

*Investing
in Your Future*

Annual Report
2014/15

About **Sask Wheat**

The Saskatchewan Wheat Development Commission (Sask Wheat) was established by the Saskatchewan Ministry of Agriculture on June 20, 2013, to build a platform for growth in the province's wheat industry. Sask Wheat, which is producer-elected and directed, will ensure that the proper resources, leadership and representation are in place to ensure producers' interests are protected and to strengthen the province's competitive advantage. Check-off dollars administered by Sask Wheat will go toward research, market development, communications and promotion initiatives that will lead to improved wheat varieties, improved marketability, and higher value for producers.

Our mission

To provide leadership in identifying and supporting research and market development that contributes to profitable and sustainable wheat production for Saskatchewan producers.

Our vision

That wheat is a stable, sustainable, profitable and internationally competitive crop, capturing the benefits for Saskatchewan producers and the community.



About the **Check-Off**

The Saskatchewan Wheat Development Commission (Sask Wheat) was established by the Saskatchewan Government in June of 2013 and collects a check-off of \$0.52 per tonne, which became effective on August 1, 2013. This check-off will ensure there is funding in place for research, market development and promotion related to Saskatchewan-grown wheat in the post-Canadian Wheat Board era. Through Sask Wheat's elected Board of Directors, Saskatchewan producers will have a direct say in how these funds are invested.

Strategic Priorities

Research

Goal: To maximize direct financial benefit to Saskatchewan producers through yield gains, improved quality characteristics and agronomic efficiencies

Objectives:

- To support, encourage, and expand the potential of publicly and producer-funded wheat breeding and variety development
- To sustain and advance existing research programs that have demonstrated value
- To identify and pursue opportunities for agronomic research
- To determine a path toward a producer ownership model for variety development

Market development

Goal: To promote Canadian wheat in a way that increases value, marketability, and provides a greater net return to producers

Objectives:

- To provide leadership and support toward the alignment of producer and other value chain interests
- To advocate to maintain quality standards, market development tools and institutions that are serving Saskatchewan producers effectively
- To build alliances with organizations that share or can support the SWDC's mandate and purpose

Communications/Producer Relations

Goal: To communicate regularly with producers and the public

Objectives:

- To hold producer meetings (IE AGM, semi-annual meeting)
- To generate a newsletter publication
- To maintain a website as an information resource for producers, researchers, and stakeholders
- To utilize social media to share communications
- To attend conferences and events and participate in tradeshow that can enhance SWDC's mission, vision, and strategic plan
- To initiate consumer education activities regarding wheat production and usage

Advocacy/Advisory

Goal: To represent the interests of Saskatchewan wheat producers to governments, their respective agencies or representatives, corporations and non-governmental organizations

Chair's Report



Bill Gehl, Chair

The challenges faced by producers the last two growing seasons underscore the need for strong, producer-led commissions. Because of the investment producers have made through the check-off to the Saskatchewan Wheat Development Commission (Sask Wheat), we are making significant progress in varietal and agronomic development, in developing market opportunities, and in bringing solutions to the transportation and handling of grain.

The 2014-15 fiscal year saw Sask Wheat put more producer money to work. After establishing the strategic plan and research program last year, we have been increasing our commitment to research projects, co-funding projects with organizations wherever possible to help leverage producer research dollars. I'm pleased to report that we have made major investments since the end of the 2014-15 fiscal year in research and development that we believe will bring major benefits to wheat producers in Saskatchewan.

Increasing the role of producers in researching and developing new wheat varieties has been a key objective of Sask Wheat over the past two years. Following the reduction in federal government funding to variety development and other research in 2012, the door opened to producers and the provincial organizations who represent them to fill the gaps left by the government to drive and influence variety development.

In December 2014, Sask Wheat along with eight other Western Canadian crop organizations, including the Western Grains Research Foundation (WGRF), formed the Wheat and Barley Variety Development Working Group. The Group's goal is to have world class, sustainable wheat and barley variety development programs contributing to increased net profitability per acre for Canadian producers. The Group has hired a consultant and is working to identify, describe and evaluate business options for wheat and barley variety development involving some level of producer investment.

Sask Wheat has also made advancing agronomic research a priority. Agronomy is a major focus of our research program, as we know that practices that maximize the potential of new wheat varieties deliver around 50 per cent of the yield gains growers experience. WGRF completed an inventory of agronomic research capacity in Western Canada and the findings showed clear shortfalls in human resources, project and core operating funds, equipment and technology, and leadership, among others. We will continue to work to address those shortfalls so that we can deliver high value research in agronomic practices.

In an effort to foster the development of new research and innovation in the next generation of wheat growers and breeders, Sask Wheat developed undergraduate and graduate scholarships for students in the College of Agriculture and Bioresources at the University of Saskatchewan. The recipients of these scholarships are selected based on academic merit as well as the projected impact of their studies on the wheat industry. Sask Wheat will contribute \$10,000 towards undergraduate scholarships and \$100,000 towards graduate scholarships annually.

