



2013 - 2014 Annual Report

From *our fields* to the world.



# State of the Industry 2013 - 2014



On the wall of my farm office, I often glance at a quote from Eleanor Roosevelt: "The future belongs to those who believe in the beauty of their dreams." Like many of you, I am a dreamer. That can also be said of the many visionaries who developed Canola over 40 years ago. This made-in-Canada success is often the cornerstone of

Saskatchewan farms. Throughout those years, many farmers took time to shape our commission and enable it to generate research, market development and policy to reduce risks; but also increase the profitability of the crop of which they dreamt.

Mother Nature always has a way to bring back to reality the most exciting dreams. 2014 was no different. As I write this, we have experienced one of the latest and most challenging harvests, with some areas seeing crops left till next spring.

The resiliency of farmers is so inspiring, and the directors on your canola commission are no exception. The transportation challenges from this past year prompted our organization to reach out to our provincial and federal governments directly, or through the Canadian Canola Growers. The rail issue has definitely improved, but is by no means resolved, as rail capacity for our growing exports needs continued attention. I am confident the voice from SaskCanola, along with other commodity organizations, helped to produce results.

The overabundance of moisture in the last years has increased the disease pressure in our crops. Not so long ago a fungicide was rarely considered, yet this past year saw many acres sprayed to protect the "hoped for" potential yield. Our commission continues to invest in research to mitigate agronomic risks and make sure we have a good handle on present and future potential protection. When I became a director 5 years ago it was my "dream" to reduce risks associated with straight cutting of canola. We have since invested in projects designed to do just that.

As farmers we know that canola is one of the healthiest vegetable oils. But it is easy to take this for granted. In March I had the pleasure to accompany our provincial Agriculture Minister Lyle Stewart on a trade mission to India and the United Arab Emirates. With a population of 1.2 billion people who rely on mustard and palm oil for their deep fried cooking habits, India has a growing middle class and many suffering from heart disease and/or diabetes. It is easy to see that the demand for our heart healthy crop still has a lot of potential. As the delegation stopped in an Indian grocery store with a huge amount of palm oil for sale and a tiny area for Canadian Canola oil, I spotted a shopper with a bottle of our production in his shopping cart. I introduced myself as a Canadian farmer whose production may have contributed to the oil in his cart. When I asked him why he had chosen Canola over other oils, he did not hesitate to tell me that he had been told it was healthier for his heart. Well, fellow farmers, that warmed my heart! The investments made through Canola Council of Canada are paying off, yet there is much to be done to gain a foothold in the Indian market. One thing is sure; our product does sell itself quite well.

So as we defy Mother Nature and deal with the challenges of transporting our crop to moody international markets, we can be proud to know we are making a difference around the globe. Farming will never be easy, but our efforts at SaskCanola are providing tools to farmers to deal with the many challenges we face. In January when I finish my term, I will be retiring from the board. It has been a pleasure to work with forward thinking farmers passionate about the beauty of the Canola dream. I would like to think that my small contribution was able to bring our beautiful Canola dream closer to reality. With this I wish you all continued success in 2015.

Franck Groeneweg, Board Chair



I am quite pleased to have had the honor of chairing the Research Committee. The Research Committee of SaskCanola consists of four directors from the Board: Stan Jeeves, Terry Youzwa, Franck Groeneweg and myself; as well as external technical advisors: Dr. Keith Downey, Dr. Malcom Devine, and Rick Holm. The 2014 growing season came with

the same moisture challenges that have been causing issue over the past few years, especially in the southeast corner of the province where I farm. The wet conditions provided an ideal environment for disease development, causing producers many challenges over the course of the growing season. As a research committee, we are tasked with investing in high quality research to develop new tools and best management practices to help combat these agronomic issues. Often these issues are not unique to Saskatchewan, and we partner with our sister organizations in Manitoba and Alberta to facilitate collaboration throughout western Canada. We also appreciate our collaborations with our trade association Canola Council of Canada in facilitating some of our research projects, including the federal science cluster research, and their dedicated agronomy team in getting the information out to our producers.

As mentioned, canola disease made the priority list of issues challenging producers in their fields over the 2014 growing season. In particular, sclerotinia is a pathogen that farmers are making yearly assessment on whether or not to apply fungicide. SaskCanola will continue to invest in research that will address this disease through better tolerance pathways, improvements to forecasting, and best management practices that farmers can adopt. Blackleg is another area of focus for our research dollars, again in terms of better understanding the pathotypes and also agronomic management practices that our producers can implement on their farms.

Even though Clubroot is a disease that has not yet become common in our province, SaskCanola continues to be vigilant in our awareness efforts to ensure that producers understand the importance of prevention. Clubroot is a soil borne pathogen which causes the canola plant to develop club-like galls on the roots which restrict the flow of nutrients and water up through the stem. The clubroot spores reproduce exponentially year over year in the presence of canola. Much of the

spread of clubroot is attributed to the infected soil spread by equipment. The research we have invested in suggests that with proper sanitation practices, crop rotation, and the use of resistant varieties growers can work to avoid Clubroot infestation. SaskCanola remains active in the Saskatchewan Clubroot Initiative working group led by the Saskatchewan Ministry of Agriculture as part of our commitment to awareness on this issue.

