

**Saskatchewan Forage Seed Development Commission
Annual Report
July 1, 2017 to June 30, 2018**

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Chair's Report – James Silcox
Saskatchewan Forage Seed Development Commission
January 17, 2019

Greetings to all forage seed producers, industry partners and Saskatchewan Ag Ministry associates.

2018 proved to be quite challenging. While some parts of the province struggled with drought, others had excess moisture issues. Forage seed crops looked quite variable across the board going into harvest. And what a memorable harvest it was! It seemed a never ending quagmire of rain would not let us get to work. Many producers struggled through it and were able to get things completed, and now continue the extra cost in time and money getting what's in the bin dried.

This is my first annual report as your Chair of the Saskatchewan Forage Seed Development Commission (SFSDC). I have been on the Board since 2012. Over that span, we have seen the size and scope of research expand and intensify. Many agronomic issues such as specialized weed and insect control have been addressed to the benefit of all stakeholders.

My main goal with SFSDC is to build on this grassroots Commission's vision of continued collaboration on research and development amongst the many commissions, researchers, government agencies, and producers.

I hope to continue an open dialogue with producers on possible research initiatives, so if you have an idea we are eager to hear it. Hopefully, our efforts will benefit our levy contributors and future producers of forage crops.

I'd like to take this time to thank all of the members of our Board, as well as our many partners that help make our commission the best it can be.

Thankfully, most of our 2018 plot work was unaffected by Mother Nature's wrath and I look forward to dissecting all the results with you over the coming months. I would like to thank the many people who made these projects happen in the face of adversity. Your Commission is very fortunate to have excellent researchers such as Jessica Pratchler at the Northeast Agriculture Research Foundation (NARF) and Dr. Bill Biliget, Dr. Sean Prager and Eric Johnson at the University of Saskatchewan and their crews 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 and now getting more funding support from the Saskatchewan Agriculture Development Fund. I want to acknowledge everyone with the Ministry of Agriculture who have always been there when we need assistance.

Our summer research plot tour and barbecue at Melfort Research Farm was a success with many producers enjoying the day. Thanks to the folks at NARF and Agriculture Canada for hosting us.

It is very important to work with all of our partners to continue to build the forage seed industry. As producers, we need to do our part, and your Commission is working to fill that role in moving our industry forward.

A special thanks to our Executive Director, Ray McVicar, for the day-to-day workings of the Commission. Ray has been involved with this commission since March of 2012 and has been instrumental in helping the commission gain direction and traction with many projects. Ray has announced his retirement and will leave behind a great road map for us to follow into the future. Ray's professional and organized approach will be greatly missed and I believe I can speak for all of us wishing him a fun-filled and relaxing retirement. Thank you Ray.

Best Wishes for a successful 2019.

James Silcox

Executive Director Report 2017-2018

Saskatchewan Forage Seed Development Commission (SFSDC)

January 17, 2019

I have worked for SFSDC for over six years. It has been terrific to have the opportunity to be involved with our growers who contribute their levy and our Board of Directors, advisors, researchers, buyers, government personnel and industry partners. Many thanks for their time and efforts given to the Commission.

The SFSDC Board of Directors hosted the grower information session in Saskatoon on January 11, 2018 and held four board meetings during 2017-2018. SFSDC worked with the Northeast Agriculture Research Foundation (NARF) and the Agriculture and Agri-Food Canada (AAFC) Research Farm at Melfort to host the research plot tour and barbecue on July 27, 2017. Over forty participants looked at forage research plots. Our 2018 field tour and barbecue was also held at NARF.

Two editions of the *Prairie Seeds Newsletter* were published during 2017-2018. Past editions are posted on the SFSDC website. The Commission contributes articles and purchases three editions each year of the *Manitoba Forage Seed News* magazine for current levy payers. We also provide partial funding for the market articles that were published in the magazine and linked on our website. SFSDC contributes funds and articles to the Saskatchewan Forage Council's (SFC) monthly email update called eNews. The recently upgraded SFSDC website received 12,600 hits in 2017-2018 and a total of 63,500 since it was launched in July 2011. Saskatchewan Agriculture provided the funding for the upgrade.