Transportation and handling issues continue to remain at the forefront of producers' minds. In 2014, Sask Wheat along with the Saskatchewan Barley Development Commission (Sask Barley) and the Agricultural Producers Association of Saskatchewan (APAS) commissioned a report by University of Saskatchewan agricultural economist Dr. Richard Gray. The report showed estimated losses between \$5 billion and \$6.7 billion incurred by producers over the last two crop years, driven by the lack of adequate grain handling and transportation capacity.

Sask Wheat along with Sask Barley and APAS advocated on behalf of producers, hosting the *Farmer's Forum on Grain Transportation* in July, bringing further light on the subject and giving producers a greater voice in the Canadian Transportation Act review. We also made this an issue in the 2015 federal election, having achieved excellent coverage across the country on behalf of producers.

The 2014-15 year also saw the development of tools such as the fusarium head blight maps, which were made available on our website thanks to a partnership with the Saskatchewan Ministry of Agriculture. Sask Wheat will be evaluating the current tools and asking producers what other resources would be useful to them, such as better marketing information and more accurate cash prices and basis information.

This was an important year for Sask Wheat as we were able to get our research program established and become a vocal advocate on important issues. Our industry is going through major changes and as producers, the Board of Directors of Sask Wheat is eager to address the issues we, and all the producers we serve, are facing. We are confident that providing targeted funding in research and investing in tools that assist producers in growing and marketing their grain will keep Saskatchewan's wheat sector profitable and strong.

A handwritten signature in blue ink, appearing to read 'Bill Gehl', with a long horizontal flourish underneath.

General Manager's Report



*Harvey Brooks,
General Manager*

The 2014/15 crop year was the second full year of operations for Sask Wheat and my first full year as the General Manager. It has been a busy time and certainly an interesting environment for the wheat industry.

From an office/operational perspective, I can report that Sask Wheat now has a fully functioning staff. This has all happened in the 2014/15 crop year. Prior to October, 2014, myself and Pat Tremaine (Office Administrator) were the staff complement. In October 2014, we hired Blair Goldade as the Research Program Manager. Blair has been focused on aligning Sask Wheat's research priorities with the current and emerging needs of the sector. We have made great progress over the last year and are integrated in all major research proposal intakes and decision processes affecting Saskatchewan wheat research.

In November 2014, we hired Delaney Seiferling as our Communications Manager. Delaney was instrumental in establishing our current web site, coordinated producer relations, and managed our media relations, as well as being instrumental in planning our annual and semi-annual meetings, CropSphere and the Farmer's Forum on Grain Transportation in July. Delaney gave us a great boost in capacity during our first full year, but has decided recently to move to another city. Dallas Carpenter has recently taken over the role of Communications Manager and will build on the work that Delaney has started. Sask Wheat also hired Simon Weseen as our Policy Manager in June, 2015. Simon will focus on issues of key strategic relevance and provide input and analysis into the provincial and federal processes that may affect the economics and competitiveness of Saskatchewan wheat production and trade. We feel confident that we can deliver on the Board's strategic plan and direction with our current budget and staffing complement.

In addition to our completion of staffing capacity, I believe that Sask Wheat has now developed a fully operational set of Board policies and procedures consistent with best management practices. This has been accomplished with the help of the longer standing producer commissions and we have been thankful for their help.

With the strategic direction established, the research program is ramping up according to the annual cycle of research proposals received collectively by the funding bodies in Western Canada. We partner in already established applications processes through the Saskatchewan Ministry of Agriculture, the Canadian Wheat Alliance, Genome Prairie/Genome Canada, and more, which are primarily received once a year. We also coordinate with the wheat commissions in Alberta and Manitoba to understand proposals of potential joint interest. Whenever possible we look to leverage producer research dollars by co-funding projects with government, industry commissions and private sector. To this end, Sask Wheat has partnered with the other wheat and barley development commissions in Western Canada and the Western Grain Research Foundation to identify and analyze options for effective activities and collaboration by producers. This has been a foundational process. There has been tremendous good will and effort exhibited on behalf of all of the Western Canadian wheat and barley commission participants to work together on this project.

While producers will recall 2014-15 as a year of continued pressures on the transportation and handling system, and high basis levels compared to export prices, the system did export a record volume of grain during the crop year and we are again approaching more normal inventory levels. This is more impressive when we consider some of the quality and disease issues that arose in the 2014 harvest and the intense competition in world markets in all categories of cereals. As we look forward into 2015-16 and beyond, competitiveness of wheat in farmer's crop rotations and competitiveness of Canadian wheat in world markets will require continued efforts. Sask Wheat is now well positioned to advance farmer's interests in a sustained and effect manner.

A handwritten signature in blue ink that reads "Harvey Brooks". The signature is fluid and cursive, with a long horizontal stroke at the end.

