

# SASKATCHEWAN ALFALFA SEED PRODUCERS DEVELOPMENT COMMISSION

## 2008 ANNUAL REPORT

The Saskatchewan Alfalfa Seed Producers Development Commission (SASPDC) was established on July 24, 1997 and is currently in its twelfth year of operation. The 11th SASPDC annual business meeting was held in Saskatoon on January 10, 2008.

### **The current SASPDC board is comprised of the following directors:**

Harry Nikonetz, Chairman	Hudson Bay, SK
Sheldon Wolf, Vice Chairman	Carrot River, SK
Andrew Lindsay-Hawkins	Saskatoon, SK
Dan Marchildon	Zenon Park, SK
Craig Newton	Atwater, SK
Miles Wendell	Yorkton, SK
Wayne Goerzen, Executive Director	Saskatoon, SK

### **Establishment of the Commission**

The process leading to the establishment of the Commission was initiated by the Saskatchewan Alfalfa Seed Producers Association (SASPA). The intent of the alfalfa seed producers was to establish a commission whereby producer funding could be utilized in areas of research and development in order to benefit the alfalfa seed industry in Saskatchewan. A lengthy period of consultation with alfalfa seed producers in the province was undertaken with the advice and assistance of the Agri-Food Council. Following this consultation period, a producer vote was held in January, 1996 at a well-publicized general meeting of alfalfa seed producers in Saskatoon, with representation from the Agri-Food Council in attendance. At the meeting, the implementation of an alfalfa seed levy was strongly supported by alfalfa seed producers. The Commission was established on July 24, 1997 and collection of the levy commenced on August 01, 1997. Initially, the levy was set at \$0.0075 (3/4 of one cent) per pound of alfalfa seed. The levy is mandatory in nature and completely refundable to producers twice each year.

### **Purpose of the Commission**

The general purpose and intent of the Commission is to provide for the orderly and effective development of the alfalfa seed industry in Saskatchewan. Specific purposes of the Commission are:

1. To promote and develop the alfalfa seed and alfalfa leafcutter bee industries in Saskatchewan;
2. To develop procedures to maximize returns to producers;

3. To encourage the production of a uniform high-quality product;
4. To gather, compile, and distribute information related to the production of alfalfa seed and the management of alfalfa leafcutter bees;
5. To conduct and encourage research on the production of alfalfa seed and the management of alfalfa leafcutter bees;
6. To promote and improve understanding among individuals and organizations within the alfalfa seed and alfalfa leafcutter bee industries;
7. To establish a system of levies on alfalfa seed crops for carrying out the purposes of the Commission; and
8. To represent and lobby on behalf of registered producers in matters relating to the development of the alfalfa seed and alfalfa leafcutter bee industries.

### **Mandate of the Commission**

The Saskatchewan Alfalfa Seed Producers Development Commission (SASPDC) was established to assist in the development of the alfalfa seed and alfalfa leafcutter bee industry in Saskatchewan. As the level of government funding available for research and development decreases, the SASPDC allows alfalfa seed producers to take on a role in the funding of research and development. Through the SASPDC, producers have major input in the utilization of levy funds collected; collection of the levy also makes it possible for the alfalfa seed and alfalfa leafcutter bee industries to match funds with government under new funding initiatives in order to support research and development projects in which the alfalfa seed producers are directly involved.

### **Research Priorities of the Commission**

Consultation to determine the research priorities of Saskatchewan alfalfa seed producers is ongoing. Research projects currently underway include the following initiatives:

#### **1. Alfalfa seed disease control research project**

The Saskatchewan Alfalfa Seed Producers Development Commission (SASPDC) alfalfa seed disease control research project was initiated in 2001 with producer-cooperators establishing fungicide treatment plots in alfalfa seed fields. This disease control research project was expanded in 2002 to include the collection of weather data. The initial objective of this disease control research project was to develop fungicide application recommendations and to utilize weather data in order to predict disease potential / disease severity. Saskatchewan alfalfa seed producers would then be able to utilize this information in making fungicide application decisions.