Though disease is a concern, particularly during wet years, SaskCanola recognizes other important pest concerns with insects and weeds. Swede midge is a new pest to Saskatchewan and a threat to the industry due to its ability to multiply exponentially and limited control options. Herbicide resistant weeds could result in a major yield loss to the canola industry. Models suggest that the number of glyphosate tolerant weed species will increase over the coming years and therefore it has become a priority for our research committee to be involved in solutions for alternative weed management options. Herbicides are a very important tool for canola producers and we need to assist our producers in preserving the use of that tool.

Harvest management and storage are two other areas of focus that SaskCanola is committed to researching improvements for. At CropSphere 2014, SaskCanola hosted an open session to better understand where farmers are in terms of straight cutting canola. It provided a lot of insight for us as an organization in terms of our research investments going forward, but also it was a great forum for producers in attendance to share what has and has not worked on their farms. Producers need to protect their investment once it is in the bin, especially when faced with grain movement issues of last winter. Knowing what the impact moisture levels has on canola in the bin can help producers with storage decisions, even if it is just to remind everyone to be checking throughout the winter in order to prevent spoilage.

I would like to wish our Research Manager Pat Flaten a fond farewell. She has moved onto the Western Grains Research Foundation which covers a myriad of crops and the entire Prairie region. In writing this report, it is my pleasure to introduce Errin Tollefson to manage the research file for SaskCanola. She comes to us with extensive agronomy experience in the retail sector, and a keen interest in canola research and dedicated passion for sustainable and profitable canola production.

A handwritten signature in cursive script that reads "Wayne Truman".

Wayne Truman, Research Chair



In the 2013-2104 year, SaskCanola continued to enhance and expand Market Development and Communications initiatives to support producer profitability while working to increase demand for canola and canola products by informing consumers of the health benefits of the oil and advancing public awareness of the economic benefits of this industry to both

Saskatchewan and Canada. We endeavor to bridge the rural and urban divide by telling the story of canola and engaging with the public in crucial dialogue about modern agriculture.

## Market Development

### Royal Winter Fair

As the largest annual agricultural fair in Canada, the Royal Agricultural Winter Fair (RAWF) in Toronto attracts in excess of 300,000 visitors over a ten day period every November. SaskCanola has had a presence at the RAWF for a number of years to promote awareness of the canola industry and engage with consumers in discussions about the health and nutritional benefits of canola oil. This year, the SaskCanola booth consisted of a 30 foot long display that included agriculture and health information for consumers and education information for teachers and students.

### SK Roughriders

This was the sixth year of our Kickoff to Good Health partnership with the Saskatchewan Roughriders that was established in 2009. Our campaign and partnership has worked to develop and enhance awareness about the health and nutritional benefits of canola oil and the Saskatchewan canola industry. The brand focus continues to be Canola Oil #1 which appears on the turf at Mosaic Stadium and is broadcast across Canada on TSN for all Roughrider-CFL games. Concessions at Mosaic Stadium continue to use canola oil based popcorn topping and thousands of popcorn purchasers continue to receive the Canola/Rider popcorn bags that highlight the benefits of using canola oil.

For a third straight year, SaskCanola partnered with the Roughriders to present the Riderville Luncheon – a hot ticket event – held in conjunction with Grey Cup

festivities in Regina. The event provided SaskCanola with the opportunity to promote canola oil's heart-healthy message along with canola oil being incorporated into many of the luncheon menu items. Board member, Dale Leftwich, addressed the luncheon guests about the features of canola oil, our industry, and partnerships.

This was the fourth year that SaskCanola presented the Rider Pride Hockey Challenge that took the heart-healthy canola message to three rural Saskatchewan producer communities: Estevan, North Battleford, and Humboldt. The popular events consisted of the Roughrider hockey players challenging the local high-school football teams to a game. Each location draws some 250 to 500 people to the pre-game Roughrider autograph session and the Hockey Challenge; the communities also select a young person to be the "Canola 1" hockey player, who has the opportunity to play with the Roughriders team. SaskCanola attends these events to engage with our local producers and to distribute health and nutrition information to all game attendees.

### Gold Medal Plates

This past year, SaskCanola was approached by Gold Medal Plates to consider a partnership. We were hopeful that Gold Medal Plates would expand our influence in areas that were nonexistent before, so SaskCanola attended two Gold Medal Plates, in Winnipeg and Ottawa. Gold Medal Plates are the ultimate celebration of Canadian excellence in cuisine, wine, the arts, and athletic achievement. Gold Medal Plates features the premier chefs in each city in a competition to crown a gold, silver, and bronze culinary team in each city, and subsequently nation-wide at the Canadian Culinary Championships. The goal of Gold Medal Plates is to raise substantial funds for Canada's Olympic athletes. While Gold Medal Plates are stand-out events, SaskCanola determined they weren't the right avenue for canola promotion.

## Communications

SaskCanola's communication goals focus on three distinct groups that are necessary to ensure a vibrant and profitable industry: Saskatchewan's agricultural producers, Canadian consumers, and government institutions. Through various communication channels, SaskCanola endeavors to keep an open dialogue and provide ongoing communications and information to our registered canola producers; along with the development of strategic partnerships and outreach programs to advance industry, producer, and consumer communications.