Board & Staff

Board



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Harvey Brooks
General Manager



Pat Tremaine
Office Manager



Blair Goldade
Research Program
Manager



Delaney Seiferling
Communications/
Marketing Manager



Simon Weseen
Policy Manager



Dallas Carpenter
Communications Manager
Started November 2015

Research

Objectives

Sask Wheat has producer and profit oriented research as a key priority. The objective of the research program is to build research relationships and identify and invest in research and development initiatives in three main priority areas:

- Variety development – genetics, breeding methods, pre-breeding, breeding, pathology, quality, performance testing
- Production – agronomy and cropping systems, fertility management, weed/disease/pest management, production management
- Post-production – storage, end-use quality, new uses, economic/regulatory analysis, processing and value-added initiatives

In 2014-15, Sask Wheat further developed partnerships with other research-inclined organizations, such as other producer groups, government, and private organizations. These partnerships will be critical in leveraging research funding in order to maximize return on producer investment in research.

Western Canadian Agronomic Research Capacity Initiative

Over the past two years, the Western Grains Research Foundation (WGRF) has been working with its membership to address declining agronomy research capacity in Western Canada. Two foundational reports are posted to the WGRF website: the Situation Report (November, 2014) and the Future Needs Report (June, 2015).

In response to these reports, WGRF has identified a process to develop a strategy to build appropriate capacity. Two phases have been identified. The first phase is focusing on human resources within Agriculture and Agri-Food Canada and the three main agricultural universities in Western Canada. The second phase will address infrastructure and equipment needs as well as other agronomic research providers.

Sask Wheat is participating in this project, with Research Program Manager Blair Goldade sitting on the Technical Working Group. The final strategy from phase one is expected to be complete in March 2016.

Research commitments

Sask Wheat's total research investment for the 2014-15 year is \$282,487. Total funds committed to the multi-year projects, including the Canadian Triticum Applied Genomics (CTAG2) project, is nearly \$2.226 million. All the research funded by Sask Wheat falls into one of three priority areas: variety development, production, and post-production; and ultimately aims to improve crop management, reduce input costs and environmental impact, and increase yield and quality of grain for Saskatchewan producers.

Funded research

To view project details, visit www.saskwheatcommission.com/research/funded-research-projects/ for a full description.

Precision subsoiling of fields to improve soil physical conditions, plant growth and economic return

Term: Five years, beginning in 2015

Funding amount: \$63,250

Lead researcher(s): Dr. Jeff Schoenau, University of Saskatchewan (U of S)

Funding partners: Western Grains Research Foundation (WGRF), Saskatchewan Ministry of Agriculture (SMA) - Agriculture Development Fund (ADF)

(continued on next page)



Research *(from page 6)*

Development of a highly sensitive, specific and rapid detection system for stripe rust spores in the field

Term: Three years, beginning 2015

Funding amount: \$110,400

Lead researcher(s): Dr. André Laroche, Agriculture and Agri-Food Canada (AAFC)

Funding partners: Western Grains Research Foundation (WGRF)

Can enhanced efficiency N fertilizers mitigate against N losses in single-pass seeding operations?

Term: Three years, ending September 2018

Funding amount: \$135,238

Lead researcher(s): Dr. Richard Farrell, University of Saskatchewan (U of S)

Funding partners: Western Grains Research Foundation (WGRF), Saskatchewan Ministry of Agriculture (SMA) - Agriculture Development Fund (ADF)

Crop sequencing of large acreage crops and special crops

Term: Four years, starting 2015

Funding amount: \$125,790

Lead researcher(s): William May, Agriculture and Agri-Food Canada (AAFC)

Funding partners: Western Grains Research Foundation (WGRF), Agriculture Development Fund (ADF), Prairie Oat Growers Association (POGA), Canaryseed Development Commission of Saskatchewan (CDCS)

Aster yellow disease in spring wheat – a benchmark characterization and cultivar assessment

Term: Four years, beginning 2015

Funding amount: \$95,220

Lead researcher(s): Dr. Pierre Hucl, University of Saskatchewan

Funding partners: Western Grains Research Foundation (WGRF), Saskatchewan Ministry of Agriculture (SMA) - Agriculture Development Fund (ADF)

Development of fully cleistogamous wheat and associated markers

Term: Three years, beginning 2015

Funding amount: \$68,370

Lead researcher(s): Dr. Patricia Vrinten, National Research Council of Canada (NRC)

Funding partners: Western Grains Research Foundation (WGRF), Agriculture Development Fund (ADF)

Augmenting the plant metagenome to improve crop yield and stress resilience

Term: One-year, starting 2015

Funding amount: \$50,000

Lead researcher(s): Vladimir Vujanovic, University of Saskatchewan; Geoffrey von Maltzahn, Symbiota; Dr. James Germida, University of Saskatchewan

Funding partners: Symbiota, Genome Prairie/Genome Canada

Influence of genotype, weather and the growing environment, and crop management on gluten strength and sustainability of CWRS as a premium wheat class in the Prairie Region

Term: Three years, starting 2015 (plus one preparatory year – 2014)

Funding amount: \$177,340

Lead researcher(s): Dr. Harry Sapirstein and Dr. Paul Bullock, University of Manitoba

Funding partners: Western Grains Research Foundation (WGRF), Alberta Wheat Commission (AWC), Manitoba Agriculture, Food & Rural Development (MAFRD) GI-ARDI program, administered by the Manitoba Wheat and Barley Growers Association (MWBGA)

