

Merv Culham, Chartered Accountant

To the Members of
Saskatchewan Forage Seed Development Commission

I have made an examination to determine whether Saskatchewan Forage Seed Development Commission complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended June 30, 2012:

The Agri-Food Act, 2004
The Saskatchewan Forage Seed Development Plan Regulations

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

In my opinion, Saskatchewan Forage Seed Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended June 30, 2012.

Merv Culham



Chartered Accountant
Regina, Saskatchewan
October 29, 2012

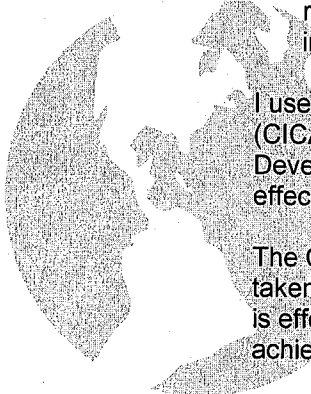
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Merv Culham, Chartered Accountant

To the Members of
Saskatchewan Forage Seed Development Commission

I have audited Saskatchewan Forage Seed Development Commission's control as of June 30, 2012 to express an opinion as to the effectiveness of its control related to the following objectives.

- 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 to achieve its goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue-raising, spending, borrowing and investing.



I used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make my judgements about the effectiveness of Saskatchewan Forage Seed Development Commission's control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

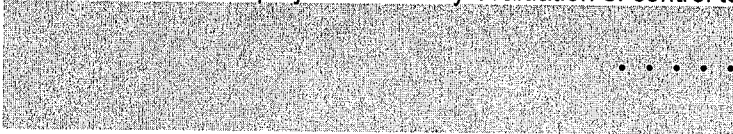
The CICA defines control as comprising those elements of an organization's objectives that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

Saskatchewan Forage Seed Development Commission's management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I conducted my audit in accordance with standards for assurance engagements established by the Canadian Institute of Chartered Accountants. Those standards require that I plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Forage Seed Development Commission's control related to the objectives above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including 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 not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control

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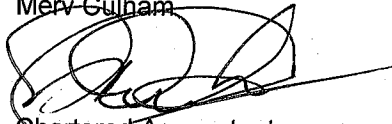
November 29, 2012

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may become ineffective because of changes in internal and external conditions, or the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, Saskatchewan Forage Seed Development Commission's control was effective, in all material respects, to meet the objectives stated above as of June 30, 2012 based on the CICA criteria of control framework.

Merv Gulham

A handwritten signature in black ink, appearing to read 'Merv Gulham', written over a horizontal line.

Chartered Accountant
Regina, Saskatchewan
October 29, 2012

SASKATCHEWAN FORAGE SEED DEVELOPMENT COMMISSION

Financial Statements
For the year ended
June 30, 2012

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Merv Culham, Chartered Accountant

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Saskatchewan Forage Seed Development Commission

I have audited the accompanying financial statements of the Saskatchewan Forage Seed Development Commission which comprise the statement of financial position as at June 30, 2012, and the accompanying statements of operations, change in net financial assets and cash flow 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

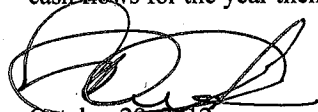
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Forage Seed Development Commission as at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.




October 29, 2012
Regina, Saskatchewan

Saskatchewan Forage Seed Development Commission
BALANCE SHEET
As at June 30, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	208,186	180,789
Levy receivable	16,351	23,644
	<u>224,537</u>	<u>204,433</u>
LIABILITIES		
CURRENT		
Accounts payable	6,260	10,368
Levy refunds payable	0	294
	<u>6,260</u>	<u>10,662</u>
SURPLUS		
SURPLUS		
Unappropriated	218,277	193,771
	<u>224,537</u>	<u>204,433</u>

Approved on behalf of the Board

 Director *MARCEL ENNS DEC 5, 2012*

Director

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission
STATEMENT OF REVENUE, EXPENDITURE AND UNAPPROPRIATED SURPLUS
 For the year ended June 30, 2012

