

2010
2011

Saskatchewan flax Development Commission

Directors 2010 - 2011

Lyle Simonson, Swift Current
(Chair)
Allen Kuhlmann, Rouleau
(Vice-Chair)
Gregor Beck, Rouleau
Erwin Hanley, Regina
David Sefton, Broadview
Shane Stokke, Watrous

Advisors

Dr. Helen Booker, Saskatoon
(University of Sask)
Glenn Payne, Regina
(Ministry of Agriculture)
Venkata Vakulabharanam,
Regina (Ministry of
Agriculture)

Executive Director

Linda Braun, Saskatoon

Fiber Specialist

Alvin Ulrich, Saskatoon

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SaskFlax

YEAR IN REVIEW

Operations

Lyle Simonson (Chair), Allen Kuhlmann (Vice Chair) along with Gregor Beck, Erwin Hanley, Dave Sefton and Shane Stokke led the Commission through its 15th year of operation. Keeping the Board apprised of research and government activities were Advisors Dr. Helen Booker, Venkata Vakulabharanam and Glenn Payne.

The Commission was managed by Executive Director, Linda Braun. Levy Collection services were handled by the Agriculture Council of Saskatchewan Inc. where Linda Braun participated on their Levy Advisory Committee and Allen Kuhlmann acted as Vice Chair of that organization. Levy rebates were prepared and payment issued to those producers requesting payment for Periods 1 and 2.

Alvin Ulrich, (Straw/Fiber Specialist) and Penny Eaton (Communications) were contracted as required to execute specific duties related to fiber and communication activities respectively.

Regulations, board orders and policies were reviewed in accordance with the Agri-Food Act and other Council requirements. Directors and staff participated in a governance workshop and ag industry update hosted by the Council. Financial reporting directives were implemented by our auditor, Merv Culham.



Triffid

Industry efforts continued to clear Canada's flax supply of Triffid and re-establish the European flax market by implementing a more rigorous testing protocol (4 x 60 g). AAFC hosted an EU mission to



Canada and the Flax Council of Canada subsequently led a mission to Europe to rebuild relationships and increase understanding of the Triffid situation. SaskFlax participated in the European trek. The Council was successful in securing federal financial assistance for testing throughout the value chain.

The Commission communicated to its producers, all relevant developments through its web site; at the annual meeting and industry update; the newsletter; media interviews and through personal contact. This communication plan was and continues to be supported with CAAP funding.

One other project also funded in part by CAAP saw SaskFlax partner with Dr. Cami Ryan (Professional Research Associate (TUFGEN), U of S) to gain insight and understanding of the effect of genetically modified flax on production systems and producers. Information was gleaned from an industry focus group session, personal interviews with stakeholders and the producer survey mailed to each registered producer. The project will be completed next year.

YEAR IN REVIEW, *continued*

Research

With the overall decline in public funded research, SaskFlax hosted its first flax agronomy research session and participated in the review of AAFC research direction; ACS Inc.'s advanced research session and discussed funding opportunities with Western Grains Research Foundation. The Executive Director reviewed and commented on potential flax related research for both WGRF and ADF (Ministry of Agriculture).

The Northern Adapted Flax Variety Development project, a western Canadian collaborative effort of BCGPA, Viterra, AITF, ARDI, ADF, AAFC and SaskFlax completed its second year. With the support of MAFRI and increased efforts of SaskFlax and Viterra two additional sites were added to provide increased data necessary for variety registration.

Viterra's Flax Breeder accepted responsibility of managing a northern cooperative trial, again for the purposes of evaluation for northern adapted varieties.

SaskFlax's Executive Director and Project Principal Researcher presented at Dawson Creek, Lake Lenore and Roblin field days as well as its first annual review designed to keep project collaborators and funders up to date. Written reports were also submitted to all funders. An application for funding was submitted to ACIDF and approved in principle. Contract negotiations are in progress.