The SFSDC Board's main focus is on Research and by using growers' levy, the Board has been able to help leverage over \$750,000 funding in the recent 5 year period. This has been a goal in the past few years to increase the level of forage seed research with funding by the Saskatchewan Agriculture Development Fund (ADF).

Drs. Sean Prager and Bill Biligetu at the University of Saskatchewan (U of S) secured a grant of \$215,300 from ADF and began work on Integrated Management to Optimize Red Clover Seed Production. Master's Degree student Dan Malamura is heading up the project. SFSDC pledged \$7,500 each year for the three year project.

The Weed Management Program (U of S) applied herbicides to established tall fescue, hybrid brome grass and sainfoin as well as plant growth regulators (PGR) to established sweet clover and hybrid brome grass in 2018. The Weed Management Program is going in a different direction in 2019 and will no longer be doing tests for SFSDC. We thank Dr. Chris Willenborg, Eric Johnson and their crew for the excellent work done for SFSDC in the past five years.

SFSDC contributed \$2,500 to the Forage Variety Demonstration and Testing Program and helped sponsor and edit the SFC's revision of the Invasive Weeds Guide.

NARF at the Melfort Research Farm was the centre of many of our 2018 projects including:

- Minor use herbicide testing on established red and alsike clovers, as well as slender wheatgrass;
- PGR testing on established slender wheatgrass;
- Annual ryegrass nitrogen fertility in combination with the application of a PGR;
- Herbicide screening on annual ryegrass;
- Saskatchewan Ministry of Agriculture provided funding for two ADOPT projects at NARF:
 - 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; 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 Direct Seeding and Pre-Seeding Cultivation with Red Clover and Faba Bean was posted on the SFSDC website.

SFSDC relies on our industry partners who provided products for our research program. Thank you to DLF Pickseed Canada, BASF Canada, Bayer CropScience, Brett Young, Corteva Agriscience, Engage Agro, FMC Corporation, NuFarm Canada, Quantum Biosciences, and Syngenta Canada for their support of the forage seed industry.

SFSDC continues to work with Alberta and Manitoba forage seed producers to develop minor use priorities in the national Minor Use research program. These priorities are submitted by Saskatchewan Agriculture to obtain national funding for future pesticide registrations.

Forage seed sales from Saskatchewan growers were valued at over \$9.8 Million in the 2017-2018 crop year; up from \$8 Million last year. Much improved harvest conditions in 2017 had a positive impact for growers improving the quantity and quality for the crop. The 2017-2018 forage seed crop summary and the SFSDC levy is shown in the table below. Legumes led the way, with red and alsike clovers the largest crops, and Timothy the largest grass seed crop.

| REVENUE | 2017-2018 | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Levy funds collected | \$ 73,807 | \$ 60,340 | \$103,946 | \$ 49,340 | \$59,801 | \$38,458 | \$46,318 |
| Less levy refund | (\$4,096) | (\$1,624) | (\$6,472) | (\$348) | (\$2,870) | (\$2,521) | \$64* |
| Levy Total | \$ 69,711 | \$ 58,716 | \$97,474 | \$ 48,992 | \$56,931 | \$35,937 | \$46,382 |
| Producers contributing levy | 204 | 176 | 203 | 162 | 176 | 154 | 175 |

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

Forage seed deliveries and levies submitted in 2017-2018 are summarized in the following table.

| CROP KIND | Weight (kg) | Total Value (\$) | Levy (\$) |
|-------------------------|------------------|--------------------|-----------------|
| Alsike Clover | 373,754 | \$1,383,879 | \$10,384 |
| Birdsfoot Trefoil | 4,989 | \$22,000 | \$165 |
| Cicer Milkvetch | 1,000 | \$4,758 | \$ 36 |
| Red Clover | 1,860,145 | \$4,216,766 | \$31,627 |
| Sweet Clover | 662,560 | \$847,730 | \$6,358 |
| Annual Ryegrass | 277,270 | \$217,762 | \$1,633 |
| Crested Wheatgrass | 145,894 | \$393,841 | \$2,954 |
| Dahurian Wild Rye | 32,245 | \$62,160 | \$466 |
| Hybrid Bromegrass | 190,507 | \$651,336 | \$4,885 |
| Intermediate Wheatgrass | 47,955 | \$137,060 | \$1,028 |
| Meadow Bromegrass | 25,938 | \$80,709 | \$605 |
| Perennial Ryegrass | 402,736 | \$506,255 | \$3,797 |
| Red Top | 20,934 | \$ 135,384 | \$1,015 |
| Slender Wheatgrass | 44,732 | \$122,599 | \$920 |
| Smooth Bromegrass | 9,806 | \$27,822 | \$209 |
| Timothy | 833,988 | \$1,023,232 | \$7,674 |
| Totals | 4,937,899 | \$9,840,148 | \$73,807 |

