Canaryseed
Development Commission of Saskatchewan

2012 - 2013 Annual Report

January 13, 2014
Saskatoon Inn, Saskatoon
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.

canaryseed.ca
2013 Board and Staff

GLENN BYRNES
Chair
Box 391
Eston, SK S0L 1A0
Tel: 306.962.4990
Fax: 306.962.4994
gbyrnes@agraprocessing.com

GENE LAHEY
Vice-Chair
Box 8
Lacadena, SK S0L 1V0
Tel: 306.574.4626
genelahey@yourlink.ca

KEN CLANCY
Box 637
Carrot River, SK S0E 0L0
Tel: 306.768.3566
Fax: 306.768.3599
clancys@sasktel.net

LARRY FRISKY
Box 14
Arborfield, SK S0E 0A0
Tel: 306.769.8892
L_2Frisky@hotmail.com

DAVID NOBBS
31 Frere Street
Kindersley, SK S0L 1S0
Tel: 306.460.9272
Fax: 306.463.0060
canpulses@kindsley@sasktel.net

BARBARA PODHORODESKI
Box 88
Shipman, SK S0J 2H0
Tel: 306.426.2350
bpod@sasktel.net

LANCE STOCKBRUGGER
Box 212
Englefeld, SK S0K 1N0
Tel: 306.287.3869
lance@ldsflarms.ca

VINCE WALKER
Box 3918
Melfort, SK S0E 1A0
Tel: 306.921.8907
vincecw@sasktel.net

PIERRE HUCL
Advisor
51 Campus Drive
Saskatoon, SK S0H 2J0
Tel: 306.966.8667
pierre.hucl@usask.ca

BILL MAY
Advisor
Box 760
Indian Head, SK S0G 0K0
Tel: 306.695.5225
mayb@agr.gc.ca

CDCS STAFF and OFFICE

Executive Director
Kevin Hursh
566 Adilman Drive
Saskatoon, SK S7K 7H5
Tel: 306.933.0138
Cell: 306.222.0238
Fax: 306.249.4869
kevin@hursh.ca

General Manager
Adele Buettner
AgriBiz Communications Corp.
Bay 6A – 3602 Taylor Street East
Saskatoon, SK S7H 5H9
Tel: 306.975.6624
Fax: 306.244.4497
canaryseed.ca

Office Hours Monday to Friday 8:30 a.m. to 4:00 p.m.
Agenda
Canaryseed Development Commission of Saskatchewan Annual General Meeting
January 13, 2014
Courtyard Room, Saskatoon Inn, Saskatoon, SK

12:30 p.m.   Registration
1:00 p.m.    Opening Remarks and Announcements
             Greetings from Saskatchewan’s Minister of Agriculture
             Honourable Lyle Stewart
1:15 p.m.    Agronomic Research Update
             Bill May, AAFC, Indian Head
1:45 p.m.    Breeding Progress and Phenology Research
             Pierre Hucl, Crop Development Centre, U of S
2:15 p.m.    Canaryseed Diseases and Fungicides
             Randy Kutcher, Crop Development Centre, U of S
2:45 p.m.    CDCS Annual Business Meeting
3:15 p.m.    Coffee
3:45 p.m.    Canaryseed Market Outlook
             Elyce Simpson, Simpson Seeds Inc.
4:30 p.m.    Canaryseed Association of Canada Meeting
2:45 p.m.

Call to Order and Opening Remarks
Glenn Byrnes, Chair

Approval of 2014 CDCS Annual Business Meeting Agenda

Approval of 2013 CDCS Annual Business Meeting Minutes

Financial Review
Kevin Hursh, Executive Director

Approval of Budget

Annual Report 12/13 and Proposed Activities 13/14
State of the Industry – Glenn Byrnes, Chair

Research

Resolutions

New Business

Adjourn Meeting
That the agenda of the January 13, 2014 Annual Business Meeting be approved as presented.

That the Minutes of the January 7, 2013 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, 2013 be approved as presented.

