

The background of the entire page is a close-up photograph of golden-brown canaryseed heads. The seed heads are in sharp focus in the foreground and become increasingly blurred towards the background, creating a sense of depth. The lighting is warm, highlighting the texture of the individual seed scales.

Canaryseed

Development Commission of Saskatchewan

2010 - 2011 Annual Report

January 9, 2012
Saskatoon Inn, Saskatoon



Mandate

The Canaryseed Development Commission of Saskatchewan was established in 2006 under the Agri-Food Act, 2004.

THE CDCS VISION

Improved canaryseed profitability through increased market diversity and crop innovation.

THE CDCS MISSION

To coordinate research and market use expansion for the advancement of the canaryseed industry for the benefit of growers and other stakeholders.

www.canaryseed.ca

2011 Board and Staff

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CDCS STAFF and OFFICE

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General Manager

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Tel: 306.975.6624
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Office Hours Monday to Friday 8:30 a.m. to 4:00 p.m.



Agenda

Canaryseed Development Commission of
Saskatchewan Annual General Meeting

January 9, 2012

Courtyard Room, Saskatoon Inn, Saskatoon, SK

- | | |
|-----------|---|
| 1:00 p.m. | Registration |
| 1:15 p.m. | Aiming for Higher Yields
Bill May,
AAFC, Indian Head, SK |
| 1:45 p.m. | New Variety Development
Pierre Hucl,
Crop Development Centre,
U of S, Saskatoon, SK |
| 2:15 p.m. | CDCS Annual Business Meeting |
| 2:45 p.m. | Coffee |
| 3:15 p.m. | Doing Business in Mexico
David Nobbs,
Canpulse Foods, Kindersley, SK |
| 3:45 p.m. | Canaryseed Market Outlook
Mike Jubinville,
Pro Farmer Canada, Winnipeg, MB |
| 4:30 p.m. | Canaryseed Association of Canada
Meeting |

Agenda

CDCS Annual Business Meeting, January 9, 2012
Saskatoon Inn, Saskatoon, SK

2:15 p.m.

Call to Order and Opening Remarks

Andreas (Andrew) Schaefer, Chair

Approval of Agenda

Approval of Minutes

Financial Review

Kevin Hursh, Executive Director

Approval of Budget

Annual Report 10/11 and Proposed Activities 11/12

State of the Industry - Andreas (Andrew) Schaefer, Chair

Resolutions

New Business

Adjourn Meeting



Motions to be Presented

CDCS Annual Business Meeting, January 9, 2012
Saskatoon Inn, Saskatoon, SK

That the agenda be approved as presented.

That the Minutes of the January 10, 2011 meeting be approved as presented.

To appoint an Audit Chair.

That the Canaryseed Development Commission of Saskatchewan audited financial statements for the year ended July 31, 2011 be approved as presented.

That the Canaryseed Development Commission of Saskatchewan appoint Twigg & Company as auditor for the year ending July 31, 2012.

To approve the State of the Industry Report as presented.

To adjourn the January 9, 2012 Annual Business Meeting.

2011 Minutes

CDCS Annual Business Meeting, January 10, 2011
Saskatoon Inn, Saskatoon, SK

1. Meeting called to order by Chairman Schaefer

2. Approval of the Agenda

Motion #1

To approve the agenda as presented.

G. Goheen / L. Frisky / Carried

3. Approval of the Minutes

Motion #2

That the Minutes of the January 11, 2010 meeting be approved as presented.

B. Podhorodeski / J. Carlson / Carried

4. Financial Review

Hursh presented the audited financials and the budget.

Motion #3

That the Canaryseed Development Commission of Saskatchewan's audited financial statements for the year ended July 31, 2010 be approved as presented.

K. Clancy / B. Stevens / Carried

Motion #4

That the Canaryseed Development Commission of Saskatchewan appoint Twigg & Company as auditor for the year ending July 31, 2011.

L. Frisky / G. Byrnes / Carried

5. Annual Update

Chair Schaefer provided a detailed State of the Industry update.

6. Resolutions

No resolutions brought forward.

7. New Business

No new business was brought forward.