Saskatchewan Variety Performance Group

Term: Annual (second year of funding)

Funding amount: \$28,500/year

Proposal to study research allocation mechanisms for producer funded crop research

Term: Two years, starting 2015

Funding amount: \$20,000

Lead researcher(s): Dr. Richard Grey, University of Saskatchewan

Funding partners: Saskatchewan Pulse Crop Development Board (SPCDB), Alliance for Food and Bioproducts Innovation Program (AFBI)

Enhancing wheat midge resistance in spring and durum wheat

Term: Three years, starting 2015

Funding amount: \$76,638

Lead researcher(s): Dr. Alejandro Costamagna, University of Manitoba

Funding partners: Western Grains Research Foundation (WGRF), Agriculture Development Fund (ADF)

Filling gaps in wheat cultivar development with translational research (A sub-project of the Canadian Triticum Applied Genomics (CTAG2) project)

Term: Four years, beginning in 2015

Funding amount: \$1,275,096

Lead researcher(s): Curtis Pozniak (U of S), Dr. Richard Cuthbert (Agriculture and Agri-Food Canada)

Funding partners: Genome Canada, Western Grains Research Foundation, Alberta Wheat Commission, Viterra, Secan and the University of Guelph, DuPont Pioneer, Bayer CropScience and International Wheat Genome Sequencing Consortium, Manitoba Agriculture, and Saskatchewan Ministry of Agriculture - Agriculture Development Fund

Advocacy and Market Development

Objectives

Sask Wheat has identified advocacy as a key priority. Its goal in this area is to represent the interests of Saskatchewan wheat producers to government, their respective agencies or representatives, corporations and non-government organizations.

2014/15 Highlights

Transportation



In late 2014, Sask Wheat partnered with the Saskatchewan Pulse Growers, SaskBarley, and the Agricultural Producers Association of Saskatchewan (APAS), to form a farm coalition group that worked together to improve transportation and handling service for grain producers in Saskatchewan.

In December 2014 the coalition group developed and submitted a report to the Canadian Transportation Act (CTA) review committee, which included principles and recommendations to improve rail and handling service in Canada.

In February 2015, the coalition group commissioned a report by Travacon Research Limited, which showed that for the crop year 2013-14, Canadian National Railway (CN) and Canadian Pacific Railway (CP) earned a combined contribution to fixed costs from statutory grain, net of applicable penalties, of \$476.5 million, which equals \$12.44 per tonne and 61% of volume-related variable costs. The report also showed that the railways' combined contribution from statutory grain is \$322 million, or \$8.36 per tonne, in excess of the contribution level of 20% that was deemed fair and adequate by the Canadian Transportation Agency. The group communicated these outcomes to industry and media contacts.

In March 2015, the coalition group met with the CTA review committee to review the principles and recommendations put forward in its submission.

In April 2015, the group met with Federal Government officials in Ottawa to discuss the submission to the CTA review panel.

In July 2015, Sask Wheat hosted a *Farmers' Forum on Grain Transportation* in Saskatoon, in partnership with SaskBarley and APAS. More than 180 people were in attendance to learn about the state of the rail situation in Saskatchewan and changes needed to build rail capacity and efficiency for Western Canada.

Wheat and Barley Variety Development Working Group

The opportunity for greater producer involvement in wheat and barley variety development led wheat and barley organizations from Western Canada to form a Wheat and Barley Variety Development Working Group (WBVDWG) in December 2014. The WBVDWG's goal is to have world class sustainable wheat and barley variety development programs contributing to increased net profitability per acre for Canadian producers. This process was facilitated by Western Grains Research Foundation (WGRF) with both administration and funding support.

The group is working to identify, describe, and evaluate business options for wheat and barley variety development involving some level of producer investment. In March, a consultant was hired to lead the project and has reported back to the group on structure and funding options. The consultant's report was delivered to the eight wheat and barley commissions in late 2015 and the groups have agreed to continue to work on collective solutions to enhance producers' interests in varietal development.

Canada Grains Council and the Grains Roundtable

The importance of having Saskatchewan wheat producers represented at a national level on issues regarding trade, transportation, and food safety led Sask Wheat to become a member of the Canada Grains Council in 2015, joining several producer organizations, grain companies, regulatory agencies and other organizations. The Canada Grains Council's purpose is to coordinate and improve dialogue within industry and between industry and governments.

Sask Wheat also participated in the Grains Roundtable for the first time in 2015, joining other industry, government and academic organizations. The Grains Roundtable is one of 13 Value Chain Roundtables that bring together industry leaders to share information, respond to ongoing or emerging issues, and capitalize on market opportunities.



Communications

Objective

Sask Wheat has identified communications as a key priority. Its goal in this area is to communicate regularly with producers and the public.