That the Canaryseed Development Commission of Saskatchewan appoint Twigg & Company as auditor for the year ending July 31, 2014.

To approve the State of the Industry report as presented.

To adjourn the January 13, 2014 CDCS Annual Business Meeting.
2013 Minutes
CDCS Annual Business Meeting, January 7, 2013
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.
     L. Stockbrugger / B. Podhorodeski / Carried

3. **Approval of the Minutes**
   - **Motion #2**
     That the Minutes of the January 9, 2012 meeting be approved as presented.
     L. Frisky / G. Lahey / Carried

4. **Financial Review**
   Hursh presented the audited financials and the budget.
   - **Motion #3**
     That Larry Frisky be appointed audit chair for 2012-2013.
     L. Stockbrugger / B. Podhorodeski / Carried
   - **Motion #4**
     That the Canaryseed Development Commission of Saskatchewan’s audited financial statements for the year ended July 31, 2012 be approved as presented.
     L. Frisky / D. Hyland / Carried
   - **Motion #5**
     That the Canaryseed Development Commission of Saskatchewan appoint Twigg & Company as auditor for the year ending July 31, 2013.
     L. Frisky / V. Walker / Carried
5. **Annual Update**  
Chair Schaefer provided a detailed State of the Industry update.

6. **Resolutions**  
None

7. **New Business**  
No new business was brought forward.

8. **Adjourn Meeting**  
**Motion #6**  
To adjourn the January 7, 2013 Annual Business Meeting  
*B. Podhorodeski*
CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

AUDITED FINANCIAL STATEMENTS

for the year ended July 31, 2013
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 accounting standards for not-for-profit organizations. 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 fulfills 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 13, 2014

[Signatures]

Management

Management
Independent Auditors’ Report

To the Board of Directors of Canarypeed Development Commission of Saskatchewan

Report on the Financial Statements
We have audited the accompanying financial statements of Canarypeed Development Commission of Saskatchewan, which comprise the statement of financial position as at July 31, 2013, July 31, 2012 and August 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended July 31, 2013 and July 31, 2012, 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.

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 qualified audit opinion.

(continued on page 2)
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 as such the completeness the related revenue does not lend itself to satisfactory audit verification. 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, 2013, July 31, 2012 and August 1, 2011 and the results of its operations and cash flows for the years ended July 31, 2013 and July 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan
January 13, 2014

J.S. Twigg, B.Com., C.A.
L.D. Safinuk, B.Com., C.A.
M. Lingard, B.Com., M.Phil., C.A.
# CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

## STATEMENT OF FINANCIAL POSITION

**as at July 31, 2013**

<table>
<thead>
<tr>
<th></th>
<th>July 31, 2013</th>
<th>July 31, 2012</th>
<th>August 1, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$312,980</td>
<td>$270,447</td>
<td>$426,788</td>
</tr>
<tr>
<td>Cash – internally restricted <em>(Note 5)</em></td>
<td>230</td>
<td>40,215</td>
<td>40,101</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>103,236</td>
<td>101,014</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>49,611</td>
<td>31,225</td>
<td>45,030</td>
</tr>
<tr>
<td>Prepaid expense</td>
<td>1,691</td>
<td>16,866</td>
<td>1,691</td>
</tr>
<tr>
<td></td>
<td>467,748</td>
<td>459,767</td>
<td>513,610</td>
</tr>
<tr>
<td><strong>RESTRICTED INVESTMENTS <em>(Note 5)</em></strong></td>
<td>40,468</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$508,216</td>
<td>$459,767</td>
<td>$513,610</td>
</tr>
</tbody>
</table>

## LIABILITIES

|                      |              |               |                |
| Accounts payable and accrued expenses | $74,606      | $59,605       | $102,282       |
| Deferred contributions | 20,400       | 15,000        | -              |
|                      | 95,006       | 74,605        | 102,282        |

