



SaskFlax

Saskatchewan Flax Development Commission

2013 – 2014 Annual Report

Directors 2013 - 2014

Erwin Hanley, Regina
(Chair)

Shane Stokke, Watrous
(Vice-Chair)

Leo Jeanneau, Prud'homme
Nancy Johns, Watrous
David Sefton, Broadview
Greg Sundquist, Watrous

Executive Director

Linda Braun, Saskatoon

Head Office

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Our Mission

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

Our Vision

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

THE YEAR IN REVIEW

2013-14 was a year of challenge and change for the Saskatchewan Flax Development Commission (SaskFlax). The Board was pleased to welcome back Erwin Hanley for his final term (acclaimed) and welcome Greg Sundquist (appointed) for his first three year term replacing outgoing Director, Gregor Beck. Gregor was thanked for his substantial contributions to the organization and industry throughout his eight years as Director. Director Leo Jeanneau resigned (December 2013) to pursue an off-farm career as well as farming. Advisor, Venkata Vakulabharanam Provincial Oilseed Specialist left the position and the Commission welcomed Zafer Bashi, the new specialist. Advisor Glenn Payne expanded his portfolio to include value added sector responsibilities.

The Commission also thanked Doug Billet for his years of service upon his retirement in June 2014. July 31, 2014 saw the retirement of Linda Braun (Food Focus) after 17 years. Janice Henriksen become an employee and Wayne Thompson was contracted as Executive Director (August 1, 2014).

In November 2013 SaskFlax Directors, Advisors and Executive Director discussed, debated and successfully developed the Commission's Strategic Plan. Priority pillars included: food, feed, research, building relationships and fiber.

Strategic actions identified:

- Successful search and replacement of Executive Director
- Support value added flax initiatives
- Build Board capacity skills
- Sustain and grow SaskFlax research
- Increase awareness and consumption of flax (human) markets
- Increase awareness and consumption of fiber and fiber industry development

With the research pillar, SaskFlax carried out its commitments provincially and nationally (i.e. ADOPT demonstration trials, Dairy Research Centre; Glyphosate Survey, Northern Adapted Flax). In addition, the Commission applied for and coordinated the Western Canadian Flax Oilseed Coop Trials (2013/14) and applied for 2015-16 funds. It also supported the Winter Nursery (CDC) and Flax Breeding Database (CDC) in partnership with Western Grains



Erwin Hanley

Research Foundation. At the request of the Flax Council of Canada, SaskFlax agreed to a four year \$400,000 contribution to the Growing Forward 2 Breeding and Agronomy Initiative.

The industry also began to investigate the feasibility of (i) a flax oil crush and (ii) fiber processing in western Canada. Work will be undertaken in 2014-15. Chair, Erwin Hanley participated in an investigative mission to Mexico regarding flax and flax value added products.



Shane Stokke

From a food perspective, the Commission, in conjunction with Flax Council of Canada and the Manitoba Flax Growers Association secured funding for and developed a communications strategy around the Flax Health Claim (5 tablespoons ground flaxseed per day lowers cholesterol). Healthyflax.org was created to showcase flax's benefits for a healthy lifestyle. Resource materials, displays, and promotional items were developed and disseminated at two major food events: Dietitians of Canada and International Food Technologists. Ingredient suppliers, food manufacturers, product development specialists, nutritionists and dietitians were able to learn more about flax and its role in human health.



Leo Jeanneau

The Healthyflax.org website is "*the resource centre*" for flax information and will be maintained by the industry.



Nancy Johns

Communication to and with registered flax producers continued throughout the year. Thanks to all producers who utilized reconstituted flax and continued to test both seed for planting and commercial production in an effort to remove Triffid from the Canadian flax supply.



Dave Sefton

The Commission continued to support Saskatchewan 4-H, Outstanding Young Farmers, Ag-West Bio, Canadian Special Crops Association conference and Saskatchewan Trade and Export Partnership (STEP) helping to ensure the future of the agriculture sector.



Greg Sundquist

The year ended successfully with the Second Annual "Tee Up for Agriculture" Oilseeds golf tournament, a great way to celebrate agriculture and contribute \$25,000 to agricultural education through Agriculture in the Classroom.

