricted	252,165	269,069
	\$ 255,416	\$ 273,113

APPROVED ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Changes in Net Assets

Year Ended June 30, 2017

	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 269,069	\$ 236,690
Excess (deficiency) of revenue over expenses	(16,904)	32,379
NET ASSETS - END OF YEAR	\$ 252,165	\$ 269,069

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Revenues and Expenditures

For the Year Ended June 30, 2017

	Budget 2017	2017	2016
REVENUE			
Levies	\$ 60,000	\$ 60,340	\$ 103,946
Levies refunded	(3,000)	(1,624)	(6,472)
Grants	16,404	14,747	9,398
Interest	2,100	2,445	1,742
Other	1,000	-	200
	76,504	75,908	108,814
EXPENSES			
Administration	13,000	11,808	12,376
Advertising and promotion	800	2,783	790
Annual general meeting	3,000	907	939
Bank charges	150	107	142
Database management	1,200	1,085	1,155
Directors' and officers' liability insurance	1,100	995	975
Directors' expenses	3,000	3,759	867
Directors' meetings	600	668	257
E-News and Forage Seed News	5,500	5,809	3,277
GST	750	666	564
Forage Seed Canada	1,275	-	735
Newsletter	1,500	1,395	1,303
Postage	200	57	93
Professional fees	1,700	3,105	4,568
Research expenses (<i>Schedule 1</i>)	67,700	58,641	47,380
Website design and maintenance	1,200	1,027	1,014
	102,675	92,812	76,435
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (26,171)	\$ (16,904)	\$ 32,379

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Cash Flows

Year Ended June 30, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue	\$ (16,904)	\$ 32,379
Changes in non-cash working capital:		
Levies receivable	(7,081)	11,761
Interest receivable	(301)	256
Accounts payable and accrued liabilities	(793)	3,696
	(8,175)	15,713
INCREASE (DECREASE) IN CASH FLOW	(25,079)	48,092
Cash - beginning of year	257,828	209,736
CASH - END OF YEAR	232,749	257,828
CASH CONSISTS OF:		
Cash	\$ 44,623	\$ 74,906
Term deposits	188,126	182,922
	\$ 232,749	\$ 257,828

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 (ASNFPO) 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.

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Notes to Financial Statements

Year Ended June 30, 2017

3. TERM DEPOSITS

	2017	2016
Credit Union term matured June 28, 2017	\$ -	\$ 16,368
Credit Union term matured August 5, 2016	-	101,554
Credit Union 24 month term, 1.55%, maturing August 6, 2018	123,126	-
Credit Union Index Linked term maturing March 19, 2018	65,000	65,000
	\$ 188,126	\$ 182,922

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, 2017.

(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 88% 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 requirement 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 the 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, 2017 the Commission has a cash balance of \$44,623 (2016 - \$74,906).

(c) 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 26, 2016, are presented for comparative purposes only and have not been audited or reviewed.

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Research expenses (Schedule 1)

Year Ended June 30, 2017

	Budget 2017	2017	2016
Weed Control in Grasses NARF	\$ 1,500	\$ 2,200	\$ 450
Weed Control in Legumes NARF	15,000	9,200	12,500
Fertility in Grasses NARF (copper)	-	-	600
Plant Growth Regulator NARF	-	5,460	-
Insect Control NARF	-	4,200	-
Fertility research	4,000	-	-
Weed Control U of S	11,600	11,600	10,000
Plant Breeding U of S	2,500	2,500	2,500
Variety demonstration & testing	-	2,500	-
Other research	10,000	2,200	5,900
SK Forage Network	5,000	5,000	5,000
ADOPT 20130351 Leaf Weevil Red Clover	1,500	1,400	408
ADOPT 20130352 Companion Crops	-	-	2,251
ADOPT 20140338 Fungicide on Grasses	-	-	668
ADOPT 20150462 Companion Crop - Repeat	5,500	1,395	3,982
ADOPT 20150463 Direct Seed Pre-Seed Till	4,100	3,729	3,121
ADOPT 20160365 Red Alsike in Rotations	-	3,678	-
ADOPT 20160366 Companion Crop - Restart	7,000	3,579	-
	\$ 67,700	\$ 58,641	\$ 47,380

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION
EXPENDITURE BY PAYEE
For The Year Ended June 30, 2017

<u>Payee</u>	<u>Amount</u>
Northeast Agricultural Research Foundation	\$34,030
R. McVicar	\$18,513
University of Saskatchewan	\$14,100
Saskatchewan Forage Council	\$10,000
Manitoba Forage Seed Association	\$4,315
NeuPath Group	\$3,190
Levy Refunds	\$1,624
Peace River Forage Seed Association	\$1,260
Prairie Orchid Media	\$1,075
Payees under \$1,000	\$6,267