## Radio

During the past year, we continued to enhance and expand SaskCanola's radio programming to a larger provincial audience. Our monthly canola program, hosted by Alice McFarlane, can be heard the first Friday of each month at noon on the CJVR Melfort station and is subsequently heard on Gold West stations in Kindersley (CFYM), Rosetown (CJYM), Swift Current (CKSW), Moose Jaw (CHAB0, Estevan (CJSL), Weyburn (CFSL), North Battleford (CJNB), and Yorkton (GX94). This program is a key focus of communications with producers by providing current and vital crop production and market information. To complement our monthly program, our weekly canola program, hosted by Neil Billinger, airs every Wednesday on CJWW radio Saskatoon. During the seeding and harvest seasons, radio ads are also produced and aired to provide farmers with pertinent information on better seeding techniques and managing harvest conditions.

## Canola Digest

SaskCanola continues to support and participate in the publishing of Canola Digest on a quarterly basis through a partnership with the growers in Alberta and Manitoba, along with the Canola Council of Canada. The main focus of Canola Digest is to provide valuable information to canola producers. The SK Report section is geared towards producer interests in our province. As well, a special science edition of Canola Digest was developed and distributed last November (2013).

## Website

SaskCanola.com is updated daily with the latest information about SaskCanola's initiatives, the industry, crop production, research, and producer events/meetings – including RealAg Canola School videos, Canola Watch, insect updates, radio programs, recipes, and news releases. Visit our website to sign up to receive our monthly producer update and stay connected to SaskCanola. The website is also host to pre-registration opportunities for our regional producer meetings. Over the next year, the website will be undergoing a revision process to update the look of it and advance our ability to provide our producers with the most pertinent information in text, audio, and video format.

## Events

In 2013, SaskCanola participated in the SK Grains Expo in Yorkton at the end of October and the Agribition Grains Expo in Regina at the end of November. In 2014,

SaskCanola exhibited at the Crop Production Show in Saskatoon – during Crop Production Week – in which we also co-hosted the inaugural CropSphere conference in conjunction with SaskWheat, SaskBarley, Sask Pulse Growers, SaskFlax, and SaskOats. In June of 2014, SaskCanola co-hosted the second Oilseeds Invitational Golf Classic at Dakota Dunes in conjunction with SaskMustard and SaskFlax, raising \$25,000 for SK Agriculture in the Classroom.

## Canola Industry Investment Program

SaskCanola's Canola Industry Investment Program (CIIP) provides sponsorship funding to programs, projects, operations, and innovations linked to our goals: research, canola producer/industry outreach, market development, and education. Some of the organizations that SaskCanola supported this year include Ag in the Classroom, Outstanding Young Farmers, and the Saskatchewan Soil Conservation Association.

## Scholarships

SaskCanola continues to support the growth and future success of the canola industry through scholarships which include graduate fellowships at the University of Saskatchewan, one Nutrition scholarship at the University of Saskatchewan, one Nutrition scholarship at the University of Regina, and two scholarships at SIAST for a Food Services student and a Nutrition student.

We also awarded four SaskCanola Dr. Keith Downey Undergraduate scholarships, each valued at \$2,000, to the immediate family members of registered Saskatchewan canola producers who are enrolled in undergraduate postsecondary agriculture education in a recognized Canadian institution in the 2nd, 3rd, or 4th years of their program. The 2013 scholarship recipients were: Colton Allan from Davidson, Kelsey Richardson from Delisle, Laura Soucy from Arborfield, and Iain MacDonald from Elrose.

Please continue to check our website at [www.saskcanola.com](http://www.saskcanola.com) for the latest news, events, and information to best support your farming business.

A handwritten signature in black ink, appearing to read 'Dale Leftwich'.

Dale Leftwich, Market Development and Communications Chair



# Policy Report



The Policy Committee of SaskCanola is composed of five members of the Board of Directors and external farmer advisors that help to provide a good cross section of issues that impact farmers from across Saskatchewan. Under the policy portfolio, both national and provincial issues are discussed at length to determine how to best represent farmers in a strategic manner

to impact change. On a national level the canola industry is well represented by the Canadian Canola Growers Association (CCGA) and Canola Council of Canada (CCC). As a provincial grower group, we feel Saskatchewan farmers are best represented by supporting the national organizations' outreach to the federal government on national issues.

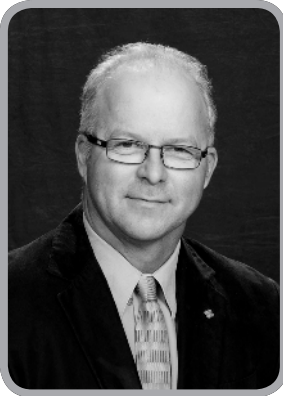
Over the past year there have been significant issues with grain movement to port. Since there is a healthy crushing industry there is still a local market for canola in the province, however the magnitude of the problem plagued the entire industry. CCGA has taken the lead on a number of fronts with the transportation file, however SaskCanola has provided input and support to the ongoing initiatives. We are also in communication with the provincial government on this file and other provincial associations to ensure that Saskatchewan farmers' needs are best served and that there is a common message to the federal government.

Bee health and the impact of neonicotinoid seed treatment use on corn and soybean has generated debate recently. The neonic seed treatment of canola is not in question in this debate, however the loss of access to these safe and affordable seed treatments could be devastating to the canola industry. SaskCanola has participated in awareness efforts to regulators and decision makers in government under the leadership of CCC and continues to communicate the importance of bee health to our industry.