Best wishes for a prosperous 2019!!

Ray McVicar, Executive Director

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Saskatchewan Forage Seed Development Commission 2017-2018 Annual General Meeting

Thursday January 17, 2019

Chair: James Silcox

AGENDA

- 1. Call to Order**
- 2. Agenda**
 - Approval of the Agenda
- 3. Minutes of 2016-2017 Annual Meeting**
 - Approval of the Minutes
 - Business Arising from the Minutes
- 4. Directors**
 - New
 - Returning
- 5. Reports**
 - Chair Report – James Silcox
 - Executive Director Report – Ray McVicar
 - 2017-2018 Audited Financial Report – Ray McVicar
 - 2018-2019 Planned Programs and Activities – Morley Doerksen
 - 2018-2019 Budget – Morley Doerksen
 - Approval of the Reports
- 6. New Business**
 - Appointment of Auditor for 2018-2019
 - Exploring Collaboration and possible Amalgamation with SASPDC
- 7. Other Business**
- 8. Adjourn**





Saskatchewan Forage Seed Development Commission

2017-2018 Annual General Meeting

January 17, 2019 Saskatoon, SK

MINUTES

Chair: James Silcox

Recording: Ray McVicar

1. Meeting called to order at 3:28 PM

2. Agenda

- Moved by David Maxwell, seconded by Denton Peifer to approve the agenda. Carried

3. Minutes of the 2016-2017 Annual General Meeting were reviewed.

- Moved by Morley Doerksen, seconded by Spencer Staffen that the Minutes of the 2016-2017 Annual General Meeting be accepted. Carried
- Business arising from the Minutes. None

4. Directors

- New Director is Spencer Staffen – joined after the 2016-2017 AGM
- Returning Directors are Morris Nycholat and David Cox
- Retired Directors are Leanna Rousell (Ex-Officio) and Al Foster (Ex-Officio)

5. Reports

Chair Report – James Silcox

- Forage seed crops in 2018 were variable. Many producers struggled through harvest and have the extra cost in time and money getting the crop dried.
- This is my first annual report as Chair. We have seen the size and scope of research expand and intensify with agronomic issues such as specialized weed and insect control addressed.
- My main goal with SFSDC is to continue collaboration on research and development amongst the many commissions, researchers, government agencies, and producers.
- Thank you to all of the members of our Board, as well as our many partners. I would like to thank the excellent researchers such as Jessica Pratchler at NARF, Dr. Bill Biliget, Dr. Sean Prager and Eric Johnson at the U of S and their crews who dedicate themselves to the forage industry.
- We have been successful in leveraging levy dollars through research funding programs like Saskatchewan Agriculture's ADOPT and ADF. Thank you to the Ministry of Agriculture.
- Our summer research plot tour and barbecue at Melfort Research Farm was a success.
- It is very important to work with all of our partners to continue to build the forage seed industry.

Executive Director Report – Ray McVicar

- The SFSDC Board of Directors hosted the grower information session in Saskatoon on January 11, 2018 and held four board meetings during 2017-2018.
- SFSDC helped host the research plot tour and barbecue on July 27, 2017.
- Two editions of the *Prairie Seeds Newsletter* were published.
- The SFSDC website was upgraded to make it more user-friendly for smart phones.
- The levy increased to \$73,807 and the number of growers increased to 204.

The 2017-2018 Audited Financial Report was reviewed by Ray McVicar.

The List of Planned Programs and Activities for 2018-2019 was described by Morley Doerksen.

The 2018-2019 Budget was reviewed by Morley Doerksen.