Portable weather stations have subsequently been deployed by the SASPDC during 2002 - 2008 in order to collect meteorological data at locations in alfalfa seed production areas throughout Saskatchewan. Producer-cooperators have established fungicide trials on alfalfa seed fields in close proximity to these portable weather stations; disease intensity and alfalfa seed yield data collected from these field trials has been utilized to assist in the development of a disease forecasting system and to develop alfalfa seed disease risk reports for circulation to alfalfa seed producers within the province. Work is currently underway to expand collection and analysis of meteorological data in order to develop a comprehensive Saskatchewan alfalfa seed industry weather network.

## **2. Alfalfa leafcutter bee parasite and disease control research**

The alfalfa leafcutter bee is an important pollinator of alfalfa for seed production and has been used by Saskatchewan alfalfa seed producers as a dependable pollinator for over thirty years. Factors which may limit alfalfa leafcutter bee production in Saskatchewan include occurrence of chalcid parasites, fungal pathogens, and stored product pest infestations. Since these factors have the potential to damage Saskatchewan alfalfa leafcutter bee populations, the objective of this ongoing research project is to evaluate parasite and disease levels in Saskatchewan alfalfa leafcutter bee populations through extensive monitoring of the quality of these bee populations, and to develop management strategies which will assist alfalfa seed producers in maintaining high quality bee populations. This serves to enhance alfalfa seed production in Saskatchewan and also increases the value of Saskatchewan alfalfa leafcutter bees in export markets.

## **3. Initiatives in support of the registration of pest control products**

In order to facilitate the registration of pest control products required by the alfalfa seed industry, the Saskatchewan Alfalfa Seed Producers Development Commission (SASPDC) is a member of the Prairie Pesticide Minor Use Consortium (PPMUC). This consortium of western Canadian producer organizations works to obtain user-requested minor use label expansions (URMULE) for pest control products currently registered in Canada on other crops, user-requested minor use registrations (URMUR) for pest control products registered in the USA or OECD countries but not in Canada, and emergency pest control product registrations. Membership in the PPMUC has allowed the SASPDC to obtain minor use registrations for fungicides, herbicides, and insecticides which are important management tools for use in alfalfa seed production.

## **4. Promotion of alfalfa as a forage crop in North America**

The Saskatchewan Alfalfa Seed Producers Development Commission (SASPDC) with co-funding from Canadian Adaptation and Rural Development Saskatchewan (CARDS), has worked to develop a publication for promotion of alfalfa as a forage crop throughout North America. This promotional publication outlines the dependability of alfalfa as a forage crop and also highlights the nutritional, economic, and conservation advantages associated with growing and utilizing alfalfa as a forage crop in dairy and beef operations. By targeting groups including dairy and beef producers throughout Canada and the mid-western United States, many of whom are currently growing corn or other crops for silage feed, sales of Canadian alfalfa seed into new Canadian and U.S. markets will serve to increase the value of Canadian alfalfa seed and stabilize alfalfa seed prices over a long-term period.

## **5. Understanding changes in the alfalfa seed and forage market**

In order to better understand the role of alfalfa seed in North American forage markets, the Saskatchewan Alfalfa Seed Producers Development Commission (SASPDC) contracted agricultural economists in the University of Saskatchewan Department of Agricultural Economics to undertake a market research initiative entitled "Understanding changes in the alfalfa seed and forage market". This market research study is of importance to western Canadian alfalfa seed producers in that it seeks to provide understanding of factors involved in changing alfalfa seed market conditions. The key information provided in the final report of this market research initiative will assist alfalfa seed producers in the development of strategic planning to ensure the future of the western Canadian alfalfa seed industry. The project is co-funded by the SASPDC, the Alberta Irrigated Alfalfa Seed Producers Association (IASPA) and the Manitoba Forage Seed Association (MFSA).