In an effort to continue to base policy decision making on evidence and facts, SaskCanola has invested in a couple of areas at the University of Saskatchewan Department of Bioresource Policy, Business and Economics. One is a project-based investment led by Richard Gray titled Canola crush margins and basis. The objective of this project is to evaluate how well the canola futures and basis are able to hedge risk for prairie farmers. The goal is to provide a better understanding of whether component pricing would provide canola farmers more transparent pricing. The second is an investment in an industry chair position led by Stuart Smyth titled Managing 21st century agricultural transformations. This will be the first industry-led social science chair that will work towards evaluating environmental and economic benefits of biotechnology crops and assess the regulatory system for these crops.

With the policy portfolio, SaskCanola will continue to monitor issues in the agriculture sector which impact Saskatchewan canola farmers and provide feedback to government and industry to ensure a profitable and prosperous canola industry.

Brett Halstead, Policy Chair



I consider it a privilege to continue to represent Saskatchewan canola growers on the Canola Council of Canada where I continue to serve as Chairman. The Commission provides core funding of \$0.23/tonne to Council; this ratio is based on the previous year's production. The full value chain, growers, exporters, crushers and life sciences are represented

at Council's board table where we work together to advance the industry for the benefit of all stakeholders.

Council has a history of setting bold targets and achieving them. The objective of 7 million tonnes by 2007 was achieved early and in the fall of 2013 when growers had a stellar productive year, Statistics Canada came out with production estimates well above Council's goal of 15 million tonnes by 2015. In fact, the previous 3 year average was above 15 million tonnes. Council had been working on the next strategic plan for some time and in November of 2014, it was ratified by the board as clearly, it was time to look ahead. Council then worked toward a launch date of early 2014. The strategic plan set forth to create valued, differentiated demand of 26 million tonnes, stable open trade, and production of 26 million tonnes by 2025. Canola is presently 5 % of the world's vegetable oil demand and with the projected growth of vegetable oil demand, it would still only be 5% of world vegetable oil demand. The three pillars must all be in place for the plan to succeed. Everything Council does is aligned with working toward this strategy. For more details, check out [keepitcoming.ca](http://keepitcoming.ca).

CanoLAB and the Canola Discoveru Forum are examples of how Council works at sharing quality information with growers, agronomists, and researchers. These initiatives are focused on how to reduce production risks and increase production. Check out Council's website at [canolacouncil.org](http://canolacouncil.org) for updates regarding events and other information about Council's activities.

Council works diligently at providing stable open trade markets for products. The U.S., China, Japan, and Mexico continue to be our largest markets. There is also work proceeding in other markets like far-east countries like Taiwan, Vietnam, and Hong Kong, along with preliminary work in India. Council participates in and supports various federal trade missions like the ones held in China and South Korea over the past year.

As we look ahead, Council recognizes that the infrastructure needs of the future will require good investment in order to achieve our goals. We are already witnessing this investment on farms, new elevators, and expanding processing facilities. There is work to be done to ensure that our products get to our customers competitively and on time. Council is working on defining these needs in collaboration with its partners at the Canadian Canola Growers Association, Western Grain Elevators Association, and Canadian Oilseed Processors Association.

Indeed, the opportunities for canola in the future continue to look bright.

A handwritten signature in black ink, appearing to read 'Terry Youzwa'.

Terry Youzwa, CCC Director on behalf of SaskCanola



## Management Report

November 24, 2014

The Commission's management is responsible for establishing and maintaining a system of internal control, complying with authorities, maintaining financial records, and preparing financial statements. The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Commission's Board oversees management in the performance of its financial reporting duties.

Twigg & Company examined the Commission's system of internal control, compliance with authorities, and financial statements. A copy of their opinions on the internal control, compliance with authorities, and the financial statements are enclosed.

David Marsh, Controller



## Variance Report



Levy revenues were higher than budget by \$0.9 M. The budget number is based on a three year rolling average.

Our expenditures were \$470 K lower than budget. Market Development and Communications were the two areas that made up most of this variation. As was the case last year, the largest line item under budget in the Communications budget was Canola Digest. Our partnership agreement requires us to

support the publication should a deficit occur due to low advertising revenues. An advertising deficit in this publication did not occur in 2013-2014 and therefore no funds were required to support this publication.

The projected deficit of \$1.05 M was not realized and instead a surplus of \$578 K was booked.





## **TWIGG & COMPANY** CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

M. LINGARD *B. Comm., MPAcc., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST  
SASKATOON, SK. S7K 0L4

—  
TELEPHONE (306) 244-0808  
FACSIMILE (306) 244-0004  
[www.twiggandcompany.com](http://www.twiggandcompany.com)

### **Independent Auditors' Report**

#### **To the Board of Directors of Saskatchewan Canola Development Commission**

We have audited the accompanying financial statements of the Saskatchewan Canola Development Commission, which comprise the statement of financial position as at July 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.