Saskatchewan Flax Development Commission
Management Statement of Responsibility

The accompanying financial statements are the responsibility of management. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations applied and deemed to present fairly the financial position, results of operations and changes in net assets and cash flows of the Commission. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

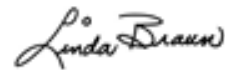
As a means of fulfilling its responsibility for the integrity of financial information included in this Annual Report, management relies on the Commission's system of internal control. This system has been established to ensure, within reasonable limits, that assets are safeguarded that transactions are properly recorded and executed in accordance with management's authorization and that the accounting records provide a solid foundation from which to prepare the financial statements. It is recognized that no system of internal control can detect and prevent all errors and irregularities. Nonetheless, management believes that the established system provides an acceptable balance between benefits to be gained and the related costs.

Breen & Associates, Chartered Professional Accountants are responsible for auditing the financial statements and giving an opinion on them. As part of that responsibility, they review and assess the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, they also consider the effectiveness of the selected internal accounting controls to establish a basis for reliance thereon in determining the nature, timing and extent of audit tests to be applied. Management emphasizes the need for constructive recommendations as part of the auditing process and implements a high proportion of their suggestions.

The Commission's management is responsible for the preparation of timely financial statements which are reviewed in detail by the Board at its regular meetings.



Chairperson
December 9, 2014



Executive Director

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Saskatchewan Flax Development Commission:

We have audited the accompanying financial statements of Saskatchewan Flax Development Commission which comprise the statements 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 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 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

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 the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of the risk of material misstatements 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.

Basis for Qualified Opinion

The Commission collects a levy from Saskatchewan producers through buyers of flax, the completeness of which is not susceptible of satisfactory audit verification. It was not practical for us to verify whether all buyers of flax produced in Saskatchewan have collected and remitted the required levy to the Commission. In addition, the Commission has engaged a third party to administer the check-off collection, including the establishment and monitoring of all related controls. It was not practical for us to examine the records of this third party. Accordingly, our verification of this revenue 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, surplus, and cash flows from operations, as well as assets, liabilities, net assets, and cash flows of the Commission.

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 Flax 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.

Other Matters

In accordance with the terms of our engagement, we have not audited, nor do we express an opinion on the budget figures included in the accompanying financial statements.

A handwritten signature in black ink that reads "Breen & Associates". The signature is written in a cursive, flowing style.

Breen & Associates
Chartered Professional Accountants
December 9, 2014

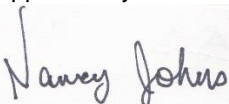
SASKATCHEWAN FLAX DEVELOPMENT COMMISSION


STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 2014

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash (Notes 4 and 10)	\$ 1,180,298	\$ 621,802
Levies receivable	112,082	92,322
Accrued interest receivable	4,439	4,379
Grants receivable	-	40,717
Other receivables	2,350	-
	<u>1,299,169</u>	<u>759,220</u>
TERM INVESTMENTS (Notes 5 and 10)	574,623	564,860
CAPTIAL ASSETS (Note 6)	5,516	1,563
WEBSITE DEVELOPMENT COSTS (Note 7)	<u>10,653</u>	<u>-</u>
	<u><u>\$ 1,889,961</u></u>	<u><u>\$ 1,325,643</u></u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts payable (Note 12)	\$ 70,755	\$ 67,757
Levy check-off payable	17,736	12,520
Project funding payable	10,000	99,600
Deferred contributions (Note 8)	25,453	11,275
	<u>123,944</u>	<u>191,152</u>
DEFERRED DEVELOPMENT CONTRIBUTIONS (Note 9)	<u>5,000</u>	<u>-</u>
	<u>128,944</u>	<u>191,152</u>
<u>NET ASSETS</u>		
INVESTED IN CAPITAL ASSETS AND WEBSITE DEVELOPMENT	11,169	1,563
INTERNALLY RESTRICTED (Note 10)	600,000	600,000
UNRESTRICTED	<u>1,149,848</u>	<u>532,928</u>
	<u>1,761,017</u>	<u>1,134,491</u>
	<u><u>\$ 1,889,961</u></u>	<u><u>\$ 1,325,643</u></u>

Approved by the Board:


Nancy Johns
Director


E. A. Alcock
Director

The accompanying notes are an integral part of the financial statements.