## NET ASSETS

|                      |              |               |                |
| INTERNALLY RESTRICTED *(Note 5)* | 40,698       | 40,215        | 40,101         |
| UNRESTRICTED         | 372,512      | 344,947       | 371,227        |
|                      | 413,210      | 385,162       | 411,328        |
|                      | $508,216     | $459,767      | $513,610       |

## COMMITMENTS *(Note 10)*

**APPROVED BY THE BOARD:**

__________________________
Director

__________________________
Director
# CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

## STATEMENT OF OPERATIONS
for the year ended July 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>2013 Budget</th>
<th>2013 Actual</th>
<th>2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producer check-off fees <em>(Note 7)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>$200,000</td>
<td>$265,487</td>
<td>$224,980</td>
</tr>
<tr>
<td>Refunds</td>
<td>(10,000)</td>
<td>(18,782)</td>
<td>(9,562)</td>
</tr>
<tr>
<td>Net</td>
<td>190,000</td>
<td>246,705</td>
<td>215,413</td>
</tr>
<tr>
<td>Interest</td>
<td>4,000</td>
<td>4,776</td>
<td>3,967</td>
</tr>
<tr>
<td>ADOPT funding</td>
<td>25,000</td>
<td>18,600</td>
<td>5,000</td>
</tr>
<tr>
<td>AIP funding</td>
<td>62,000</td>
<td>29,720</td>
<td>-</td>
</tr>
<tr>
<td>CAAP funding</td>
<td>170,000</td>
<td>49,054</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>451,000</strong></td>
<td><strong>348,865</strong></td>
<td><strong>224,380</strong></td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development projects</td>
<td>86,000</td>
<td>88,615</td>
<td>77,536</td>
</tr>
<tr>
<td>ACAAFS project</td>
<td>-</td>
<td>16,953</td>
<td>63,738</td>
</tr>
<tr>
<td>Administration contract <em>(Note 8)</em></td>
<td>12,000</td>
<td>10,784</td>
<td>11,614</td>
</tr>
<tr>
<td>ADOPT program</td>
<td>25,000</td>
<td>18,600</td>
<td>5,000</td>
</tr>
<tr>
<td>AIP program</td>
<td>72,000</td>
<td>33,760</td>
<td>4,800</td>
</tr>
<tr>
<td>Board of directors</td>
<td>16,000</td>
<td>8,674</td>
<td>16,113</td>
</tr>
<tr>
<td>CAAP Program</td>
<td>185,000</td>
<td>66,779</td>
<td>-</td>
</tr>
<tr>
<td>Communications</td>
<td>17,000</td>
<td>12,647</td>
<td>8,549</td>
</tr>
<tr>
<td>General and administration</td>
<td>20,600</td>
<td>16,441</td>
<td>18,111</td>
</tr>
<tr>
<td>Annual meeting</td>
<td>4,000</td>
<td>4,574</td>
<td>5,295</td>
</tr>
<tr>
<td>Election</td>
<td>1,000</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Management fees <em>(Note 9)</em></td>
<td>43,000</td>
<td>42,840</td>
<td>39,690</td>
</tr>
<tr>
<td></td>
<td><strong>481,600</strong></td>
<td><strong>320,817</strong></td>
<td><strong>250,546</strong></td>
</tr>
</tbody>
</table>

**EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR**

$(-30,600)  $28,048  $(-26,166)
**CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN**

**STATEMENT OF CHANGES IN NET ASSETS**
for the year ended July 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Internally restricted</th>
<th>Unrestricted</th>
<th>2013 Total</th>
<th>2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BALANCE – BEGINNING OF YEAR</strong></td>
<td>40,215</td>
<td>344,947</td>
<td>385,162</td>
<td>411,328</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses for the year</strong></td>
<td>-483</td>
<td>-27,565</td>
<td>-28,048</td>
<td>(-26,166)</td>
</tr>
<tr>
<td><strong>BALANCE – END OF YEAR</strong></td>
<td>$40,698</td>
<td>$372,512</td>
<td>$413,210</td>
<td>$385,162</td>
</tr>
</tbody>
</table>
### CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