### **Overview of the Saskatchewan Alfalfa Seed Industry**

Alfalfa seed production in the Saskatchewan has expanded in the past decade to the current level of over 100,000 acres, representing about 70% of the alfalfa seed acreage in Canada and making Saskatchewan the largest alfalfa seed production area in the world. The estimated value of Saskatchewan alfalfa seed production, based on an average yield of 250 lbs./acre and a long-term average price of \$1.00/lb. is about \$25 million annually. The alfalfa leafcutter bee is an important pollinator of alfalfa for seed production and has been used by Saskatchewan alfalfa seed producers as a dependable pollinator for over thirty years. Alfalfa leafcutter bee populations, estimated at 20,000 per acre, have grown to a total of over 2.0 billion. Under ideal conditions, this population doubles each year and the excess production is marketed primarily to alfalfa seed growers in the northwestern United States (at a value of about \$10 - \$15 million annually).

### **SASPDC Payee List - 2007 / 2008**

A list of payees, including individuals and organizations receiving payments from the Saskatchewan Alfalfa Seed Producers Development Commission during the 2007 / 2008 fiscal year, is attached as an appendix to this report. This list includes payees over the \$1,500.00 threshold, as established by the SASPDC board of directors, and is prepared according to Agri-Food Council guidelines. A copy of the SASPDC payee list is available to any Saskatchewan alfalfa seed producer upon request.

### **SASPDC Proposed Budget - 2008 / 2009**

A copy of the 2008 / 2009 budget of the Saskatchewan Alfalfa Seed Producers Development Commission, approved by the SASPDC board of directors at the August 21, 2008 directors meeting held in Watson, is attached as an appendix to this report. The SASPDC 2008 / 2009 budget will be presented to the membership at the 12th SASPDC annual meeting to be held on January 15, 2009 in Saskatoon.

### **SASPDC Financial Statements for the 2007 / 2008 fiscal year**

The Saskatchewan Alfalfa Seed Producers Development Commission audited financial statements for the fiscal year August 01, 2007 through July 31, 2008 are included with this report. These financial statements, prepared according to Agri-Food Council guidelines, include an audit report on the financial statements, an audit report on internal rules and procedures to control assets, and an audit report on compliance with authorities.

# SASKATCHEWAN ALFALFA SEED PRODUCERS DEVELOPMENT COMMISSION

SASPDC payee list for period  
August 01, 2007 - July 31, 2008

CATEGORY	AMOUNT
 <b>Personal Services</b>	
J. Ewert - SASPDC directors expenses	116.00
A. Lindsay-Hawkins - SASPDC directors expenses	7.00
D. Marchildon - SASPDC directors expenses	263.80
C. Newton - SASPDC directors expenses	1,172.60
H. Nikonetz - SASPDC directors expenses	287.00
M. Wendell - SASPDC directors expenses	728.48
S. Wolf - SASPDC directors expenses	342.00
 J. Altwasser, SASPDC levy collector - levy collection fees / expenses	 3,300.00
M. Culham, Chartered Accountant - SASPDC audit / financial statements	2,331.00
 <b>Research and Development</b>	
Head & Associates Ltd. - SASPDC alfalfa seed disease research initiatives	21,141.93
Prairie Pesticide Minor Use Consortium - pesticide registration development	5,250.00
Sask. Alfalfa Seed Producers Association - alfalfa leafcutter bee research initiatives	27,500.00
 <b>Supplier Payments</b>	
Canadian Wheat Board - portable weather station unit with accessories	2,783.20
Innovation Place Research Park - SASPDC office space and storage space rental	9,765.80

**Note:** This list includes payees over the \$1,500.00 threshold, as established by the SASPDC board of directors, and is prepared according to Agri-Food Council guidelines. A copy of the SASPDC payee list is available to any Saskatchewan alfalfa seed producer upon request.