8. Adjourn Meeting

Motion #5

To adjourn the January 10, 2011 Annual Business Meeting

L. Frisky

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

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CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

AUDITORS' REPORT AND FINANCIAL STATEMENTS

for the year ended July 31, 2011

Management's Responsibility

To Saskatchewan Canaryseed Producers:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors (the "Board") is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

Twigg & Company, an independent firm of Chartered Accountants, is appointed by the Board to audit the financial statements and report directly to the members, their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

January 9, 2012



Management



Management

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Independent Auditors' Report

To the Board of Directors of Canaryseed Development Commission of Saskatchewan

Report on the Financial Statements

We have audited the accompanying financial statements of Canaryseed Development Commission of Saskatchewan, which comprise the statement of financial position as at July 31, 2011, and the statement of operations, 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' 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 amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.

(continued on page 2)

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Independent Auditors' Report (continued)

(continued from page 1)

Basis for Qualified Opinion

The commission collects a check-off fee from Saskatchewan producers through buyers of canaryseed. It was not practical for us to verify whether all buyers of canaryseed produced in Saskatchewan have collected and remitted the required check-off fee to the commission. Accordingly, our verification of check-off fee revenue was limited to the amounts recorded in the accounts of the commission. As such, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets, liabilities, net assets and cash flows of the commission.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canaryseed Development Commission of Saskatchewan as at July 31, 2011 and its financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
January 9, 2012

"TWIGG & COMPANY"
Chartered Accountants

CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

STATEMENT OF FINANCIAL POSITION

as at July 31, 2011

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT:		
Cash	\$ 426,788	\$ 506,964
Cash – internally restricted (<i>Note 4</i>)	40,101	40,000
Accounts receivable	45,030	39,420
Prepaid expenses	<u>1,691</u>	<u>2,814</u>
	<u>\$ 513,610</u>	<u>\$ 589,198</u>

LIABILITIES

CURRENT:		
Accounts payable	\$ 102,282	\$ 53,361
DEFERRED REVENUE	<u> </u>	<u>8,000</u>
	<u>102,282</u>	<u>61,361</u>

NET ASSETS

INTERNALLY RESTRICTED (<i>Note 4</i>)	40,101	40,000
UNRESTRICTED	<u>371,227</u>	<u>487,837</u>
	<u>411,328</u>	<u>527,837</u>
	<u>\$ 513,610</u>	<u>\$ 589,198</u>

APPROVED BY THE BOARD:

CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

STATEMENT OF OPERATIONS
for the year ended July 31, 2011

	<u>2011</u>	<u>2011</u>	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE:			
Producer check-off fees (<i>Note 6</i>)			
Fees	\$ 200,000	\$ 299,072	\$ 293,811
Refunds	(11,000)	(13,294)	(13,100)
Net	189,000	285,778	280,711
Interest	3,000	5,836	3,411
ACAAFS project	200,000	312,025	228,167
ADOPT program		8,000	
Other	_____	428	_____
	<u>392,000</u>	<u>612,067</u>	<u>512,289</u>
EXPENSES:			
Research and development projects	106,000	86,050	82,000
ACAAFS project	589,000	529,310	329,197
Administration contract (<i>Note 7</i>)	14,000	11,308	13,068
ADOPT program	8,000	8,000	
Board of directors	12,000	14,294	8,178
Communications	15,500	15,652	14,484
General and administration	21,900	20,610	17,951
Annual meeting	3,500	3,562	3,084
Election	1,000	100	
Management fees (<i>Note 8</i>)	<u>40,000</u>	<u>39,690</u>	<u>39,533</u>
	<u>810,900</u>	<u>728,576</u>	<u>507,495</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (418,900)</u>	<u>\$ (116,509)</u>	<u>\$ 4,794</u>

CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

STATEMENT OF CHANGES IN NET ASSETS
for the year ended July 31, 2011

	<u>Internally restricted</u>	<u>Unrestricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
BALANCE – BEGINNING OF YEAR	40,000	487,837	527,837	523,043
Excess of revenue over expenses for the year	<u>101</u>	<u>(116,610)</u>	<u>(116,509)</u>	<u>4,794</u>
BALANCE – END OF YEAR	<u>\$ 40,101</u>	<u>\$ 371,227</u>	<u>\$ 411,328</u>	<u>\$ 527,837</u>

CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

STATEMENT OF CASH FLOWS
for the year ended July 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$(<u>116,509</u>)	\$ <u>4,794</u>
Changes in non-cash working capital		
Balances related to operation:		
Accounts receivable	(5,610)	5,591
Prepaid expenses	1,123	(1,233)
Accounts payable	48,921	(27,434)
Deferred revenue	(<u>8,000</u>)	<u>8,000</u>
	<u>36,434</u>	(<u>15,076</u>)
Total from operating activities	(<u>80,075</u>)	(<u>10,282</u>)
DECREASE IN CASH AND EQUIVALENTS FOR THE YEAR	(80,075)	(10,282)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>546,964</u>	<u>557,246</u>
CASH AND EQUIVALENTS, END OF YEAR	\$ <u>466,889</u>	\$ <u>546,964</u>
CASH AND EQUIVALENTS CONSISTS OF:		
Cash	426,788	506,964
Cash – internally restricted	<u>40,101</u>	<u>40,000</u>
	\$ <u>466,889</u>	\$ <u>546,964</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid	252	291
Income taxes paid	<u>NIL</u>	<u>NIL</u>

CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

as at July 31, 2011

1. AUTHORITY:

The Canaryseed Development Commission of Saskatchewan ("CDCS") was established on February 23, 2006, pursuant to The Canaryseed Development Plan Regulations ("Regulations"), under the authority of The Agri-Food Act, 2004. The purpose of CDCS is to assist in growing the canaryseed industry through research, communications and market development programs. The activities of CDCS are funded primarily by a check-off fee charged on canaryseed sales from canaryseed production in Saskatchewan.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Revenue:

Producer check-off fees are recognized upon receipt of the Buyer's report. Refunds are recognized when refund applications are received from producers and the requested refund has been agreed to check-off fee records.

The deferral method of accounting is used for any externally restricted contributions.

b) Research and development projects:

Expenses are recognized when projects are approved and the recipient has met eligibility criteria. Funds advanced to recipients prior to eligibility criteria being met are recorded as advances. CDCS receives reimbursement from Agriculture and Agri-food Canada for eligible costs incurred for certain projects.

c) Administration contract expense:

Administration contract expense is a fee charged by the Agriculture Council of Saskatchewan ("ACS"), a related party, to CDCS for administering the check-off fee program. The fee includes a charge for time spent by ACS staff and a share of ACS's overhead costs. The expense is recognized as the service is received.

NOTES TO FINANCIAL STATEMENTS

as at July 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Financial Instruments:

The Commission has classified its financial instruments as follows:

Cash and short-term investments are classified as held-for-trading and accordingly carried at their fair values.

Accounts receivable are classified as loans and receivables, and accordingly carried at their amortized costs.

Accounts payable and accrued liabilities and long-term debt were classified as other financial liabilities and are currently at their amortized cost.

e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

f) Income taxes:

The Commission qualifies as a tax exempt organization under section 149 of the *Income Tax Act*.

3. FINANCIAL INSTRUMENTS:

The Commission as part of its operations carries a number of financial instruments. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

CDCS is exposed to credit risk from potential non-payment of accounts receivable. Most of the accounts receivable were collected shortly after year-end.

Fair value of financial instruments

CDCS's financial instruments include cash, accounts receivable, and accounts payable. The fair value of accounts receivable and accounts payable approximates their carrying value due to their short-term maturity.

CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

as at July 31, 2011

4. INTERNALLY RESTRICTED NET ASSETS:

CDCS has internally restricted net assets for the completion of certain projects and to refund the check-off fees in the event of the disestablishment of CDCS.

On April 6, 2010 the Board of Directors passed a motion to internally restrict \$40,000 held in a savings account. Accordingly, any investment income earned on this account will be allocated to the internally restricted net asset balance.

5. BUDGET:

The Board approved the 2010/2011 fiscal year budget on January 10, 2011.