SASKATCHEWAN FLAX DEVELOPMENT COMMISSION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JULY 31, 2014

	Invested in Capital Assets and Website Development	Internally Restricted	Unrestricted	2014 Total	2013 Total
BALANCE AT BEGINNING OF THE YEAR	\$ 1,563	\$ 600,000	\$ 532,928	\$ 1,134,491	\$ 778,910
CAPITAL/DEVELOPMENT EXPENDITURES	16,066	-	(16,066)	-	-
CONTRIBUTIONS	(5,000)	-	5,000	-	-
SURPLUS (DEFICIT) FOR THE YEAR	<u>(1,460)</u>	<u>-</u>	<u>627,986</u>	<u>626,526</u>	<u>355,581</u>
BALANCE AT END OF THE YEAR	<u>\$ 11,169</u>	<u>\$ 600,000</u>	<u>\$ 1,149,848</u>	<u>\$ 1,761,017</u>	<u>\$ 1,134,491</u>

The accompanying notes are an integral part of the financial statements.

SASKATCHEWAN FLAX DEVELOPMENT COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JULY 31, 2014

	2014	2014	2013
	Actual	Budget (Unaudited)	Actual
REVENUE:			
Crop levy	\$ 1,195,083	\$ 1,060,200	\$ 865,781
Levy refunds issued	(40,151)	-	(24,165)
Net crop levy	1,154,932	1,060,200	841,616
Grants, donations, and sponsorships	418,927	54,700	225,710
Interest	16,843	12,000	12,339
	<u>1,590,702</u>	<u>1,126,900</u>	<u>1,079,665</u>
EXPENDITURES:			
Administration (Note 12):			
Executive director	71,187	95,000	59,904
Travel	1,148	2,000	2,374
Administration	4,870	5,000	4,269
Rent	11,340	11,340	11,340
Levy collection	25,343	35,000	31,835
Meetings	7,785	7,000	8,485
Director per diems	5,234	6,000	5,184
Director honoraria	10,347	8,500	7,506
Strategic planning	11,438	10,000	385
Professional fees	10,105	6,500	6,433
Bank charges	563	800	396
Insurance	3,544	2,000	3,297
Electronic equipment/software support	570	5,000	-
Amortization	1,460	800	780
Donations	-	-	3,000
Communications (Schedule 1)	160,716	216,000	210,613
Research (Schedule 2)	506,751	313,100	347,901
Market facilitation (Schedule 3)	131,775	212,500	20,382
	<u>964,176</u>	<u>936,540</u>	<u>724,084</u>
SURPLUS FOR THE YEAR	<u>\$ 626,526</u>	<u>\$ 190,360</u>	<u>\$ 355,581</u>

The accompanying notes are an integral part of the financial statements.

SASKATCHEWAN FLAX DEVELOPMENT COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2014

	<u>2014</u>	<u>2013</u>
CASH RECEIVED (PAID) RELATED TO:		
OPERATING ACTIVITIES:		
Levies, grants, and sponsorships	\$ 1,525,179	\$ 1,125,078
Interest revenue	16,783	12,140
Supplies and contracts	<u>(962,638)</u>	<u>(650,395)</u>
	579,324	486,823
INVESTING ACTIVITIES:		
Capital assets acquired, net of contributions	(11,065)	-
Term investments	<u>(9,763)</u>	<u>(256,080)</u>
	<u>(20,828)</u>	<u>(256,080)</u>
INCREASE IN CASH DURING THE YEAR	558,496	230,743
CASH AT THE BEGINNING OF THE YEAR	<u>621,802</u>	<u>391,059</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,180,298</u>	<u>\$ 621,802</u>

The accompanying notes are an integral part of the financial statements.

SASKATCHEWAN FLAX DEVELOPMENT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2014

1. NATURE OF THE ENTITY:

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

The Saskatchewan Flax Development Commission (SFDC) 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.

2. SIGNIFICANT ACCOUNTING POLICIES:

Accounting Standards For Not-For-Profit Organizations

These financial statements have been prepared in accordance with the CPA Canada Handbook - Accounting (Part III), Accounting Standards for Not-For-Profit Organizations.