**SASKATCHEWAN ALFALFA SEED PRODUCERS  
DEVELOPMENT COMMISSION**

SASPDC BOARD APPROVED BUDGET 2008 - 2009  
August 01, 2008 - July 31, 2009  
(approved by the SASPDC board of directors @ August 21, 2008)

**INCOME**

Net levy income @ July 31, 2008	90,529.72
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Total	90,529.72

**EXPENDITURES**

SASPDC on-farm research project initiatives	30,000.00
Alfalfa seed production / alfalfa leafcutter bee industry initiatives	25,000.00
SASPDC executive director / research director	30,000.00
Other SASPDC research / development expenditures	7,500.00
SASPDC office / administrative expenditures	10,000.00
SASPDC technology transfer / fall research letter	5,000.00
Prairie Pesticide Minor Use Consortium (PPMUC)	5,500.00
SASPDC directors expenses	6,000.00
SASPDC annual audit	2,500.00
SASPDC levy collection expenses	3,500.00
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Total	125,000.00

**SASKATCHEWAN ALFALFA SEED PRODUCERS DEVELOPMENT COMMISSION**

**Financial Statements  
For the year ended  
July 31, 2008**

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# Merv Culham, Chartered Accountant

## AUDITOR'S REPORT

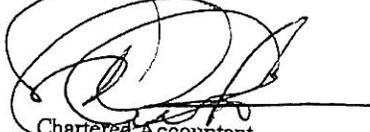
To the Members of  
**Saskatchewan Alfalfa Seed Producers Development Commission**

I have audited the balance sheet of Saskatchewan Alfalfa Seed Producers Development Commission as at July 31, 2008 and the statements of revenue, cumulative surplus and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Merv Culham



Chartered Accountant  
Regina, Saskatchewan  
October 29, 2008

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Saskatchewan Alfalfa Seed Producers Development Commission

**BALANCE SHEET**

As at July 31, 2008

	ASSETS			Total 2008	Total 2007
	Operating		Reserve Levy Set-aside		
	General	Levy			
<b>CURRENT</b>					
Cash	12,330	46,708	0	59,038	33,195
Term deposits	125,000	0	127,701	252,701	251,174
	137,330	46,708	127,701	311,739	284,369
<b>CAPITAL (Note 2)</b>	0	0	0	0	757
	137,330	46,708	127,701	311,739	285,126

	SURPLUS				
<b>SURPLUS</b>					
Appropriated (Note 3)	0	0	127,701	127,701	126,174
Unappropriated	137,330	46,708	0	184,038	158,952
	137,330	46,708	127,701	311,739	285,126

Approved on behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements.

Saskatchewan Alfalfa Seed Producers Development Commission  
**STATEMENT OF REVENUE AND CUMULATIVE SURPLUS**  
 For the year ended July 31, 2008

REVENUE	2008	2007
Levy funds collected	104,527	201,033
Less levy refund requests	(13,997)	(15,651)
Other income	90,530	185,382
Interest income	16,247	0
	6,000	4,333
	<u>112,777</u>	<u>189,715</u>
<b>EXPENDITURE</b>		
<b>Research</b>		
Applied climatology alfalfa seed disease project	0	10,212
Canadian Alfalfa insight committee initiative	0	19,100
Canadian Leafcutter bee committee initiative	0	14,900
SASPDC executive director	17,500	17,500
SASPDC research director	10,000	10,000
Other research/development expenditures	816	5,018
Prairie pesticide minor use consortium	5,250	5,300
SASPDC on-farm research projects	28,200	28,687
SASPDC technology transfer	3,382	2,937
Amortization	757	1,662
<b>Administrative</b>		
Directors expenses	4,958	4,387
SASPDC audit fee	2,331	2,373
Office and administrative	9,382	9,401
<b>Levy collection</b>		
Levy collector salary	2,400	2,400
Levy collection administrative expenses	1,136	1,093
Bank charges	52	57
	<u>86,164</u>	<u>135,027</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>26,613</b>	<b>54,688</b>
UNAPPROPRIATED SURPLUS BEGINNING OF YEAR	158,952	166,921
Transfer from (to) appropriated surplus	(1,527)	(62,657)
<b>UNAPPROPRIATED SURPLUS END OF YEAR</b>	<b>184,038</b>	<b>158,952</b>

See accompanying notes to the financial statements.