# Financial Statements July 31, 2014

## **TWIGG & COMPANY** CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

M. LINGARD *B. Comm., MPAcc., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST  
SASKATOON, SK. S7K 0L4

TELEPHONE (306) 244-0808  
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[www.twiggandcompany.com](http://www.twiggandcompany.com)

### **Basis for qualified opinion**

The commission collects a levy from Saskatchewan producers through buyers of canola, the completeness of which is not susceptible of satisfactory audit verification. It was not practical for us to verify whether all buyers of canola produced in Saskatchewan have collected and remitted the required levy to the commission. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the commission. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses and cash flows from operations for year ended July 31, 2014, current assets as at July 31, 2014 and July 31, 2013, and net assets at both the beginning and end of the July 31, 2014 and July 31, 2013 years. The audit opinion on the financial statements for the year ended July 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified opinion**

In our opinion, except for the possible 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 Saskatchewan Canola Development Commission as at July 31, 2014 and the results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

October 29, 2014  
Saskatoon, Saskatchewan

*Twigg & Company*  
Chartered Accountants



## Saskatchewan Canola Development Commission

Statement of Financial Position

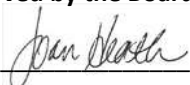
As at July 31, 2014

	July 31, 2014	July 31, 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash	440,598	171,412
Short-term investments (note 5)	2,672,083	2,606,793
Accounts receivable	783,582	365,326
Deposits and prepaid expenses	27,731	3,689
Current portion of loans receivable (note 4)	6,083	206,339
	<u>3,930,077</u>	<u>3,353,559</u>
<b>Loans receivable (note 4)</b>	69,850	75,933
<b>Investments (note 5)</b>	1,911,317	1,546,445
<b>Capital assets (note 6)</b>	<u>44,433</u>	<u>60,476</u>
	<u>5,955,677</u>	<u>5,036,413</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	<u>764,794</u>	<u>423,732</u>
<b>Net Assets</b>		
<b>Invested in capital assets</b>	44,433	60,476
<b>Internally restricted (note 7)</b>	1,700,000	1,700,000
<b>Unrestricted</b>	<u>3,446,450</u>	<u>2,852,205</u>
	<u>5,190,883</u>	<u>4,612,681</u>
	<u>5,955,677</u>	<u>5,036,413</u>

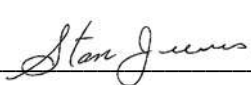
Commitments (note 8)

See accompanying notes to the financial statements

Approved by the Board of Directors



Director



Director



# Financial Statements July 31, 2014

## Saskatchewan Canola Development Commission

Statement of Changes in Net Assets

For the year ended July 31, 2014

				<u>2014</u>	<u>2013</u>
	<b>Invested in capital assets \$</b>	<b>Internally restricted \$</b>	<b>Unrestricted \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Balance – Beginning of year</b>	60,476	1,700,000	2,852,205	4,612,681	4,984,355
Excess (deficiency) of revenue over expenses for the year (see note below)	(23,550)	-	601,752	578,202	(371,674)
Purchase of equipment	7,507	-	(7,507)	-	-
<b>Balance – End of year</b>	<u>44,433</u>	<u>1,700,000</u>	<u>3,446,450</u>	<u>5,190,883</u>	<u>4,612,681</u>

**Note: Consists of:**

Depreciation 23,550

*See accompanying notes to the financial statements*



## Saskatchewan Canola Development Commission

Statement of Operations

For the year ended July 31, 2014

	<b>Budget 2014</b>	<b>Actual 2014</b>	<b>Actual 2013</b>
	\$	\$	\$
	(note 9)		
<b>Revenue</b>			
Producer levy (note 10)			
Levy	4,828,000	5,745,886	4,526,124
Refunds	(289,680)	(303,926)	(204,015)
Net	4,538,320	5,441,960	4,322,109
Interest income	101,500	83,619	89,791
Loss on investments	-	-	(4,917)
Project contributions	30,000	340,758	160,563
Other income	52,500	11,223	15,766
	<u>4,722,320</u>	<u>5,877,560</u>	<u>4,583,312</u>
<b>Expenses</b>			
Research and development (note 11)	1,967,770	1,963,952	1,568,198
Canola Council of Canada core funding (note 12)	1,391,751	1,320,095	1,602,149
Market development	449,664	323,349	226,647
Communications	775,000	574,000	485,833
Policy	70,000	51,595	23,467
Governance	212,700	220,916	212,665
Salaries and benefits	591,640	521,897	549,996
General and administration	290,860	300,004	264,103
Depreciation	20,000	23,550	21,928
	<u>5,769,385</u>	<u>5,299,358</u>	<u>4,954,986</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<u>(1,047,065)</u>	<u>578,202</u>	<u>(371,674)</u>

See accompanying notes to the financial statements



# Financial Statements July 31, 2014

## Saskatchewan Canola Development Commission

### Statement of Cash Flows

For the year ended July 31, 2014

	2014	2013
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Receipts from producers	5,364,714	4,719,735
Receipts of interest and other income	395,840	239,317
Payments of research and development projects, and scholarships	(1,569,663)	(1,583,305)
Payments to board of directors	(209,305)	(195,971)
Payments to producers	(220,374)	(318,605)
Payments to suppliers and employees	(3,057,728)	(3,179,844)
	<u>703,484</u>	<u>(318,673)</u>
<b>Investing activities</b>		
Purchase of capital assets	(7,507)	(25,454)
Proceeds from disposal of capital assets	-	400
Purchase of investments	(2,500,000)	(2,393,569)
Proceeds from disposals of investments	2,073,209	2,674,180
	<u>(434,298)</u>	<u>255,557</u>
<b>Increase (decrease) in cash</b>	269,186	(63,116)
<b>Cash – Beginning of year</b>	<u>171,412</u>	<u>234,528</u>
<b>Cash – End of year</b>	<u>440,598</u>	<u>171,412</u>