Communications

SaskFlax, along with 30 other participants met at the IOPD (International Oilseed Producers Dialogue) to discuss issues related to the world's major oilseed producers (canola, soybean, flax and palm).

The Commission continued to dialogue with like-minded industry sectors and governments regarding issues related to flax production and marketing (i.e. low level presence, transgenic flax, Grain Commission proposed changes, Growing Forward II, On-Farm-Food Safety, etc.).

Market Facilitation

Registered flax growers were kept apprised of events and issues via the newsletter, annual meeting and website.

From the fiber perspective, SaskFlax applied via the Flax Council for AMP (Agri-Marketing Program) funds to continue its work on fiber standards, fiber work on the web and several Chinese missions. Although submitted in January 2011, at year end, no decision had been received. SaskFlax did, however, participate in one Chinese mission with the Composites Innovation Centre and the January ASTM Flax and Linen Subcommittee meetings. The NAFGEN (Natural Ag Fibers for the Green Economy Network) of which SaskFlax was a Steering Committee member completed its activities. FiberLinks, a workshop hosted by SaskFlax, allowed the seven platform research units the opportunity to share their results with NAFGEN participants at its final meeting.

Over the course of the year, SaskFlax along with the BioProducts Specialist and Alvin Ulrich, entertained several missions from China interested in Saskatchewan flax straw.

Logistik Unicorp (a Quebec manufacturing firm) coordinated a value chain research project to determine flax oilseed fibers suitability for cotton replacement in uniform manufacture. The process involved two Saskatchewan farmers growing flax and treating it in a prescribed manner in the field, decortication at Biolin, enzyme treatment at NRC Montreal and subsequent spinning at the uniform manufacturer in Quebec. The program continues.

From a food perspective, SaskFlax continued to disseminate product information and recipes upon request.



Lyle Simonson
(Chair)



Allen Kuhlmann
(Vice Chair)



Gregor Beck



Erwin Hanley



David Sefton



Shane Stokke

INDEPENDENT AUDITOR'S REPORT

To the Members of

Saskatchewan Flax Development Commission

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

- To safeguard Commission 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.
- To prepare reliable financial reports.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding Commission resources, revenue-raising, spending, borrowing and investing.

I used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make my judgments about the effectiveness of Saskatchewan Flax 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 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 Flax 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 CICA. Those standards require that I plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Flax 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.

In my opinion, Saskatchewan Flax Development Commission's control was effective, in all material respects, related to the objectives stated above as of July 31, 2011 based on the CICA criteria of control framework.

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

Merv Culham

Chartered Accountant
Regina, Saskatchewan
October 12, 2011



To the Members of

Saskatchewan Flax Development Commission

I have made an examination to determine whether Saskatchewan Flax 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, 2011:

The Agri-Food Act, 2004

Saskatchewan Flax 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 Flax Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended July 31, 2011.

Merv Culham

Chartered Accountant
Regina, Saskatchewan
October 12, 2011

To the Directors of

Saskatchewan Flax Development Commission

I have audited the accompanying financial statements of Saskatchewan Flax Development Commission, which comprise the statement of financial position as at July 31, 2011, 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 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Flax Development Commission as at July 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Merv Culham

October 12, 2011
Regina, Saskatchewan

Saskatchewan Flax Development Commission
BALANCE SHEET
As at July 31, 2011



ASSETS

	Operating Fund	Restricted Fund	Total 2011	Total 2010
CURRENT				
Cash	190,707	476,254	666,961	772,421
Accounts receivable	395,235	0	395,235	245,167
Interfund (payable) receivable	-123,746	123,746	0	0
	462,196	600,000	1,062,196	1,017,588
CAPITAL (Note 2)	3,123	0	3,123	155,153
	465,319	600,000	1,065,319	1,172,741

LIABILITIES

CURRENT				
Accounts payable	59,416	0	59,416	38,596
Research grants payable	45,000	0	45,000	15,000
	104,416	0	104,416	53,596