**STATEMENT OF CASH FLOWS**  
for the year ended July 31, 2013

<table>
<thead>
<tr>
<th>Operating Activities:</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>$ 28,048</td>
<td>$(26,166)</td>
</tr>
</tbody>
</table>

Changes in non-cash working capital  
Balances related to operation:  
- Short-term investments: $(42,690), $(101,014)  
- Accounts receivable: $(18,386), $13,805  
- Prepaid expenses: $15,175, $(15,175)  
- Accounts payable: $15,001, $(42,677)  
- Deferred contributions: $5,400, $15,000

Total from operating activities: $2,548, $(156,227)

**INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR:**  
$2,548, $(156,227)

**CASH AND EQUIVALENTS, BEGINNING OF YEAR:**  
$310,662, $466,889

**CASH AND EQUIVALENTS, END OF YEAR:**  
$313,210, $310,662

**CASH AND EQUIVALENTS CONSISTS OF:**  
- Cash: $312,980, $270,447  
- Cash – internally restricted: $230, $40,215

**SUPPLEMENTAL CASH FLOW DISCLOSURE:**  
- Interest paid: $316, $292  
- Income taxes paid: NIL, NIL
CANARYSEED DEVELOPMENT COMMISSION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

as at July 31, 2013

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 accounting standards for not-for-profit organizations in Part III of the CICA Handbook 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.
2. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Financial Instruments:

The Commission initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and deferred contributions. The fair value of the cash, accounts receivable, and accounts payable approximates their carrying value due to their short-term nature.

e) Use of estimates:

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

f) Income taxes:


g) Contributions in-kind:

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.
3. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS:

These financial statements were prepared in accordance with Part III of the CICA Handbook. The Commission’s first reporting period under Part III is for the year ended July 31, 2013. As a result, the date of transition to Part III is August 1, 2011. The Commission previously presented financial statements under Canadian generally accepted accounting principles (“CGAAP”).

These financial statements are the first financial statements for which the Commission has applied the Canadian accounting standards for not-for-profit organizations. As a result of adoption, the financial statements for the year ended July 31, 2013 were prepared in accordance with the provisions set out in Section 1501 of Part III, First-Time Adoption by Not-for-profit Organizations. Section 1501 is to be applied on a retrospective basis although the section provides exemptions from this treatment in certain specific circumstances as well as permitting elections in the year of transition. Upon adoption, the Commission did not choose to apply any of the available exemptions.

The first-time adoption of this new basis of accounting had no impact on the Commission’s excess (deficiency) of revenues over expenses for the year ended July 31, 2012 or on the net assets as at August 1, 2011 (the date of transition).

4. 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

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Commission is not exposed to significant interest rate risk on its investments.
5. INTERNALLY RESTRICTED NET ASSETS:

The Commission 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 the Commission.

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 has been allocated to the internally restricted net asset balance.

6. BUDGET:

The Board approved the 2012/2013 fiscal year budget on October 28, 2011.

7. 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 July 31 by submitting a refund application by August 31.

8. ADMINISTRATION CONTRACT:

The Agriculture Council of Saskatchewan Inc. charged CDCS $10,784 (2012 - $11,614) for administering the check-off fee program and the business activities of CDCS of which $1,870 (2012 - $1,873) is included in accounts payable.

9. 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 August 1, 2012 and will continue for thirty six months with the option to renew by any or all parties.
10. Research Commitments:

Effective January 18, 2013 the Commission agreed to provide an annual contribution of $80,000 to the University of Saskatchewan. The annual contribution is provided for research related to Canaryseed Breeding and germplasm development. The annual research commitments under the terms of the agreement are as follows:

<table>
<thead>
<tr>
<th>Year ending July 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$ 80,000</td>
</tr>
<tr>
<td>2015</td>
<td>80,000</td>
</tr>
<tr>
<td>2016</td>
<td>80,000</td>
</tr>
<tr>
<td>2017</td>
<td>72,000</td>
</tr>
<tr>
<td>2018</td>
<td>8,000</td>
</tr>
</tbody>
</table>
AUDITORS' REPORT

To the Board of Directors of
Canaryseed Development Commission of Saskatchewan

We have audited Canaryseed Development Commission of Saskatchewan's compliance, as at July 31, 2013, 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, 2013.