See accompanying notes to the financial statements



## Saskatchewan Canola Development Commission

Notes to Financial Statements

July 31, 2014

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### 1 Authority

The Saskatchewan Canola Development Commission ("SaskCanola") is a non-profit organization which was established on February 6, 1991, pursuant to The Saskatchewan Canola Development Plan Regulations ("Regulations"), under the authority of The Agri-Food Act, 2004. The mission of SaskCanola is to enhance canola producers' competitiveness and profitability through research, market development and communication programs. The activities of SaskCanola are funded primarily by a levy on Saskatchewan-produced canola, which is collected by buyers at the time of sale.

### 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

##### Levy and refunds

Producer levy is recognized when canola is sold. Refunds are recognized based on management's best estimate of expected refunds.

##### Restricted contributions

The deferred method of accounting is used for any externally restricted contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred contributions. 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.

##### Project contributions

Project contributions are reimbursements of eligible costs incurred by SaskCanola for a research project. Project contributions are recognized as revenue when they are authorized and any eligibility criteria are met.

#### b) Basis of accounting for co-sponsored program interests

SaskCanola uses the equity method of accounting for its interest in the Canola Digest co-sponsored program, where SaskCanola is obligated to fund its share of a deficit in any one year or where SaskCanola has a right to a credit for its share of net earnings of the program in any one year.



## Saskatchewan Canola Development Commission

Notes to Financial Statements

**July 31, 2014**

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c) Capital assets

Capital assets are carried at cost less accumulated amortization. Amortization is calculated on the straight-line basis in amounts sufficient to amortize the cost of capital assets over their estimated useful lives as follows:

Equipment and furniture	3 – 5 years
-------------------------	-------------

d) Grants, and research and development projects

Expenses are recognized when grants and/or projects are approved and the recipient has met eligibility criteria. Funds advanced to recipients prior to meeting eligibility criteria are recorded as advances.

e) Financial instruments

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

(f) 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.

(g) 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.





## Saskatchewan Canola Development Commission

Notes to Financial Statements

July 31, 2014

### 3 Financial instruments

SaskCanola is exposed to various risks through its financial instruments.

#### Credit Risk

SaskCanola 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. SaskCanola is not exposed to significant interest rate risk on its investments.

### 4 Loans receivable

#### Elevance loan receivable

SaskCanola entered into a research agreement with Elevance Renewable Sciences, Inc. ("Elevance") in 2009. Total funding of \$239,420 was provided to Elevance with the final payment of \$39,420 on June 23, 2011. Per the agreement, 50% of that funding is to be considered a loan. The \$119,710 loan portion of the \$239,420 funding advance is provided on an interest free basis. Repayment of the loan portion began June 2011 at \$7,981 per year over 15 years. The loan is measured at amortized cost consistent with CICA 3856 Financial Instruments using effective interest rate of 2.5%. The activity in the Elevance loan receivable in the current year is as follows:

	July 31, 2014	July 31, 2013
Balance, beginning of year	81,867	87,653
Payments during year	(7,981)	(7,981)
Effective interest	2,047	2,195
	75,933	81,867
Less: current portion	6,083	(5,934)
<b>Balance, end of year</b>	<b>69,850</b>	<b>75,933</b>

The estimated principal loan repayments due within each of the next five years are as follows:

2015	6,083
2016	6,235
2017	6,391
2018	6,550
2019	6,713
Thereafter	43,961
	<u>75,933</u>



# Financial Statements July 31, 2014

## Saskatchewan Canola Development Commission

Notes to Financial Statements

**July 31, 2014**

### 5 Investments

	July 31, 2014	July 31, 2013
<b><i>Short-Term Investments</i></b>		
Guaranteed investment certificate bearing interest at 1.75%, maturing September 5, 2014	\$400,000	\$ -
Guaranteed investment certificate bearing interest at 2.07%, maturing September 8, 2014	475,000	-
Guaranteed investment certificate bearing interest at 1.70%, maturing October 9, 2014	400,000	-
Guaranteed investment certificate bearing interest at 1.70%, maturing May 25, 2015	250,000	-
Guaranteed investment certificate bearing interest at 1.60%, maturing January 30, 2014	300,000	-
Guaranteed investment certificate bearing interest at 1.49%, maturing July 17, 2015	300,000	-
Guaranteed investment certificate bearing interest at 2.55%, maturing March 24, 2014	-	360,000
Guaranteed investment certificate bearing interest at 2.10%, maturing April 4, 2014	-	500,000
Guaranteed investment certificate bearing interest at 1.65%, maturing May 23, 2014	-	250,000
Guaranteed investment certificate bearing interest at 2.00%, maturing July 14, 2014	-	500,000
Daily interest savings	504,031	967,241
Accrued interest	43,052	29,552
<b>Total short-term investments</b>	<b>\$ 2,672,083</b>	<b>\$2,606,793</b>