2014/15 Highlights

Website and Social Media

In January 2015, Sask Wheat launched a new website, designed to help keep wheat producers in Saskatchewan competitive and informed about all aspects of the industry. The website features information on Sask Wheat, the organization's research program, the current check-off programs, and industry news and events. It also features information to help producers grow and market their crops, including weather, wheat cash and futures prices, market news, registered buyers listings, and other marketing resources. Visit the website at www.saskwheatcommission.com.



Sask Wheat also established a presence on social media in 2014/15 year with a Twitter feed. Currently, we have over 700 followers and counting. Twitter has become an important communications vehicle for Sask Wheat, allowing us to engage producers, producer organizations, and the media while allowing us to promote our programs and events.

CropSphere 2015 & Sask Wheat AGM

In January 2015, Sask Wheat co-hosted the second annual CropSphere agriculture conference during Crop Production Week in Saskatoon, along with SaskBarley, SaskCanola, SaskFlax, SaskOats, and Saskatchewan Pulse Growers. CropSphere 2015 featured two full days of sessions focusing on the latest news in production, marketing, and research. In a post-event survey, more than 90% of attendees said they would attend the conference again next year.

Sask Wheat also hosted its second annual general meeting during Crop Production Week in Saskatoon. More than 100 people were in attendance at this event to learn about Sask Wheat's strategic direction, share their input on the future direction of the industry, and meet the Sask Wheat staff and Board.

Ag in the City

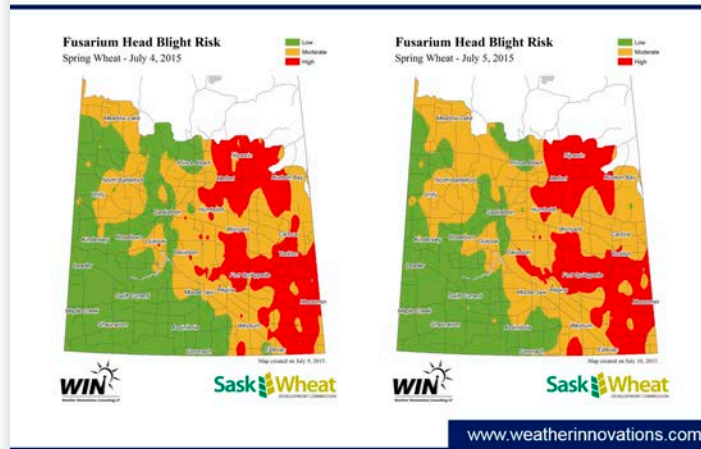
In April 2015, Sask Wheat participated in the annual Ag in the City event in Saskatoon, which aims to educate urban audiences, especially children, about agriculture and the connections between farming and food. Sask Wheat hosted a booth that featured different types of wheat kernels, different types of wheat flour, examples of products made with the different types of flour as well as activity sheets, recipe sheets and sticker. It also featured a flour mill, which allowed kids to mill their own grain. There were nearly 10,000 attendees at the event.



Semi-annual meeting

In June 2015, Sask Wheat hosted its second semi-annual meeting in Regina during Farm Progress Show. Approximately 85 people were in attendance for a levy payer's breakfast and sessions on agronomy, transportation, and Sask Wheat updates. Sask Wheat, along with the Saskatchewan Ministry of Agriculture, also took this opportunity to introduce its newly launched fusarium head blight risk map. In a post-event survey, 100% of respondents indicated they would attend the meeting again the following year.

Disease Risk by Calendar Days - High



Fusarium head blight risk map

In June 2015, Sask Wheat partnered with the Saskatchewan Ministry of Agriculture to launch an online tool designed to help farmers manage their fusarium head blight (FHB) risk. The tool was a series of fusarium risk assessment maps that were updated daily throughout the high-FHB-risk months, using data collected from approximately 421 weather stations across Saskatchewan.

The tool was the first of its kind in Saskatchewan and Sask Wheat plans to host it again in future years.

Transportation conference

In July 2015, Sask Wheat hosted a *Farmers' Forum on Grain Transportation* in Saskatoon, in partnership with SaskBarley and the Agricultural Producers of Saskatchewan (APAS). More than 180 people were in attendance to learn about the state of the rail situation in Saskatchewan and changes needed to build rail capacity and efficiency for Western Canada. Industry experts led sessions on a variety of related topics (these presentations are still available online at www.saskwheatcommission.com). In a post-event survey, approximately 90% of respondents said the session was valuable to them.

Graduate and post-graduate scholarships

In 2015, Sask Wheat confirmed it will help ensure the future of agricultural research and the profitable production of wheat in Saskatchewan by offering undergraduate and graduate scholarships to students in the College of Agriculture and Bioresources at the University of Saskatchewan. Recipients will be selected based on academic merit as well as the projected impact of their studies on the wheat industry. Sask Wheat will contribute \$10,000 towards undergraduate scholarships and \$100,000 at a graduate level. These awards began in 2015/16 with four undergraduate scholarships, which were presented at the annual Bean Feed event held by the College of Agriculture and Bioresources.