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

Compliance with the aforementioned legislative and related authorities is the responsibility of the management of Canaryseed Development Commission of Saskatchewan. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with the Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether Canaryseed Development Commission of Saskatchewan complied with the provisions of the aforementioned legislative and related authorities. Such an audit includes examining on a test basis evidence supporting compliance, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, as at July 31, 2013, the Canaryseed Development Commission of Saskatchewan is in compliance, in all material respects, with the aforementioned legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities.

Saskatoon, Saskatchewan
January 13, 2014

Chartered Accountants
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, 2013 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 it 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 it 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.

(continued on next page)
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 the standard for audits of internal control over financial reporting set out in the CICA Handbook - Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance as to the effectiveness of 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, Canaryseed Development Commission of Saskatchewan’s control was effective, in all material respects, to meet the objectives stated above as of July 31, 2013 based on the CICA’s criteria of control framework.

(continued on next page)
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, 2013, 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 13, 2014 which is the same date as the date of the report on the effectiveness of internal controls.

Saskatoon, Saskatchewan
January 13, 2014

Twigg & Company
Chartered Accountants

650 Regency Center
333 - 25th Street East
Saskatoon, SK S7K 0L4
Telephone (306) 244-0808
Facsimile (306) 244-0004
www.twiggandcompany.com
## Budget 2014/2015

### Projected Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer check-off fees</td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>275,000</td>
</tr>
<tr>
<td>Refunds</td>
<td>-20,000</td>
</tr>
<tr>
<td>Net</td>
<td>255,000</td>
</tr>
<tr>
<td>ADOPT Revenue</td>
<td>45,000</td>
</tr>
<tr>
<td>Growing Forward 2</td>
<td></td>
</tr>
<tr>
<td>Interest and other income</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Total Projected Income</strong></td>
<td><strong>304,000</strong></td>
</tr>
</tbody>
</table>

### Projected Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research projects</td>
<td></td>
</tr>
<tr>
<td>CDC Breeding (Hud)</td>
<td>90,000</td>
</tr>
<tr>
<td>ADOPT Project</td>
<td>45,000</td>
</tr>
<tr>
<td>Agronomy (May)</td>
<td>20,000</td>
</tr>
<tr>
<td>New Uses Research (Pathfinders)</td>
<td></td>
</tr>
<tr>
<td>New Uses</td>
<td>40,000</td>
</tr>
<tr>
<td>Agronomic Miscellaneous</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total Research Expenses</strong></td>
<td><strong>205,000</strong></td>
</tr>
<tr>
<td>Communications</td>
<td></td>
</tr>
<tr>
<td>Newsletter</td>
<td>15,000</td>
</tr>
<tr>
<td>Annual Meeting</td>
<td>5,000</td>
</tr>
<tr>
<td>Website</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Total Communications Expenses</strong></td>
<td><strong>23,000</strong></td>
</tr>
<tr>
<td>Director Expenses</td>
<td></td>
</tr>
<tr>
<td>Director Per Diem</td>
<td>10,000</td>
</tr>
<tr>
<td>Director Expenses</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total Director Expenses</strong></td>
<td><strong>20,000</strong></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
</tr>
<tr>
<td>Memberships / Subscriptions</td>
<td>700</td>
</tr>
<tr>
<td>Legal and Audit Fees</td>
<td>6,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,700</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>500</td>
</tr>
<tr>
<td>Board Meeting Expenses</td>
<td>1,000</td>
</tr>
<tr>
<td>Election</td>
<td>1,000</td>
</tr>
<tr>
<td>Manager</td>
<td>45,000</td>
</tr>
<tr>
<td>Manager Expenses</td>
<td>3,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
</tr>
<tr>
<td>Office Expense</td>
<td>4,000</td>
</tr>
<tr>
<td>Bookkeeping</td>
<td>7,400</td>
</tr>
<tr>
<td>Service Contract - Levy Central</td>
<td>12,000</td>
</tr>
<tr>
<td><strong>Total Administration Expenses</strong></td>
<td><strong>82,300</strong></td>
</tr>
</tbody>
</table>