6. PRODUCER CHECK-OFF FEES:

Under the Regulations, each buyer of canaryseed is required to remit to CDCS a check-off fee of \$1.75 per net tonne of canaryseed marketed upon final settlement to producers. Producers can request a refund of check-off fees paid from August 1 to January 31 by submitting a refund application by February 28. Producers can request a refund of check-off paid from February 1 to July 31 by submitting a refund application by August 31.

7. ADMINISTRATION CONTRACT:

The Agriculture Council of Saskatchewan Inc. charged CDCS \$ 11,308 (2010 - \$13,068) for administering the check-off fee program and the business activities of CDCS of which \$ 2,098 (2010 - \$262) is included in accounts payable.

8. MANAGEMENT FEES:

During the year, the Commission entered into a contract with Hursh Consulting & Communications Inc. and AgriBiz Communications Corp. for management services. This contract began on September 1, 2010 and will continue for twelve months with the option to renew by any or all parties.

9. CAPITAL MANAGEMENT:

The Commission has no formal capital management policy.

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AUDITORS' REPORT

**To the Board of Directors of
Canaryseed Development Commission of Saskatchewan**

We have made an examination to determine whether the Canaryseed Development Commission of Saskatchewan complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities during the year ended July 31, 2011.

- The Agri-Food Act, 2004
- The Canaryseed Development Plan Regulations
- Commission Orders #01/06 to #06/06

Our examination was made in accordance with the Canadian generally accepted auditing standards and, accordingly, included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Canaryseed Development Commission of Saskatchewan has complied, in all material respects, with the provisions of the aforementioned legislative and related authorities during the year ended July 31, 2011.

Saskatoon, Saskatchewan
January 9, 2012

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
Canaryseed Development Commission of Saskatchewan:**

We have audited the Canaryseed Development Commission of Saskatchewan's control as of July 31, 2011 to express an opinion as to the effectiveness of its control related to the following objectives:

- (1) To safeguard agency resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- (2) To prepare reliable financial statements.
- (3) To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue raising, spending, borrowing and investing.

Management's Responsibility

The Organization's management is responsible for maintaining effective control over the objectives stated above.

Auditors' Responsibility

Our responsibility is to express an opinion based on our audit as to the effectiveness of its control related to the following objectives:

- (1) To safeguard agency resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- (2) To prepare reliable financial statements.
- (3) To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue raising, spending, borrowing and investing.

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
Canaryseed Development Commission of Saskatchewan:**

(continued from previous page)

We used the control framework developed by The Canadian Institute of Chartered Accountants ("CICA") to make our judgments about the effectiveness of the Canaryseed Development Commission of Saskatchewan's control. We did not audit certain aspects of control concerning the effectiveness, economy and efficiency of certain management decision-making processes.

The CICA defines controls 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.

We conducted our audit in accordance with standards for audits of internal control set out in the CICA Handbook - Assurance. Those standards require that we plan and perform the audit to obtain reasonable assurance as to effectiveness of the Canaryseed Development Commission of Saskatchewan'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.

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

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance, and not absolute assurance, the objectives referred to above may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

Opinion

In our opinion, based on the limitations noted above, the Canaryseed Development Commission of Saskatchewan's control was effective, in all material respects, to meet the objectives stated above as of July 31, 2011 based on the CICA criteria of control framework.

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
Canaryseed Development Commission of Saskatchewan:**

(continued from previous page)

We have also audited, in accordance with Canadian generally accepted auditing standards, the financial statements of the Canaryseed Development Commission of Saskatchewan, which comprise the statement of financial position as at July 31, 2011, and the statements of operations, change in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. We have issued our report dated January 9, 2012, which is the same date as the date of the report on the effectiveness of internal controls.