Sponsorships and Memberships

Sask Wheat approved funding for Market Prospects, which is a weekly segment on CTV's *Farmgate* program, for a three-year period beginning in March 2016. Funding for the 2015 year was previously approved. On the Market Prospects segment from the April 25, 2015 *Farmgate*, Sask Wheat Chair Bill Gehl discussed Saskatchewan farmers' investment and representation in research and market development through Sask Wheat.

Sponsorship funding was also approved for Agriculture in the Classroom Saskatchewan. Agriculture in the Classroom provides innovative, curriculum-based programs and resources to help increase students' awareness and understanding of agriculture.

Sask Wheat also became a principle member of Farm and Food Care Saskatchewan (FFC SK). Sask Wheat participated in FFC SK's first Taste the Land of Living Skies Media Farm Tours in the summer of 2015, joining other agriculture organizations to build knowledge and relationships with people who influence consumers and the food they eat.



November 6, 2015

Independent Auditor's Report

To the Board of Directors of the Saskatchewan Wheat Development Commission

We have audited the accompanying financial statements of Saskatchewan Wheat Development Commission, which comprise the statement of financial position as at July 31, 2015 and the statements of operations and 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.

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 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.

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

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Basis for qualified opinion

In common with many similar not-for-profit organizations, Saskatchewan Wheat Development Commission derives revenue from producer check-off fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Saskatchewan Wheat Development Commission. Therefore, we were not able to determine whether any adjustments might be necessary to producer check-off fees, excess of revenue over expenditures and cash flows from operations for the years ended July 31, 2015 and 2014, current assets as at July 31, 2015 and 2014 and net assets as at August 1, 2014, July 31, 2015, August 1, 2013 and July 31, 2014. Our audit opinion on the financial statements for the year ended July 31, 2014 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 Wheat Development Commission as at July 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Saskatchewan Wheat Development Commission

Statement of Financial Position

As at July 31, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents	3,322,988	4,788,621
Investments (note 3)	2,000,000	20,000
Accounts receivable	652,017	950,676
Prepaid expenses	25,703	219
	<hr/> 6,000,708	<hr/> 5,759,516
Non-current assets		
Investments (note 3)	5,100,000	-
Tangible capital assets (note 4)	32,240	11,963
	<hr/> 11,132,948	<hr/> 5,771,479
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<hr/> 413,236	<hr/> 413,821
Net assets		
Unrestricted net assets	9,219,712	5,357,658
Internally restricted net assets	1,500,000	-
	<hr/> 10,719,712	<hr/> 5,357,658
	<hr/> 11,132,948	<hr/> 5,771,479
Operating lease (note 6)		
Commitments (note 7)		
Subsequent event (note 9)		

Approved by the Board of Directors



Director



Director

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

Saskatchewan Wheat Development Commission

Statement of Operations and Net Assets

For the year ended July 31, 2015

	Budget (unaudited) (note 8) \$	2015 \$	2014 \$
Revenue			
Producer check-off fees	5,500,000	6,937,374	6,396,649
Refunds	(500,000)	(355,285)	(382,280)
	5,000,000	6,582,089	6,014,369
Interest income (note 5)	10,000	55,032	6,913
Management fees (note 5)	-	-	26,279
Grants	-	-	8,900
	5,010,000	6,637,121	6,056,461
Expenditures			
Research			
Research projects (note 7)	4,228,500	282,487	28,500
Research management and consulting	100,000	5,426	-
Market development	175,000	2,625	1,500
Communication and advocacy			
Producer engagement	191,800	201,726	75,091
Policy, advisory and advocacy	116,000	72,846	5,250
Governance			
Directors (note 5)	118,500	97,178	79,817
Meetings	25,000	13,433	37,216
Other governance	10,000	3,138	-
Election	-	-	82,756
Strategic planning	5,000	-	17,465
General and administrative			
Wages and benefits	418,900	369,432	156,178
Service contracts	98,000	108,029	116,504
Rent	45,000	46,157	19,914
Other general and administrative	49,920	44,243	33,099
Staff travel	20,000	16,648	12,379
Amortization of tangible capital assets	-	11,699	3,519
	5,601,620	1,275,067	669,188
Excess of revenue over expenditures	(591,620)	5,362,054	5,387,273
Unrestricted net assets – Beginning of year	5,357,658	5,357,658	(29,615)
Transfer to internally restricted net assets	(1,500,000)	(1,500,000)	-
Unrestricted net assets – End of year	3,266,038	9,219,712	5,357,658

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

Saskatchewan Wheat Development Commission

Statement of Cash Flows

For the year ended July 31, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	5,362,054	5,387,273
Amortization of tangible capital assets	11,699	3,519
	<u>5,373,753</u>	<u>5,390,792</u>
Changes in non-cash working capital items		
Accounts receivable	298,659	(950,593)
Prepaid expenses	(25,484)	(219)
Accounts payable and accrued liabilities	(585)	404,011
	<u>272,590</u>	<u>(546,801)</u>
	<u>5,646,343</u>	<u>4,843,991</u>
Investing activities		
Purchase of tangible capital assets	(31,976)	(15,482)
Purchase of investments	(7,080,000)	(20,000)
	<u>(7,111,976)</u>	<u>(35,482)</u>
Financing activities		
Repayment of loans payable	-	(450,000)
Loan receivable repayments	-	50,000
	<u>-</u>	<u>(400,000)</u>
Net change in cash and cash equivalents	(1,465,633)	4,408,509
Cash and cash equivalents – Beginning of year	4,788,621	380,112
Cash and cash equivalents – End of year	<u>3,322,988</u>	<u>4,788,621</u>
Cash and cash equivalents consist of the following		
Cash balances with banks	802,828	1,788,624
Cashable guaranteed investment certificates	1,520,160	2,999,997
Investment savings account	1,000,000	-
	<u>3,322,988</u>	<u>4,788,621</u>