**Total Expenditures: 330,300**

**Surplus (Deficit) for the year: -26,300**
Payee List  August 1, 2012 - July 31, 2013

**Personal Services (Threshold $2,500)**

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schaeffer, A - Honorariums</td>
<td>350</td>
</tr>
<tr>
<td>Frisky, L - Honorariums</td>
<td>450</td>
</tr>
<tr>
<td>Lahey, G - Honorariums</td>
<td>450</td>
</tr>
<tr>
<td>Byrnes, G - Honorariums</td>
<td>300</td>
</tr>
<tr>
<td>Stockbrugger, L - Honorariums</td>
<td>975</td>
</tr>
<tr>
<td>Walker, V - Honorariums</td>
<td>300</td>
</tr>
<tr>
<td>Podhorodeski, B - Honorariums</td>
<td>900</td>
</tr>
</tbody>
</table>

Total Honorariums 3,725

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schaeffer, A - Reimbursement for Expenses</td>
<td>860</td>
</tr>
<tr>
<td>Frisky, L - Reimbursement for Expenses</td>
<td>837</td>
</tr>
<tr>
<td>Lahey, G - Reimbursement for Expenses</td>
<td>640</td>
</tr>
<tr>
<td>Byrnes, G - Reimbursement for Expenses</td>
<td>361</td>
</tr>
<tr>
<td>Stockbrugger, L - Reimbursement for Expenses</td>
<td>846</td>
</tr>
<tr>
<td>Walker, V - Reimbursement for Expenses</td>
<td>380</td>
</tr>
<tr>
<td>Podhorodeski, B - Reimbursement for Expenses</td>
<td>1,024</td>
</tr>
</tbody>
</table>

Total Reimbursements 4,948

**Total Personal Services** 8,673

**Research and Development (Threshold $5,000)**

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Agri-Food Canada</td>
<td>9,600</td>
</tr>
<tr>
<td>B Magnuson Consulting</td>
<td>10,170</td>
</tr>
<tr>
<td>Cantox Health Sciences</td>
<td>7,934</td>
</tr>
<tr>
<td>Indian Head Ag Research Foundation</td>
<td>5,000</td>
</tr>
<tr>
<td>Northeast Agricultural Research Foundation</td>
<td>10,700</td>
</tr>
<tr>
<td>Pathfinders Research and Management</td>
<td>19,799</td>
</tr>
<tr>
<td>Saskatchewan Food Industry Development Centre</td>
<td>45,525</td>
</tr>
<tr>
<td>South East Research Farm Inc.</td>
<td>13,700</td>
</tr>
<tr>
<td>University of Saskatchewan</td>
<td>89,575</td>
</tr>
<tr>
<td>Wheatland Conservation Area Inc.</td>
<td>11,600</td>
</tr>
<tr>
<td>Misc. payments under $5,000</td>
<td>1,104</td>
</tr>
</tbody>
</table>

**Total** 224,707

**Extension (Threshold $5,000)**

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saskatoon Fastprint</td>
<td>10,447</td>
</tr>
<tr>
<td>Misc. payments under $20,000</td>
<td>4,387</td>
</tr>
</tbody>
</table>

**Total** 14,834

**Supplier Payments (Threshold $20,000)**

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hursh Consulting &amp; Communications</td>
<td>42,946</td>
</tr>
<tr>
<td>Misc. payments under $20,000</td>
<td>29,657</td>
</tr>
</tbody>
</table>

**Total** 72,603

**Other Payments (Threshold $20,000)**

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refunds</td>
<td>18,782</td>
</tr>
<tr>
<td>Misc. payments under $20,000</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total** 18,782

**Total** 339,599
It was a good year to grow canaryseed. Many growers are reporting yields of more than 30 bushels an acre with some yields at 40 and above. Of course, we’d all like to see higher prices, but even at the current 23 to 24 cents a pound, canaryseed returns are superior to other cereal crop options.