SURPLUS

SURPLUS				
Appropriated (Note 3)	0	600,000	600,000	600,000
Cumulative surplus (deficit)	360,903	0	360,903	519,145
	360,903	600,000	960,903	1,119,145
	465,319	600,000	1,065,319	1,172,741

Approved on behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Saskatchewan Flax Development Commission
STATEMENT OF REVENUE, EXPENDITURE AND CUMULATIVE SURPLUS
For the year ended July 31, 2011

	Budget 2011	Actual 2011	Actual 2010
REVENUE			
Crop levy	454,750	339,882	683,721
Levy refunds issued	-28,000	-13,182	-27,699
Net crop levy	426,750	326,700	656,022
Grant revenues	45,000	942,305	59,905
Interest income	10,000	13,278	12,306
	481,750	1,282,283	728,233
EXPENDITURE			
Administration			
Executive Director	95,000	73,236	95,386
Travel	2,000	916	1,992
Administration	7,000	5,675	6,566
Rent	11,000	10,920	10,815
Levy collection	30,000	29,898	33,634
Meetings	10,000	5,169	10,208
Director per diems	7,000	4,135	4,578
Director honoraria	13,000	6,420	12,752
Professional fees	5,000	3,300	4,301
Bank charges	700	379	607
Insurance	3,000	2,900	2,250
Equipment/Programs	5,000	0	0
Amortization	0	155,934	29,959
Communication (Schedule 1)	182,000	131,272	178,352
Research (Schedule 2)	187,500	902,569	75,683
Market facilitation (Schedule 3)	107,500	107,802	110,733
	665,700	1,440,525	577,816
SURPLUS (DEFICIT) FOR THE YEAR	-183,950	-158,242	150,417
CUMULATIVE SURPLUS, BEGINNING OF YEAR		519,145	368,728
CUMULATIVE SURPLUS, END OF YEAR		360,903	519,145

See accompanying notes to the financial statements.



Our Vision

“Saskatchewan Flax Development Commission, as a respected organization, leads the promotion of flax and flax products to the world.”

Our Mission

“To lead, promote, and enhance the production, value-added processing and utilization of Saskatchewan flax.”

Saskatchewan Flax Development Commission
STATEMENT OF CASH FLOWS
For the year ended July 31, 2011



Saskatchewan Flax Development Commission

NOTES

For the year ended July 31, 2011

1. Nature of business

Saskatchewan Flax Development Commission operates to promote and enhance flax production in Saskatchewan for maximum return to producers through market development, research, leadership and communication in the industry.

Saskatchewan Flax Development Commission is a non-profit organization incorporated under the Agri-Food 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, accounts receivable, accounts payable and research grants payable approximates their fair market value due to the short-term maturities of these items.

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

Revenues are recognized when received or receivable if the amount to be received can be reasonably estimated.

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

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

	2011	2010
CASH PROVIDED BY (USED BY) THE FOLLOWING ACTIVITIES		
OPERATIONS		
Surplus (deficit) for the year	-158,242	150,417
Items charged to earnings which do not affect cash		
Amortization	155,934	29,959
	2,308	180,376
Net change in non-cash working capital balances		
Accounts receivable	-150,068	-65,355
Accounts payable	20,820	1,277
Research grants payable	30,000	10,000
	-101,556	123,744
INVESTMENT		
Acquisition of capital assets	-3,904	0
Increase (decrease) in cash during the year	105,460	123,744
CASH BEGINNING OF THE YEAR	772,421	648,677
CASH END OF THE YEAR	666,961	772,421
During the year, the organization had cash flows arising from interest and income taxes paid as follows:		
Bank charges paid	379	607
Income taxes paid	0	0

See accompanying notes to the financial statements.

NOTES [continued]

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.