- Moved by Spencer Staffen, seconded by Denton Peifer that all reports be accepted. Carried

6. New Business

- Moved by Denton Peifer, seconded by David Cox to appoint NeuPath Group, Nipawin SK as Auditor for 2018-2019. Carried
- Notice of exploring future collaboration and possible amalgamation with Saskatchewan Alfalfa Seed Producers Development Commission was given to members with no questions or concerns raised.

7. Other Business. None

8. Moved by Spencer Staffen to adjourn the Annual General Meeting at 3:58 PM. Carried

Note: 16 registered forage seed producers were present at the AGM.

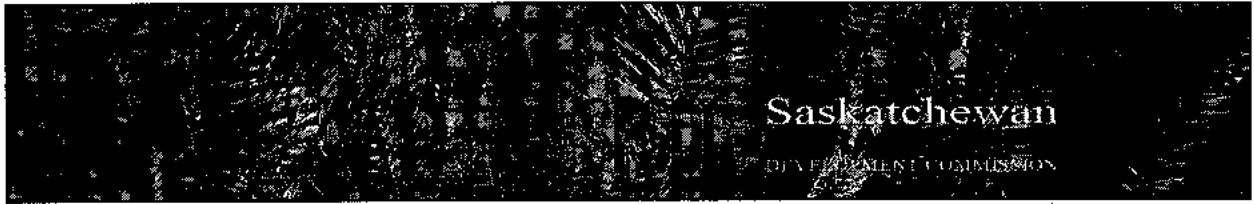
Saskatchewan Forage Seed Development Commission
Budget 2018 / 2019
For the Period July 1, 2018 to June 30, 2019



| | 2018/19 <u>Budget</u> |
|---|--------------------------|
| INCOME | |
| Estimated levy income | \$60,000 |
| Estimated levy refunds | -\$4,000 |
| Estimated other income | |
| Research - Revenue refunded | \$0 |
| Research Revenues - Industry | \$0 |
| Research | \$1,300 |
| ADOPT 20160365 Red Alsike in Rotations | \$1,300 |
| ADOPT 20160366 Companion crop restart | \$1,300 |
| ADOPT - New projects | \$4,000 |
| Interest | \$3,000 |
| Other Revenue | |
| Industry Org Dev Fund | \$1,000 |
| Total Income | \$66,600 |
| EXPENDITURES | |
| Administration | \$13,000 |
| Directors & Officers Liability Insurance | \$1,152 |
| Director Meetings | \$700 |
| Forage Seed Canada | \$0 |
| Promotion / Advertising | \$1,200 |
| Annual General Meeting/Workshop & Field Tours | \$5,200 |
| Bank Charges | \$170 |
| Database Management | \$1,200 |
| Director Expenses | \$5,500 |
| Website Maintenance | \$1,500 |
| Newsletter | \$1,500 |
| Postage / Freight | \$150 |
| Auditor | \$3,300 |
| eNews / Forage Seed News | \$7,200 |
| GST Paid | \$950 |
| Subtotal: | \$42,722 |

| | 2018/19 <u>Budget</u> |
|---|--------------------------|
| Research | |
| Weed Control in Grasses NARF | \$3,500 |
| Weed Control in Legumes NARF | \$8,000 |
| Plant Growth Regulator NARF | \$3,000 |
| Insect Control | \$4,000 |
| Fertility Research | \$5,000 |
| Weed Control Program at U of S | \$9,000 |
| Plant Breeding U of S | \$5,000 |
| ADF Red Clover seeding herbicide insect | \$7,500 |
| Variety Demonstration & Testing | \$2,500 |
| Other Research | \$10,000 |
| | |
| ADOPT 20160365 Red Alsike in Rotations | \$3,100 |
| ADOPT 20160366 Companion crop restart | \$3,000 |
| ADOPT - New projects | \$4,000 |
| | |
| Subtotal: | \$67,600 |
| | |
| Total Expenses | \$110,322 |
| | |
| NET INCOME | -\$43,722 |





Saskatchewan Forage Seed Development Commission Planned Programs and Activities for 2018-2019