## Saskatchewan Canola Development Commission

Notes to Financial Statements

July 31, 2014

### 5. Investments (continued)

	July 31, 2014	July 31, 2013
Guaranteed investment certificate bearing interest at 1.74%, maturing December 20, 2015	400,000	-
Guaranteed investment certificate bearing interest at 1.55%, maturing February 1, 2016	300,000	-
Guaranteed investment certificate bearing interest at 1.85%, maturing April 10, 2016	500,000	-
Guaranteed investment certificate bearing interest at 1.85%, maturing May 8, 2016	400,000	-
Guaranteed investment certificate bearing interest at 1.77%, maturing July 18, 2016	300,000	-
Guaranteed investment certificate bearing interest at 1.75%, maturing September 5, 2014	-	400,000
Guaranteed investment certificate bearing interest at 2.07%, maturing September 8, 2014	-	475,000
Guaranteed investment certificate bearing interest at 1.70%, maturing October 9, 2014	-	400,000
Guaranteed investment certificate bearing interest at 1.70%, maturing May 25, 2014	-	250,000
Accrued interest	11,317	21,445
<b>Total long-term investments</b>	<b>\$ 1,911,317</b>	<b>\$ 1,546,445</b>

### 6 Capital assets

	July 31, 2014		July 31, 2013	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Equipment and furniture	139,118	94,685	44,433	60,476



# Financial Statements July 31, 2014

## Saskatchewan Canola Development Commission

Notes to Financial Statements

July 31, 2014

### 7 Internally restricted net assets

SaskCanola has internally restricted net assets to maintain operations and meet commitments in the event of crop failure, and to pay any amounts due in the event of disestablishment of SaskCanola. Approval by the Board of Directors is required before any funds can be accessed.

	July 31, 2014	July 31, 2013
Revenue stabilization reserve	\$	\$
Balance – beginning and end of year	1,000,000	1,000,000
Balance- end of year	1,000,000	1,000,000
Organizational closure reserve		
Balance – beginning and end of year	700,000	700,000
Internally restricted net assets	1,700,000	1,700,000

### 8 Commitments

SaskCanola is committed to funding research and development projects over several years to benefit the canola industry. At July 31, 2014, these commitments totalled \$3,506,418 extending over the next four years (2013 – \$2,246,822). Other commitments include \$43,115 towards communication expenses, and \$58,716 towards administration expenses.

### 9 Budget

The SaskCanola board of directors approved the 2014 fiscal year budget on June 18, 2013.

### 10 Producer levy

Under the Regulations, each buyer of canola is required to remit to SaskCanola a levy deducted from any payments made to producers. Pursuant to board order #22/09, effective March 9, 2010, the levy was set at \$0.75 per tonne. Producers can request a refund for any levy paid from August 1 to July 31 by submitting a refund application by August 31.



## Saskatchewan Canola Development Commission

Notes to Financial Statements

July 31, 2014

### 11 Research and development projects

	<b>2014</b>		<b>2013</b>
	<i>Budget</i>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
New projects	400,000		
Agronomic research		203,577	230,086
Germplasm development		48,780	-
Usage research		-	-
Continuing projects			
Agronomic research	666,906	787,837	544,469
Germplasm development	632,632	636,704	393,517
Usage research	158,232	237,564	351,891
Other research	110,000	49,490	48,235
	<u>1,967,770</u>	<u>1,963,952</u>	<u>1,568,198</u>

### 12 Canola Council of Canada core funding

SaskCanola participates in a voluntary industry levy program with the Canola Council of Canada ("CCC"). This levy provides CCC with its core funding and allows them to develop programs that benefit the canola industry. Under this program, SaskCanola pays CCC \$0.23 (2013 - \$0.23) per tonne of net levy collected in the prior year. SaskCanola's current year payment is based on 5,739,543 tonnes (2013 - 6,965,869).

### 13 Related parties

Included in these financial statements are transactions with various Saskatchewan agencies, boards and commissions related to SaskCanola by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Routine operating transactions with related parties are settled on normal trade terms.

The following table summarizes the significant related party transactions for the year:

	<b>2014</b>	<b>2013</b>
	\$	\$
Expenses		
Research and development projects	344,136	192,540
Market development	10,000	20,000
General and administration	-	1,000
Scholarships (Communications)	110,000	78,000
Revenue		
Project contributions	200,000	-



## Saskatchewan Canola Development Commission

Notes to Financial Statements

July 31, 2014

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### 14 Co-sponsored program

SaskCanola has equal representation with the Alberta Canola Producers Commission, the Manitoba Canola Growers Association and the Canola Council of Canada to publish a magazine entitled Canola Digest. Revenues and expenses are distributed based on each organization's proportionate qualified grower circulation. SaskCanola's qualified grower circulation is on average for the year 48.3% (2013 53.1%). Upon establishment of the Canola Digest program, the co-sponsors did not contribute any funding or other assets to the program. The current agreement between the co-sponsors expires June 30, 2015.

SaskCanola's interest in the program assets, liabilities, net assets, revenues, expenses, net income, and cash flows are shown below. Net income (loss) is not recorded as a part of communications for 2013 as was the case in 2012. All parties agreed to leave the surplus and carry it forward for the 2013/14 operating year.

	2014	2013
	\$	\$
Current assets	-	-
Current liabilities	-	-
Net assets	-	-
Revenues	248,741	268,056
Expenses	227,665	264,164
Net income (loss)	21,076	3,892

### 15 Comparative figures

Certain prior year's comparative figures have been reclassified to conform to the current year's presentation.