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

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2015

1 Nature of business

The Saskatchewan Wheat Development Commission (the "commission" or "SWDC") was established by provincial legislation on June 7, 2013. The activities of the commission are funded primarily by a levy on Saskatchewan produced spring wheat, which is collected by buyers at the time of sale.

The mandate of the commission is to provide leadership in identifying and supporting research and market development that contributes to profitable and sustainable wheat production for Saskatchewan farmers.

2 Summary of significant accounting policies

a) Basis of presentation

These financial statements include the accounts of the commission and are presented in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

b) Use of estimates

The preparation of financial statements in conformity with ASNPO 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 amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

c) Cash and cash equivalents

Cash consists of cash balances with banks and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

d) Tangible capital assets

Tangible capital assets are recorded at cost and amortized over their expected useful lives. Computer equipment is amortized using the declining balance method at a rate of 33%. Office furniture is amortized using the straight-line method at a rate of 20%.

e) Internally restricted net assets

The commission has internally restricted net assets totaling \$1,500,000 comprised of the following: a) Revenue Stabilization Reserve Fund in the event of a crop disaster or revenue-destabilizing event (\$1,000,000) and b) Organizational Reserve Fund in the event of an organizational shut down (\$500,000).

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2015

f) Revenue recognition

Producer check-off fees are recognized as product is sold from the producer to the buyer. Refunds are recognized using the accrual method based on actual requests submitted by producers for the crop year and are paid out subsequent to year-end by the commission.

The commission follows the deferral method of accounting for contributions, including grants. 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. Restricted contributions for expenses of the current period are recognized as revenue in the current period and restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Investment income is recognized as it is earned. Contributions of materials and services are recognized only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the commission's operations and would otherwise have been purchased.

g) Financial instruments

Financial assets and financial liabilities, consisting of cash and cash equivalents, investments, accounts receivable and accounts payable and accrued liabilities are initially recognized at fair value and subsequent measurement is at amortized cost. The commission does not consider itself to have significant exposure to credit risk, currency risk, interest rate risk, liquidity risk, market risk or other price risk.

3 Investments

Investments consist of guaranteed investment certificates which earn interest at rates ranging from 1.45% to 2.27% and mature in the following fiscal years:

	\$
July 31, 2016	2,000,000
2017	1,800,000
2018	1,800,000
2019	1,200,000
2020	300,000
	<hr/>
	7,100,000
	<hr/>

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2015

4 Tangible capital assets

	July 31, 2015		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer equipment	16,975	6,674	10,301
Office furniture	30,483	8,544	21,939
	<u>47,458</u>	<u>15,218</u>	<u>32,240</u>

	July 31, 2014		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer equipment	3,248	1,072	2,176
Office furniture	12,234	2,447	9,787
	<u>15,482</u>	<u>3,519</u>	<u>11,963</u>

5 Related party transactions

During the year ended July 31, 2015 members of the commission's first elected Board of Directors received payments for per diems, expenses and communications allowances of \$97,178 (2014 - \$66,629). Also, during the year ended July 31, 2014 members of the commission's interim appointed Board of Directors received payments for per diems and expenses of \$13,188. All of these amounts are included in directors' expenditures in the Statement of Operations and Net Assets.

For the majority of the year ended July 31, 2014 the commission was under common management with the Saskatchewan Barley Development Commission. During that time, the loan made to the Saskatchewan Barley Development Commission for \$50,000 was settled in addition to \$1,000 of interest earned on the loan. Also during the year ended July 31, 2014 the commission recovered a total of \$40,977 from the Saskatchewan Barley Development Commission for shared costs, including \$26,279 in management fees.

All related party transactions described above are measured at carrying amounts.

Saskatchewan Wheat Development Commission

Notes to Financial Statements

July 31, 2015

6 Operating lease

On December 1, 2013 the commission entered into a lease agreement with Saskatchewan Opportunities Corporation, otherwise known as Innovation Place, for office space. The term of the lease agreement is 2 years and future minimum monthly lease payments, including occupancy costs, are \$4,330 to the end of the term of the lease on November 30, 2015.

7 Commitments

During the year ended July 31, 2015, there were 11 research projects which were awarded funding and which had signed research agreements in place as at July 31, 2015. The total maximum commitment on these projects is \$953,746, of which \$282,487 of research expenditures were incurred during the year ended July 31, 2015. The total anticipated maximum commitments for these research projects over the next five years are as follows:

	\$
July 31, 2016	309,941
2017	233,437
2018	96,036
2019	22,968
2020	8,877
	<u>671,259</u>

8 Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the commission's board of directors.