Revenue Recognition

The Commission follows the deferral method of accounting for 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 and revenue. Unrestricted contributions are recognized as revenue when earned if the amount to be earned can be reasonably estimated and collection is reasonably assured.

Interest and investment revenue is recognized when earned.

Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

Management estimates

The preparation of the financial statements in accordance with accounting standards for not-for-profit organizations 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

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 deferred contributions.

Income Taxes

No provision for income taxes has been made in these financial statements as the Commission is exempt from income tax under Section 149(I) of the Income Tax Act, Canada.

3. FINANCIAL INSTRUMENTS:

The SFDC, as part of its operations, may carry a number of financial instruments. It is management's opinion that the SFDC is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair Value

The carrying value of the SFDC's cash and short-term investments, accounts receivable, accrued interest receivable and trade accounts payable approximates their fair value due to their short-term nature.

4. CASH:

Cash in the amount of \$51,297 (2013 - \$75,496) is restricted for the Northern Adapted Flax Variety Development research project.

5. TERM INVESTMENTS:

Term investments are comprised of Guaranteed Investment Certificates maturing in the following fiscal years:

Fiscal Year	Rates	Amount
July 31, 2015	2.35 – 2.60%	\$170,242
July 31, 2016	2.05%	202,215
July 31, 2017	2.15 – 2.80%	100,538
July 31, 2018	2.30%	<u>101,268</u>
		<u>\$574,263</u>

6. CAPITAL ASSETS:

Capital assets are comprised of the following:

	Cost	Accumulated Amortization	Net Book Value		Rate
			2014	2013	
Computer hardware	\$6,401	\$3,619	\$2,782	\$1,563	20%
Computer software	716	72	644	-	20%
Office equipment/furnishings	<u>2,200</u>	<u>110</u>	<u>2,090</u>	<u>-</u>	20%
	<u>\$9,317</u>	<u>\$ 3,801</u>	<u>\$5,516</u>	<u>\$1,563</u>	

7. WEBSITE DEVELOPMENT COSTS:

Website development costs are stated at cost. Development of this website was in progress and incomplete at July 31, 2014. The total cost of the website development is anticipated to approximate \$20,000, with completion anticipated in the fiscal year ending July 31, 2015. Website development costs will be amortized on a straight-line basis at a rate of 20%, beginning the fiscal year development is completed and the website is put into use.

8. DEFERRED CONTRIBUTIONS:

Deferred contributions are comprised of unexpended research project funding received by the Commission which are to be expended in the next fiscal year.

9. DEFERRED DEVELOPMENT CONTRIBUTIONS:

Deferred development contributions represent funding contributions earned by the Commission related to website development costs incurred. These contributions are deferred and amortized to revenue at the same rate as website development costs.

Changes in deferred development contributions for the year are as follows:

	<u>2014</u>	<u>2013</u>
Balance at beginning of the year	\$ -	\$ -
Contributions earned	5,000	-
Amortization	-	-
	<u>\$5,000</u>	<u>-</u>

The Commission has been approved for further funding related to its website development in the amount of \$5,000, to be received upon the completion of the work

10. INTERNALLY RESTRICTED NET ASSETS:

The SFDC has internally restricted net assets in the amount of \$600,000 to maintain operations and meet commitments in the event of crop failure, and to pay any amounts due in the event of disestablishment of the Commission. Approval by the Board of Directors is required before any internally restricted funds can be accessed.

11. PRODUCER LEVY:

Under the current regulations, each buyer of flax seed is required to remit to SFDC a levy deducted from any payments made to producers. Pursuant to the Saskatchewan Flax Development Commission Order No. 19/12, the levy was set at \$2.36 per tonne of flax seed and \$0.50 per tonne for straw. Producers may request a refund for any levy paid in a year by submitting a refund application by specified dates.

12. RELATED PARTY TRANSACTIONS:

During the year ended July 31, 2014 the Commission contracted management and administration services through Food Focus Saskatoon, Inc., which is owned by the then Executive Director of the Commission. The services include Executive Director duties, and use of premises and equipment.

The statement of operations includes \$191,746 (2013 - \$158,726) in expenses, and accounts payable include \$30,567 (2013 - \$25,599) related to the above services. These transactions were measured at their exchange amount, which is the consideration established and agreed to by the parties.

