
SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Financial Statements

Year Ended June 30, 2023

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

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Year Ended June 30, 2023

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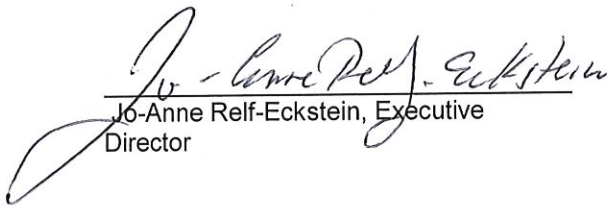
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Saskatchewan Forage Seed Development Commission have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). 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 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 principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and 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 (ASNPO).



Jo-Anne Relf-Eckstein, Executive
Director



David Cox, Audit Committee Chair

Eagle Ridge, SK
November 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan Forage Seed Development Commission

Opinion

We have audited the financial statements of Saskatchewan Forage Seed Development Commission (the Commission), which comprise the statement of financial position as at June 30, 2023, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nipawin, Saskatchewan
November 30, 2023


Chartered Professional Accountants

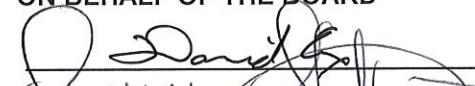

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Financial Position

June 30, 2023

| | 2023 | 2022 |
|--|-------------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 55,382 | \$ 103,994 |
| Term deposit (Note 3) | 15,000 | - |
| Levies receivable | 99,865 | 81,624 |
| Accounts receivable - other | 2,088 | 2,548 |
| Interest receivable | 1,193 | 842 |
| Prepaid expenses | 867 | 657 |
| | 174,395 | 189,665 |
| TERM DEPOSIT (Note 3) | 106,919 | 104,572 |
| | \$ 281,314 | \$ 294,237 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 21,242 | \$ 12,095 |
| DEFERRED GRANT REVENUE (Note 4) | 48,805 | 45,072 |
| | 70,047 | 57,167 |
| NET ASSETS | 211,267 | 237,070 |
| | \$ 281,314 | \$ 294,237 |

ON BEHALF OF THE BOARD

 Director
 Director

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Changes in Net Assets

Year Ended June 30, 2023

| | 2023 | 2022 |
|---------------------------------------|------------|------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 237,070 | \$ 202,546 |
| Deficiency of revenues over expenses | (25,803) | 34,524 |
| NET ASSETS - END OF YEAR | \$ 211,267 | \$ 237,070 |

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Revenues and Expenditures

Year Ended June 30, 2023

| | Budget 2023 | 2023 | 2022 |
|--|---------------------|--------------------|------------------|
| REVENUES | | | |
| Events - meals/sponsorships | \$ - | \$ 2,072 | \$ - |
| Fundraising | - | 7,375 | - |
| Interest | 3,010 | 3,138 | 2,402 |
| Levies | 75,000 | 133,402 | 126,067 |
| Levies refunded | (2,693) | - | (293) |
| Other grants - Gov't of Saskatchewan | 10,000 | 10,000 | - |
| Research grants - Gov't of Saskatchewan | 43,718 | 28,483 | 29,977 |
| | 129,035 | 184,470 | 158,153 |
| EXPENSES | | | |
| Advertising and sponsorship | 800 | 150 | 435 |
| Annual general meeting | 29,145 | 19,419 | 817 |
| Bank charges | 150 | 248 | 260 |
| Communications | 13,804 | 10,213 | 6,519 |
| Contracted administrative services | 48,000 | 36,460 | 26,213 |
| Directors' expenses | 6,000 | 9,214 | 3,468 |
| Directors' meetings | 1,000 | 2,278 | 175 |
| Donations | - | 7,375 | - |
| GST | 1,200 | - | 466 |
| Insurance | 3,300 | 3,143 | 1,951 |
| Memberships | 600 | 880 | 880 |
| Occupancy costs | 1,939 | 1,939 | 1,329 |
| Office | 1,200 | 521 | 1,846 |
| Other | 300 | - | - |
| Professional fees | 8,800 | 8,923 | 7,239 |
| Research expenses (<i>Schedule 1</i>) | 89,685 | 95,093 | 69,910 |
| Strategic plan | 30,173 | 10,715 | - |
| Telephone | - | - | 168 |
| Training | - | - | 263 |
| Travel - Executive Director | - | 3,702 | 1,690 |
| | 236,096 | 210,273 | 123,629 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ (107,061) | \$ (25,803) | \$ 34,524 |

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Statement of Cash Flows

Year Ended June 30, 2023

| | 2023 | 2022 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ (25,803) | \$ 34,524 |
| Changes in non-cash working capital: | | |
| Levies receivable | (18,241) | (33,205) |
| Accounts receivable - other | 460 | (2,548) |
| Grant receivable | - | 706 |
| Interest receivable | (352) | (18) |
| Prepaid expenses | (210) | (537) |
| Accounts payable and accrued liabilities | 9,148 | (1,711) |
| Deferred grant revenue | 3,733 | 35,718 |
| | (5,462) | (1,595) |
| INCREASE (DECREASE) IN CASH FLOW | (31,265) | 32,929 |
| Cash - beginning of year | 208,566 | 175,637 |
| CASH - END OF YEAR | \$ 177,301 | \$ 208,566 |
| CASH CONSISTS OF: | | |
| Cash | \$ 55,382 | \$ 103,994 |
| Term deposit - short term | 15,000 | - |
| Term deposit - long term | 106,919 | 104,572 |
| | \$ 177,301 | \$ 208,566 |