- **Research Program**
 - Continue the research program at Northeast Agriculture Research Foundation (NARF) at Melfort, SK
 - Complete contract research work with the Weed Management Program at University of Saskatchewan (U of S)
 - Explore new Contractors for research to replace the Weed Management Program
 - Complete 2 ADOPT-funded projects at NARF
 - Provide funding for the 2nd year of the 3 year project on Red Clover Management at the U of S funded by the Agriculture Development Fund (ADF)
 - Provide funding for three new research projects at the U of S and National Research Council that have been supported by ADF
 - Provide funding for the Saskatchewan Forage Variety Demonstration Program
- Hold the Forage Seed Field Tour and Barbecue at Melfort – July 2018
- Publish two issues of *Prairie Seeds Newsletter*
- Contribute financial support and articles to *eNews* – Saskatchewan Forage Council's email newsletter
- Contribute articles and purchase the *Forage Seed News Magazine* published by Manitoba Forage Seed Association for current levy payers
- Provide input to Agri-Food Council for potential changes to the SFSDC Regulations and Board Orders
- Provide input to the Agriculture and Agri-Food Canada minor use priority program
- Maintain SFSDC Grower Database as required by the SFSDC Regulations
- Host Grower Information Session – January 2019

Saskatchewan Forage Seed Development Commission
January 17, 2019



SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Financial Statements

Year Ended June 30, 2018

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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 Professional 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, 2018 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

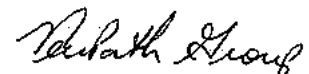
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2018 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.



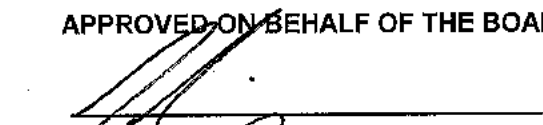
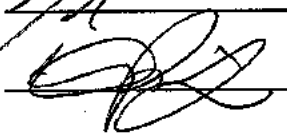
SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Financial Position

June 30, 2018

| | 2018 | 2017 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash | \$ 35,838 | \$ 44,623 |
| Term deposits (Note 3) | 190,037 | 188,126 |
| Levies receivable | 14,783 | 20,944 |
| Interest receivable | 2,034 | 1,723 |
| | \$ 242,692 | \$ 255,416 |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued liabilities | \$ 3,400 | \$ 3,251 |
| NET ASSETS | | |
| Unrestricted | 239,292 | 252,165 |
| | \$ 242,692 | \$ 255,416 |

APPROVED ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Changes in Net Assets

Year Ended June 30, 2018

| | 2018 | 2017 |
|---------------------------------------|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 252,165 | \$ 269,069 |
| Deficiency of revenue over expenses | (12,873) | (16,904) |
| NET ASSETS - END OF YEAR | \$ 239,292 | \$ 252,165 |

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Revenues and Expenditures

Year Ended June 30, 2018

| | Budget 2018 | Total 2018 | Total 2017 |
|--|--------------------|--------------------|--------------------|
| REVENUE | | | |
| Levies | \$ 50,000 | \$ 73,807 | \$ 60,340 |
| Levies refunded | (2,000) | (4,096) | (1,624) |
| Grants | 16,800 | 13,068 | 14,747 |
| Interest | 2,400 | 2,469 | 2,445 |
| Other | 3,000 | 6,070 | - |
| | 70,200 | 91,318 | 75,908 |
| EXPENSES | | | |
| Administration | 13,000 | 12,727 | 11,808 |
| Advertising and promotion | 1,100 | 970 | 2,783 |
| Annual general meeting | 3,500 | 4,347 | 907 |
| Bank charges | 140 | 176 | 107 |
| Database management | 1,200 | 1,103 | 1,085 |
| Directors' and officers' liability insurance | 1,050 | 1,055 | 995 |
| Directors' expenses | 4,500 | 4,887 | 3,759 |
| Directors' meetings | 700 | 496 | 668 |
| E-News and Forage Seed News | 6,000 | 6,973 | 5,809 |
| Forage Seed Canada | 1,250 | - | - |
| GST | 700 | 973 | 666 |
| Newsletter | 1,500 | 1,282 | 1,395 |
| Postage | 100 | 150 | 57 |
| Professional fees | 3,200 | 3,304 | 3,105 |
| Research expenses | 72,950 | 60,558 | 58,641 |
| Website design and maintenance | 4,200 | 5,190 | 1,027 |
| | 115,090 | 104,191 | 92,812 |
| DEFICIENCY OF REVENUE OVER EXPENSES | \$ (44,890) | \$ (12,873) | \$ (16,904) |