**Saskatoon, Saskatchewan
January 9, 2012**

**"TWIGG & COMPANY"
Chartered Accountants**

Budget 2011/2012

	2011-2012
Projected Revenues	
Producer check-off fees	
Fees	200,000
Refunds	-10,000
Net	<u>190,000</u>
Interest and other income	4,000
Total Projected Income	<u>194,000</u>
Projected Expenditures	
Research projects	
CDC Breeding (Hucl)	86,000
ADOPT Project	5,000
Agronomy (May)	20,000
New Uses Research (Pathfinders)	100,000
Total Research Expenses	<u>211,000</u>
Communications	
Newsletter	15,000
Annual Meeting	4,000
Website	2,000
Total Communications Expenses	<u>21,000</u>
Director Expenses	
Director Per Diem	8,000
Director Expenses	8,000
Total Director Expenses	<u>16,000</u>
Administration	
Memberships / Subscriptions	700
Legal and Audit Fees	6,000
Insurance	1,700
Bank Charges	300
Board Meeting Expenses	1,000
Election	1,000
Manager	40,000
Manager Expenses	3,000
Miscellaneous	400
Office Expense	3,500
Bookkeeping	7,000
Service Contract - Levy Central	14,000
Total Administration Expenses	<u>78,600</u>
Total Expenditures	326,600
Surplus (Deficit) for the year	<u><u>-132,600</u></u>

Payee List August 1, 2010 - July 31, 2011

Cash Basis

Personal Services (Threshold \$2,500)

Schaeffer, A - Honorariums	1,750
Frisky, L - Honorariums	1,050
Lahey, G - Honorariums	450
Byrnes, G - Honorariums	600
Carlson, J - Honorariums	300
Nunweiler, K - Honorariums	150
Walker, V - Honorariums	332
Podhorodeski, B - Honorariums	1,821

Total Honorariums 6,453

Schaeffer, A - Reimbursement for Expenses	2,169
Frisky, L - Reimbursement for Expenses	1,972
Lahey, G - Reimbursement for Expenses	607
Byrnes, G - Reimbursement for Expenses	943
Carlson, J - Reimbursement for Expenses	495
Nunweiler, K - Reimbursement for Expenses	0
Walker, V - Reimbursement for Expenses	439
Podhorodeski, B - Reimbursement for Expenses	1,216

Total Reimbursements 7,840

Total Personal Services 14,293

Research and Development (Threshold \$5,000)

University of Saskatchewan	95,050
Cantox	27,289
Pathfinders Research and Management	16,682
Nucro Technics	466,200
POS Biosciences	5,219
Misc. payments under \$5,000	12,919
	623,359

Extension (Threshold \$5,000)

Misc. payments under \$20,000	14,398
	14,398

Supplier Payments (Threshold \$20,000)

Hursh Consulting & Communications	40,926
Misc. payments under \$20,000	35,598
	76,524

Other Payments (Threshold \$20,000)

Refunds	13,295
Misc. payments under \$20,000	
	13,295

741,869

State of the Industry

ANDREAS (ANDREW) SCHAEFER, Chair

KEVIN HURSH, Executive Director

As this is being written in mid-November, the price of canaryseed is stuck in the 26 to 27 cent a pound range. With variable and too often disappointing yields, canaryseed is having trouble competing against the returns available from other crops.

In the past, canaryseed prices have always risen whenever Saskatchewan supply dropped. If Statistics Canada is correct, canaryseed supplies are very tight. In fact, it's tough to see how Canada will serve all of its international customers. Yes, sales to Mexico, our largest customer, are largely curtailed right now, but even without normal sales volumes to Mexico, our supply looks very small.

In its September estimate of field crop production released October 4, Statistics Canada made major upward revisions to 2010 production levels. Without this, their canaryseed inventory number would have been negative.

Statistics Canada originally pegged last year's seeded area at 295,000 acres with a yield of 811 pounds per acre. In the September report, that was revised upwards to 365,000 acres and a yield of 890 pounds. As a result, the 2010 production number has gone from roughly 102,000 tonnes to over 143,000.

Statistics Canada has probably been underestimating farmer-stored inventory and now they are forced to play catch up to make the numbers work.