9 Subsequent event

Subsequent to the year ended July 31, 2015, the commission signed an agreement awarding research funding for a significant project. In addition to the commitments disclosed in note 7, the anticipated maximum commitment for this research project of \$1,275,000 will be funded evenly over the 2016 through 2019 fiscal years of the commission.



November 6, 2015

**To the Board of Directors of
Saskatchewan Wheat Development Commission**

We have audited Saskatchewan Wheat Development Commission's compliance as at July 31, 2015 with the provisions of the Agri-Food Act, 2004 and the Saskatchewan Wheat Development Plan Regulations which pertain to its financial reporting, safeguarding of public resources, spending, revenue raising, borrowing and investing activities. Compliance with the aforementioned legislative and related authorities is the responsibility of the management of Saskatchewan Wheat Development Commission. Our responsibility is to express an opinion on this compliance based on our audit.

Scope

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 Wheat Development Commission complied with the provisions of the legislative and related authorities referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the provisions, and where applicable, assessing the accounting principles used and significant estimates made by management.

Opinion

In our opinion, as at July 31, 2015, Saskatchewan Wheat Development Commission is in compliance, in all significant respects, with the provisions of the legislative and related authorities referred to above which pertain to its financial reporting, safeguarding of public resources, spending, revenue raising, borrowing and investing activities.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



November 6, 2015

**To the Board of Directors of
Saskatchewan Wheat Development Commission**

We have audited Saskatchewan Wheat Development Commission's control as of July 31, 2015 to express an opinion as to the effectiveness of its control related to the adequacy of management systems, controls and practices intended to control and safeguard assets.

We used the guidance developed by The Criteria of Control Board of The Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Saskatchewan Wheat Development Commission's control. We did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The Criteria of Control Board of the CICA defines control as comprising those elements of an organization (including its resources, systems, processes, culture, structure and tasks) 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. Or, stated another way, control is effective to the extent that the remaining risks of the organization failing to meet its objectives are deemed acceptable.

Saskatchewan Wheat Development Commission's management is responsible for effective control related to the objective described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

Scope

We conducted our audit in accordance with standards for assurance engagements published in the CPA Canada Handbook – Assurance. Those standards require that we plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Wheat Development Commission's control related to the objective stated above. An audit includes obtaining an understanding of the significant risks related to this objective, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Limitations

Controls can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control, including the possibility of faulty judgment in decision-making, of breakdowns because of human error, of control activities being circumvented by collusion of two or more people and of management overriding control. Second, cost/benefit considerations can and should be taken into account when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objective 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.

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Opinion

In our opinion, based on the limitations noted above, Saskatchewan Wheat Development Commission's control was effective, in all significant respects, to meet the objective stated above as of July 31, 2015 based on the guidance developed by The Criteria of Control Board of the CICA.

PricewaterhouseCoopers LLP

Chartered Accountants

Sask Wheat Development Commission 2014-2015 Payee List (cash basis)**Personal Services (threshold \$2,500 except Board of Directors)****Board of Directors (all amounts included)**

	Honorariums	Expenses	Total
Bill Gehl	11,550.00	6,728.00	18,278.00
Bill Rosher	1,200.00	6,065.81	7,265.81
Dan R. Danielson	10,450.00	3,066.58	13,516.58
Glenn Tait	9,900.00	9,665.49	19,565.49
Ken Rosaasen	11,650.00	4,379.64	16,029.64
Laura Reiter	11,200.00	5,509.33	16,709.33
Rod Flaman	2,700.00	3113.12	5,813.12
	<hr/>	<hr/>	<hr/>
	58,650.00	38,527.97	97,177.97

Research & Development (threshold \$5,000)

Genome Prairie	25,000.00
National Research Council of Canada	26,250.00
Receiver General for Canada	39,581.00
Saskatchewan Variety Performance Group	28,500.00
University of Manitoba	89,621.00
University of Saskatchewan	73,535.00

Extension (threshold \$5,000)

Agriculture in the Classroom	5,000.00
Canada Grains Council	6,825.00
Farm & Food Care SK	22,500.00
Jeremy De Beer	11,300.00
Mitacs Inc.	15,750.00
Prairie Certified Crop Advisor Board	5,500.00
University of Saskatchewan	24,450.00
Weather INnovations Consulting LP	22,000.00

Media & Communication (threshold \$5,000)

2 Web Design	12,952.50
Canada Post	41,725.24
Glacier Farm Media	5,670.00
Jeff's Crestwear	6,615.72
Saskatoon Fastprint	39,036.68
The Western Producer	13,578.85
University of Saskatchewan	22,000.00

Market Development (threshold \$20,000)**Supplier Payments (threshold \$20,000)**

Agriculture Council of Saskatchewan Inc.	85,503.16
Innovation Place	46,650.41

Other Payments (threshold \$20,000)





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