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Cash Flows

Year Ended June 30, 2018

| | 2018 | 2017 |
|--|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Deficiency of revenue over expenses | \$ (12,873) | \$ (16,904) |
| Changes in non-cash working capital: | | |
| Levies receivable | 6,161 | (7,081) |
| Interest receivable | (312) | (300) |
| Accounts payable and accrued liabilities | 150 | (794) |
| | 5,999 | (8,175) |
| DECREASE IN CASH FLOW | (6,874) | (25,079) |
| Cash - beginning of year | 232,749 | 257,828 |
| CASH - END OF YEAR | 225,875 | 232,749 |
| CASH CONSISTS OF: | | |
| Cash | \$ 35,838 | \$ 44,623 |
| Term deposits | 190,037 | 188,126 |
| | \$ 225,875 | \$ 232,749 |

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.

3. TERM DEPOSITS

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Credit Union 24 month term, 1.55%, maturing August 6, 2018 | \$ 125,037 | \$ 123,126 |
| Credit Union Index Linked term maturing March 19, 2018 | - | 65,000 |
| Credit Union 12 month term, 1.55%, maturing March 19, 2019 | 65,000 | - |
| | \$ 190,037 | \$ 188,126 |

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, 2018.

(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 marketers. Approximately 88% of levies are received from two marketers of forage seed. The Commission manages its credit risk by monitoring the activities of marketers and by educating marketers 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, 2018 the Commission has a cash balance of \$35,838 (2017 - \$44,623).

(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 27, 2017, 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, 2018

| | Budget 2018 | 2018 | 2017 |
|--|----------------|-----------|-----------|
| Weed Control in Grasses NARF | \$ 3,000 | \$ 7,646 | \$ 2,200 |
| Weed Control in Legumes NARF | 9,000 | 6,452 | 9,200 |
| Plant Growth Regulator NARF | 5,000 | 1,230 | 5,460 |
| Insect Control NARF | 5,500 | 990 | 4,200 |
| Fertility research | 1,000 | 4,861 | - |
| Weed Control U of S | 14,850 | 14,850 | 11,600 |
| Plant Breeding U of S | - | - | 2,500 |
| Red Clover Management U of S ADF | 7,500 | 7,500 | - |
| Variety demonstration & testing | 2,500 | 2,500 | 2,500 |
| Other research | 5,000 | 1,100 | 2,200 |
| SK Forage Network | 2,500 | - | 5,000 |
| ADOPT 20130351 Leaf Weevil Red Clover | - | - | 1,400 |
| ADOPT 20150462 Companion Crop - Repeat | - | - | 1,395 |
| ADOPT 20150463 Direct Seed Pre-Seed Till | 1,700 | 1,545 | 3,729 |
| ADOPT 20160365 Red Alsike in Rotations | 5,900 | 6,411 | 3,678 |
| ADOPT 20160366 Companion Crop - Restart | 5,500 | 5,472 | 3,579 |
| ADOPT - new projects | 4,000 | - | - |
| | \$ 72,950 | \$ 60,557 | \$ 58,641 |

**SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION
EXPENDITURE BY PAYEE
For The Year Ended June 30, 2018**

| <u>Payees Above \$1,000</u> | <u>Amount</u> |
|--|----------------------|
| Northeast Agricultural Research Foundation | \$32,317 |
| R. McVicar | \$23,396 |
| University of Saskatchewan | \$22,350 |
| Manitoba Forage Seed Association | \$5,318 |
| Prairie Orchid Media | \$5,047 |
| Levy Refunds | \$4,096 |
| NeuPath Group | \$3,302 |
| Saskatchewan Forage Council | \$3,000 |
| Peace River Forage Seed Association | \$1,400 |
| M. Doerksen | \$1,090 |
| Hoffman Kool Insurance | \$1,055 |
| Fabmar Communications | \$1,027 |
| <u>Payees Under \$1,000</u> | <u>Amount</u> |
| Payees under \$1,000 | \$4,738 |