3. Capital assets

	2011			2010		Rate
	Cost	Grants received	Accum. Amort.	Book Value	Book Value	
Computer hardware	3,904	0	781	3,123	0	20%
Research equipment	0	0	0	0	155,153	10%
Research equipment	3,904	0	781	3,123	155,153	

Saskatchewan Flax Development Commission
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended July 31, 2011



	Budget 2011	Actual 2011	Actual 2010
Communications			Schedule 1
Annual General Meeting	15,000	26,211	23,825
Newsletter	15,000	23,925	19,663
Memberships and subscriptions	4,000	3,791	968
Joint program/partnerships	10,000	1,567	0
Industry liaison	65,000	44,037	42,186
EU/GM market liaison	41,000	26,637	68,714
Flax market support - Weber	10,000	59	15,171
Election	12,000	980	0
Electronic communication	10,000	4,065	7,825
	182,000	131,272	178,352
Research			Schedule 2
New research	5,000	0	0
Research coordination	2,500	3,412	3,441
Boost yields improved agro	20,000	5,635	1,442
TUFGEN Genome Prairie	25,000	25,000	50,147
Northern Adapted Flax	115,000	835,327	3,977
EU Grower Survey	2,500	10,426	0
Grain Protect Lab (PRC Analysis)	2,500	0	0
Research Logistik Unicorp	0	7,546	0
Enhanced field retting of flax straw	0	0	1,630
Rowland - RILS phenotyping	10,000	10,155	10,046
Rowland - Winter nursery	5,000	5,068	5,000
	187,500	902,569	75,683
Market facilitation			Schedule 3
Flax 2015 national initiative	0	605	1,640
Food market	22,500	2,681	9,127
Fiber market	85,000	104,516	99,966
	107,500	107,802	110,733

See accompanying notes to the financial statements.

NOTES [continued]

4. Appropriated surplus

Surplus has been appropriated as a reserve to fund future expenditures. Further appropriations will be determined by the Board of Directors.

5. Commitments

The Board approved future funding of projects with costs approved as follows:

	Total Cost
Year ended July 31, 2011	140,000
Year ended July 31, 2012	80,000
Year ended July 31, 2013	50,000
Year ended July 31, 2014	50,000
	320,000

Saskatchewan Flax Development Commission
EXPENDITURE BY OBJECT
For the year ended July 31, 2011

Saskatchewan Flax Development Commission
BOARD OF DIRECTORS
For the year ended July 31, 2011

	2011	2010
Personnel		
Allen Kuhlmann	9,048	13,179
Chris Hale	0	1,580
David Sefton	8,289	14,383
Erwin Hanley	3,256	4,183
Gregor Beck	6,780	5,521
Lyle Simonson	6,011	7,124
Shane Stokke	4,049	1,763
Payees under \$2,500	0	0
	37,433	47,733
Suppliers		
Food Focus Saskatoon Inc	141,262	166,097
Biolin Research	52,053	73,988
Canada Post	6,103	9,580
Colorshape Communications	15,990	22,832
Agriculture Council of Saskatchewan (Levy Central)	29,385	17,092
Saskatchewan Canola Development Commission (Levy Central)	0	15,899
Eaton & Associates	13,366	12,059
SaskTel	0	26,515
Saskatoon Inn	21,885	12,997
Weber Communications	0	11,550
Payees under \$20,000	220,479	87,562
	500,523	456,171
Research		
AITF - Northern Adapted Flax	47,702	0
Biolin Research	5,951	2,638
Food Focus Saskatoon Inc.	44,024	0
Genome Prairie	25,000	50,000
Northeast Ag Research	22,000	0
Saskatchewan Flax Development Commission	100,000	0
University of Saskatchewan	15,000	15,000
Viterra - Northern Adapted Flax	629,881	0
Payees under \$20,000	13,011	6,274
	902,569	73,912
	1,440,525	577,816

Board of Directors
2010 - 2011

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