The Saskatchewan Ministry of Agriculture is estimating canaryseed yields averaging 1,300 pounds an acre. At a price of 23.5 cents a pound, that’s a gross return of $305 an acre. By comparison, durum with an average yield of 46 bushels an acre and a price of $5.65 a bushel is generating a gross return of $260 an acre and durum is more expensive than canaryseed to grow.

Canaryseed exporters appear to have learned to live with the weed seed restrictions of the Mexican government. Mexico remains unwilling to change its requirements or processes, but business continues. Exporters are tolerating the rules and accepting them as a cost of doing business.

While many growers continue to believe that the Mexican situation is limiting canaryseed price gains, there is less and less evidence to support that argument. On the other hand, there is reason to believe that Statistics Canada reports on canaryseed acreage, production and carryover stocks have created unreasonable price expectations.

If you believe Statistics Canada, canaryseed production in 2013 was worse than the drought year back in 1988 and we had only a tiny carryover of canaryseed going into the year. (Statistics Canada says the average canaryseed yield was only 1,100 pounds an acre.)

That isn’t consistent with what buyers and processors are seeing. There appears to be no shortage of canaryseed to meet export programs that are reasonably robust.

Maybe it’s because canaryseed is a minor acreage crop or because some growers think it’s to their advantage to downplay canaryseed production when Statistics Canada calls. Whatever the case, there are becoming more and more reasons to doubt Stats Canada reports.

Many producers have held product for a long time waiting for another crack at 30 cents. Of course, if the price ever got to 30 cents, there would be growers holding out for 35 or 40.

We’ve seen 30, 35 and 40 cents before, but those sorts of values could lead to overproduction and a long period of very low returns. It’ll be interesting to see what new crop contract prices are offered for 2014 production.

Hopefully, canaryseed will soon be approved for human food consumption in both Canada and the U.S. so that we can begin to diversity the market away from just growing the crop as birdseed.
Since the inception of the CDCS in 2006, the greatest amount of funding has been directed towards gaining human food approval for the crop in Canada and the United States. We now await word from Health Canada on novel food status, while taking the final steps for the U.S. Food and Drug Administration in an effort to achieve GRAS (Generally Regarded as Safe) status.

Health Canada received our massive submission last March. In October, Health Canada asked for further mycotoxin and heavy metal testing. Those tests are being done.

As this is being written, a meeting with the U.S. Food and Drug Administration is scheduled for December 12th in the FDA Centre for Food Safety and Applied Nutrition in College Park, MD. Our lead on the project, Carol Ann Patterson along with toxicology expert Berna Magnuson will be participating in this meeting. We must acknowledge the great financial support provided to the new uses project by both the ACAAFS program and CAAP. We hope for favourable news from Health Canada and the FDA in the months ahead.

It has never been the intention of CDCS to commercialize canaryseed for human food use. The commission wants to lay the groundwork for others to commercialize. Once the long sought approvals are obtained, the CDCS will need to evaluate its future role.

Increasingly, the board has turned its attention to agronomics and the development of new varieties. We support Pierre Hucl’s canaryseed breeding program at the University of Saskatchewan’s Crop Development Centre and we support Bill May at Agriculture and Agri-Food Canada, Indian Head in his agronomic work. We’re also pleased that Pierre has a wide-ranging canaryseed project funded by the Western Grains Research Foundation and the Saskatchewan Agriculture Development Fund.

There’s an increasing competition for acres in Saskatchewan. Many analysts believe there will be millions of acres of corn and soybeans in the province in the years ahead. Minor acreage crops like canaryseed will need to see yield improvement, yield stability and new markets to remain viable options.