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. 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, 2023

3. TERM DEPOSITS

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Credit Union 12 month term, 2.50%, maturing February 29, 2024 | \$ 15,000 | \$ - |
| Credit Union 36 month term, 4.95%, maturing February 18, 2026 | 106,919 | 104,572 |
| | \$ 121,919 | \$ 104,572 |

4. DEFERRED REVENUE

Deferred revenue consists of the following research grants provided by government agencies:

| | Balance, Beginning of Year | Add Amount Received | Less Amount Recognized | Balance, End of Year |
|----------------|----------------------------------|---------------------------|------------------------------|-------------------------|
| ADOPT 20190436 | \$ 899 | \$ - | \$ 899 | \$ - |
| ADOPT 20200535 | 3,870 | 409 | 4,279 | - |
| ADOPT 20200536 | 6,646 | - | 2,510 | 4,136 |
| ADOPT 20200537 | 3,115 | 9,894 | 4,660 | 8,349 |
| SFP 20190402 | 12,985 | 13,912 | 2,680 | 24,217 |
| ADOPT 20210960 | 14,638 | - | 4,467 | 10,171 |
| ADOPT 20211028 | 2,919 | - | 2,919 | - |
| ADOPT 20220500 | - | 8,000 | 6,068 | 1,932 |
| | \$ 45,072 | \$ 32,215 | \$ 28,482 | \$ 48,805 |

5. 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, 2023.

(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 93% of levies are received from three 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.

(continues)

5. FINANCIAL INSTRUMENTS *(continued)*

(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, 2023 the Commission has a cash balance of \$55,382 (2022 - \$103,994).

(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.

6. BUDGETED FIGURES

The budgeted figures, approved by the Board on December 11, 2022, 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, 2023

| | Budget 2023 | 2023 | 2022 |
|---|------------------|------------------|------------------|
| ADF 20180351 Double Haploid NRC | \$ - | \$ - | \$ 2,000 |
| ADF 20190197 Hybrid Bromegrass U of S | 500 | 500 | 500 |
| ADF 20190244 Meadow Brome and Cider Milkvetch U of S | 500 | 500 | 500 |
| ADF 20200420 Genomic Resources for Bromegrass U of S | 3,500 | 2,625 | 3,500 |
| ADF 20210800 Native forage quality and carbon sequestration U of S | - | 1,750 | - |
| ADF 20220032 Straw harvesting strategies U of S | 1,000 | 1,000 | - |
| ADF 20220166 Control of AFB and spread of AMR in honeybees U of S | 2,000 | 2,000 | - |
| ADF 20220244 Biological control of Canada thistle U of R | 1,000 | 833 | - |
| ADF 20220261 Economic thresholds lesser clover leaf weevil U of S | 8,000 | 8,000 | - |
| ADF intake 356254 Making cover crops work | - | 5,000 | - |
| ADF intake Abiotic stress tolerance in intermediate wheatgrass AAFC | 500 | 500 | 500 |
| ADF intake Resistant wild oat action committee | 1,500 | 500 | 1,500 |
| ADOPT 20190436 Night spraying technology | - | - | 2,780 |
| ADOPT 2020 Intercropping Oat PRG 3 sites | 315 | - | - |
| ADOPT 20200535 Oat PRG at SERF | 4,800 | 2,954 | 9,330 |
| ADOPT 20200536 Oat PRG at CLC | 4,800 | 1,513 | 6,183 |
| ADOPT 20200537 Oat PRG at NARF | 6,400 | 4,660 | - |
| ADOPT 20210960 Dual use intermediate wheat grass 2 field sites | 3,870 | 4,468 | 383 |
| ADOPT 20211028 Red clover seed production 2 field sites | 10,000 | 4,429 | 11,081 |
| ADOPT 20220500 4R Nutrient stewardship hybrid bromegrass | - | 6,068 | - |
| AGR 17285 Copper fertility in ergot infestation | - | - | 1,000 |
| Contracted field research | 30,000 | - | - |
| Contracted field research - CLC | - | - | 2,300 |
| Contracted field research - NARF clovers, tall fescue trials | - | 20,702 | 8,631 |
| Contracted field research - SM Ag perennial ryegrass, wheatgrasses, bromegrass | 1,500 | 15,330 | 13,965 |
| On farm experiments | 2,000 | 6,861 | 4,829 |
| Red clover trial plant breeding U of S Codette location | 5,000 | 2,220 | - |
| SFP 20190402 Varietal assessment of forage seed production ICDC | 2,500 | 2,680 | 928 |
| | \$ 89,685 | \$ 95,093 | \$ 69,910 |