Saskatchewan Alfalfa Seed Producers Development Commission  
**STATEMENT OF CASH FLOWS**  
For the year ended July 31, 2008

	2008	2007
<b>CASH PROVIDED BY (USED BY) THE FOLLOWING ACTIVITIES</b>		
<b>OPERATIONS</b>		
Surplus (deficit) for the year	26,613	54,688
Items charged to earnings which do not affect cash		
Amortization	757	1,662
	27,370	56,350
Net change in non-cash working capital balances		
Accounts payable	0	0
	27,370	56,350
<b>INVESTMENT</b>		
Acquisition of capital assets	0	0
<b>Increase (decrease) in cash during the year</b>	<b>27,370</b>	<b>56,350</b>
<b>CASH BEGINNING OF THE YEAR</b>	<b>284,369</b>	<b>228,019</b>
<b>CASH END OF THE YEAR</b>	<b>311,739</b>	<b>284,369</b>
During the year, the organization had cash flows arising from interest and income taxes paid as follows:		
Bank charges paid	52	57
Income taxes paid	0	0

See accompanying notes to the financial statements.

Saskatchewan Alfalfa Seed Producers Development Commission

NOTES

For the year ended July 31, 2008

**1. Accounting policies**

Saskatchewan Alfalfa Seed Producers Development Commission operates to promote and enhance alfalfa seed production in Saskatchewan for maximum return to producers through research, leadership and communication in the industry.

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.

Amortization of capital assets is provided using the straight-line method over the estimated useful lives of the capital assets.

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.

**2. Capital assets**

	2008		2007		Rate
	Cost	Accum. amort'n	Net book value	Net book value	
Office equipment	8,310	8,310	0	757	5 years
Field equipment	33,063	33,063	0	0	3 years
	41,373	41,373	0	757	

**3. Appropriated surplus**

Surplus is appropriated as determined by the Board of Directors.

**4. Incorporation statute**

Saskatchewan Alfalfa Seed Producers 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 reported income of such operations.

Saskatchewan Alfalfa Seed Producers Development Commission  
SUPPLEMENTARY INFORMATION  
For the year ended July 31, 2008

	Budget 2008	Actual 2008	Actual 2007
<b>REVENUE</b>			
Net levy income	125,000	90,530	185,382
<b>EXPENDITURE</b>			
Alfalfa seed and forage market initiative	0	0	10,212
Canadian Alfalfa insight committee initiative	19,000	0	19,100
Canadian Leafcutter bee committee initiative	12,500	0	14,900
SASPDC executive director	17,500	17,500	17,500
SASPDC research director	10,000	10,000	10,000
Other research/development expenditures	5,000	816	5,018
Prairie pesticide minor use consortium	5,000	5,250	5,300
SASPDC on-farm research projects	30,000	28,200	28,687
SASPDC technology transfer	5,000	3,382	2,937
Directors expenses	5,000	4,958	4,387
SASPDC annual audit	2,500	2,331	2,373
Office and administrative	10,000	9,382	9,401
SASPDC levy collection expenses	3,500	3,588	3,550
Amortization	0	757	1,662
	125,000	86,164	135,027
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	0	4,366	50,355

See accompanying notes to the financial statements.

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# Merv Culham, Chartered Accountant

To the Members of  
Saskatchewan Alfalfa Seed Producers Development Commission

I have audited Saskatchewan Alfalfa Seed Producers Development Commission's control as of July 31, 2008 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 Alfalfa Seed Producers 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 Alfalfa Seed Producers 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 Alfalfa Seed Producers 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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October 29, 2008

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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 Alfalfa Seed Producers Development Commission's control was effective, in all material respects, to meet the objectives stated above as of July 31, 2008 based on the CICA criteria of control framework.

Merv Culham

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

Chartered Accountant  
Regina, Saskatchewan  
October 29, 2008

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# Merv Culham, Chartered Accountant

To the Members of  
Saskatchewan Alfalfa Seed Producers Development Commission

I have made an examination to determine whether Saskatchewan Alfalfa Seed Producers 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 July 31, 2008:

The Agri-Food Act, 2004  
The Saskatchewan Alfalfa Seed Producers 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 Alfalfa Seed Producers Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended July 31, 2008.

Merv Culham



Chartered Accountant  
Regina, Saskatchewan  
October 29, 2008

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