This contract expired July 31, 2014.

13. RESEARCH PROJECTS AND FUNDING COMMITMENTS:

The Commission regularly enters into agreements with Federal and Provincial agencies, as well as Corporate funders to facilitate the management of various research projects, including related funding and expenditures. The Commission may also contribute funding to various projects.

As at July 31, 2014, the Commission has entered into agreements with various funding agencies and has been approved to receive the following funding for various projects in the next fiscal year:

ADF	\$ 70,000
Western Grains Research Foundation	33,875
ACAAFS	<u>89,625</u>
	<u>\$193,500</u>

As at July 31, 2014, the Commission has committed to making the following payments for research projects:

Fiscal Year	Amount
2015	\$190,000
2016	142,500
2017	<u>107,500</u>
	<u>\$440,000</u>

14. LEASE COMMITMENT:

On August 1, 2014, the Commission committed to lease arrangements for its office premises for a one year term, expiring July 31, 2015, at a rate of \$10,800 per annum. The Commission has the option of renewing the lease upon expiry of the original term for a further two year term at rates to be negotiated.

15. FINANCIAL RISK MANAGEMENT:

The Commission has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The financial risks to which the Commission is exposed are:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk on the accounts receivable from its members, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Commission regularly reviews outstanding accounts receivable and follows internal collection policies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission's exposure to interest rate risk is limited to the rate of return on investments. The Commission is not subject to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Commission's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Commission's financial obligations.

16. BUDGET FIGURES:

The Budget figures included in the accompanying financial statements are unaudited and are derived from the Commission's Budget approved by the Board.

SASKATCHEWAN FLAX DEVELOPMENT COMMISSION

SCHEDULES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2014

	2014	2014	2013
	Actual	Budget (Unaudited)	Actual
			Schedule 1
<u>COMMUNICATIONS</u>			
Annual General Meeting	\$ 5,842	\$ 6,000	\$ 26,778
Crop production week	250	1,000	6,337
Newsletter	82	26,000	11,274
CropSphere/FCC Network	26,074	18,000	11,472
Memberships and subscriptions	1,594	2,500	1,576
Joint programs/partnerships	1,905	5,000	2,661
Industry liaison	66,177	67,500	51,083
EU/GM market liaison	41,487	30,000	94,365
Election	1,647	15,000	1,355
Electronic communication	2,152	30,000	3,710
Strategic planning	13,506	15,000	-
	<u>\$ 160,716</u>	<u>\$ 216,000</u>	<u>\$ 210,611</u>
			Schedule 2
<u>RESEARCH</u>			
Research coordination	\$ 4,495	\$ 5,000	\$ 6,142
ADOPT	40,328	7,500	19,257
CIBUS	-	-	50,639
Crop trials	103,974	45,000	390
Northern Adapted flax	179,530	65,000	230,546
Hyper Flax Growing Forward II	40,242	50,000	-
Glyphosate	61,499	60,000	5,081
Research Logistik Unicorp	-	-	214
Bioactives (Laarveld)	20,342	20,600	25,332
U of S Milk Board project	10,287	10,000	10,300
Winter nursery	10,000	10,000	-
Flax Breeding Database	20,000	20,000	-
PASMO	-	20,000	-
Sask Variety Performance Group	10,500	-	-
Other	5,554	-	-
	<u>\$ 506,751</u>	<u>\$ 313,100</u>	<u>\$ 347,901</u>
			Schedule 3
<u>MARKET FACILITATION</u>			
Food partnerships/promotions	\$ 4,537	\$ 32,500	\$ 343
Food market	115,556	157,500	8,921
Fiber market	11,682	22,500	11,118
	<u>\$ 131,775</u>	<u>\$ 212,500</u>	<u>\$ 20,382</u>

The accompanying notes are an integral part of the financial statements.