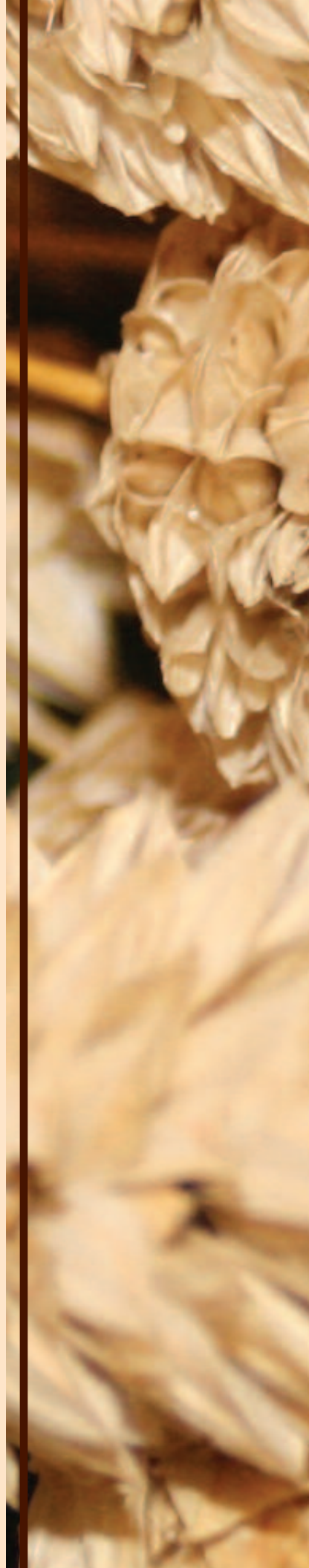
For 2011, Statistics Canada has the seeded acreage down to just 190,000. The average yield is pegged at 944 pounds per acre for a total production of just 77,100 tonnes. Even in the big drought years, we produced more than that.

For August 1, 2011, the Statistics Canada estimate of canaryseed beginning stocks is a mere 39,000 tonnes. Add to this the estimated crop of 77,100 tonnes and you get a total supply of just 116,100 tonnes.

Yearly exports over the past five years have ranged from a low of 152,000 tonnes to a high of 204,000 tonnes. If Statistics Canada is even close to being right, international customers will be hard pressed to buy all the canaryseed they want over the next year.

The numbers would seem to indicate that canaryseed prices should be increasing. However, the markets are not always predictable.

For our annual meeting during Crop Production Week, we have speakers who will try to make sense of Mexican trade and the market situation.





Management Report 2011

KEVIN HURSH, Hursh Consulting & Communications, Executive Director

ADELE BUETTNER, AgriBiz Communications, General Manager

Canaryseed research, stable international markets and strong directors for the Canaryseed Development Commission of Saskatchewan (CDCS) provide the building blocks for the future success of Saskatchewan growers.

Long-term efforts by CDCS should soon lead to a Health Canada review of data supporting human food use of canaryseed. After many dollars and years of work, Dr. Carol Ann Patterson is forwarding our New Uses submission to Ottawa. Carol Ann describes this work in her report in this publication.

While awaiting the results of the Health Canada review, CDCS is examining its role regarding further work to support the entry of canaryseed into the food market, specifically the gluten free market. CDCS has previously avoided involvement in business ventures, but we want to lay the groundwork for companies to use canaryseed in food applications.

Further on the topic of research, CDCS continues to support the canaryseed breeding efforts of Dr. Pierre Hucl at the Crop Development Centre. With most of the costs associated with the New Uses project completed, we are also looking at devoting resources to agronomic issues.

Growers continue to report canaryseed yields are inexplicably variable and often disappointing. Researchers, including Dr. Pierre Hucl and Bill May of Agriculture and Agri-Food Canada, have some theories on why this may be occurring. Work is needed to determine the cause(s) and solution(s).

Producers remain frustrated with the Mexican market situation. Despite the even stricter requirements that came into effect in mid-August, some companies have found a way to continue doing business with what has traditionally been our largest market. This may be the new reality for canaryseed sales in the Mexican market.

Closer to home, CDCS welcomes two new directors. Newcomers Lance Stockbrugger from the Humboldt area and Gene Lahey from Lacadena were acclaimed to the board. After being acclaimed, Larry Frisky of Arborfield returns for his second term as a director.

Together, CDCS board directors and management, along with supportive researchers develop strength within the industry for Saskatchewan canaryseed growers.