## **TWIGG & COMPANY** CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

M. LINGARD *B. Comm., MPAcc., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST  
SASKATOON, SK. S7K 0L4

—  
TELEPHONE (306) 244-0808  
FACSIMILE (306) 244-0004  
[www.twiggandcompany.com](http://www.twiggandcompany.com)

### AUDITORS' REPORT

#### **To the Board of Directors of Saskatchewan Canola Development Commission:**

We have audited Saskatchewan Canola Development Commission's compliance as at July 31, 2014 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, 2014.

- The Agri-Food Act, 2004
- The Saskatchewan Canola Development Plan Regulations
- Commission Orders No. 17/09 to 23/10

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether Saskatchewan Canola Development Commission 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, 2014, Saskatchewan Canola Development Commission 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  
October 29, 2014

*Twigg & Company*  
Chartered Accountants



# Financial Statements July 31, 2014

## **TWIGG & COMPANY** CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

M. LINGARD *B. Comm., MPAcc., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST  
SASKATOON, SK. S7K 0L4

—  
TELEPHONE (306) 244-0808  
FACSIMILE (306) 244-0004  
[www.twiggandcompany.com](http://www.twiggandcompany.com)

### INDEPENDENT AUDITORS' REPORT

#### **To the Board of Directors of Saskatchewan Canola Development Commission:**

We have audited SaskCanola's control as of July 31, 2014 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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## **TWIGG & COMPANY** CHARTERED ACCOUNTANTS

J.S. TWIGG *B.Comm., C.A.*

L.D. SAFINUK *B. Comm., C.A.*

M. LINGARD *B. Comm., MPAcc., C.A.*

650 REGENCY CENTER  
333 - 25th STREET EAST  
SASKATOON, SK. S7K 0L4

—  
TELEPHONE (306) 244-0808  
FACSIMILE (306) 244-0004  
[www.twiggandcompany.com](http://www.twiggandcompany.com)

### **To the Board of Directors of Saskatchewan Canola Development Commission:**

(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 SaskCanola’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 effectiveness of SaskCanola’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, SaskCanola’s control was effective, in all material respects, to meet the objectives stated above as of July 31, 2014 based on the CICA criteria of control framework.

We have also audited, in accordance with Canadian generally accepted auditing standards, the financial statements of SaskCanola, which comprise the statement of financial position as at July 31, 2014, and the statements of operations, change in net assets, cash flows, and a summary of significant accounting policies and other explanatory information. We have issued our report dated October 29, 2014, which is the same date as the date of the report on the effectiveness of internal controls.

Saskatoon, Saskatchewan  
October 29, 2014

*Twigg & Company*  
Chartered Accountants



# Board of Directors as of July 31, 2014

## Board of Directors

Franck Groeneweg (Chair)  
Box 50, Edgeley, SK S0G 1L0  
Phone: 306-699-2262

Dale Leftwich (Vice-Chair)  
Box 1257 Esterhazy, SK S0A 0X0  
Phone: 306-745-3888

Stan Jeeves (Treasurer)  
Box 244 Wolseley, SK S0G 5H0  
Phone: 306-698-2777

Joan Heath (Director)  
Box 370 Radisson, SK S0K 3L0  
Phone: 306-827-2289

Brett Halstead (Director)  
Box 461, Nokomis, SK S0G 3R0  
Phone: 306-528-2064

Terry Youzwa (Director)  
Box 668, Nipawin, SK S0E 1E0  
Phone: 306-862-5070

Wayne Truman (Director)  
Box 757, Redvers, SK S0C 2H0  
Phone: 306-452-3887

Doyle Wiebe (Director)  
Box 680, Langham, SK S0K 2L0  
Phone: 306-283-4340



Back row (L to R): Doyle Wiebe, Franck Groeneweg, Brett Halstead, Dale Leftwich  
Front row (L to R): Wayne Truman, Joan Heath, Stan Jeeves, Terry Youzwa



## Board Committees

### Audit Committee

Stan Jeeves (Chair), Dale Leftwich,  
Brett Halstead, Doyle Wiebe, Dave Marsh (Staff)

### Governance Committee

Joan Heath (Chair), Wayne Truman, Stan Jeeves

### Market Development / Communications Committee

Dale Leftwich (Chair), Joan Heath, Brett Halstead,  
Doyle Wiebe, Ellen Grueter (Staff)

### Research and Technical Committee

Wayne Truman (Chair), Franck Groeneweg,  
Stan Jeeves, Terry Youzwa, Pat Flaten (Staff)

### Policy Committee

Brett Halstead (Chair), Franck Groeneweg,  
Dale Leftwich, Doyle Wiebe, Terry Youzwa,  
Ed Schafer, Jay Dixon, Jeff Watson,  
Matt Wallington, Brent Dunnigan,  
Charlene Bradley, Tracy Jones (Staff)

## Staff

### Executive Director

Catherine Folkersen

### Market Development and Communications Manager

Ellen Grueter

### Research Manager

Pat Flaten

### Policy Manager

Tracy Jones

### Chief Financial Officer

Dave Marsh

### Office Administrator

Darlene Williams

### Research Administrator

Michelle Voykin



212 – 111 Research Drive, Saskatoon, SK S7N 3R2

P: (306) 975-0262 W: [www.saskcanola.com](http://www.saskcanola.com) E: [info@saskcanola.com](mailto:info@saskcanola.com)