SASKATCHEWAN FLAX DEVELOPMENT COMMISSION

EXPENDITURES BY OBJECT

FOR THE YEAR ENDED JULY 31, 2014

	<u>2014</u>	<u>2013</u>
PERSONNEL:		
Erwin Hanley	\$ 10,025	\$ 4,659
Shane Stokke	9,433	5,205
David Sefton	8,078	5,542
Nancy Johns	7,339	4,226
Gregor Beck	3,504	4,936
Greg Sundquist	3,128	-
Lyle Simonson	-	2,394
Expenditures under \$2,000	<u>379</u>	<u>1,620</u>
	<u>41,886</u>	<u>28,582</u>
GENERAL:		
Food Focus Saskatoon, Inc. (Note 12)	165,250	139,839
Agriculture Council of Saskatchewan (Levy Central)	23,003	27,865
Colorshape Communications	18,121	20,216
Jeff's Crestwear	13,464	-
Blue Sky Media	13,149	-
Biolin Research	11,246	10,804
Eaton & Associates	10,712	17,247
Canada Post	3,321	10,020
Saskatoon Inn	-	14,397
Golden West Radio	-	15,196
Expenditures under \$10,000	<u>157,272</u>	<u>92,017</u>
	<u>415,538</u>	<u>347,601</u>
RESEARCH:		
CPS Canada Inc. - Northern Adapted Flax	167,760	-
University of Saskatchewan	84,619	34,600
Agriculture and Agri-Food Canada	50,000	-
Flax Council of Canada	50,000	48,330
University of Manitoba	40,000	-
Indian Head Agricultural Research Foundation	29,898	-
Northeast Agriculture Research Foundation	29,500	27,720
Food Focus Saskatoon, Inc. (Note 12)	26,496	38,887
Saskatchewan Variety Performance Group	10,500	-
AITF - Northern Adapted Flax	-	25,427
Indian Head Agricultural Research	-	11,983
Viterra - Northern Adapted Flax	-	137,609
Expenditures under \$10,000	<u>17,979</u>	<u>23,345</u>
	<u>506,752</u>	<u>347,901</u>
	<u>\$ 964,176</u>	<u>\$ 724,084</u>

The accompanying notes are an integral part of the financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors of Saskatchewan Flax Development Commission

We have audited the effectiveness of Saskatchewan Flax Development Commission's internal control over financial reporting as at July 31, 2014.

Management's Responsibility

Management is responsible for maintaining effective internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion based on our audit, on whether the Commission's internal control over financial reporting was effectively maintained in accordance with criteria established in "Guidance on Control" published by the Chartered Professional Accountants of Canada.

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An entity's internal control over financial reporting is a process designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Saskatchewan Flax Development Commission maintained, in all material respects, effective internal control over financial reporting as at July 31, 2014 in accordance with the criteria established in "Guidance on Control" published by the Chartered Professional Accountants of Canada.

We have also audited, in accordance with Canadian generally accepted auditing standards, 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 of Saskatchewan Flax Development Commission and issued our report dated December 9, 2014.



Breen & Associates
Chartered Professional Accountants
December 9, 2014

AUDITORS' REPORT ON COMPLIANCE WITH LEGISLATIVE AND RELATED AUTHORITIES

To the Board of Directors of Saskatchewan Flax Development Commission

We have audited Saskatchewan Flax Development Commission's compliance as at July 31, 2014 with the provisions for 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 Flax Development Commission Plan Regulations
- The Saskatchewan Flax Development Commission Orders Nos. 11/09 – 19/12

Compliance with the aforementioned legislative and related authorities is the responsibility of the management of Saskatchewan Flax 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 Flax 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, the Saskatchewan Flax Development Commission is in compliance, in all material respects, with the aforementioned legislative and related authorities for the period August 1, 2013 to July 31, 2014.



Breen & Associates
Chartered Professional Accountants
December 9, 2014

Directors 2013 – 2014

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New Executive Director

Upon the retirement of Linda Braun, Executive Director, SaskFlax is pleased to introduce Wayne Thompson as Linda's replacement effective August 1, 2014. Wayne is an Agricultural Economist and grew up on the family farm in Saskatchewan. He received his education at the University of Saskatchewan completing his Master's as an Agricultural Economist. Leading up to his arrival at SaskFlax he has worked in the oilfield, with the Saskatchewan Ministry of Agriculture in the Policy Branch, as Executive Director of the Saskatchewan Canola Growers Association and most recently at the Western Grains Research Foundation as a Research Program Manager. Wayne looks forward to working for flax growers and the industry over the coming years.