New Uses Project

GLABROUS CANARYSEED UPDATE 2011

Dr. Carol Ann Patterson

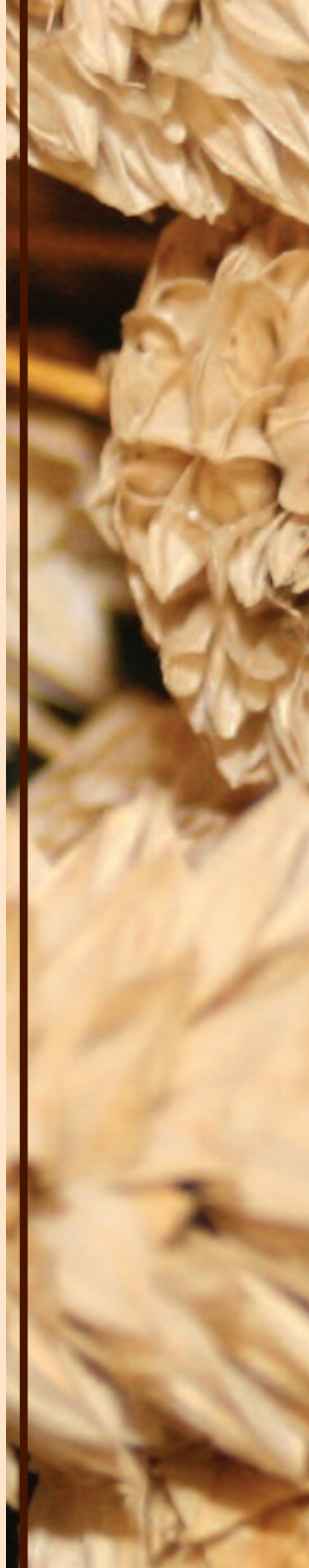
The new uses project to gain novel food approval for human consumption of canaryseed is slowly drawing to a close.


Toxicity trials in animal systems (rodent and poultry) were completed this past fall, both indicating that yellow and brown canaryseed groats (and hulled canaryseed for poultry) could be eaten at levels safe for humans and poultry. The results of these two trials provide the final bits of information needed to meet the rigorous requirements of the novel food regulations.

The task of preparing the notification package for Health Canada continues.

Health Canada outlines its requirements in "Guidelines for the Safety Assessment of Novel Foods" as to just what information the safety assessment package must include and how it should be organized. For instance, the dossier must include a complete description of the novel food including its development, its history of use in Canada or other countries, the estimated levels of consumption by consumers of the novel food, its intended use and directions for preparation, all details of its manufacture, preparation, preservation, packaging and storage, and results of nutritional, toxicological, chemical, microbiological and allergenic analyses.

After this package is prepared, the Canaryseed Development Commission of Saskatchewan (CDCS) will submit it to the Novel Foods Section of the Food Directorate, Health Canada.





At this point, all the evidence will be reviewed by various experts within the Directorate. This can take quite a few months and depends on the novelty of the new food and the completeness of the submitted package.

Product approval will only be obtained if there are no concerns about the safety of the novel food and no health risks are determined. The goal of the CDCS will be to obtain the 'Letter of No Objection' from Health Canada indicating the federal agency has no objection to the sale of the novel food product as human food in Canada (as specified in the letter).

CDCS reached this stage with the support of the partners who have tested canaryseed over the last 2.5 years. Thank you to the numerous agencies who have provided us with the information needed for the dossier: analytical services provided by POS Bio-Sciences, Silliker and ALS Laboratories; researchers at Agriculture and Agri-Food Canada (Saskatoon and St. Hyacinthe research stations), and the Universities of Saskatchewan, Manitoba, and Guelph; product development by the Food Technology Centres in Saskatoon, Portage LaPrairie, and Guelph, and the Canadian International Grains Institute; as well as the toxicity testing by NucroTechnics and University of Saskatchewan and guidance by Cantox Health Services International. The market study by Hodgins & Company confirmed the market potential for canaryseed as a niche, whole grain alternative.

Finally, a special thank you to all the producers involved in the CDCS checkoff program and to the financial support of the Agriculture Council of Saskatchewan through the Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) program. (Funding for the ACAAFS program is provided by Agriculture and Agri-Food Canada).

Dr. Carol Ann Patterson of The Pathfinders Research and Management Ltd. is piloting the novel food project for the CDCS.