	2012 Budget	2012 Actual	2011 Actual
REVENUE			
Levy funds collected	30,000	46,318	34,854
Less levy refund requests	0	64	(365)
	<u>30,000</u>	<u>46,382</u>	<u>34,489</u>
Grants	0	7,056	6,260
Investment income	0	2,820	807
	<u>30,000</u>	<u>56,258</u>	<u>41,556</u>
EXPENDITURE			
Administration	12,000	12,602	11,131
Advertising and promotion	0	632	0
Annual general meeting	0	292	2,495
Bank charges	0	77	30
Database management	1,500	1,339	882
Directors' expense	1,000	999	6,903
E=News and Forage Seed News	3,000	500	0
Newsletter	5,000	1,462	1,111
Postage	0	87	21
Professional fees	1,100	1,260	1,100
Travel	0	0	719
Website design and maintenance	4,700	5,344	0
Research			
Fertility trials in grasses	1,000	1,325	4,000
Red Clover casebearer	1,000	1,000	0
Bromegrass seed midge project	4,000	3,575	0
Fungicide applications for disease control in grass seed	5,000	708	0
Pod sealant	0	550	0
Invasive Plant Species Management	0	0	1,814
	<u>39,300</u>	<u>31,752</u>	<u>30,206</u>
SURPLUS (DEFICIT) FOR THE YEAR	(9,300)	24,506	11,350
UNAPPROPRIATED SURPLUS BEGINNING OF YEAR		193,771	182,421
UNAPPROPRIATED SURPLUS END OF YEAR		218,277	193,771

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission
STATEMENT OF CASH FLOWS
For the year ended June 30, 2012

	2012	2011
CASH PROVIDED BY (USED BY) THE FOLLOWING ACTIVITIES		
OPERATIONS		
Surplus (deficit) for the year	24,506	11,350
Net change in non-cash working capital balances		
Accounts receivable	7,293	(16,976)
Accounts payable	(4,108)	10,368
Levy refunds payable	(294)	294
Increase (decrease) in cash during the year	27,397	5,036
CASH BEGINNING OF THE YEAR	180,789	175,753
CASH END OF THE YEAR	208,186	180,789

During the year, the organization had cash flows arising from interest and income taxes paid as follows:

Bank charges paid	77	30
Income taxes paid	0	0

See accompanying notes to the financial statements.

Saskatchewan Forage Seed Development Commission

NOTES

For the year ended June 30, 2012

1. Nature of entity

Saskatchewan Forage Seed Development Commission operates to promote and enhance the forage seed industry in Saskatchewan for maximum return to producers through research, leadership and communication in the industry.

Saskatchewan Forage Seed Development Commission is a non-profit organization incorporated under the Agri-Foods Act, 2004 of Saskatchewan. Under present legislation, no income taxes are paid on the reported income of such operations.

2. Accounting policies

The carrying amount of cash and term deposits - approximates their fair market value due to the short term maturities of these items.

The company does not have a significant credit exposure to any individual customer or counterpart.

Levy funds are recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated. Other revenues are recorded as earned.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The budgeted figures are presented for comparison purposes as prepared and approved by the Board, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed.

Saskatchewan Forage Seed Development Commission
EXPENDITURE BY OBJECT
For the year ended June 30, 2012

	2012	2011
Personal		
Ray McVicar	5,597	0
Hope Floats Services	10,547	17,271
Payees under \$1,000	1,964	882
	<u>18,108</u>	<u>18,153</u>
Suppliers		
Levy refunds	0	365
Merv Culham, CA	1,320	1,100
Prairie Orchid Media	4,812	0
Payees under \$1,000	1,760	5,139
	<u>7,892</u>	<u>6,604</u>
Research		
Maxwell Farms Inc.	0	1,814
Pasqua Agro Services	1,325	0
Rick Cherepuschak	3,000	0
University of Alberta	1,000	0
University of Saskatchewan	0	4,000
Payees under \$1,000	427	0
	<u>5,752</u>	<u>5,814</u>
	<u>31,752</u>	<u>30,571</u>

See accompanying notes to the financial statements.