

Saskatchewan Mustard Development Commission

2014-2015
ANNUAL REPORT



Annual General Meeting
January 14, 2016
Saskatoon Inn, Saskatoon SK



SASK MUSTARD
SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION



Mandate

The Saskatchewan Mustard Development Commission (SMDC) was established in 2003 to represent the province's mustard growers.

THE SMDC VISION

Investing in the future for mustard grower profitability.

THE SMDC MISSION

Growing the mustard industry for the benefit of growers through research, communication, and market development programs.

saskmustard.com



2015 Board and Staff

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Office Hours:

Monday to Friday – 8:30 a.m. to 4:00 p.m.

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Agenda

Saskatchewan Mustard Development Commission
Annual General Meeting

Thursday, January 14, 2016

Saskatoon Inn, Ballroom C ~ Saskatoon, Saskatchewan

| | |
|------------|---|
| 8:30 a.m. | Registration |
| 9:00 a.m. | Chairman's Address Richard Marleau |
| 9:15 a.m. | Progress on Herbicide Tolerance in Mustard Daryl Males, M21 Canada Inc. |
| 9:45 a.m. | Potential Registration of Authority for Mustard Mitch Long, FMC Canada |
| 10:15 a.m. | New Mustard Production Manual Barb Ziesman, Provincial Oilseed Specialist Kevin Hursh, Sask Mustard Executive Director |
| 10:45 a.m. | Coffee |
| 11:10 a.m. | Improved Varieties on the Horizon Bifang Cheng, Mustard Breeder, AAFC |
| 11:30 a.m. | Putting Mustard on the Map Adele Buettner, Sask Mustard General Manager |
| 12:00 p.m. | Lunch |
| 12:45 p.m. | Annual Business Meeting |
| 1:15 p.m. | Carinata Contract Program for 2016 Steve Fabijanski, Agrisoma Biosciences |
| 1:45 p.m.* | Mustard Market Outlook Chuck Penner, Leftfield Commodity Research |

*May be earlier if the annual meeting does not require the allotted time.

Agenda

SMDC Annual Business Meeting

Thursday, January 14, 2016

Ballroom C , Saskatoon Inn ~ Saskatoon, Saskatchewan

12:45 p.m.

Call to Order and Opening Remarks

Approval of Agenda

Approval of Minutes

Financial Review, Kevin Hursh
Approval of Budget

Annual Report 2014-2015 and Proposed Activities 2015-2016
State of the Industry, Richard Marleau, Chair

Resolutions

New Business

Adjourn Meeting





Motions to be Presented

SMDC Annual Business Meeting

Thursday, January 14, 2016

Ballroom C , Saskatoon Inn ~ Saskatoon, Saskatchewan

That the Agenda be approved as presented.

That the minutes of the January 15, 2015 meeting be approved as presented.

To appoint an Audit Chair.

That the SMDC audited financial statements for the year ending July 31, 2015 be approved as presented.

That the SMDC Budget for 2016/2017 be approved as presented.

That the SMDC appoint Twigg & Company as auditor for the year ending July 31, 2016.

That the State of the Industry report be approved as presented.

To adjourn the January 14, 2016 Annual Business Meeting.

2015 Minutes

SMDC Annual Business Meeting

January 15, 2015

Ballroom C , Saskatoon Inn ~ Saskatoon, Saskatchewan

1. Meeting called to order by Chair Ackerman at 12:45 p.m.

2. **Approval of Agenda:**

Motion #1

That the agenda of the January 15, 2015 Annual Business Meeting be approved as presented.

T. Dewar / Marleau / Carried

3. **Minutes of the January 16, 2014 Annual General Meeting**

Motion #2

That the minutes of the January 16, 2014 Annual Business Meeting be approved as circulated.

Lind / Fisher / Carried

4. **Financial Report**

Hursh reviewed the financial statements in detail and provided an overview of the budget for 2015-2016

Motion #3

That Richard Marleau be appointed as Audit Chair.

Horkoff / Simington / Carried

Motion #4

That the SMDC audited financial statements for the year ending July 31, 2014 be approved as presented.

Zerr / Marleau / Carried

Motion #5

That the SMDC Budget for 2015-2016 be approved as presented.

D. Dewar / Marleau / Carried

Motion #6

That SMDC appoint Twigg and Company as auditor for the year ending July 31, 2015.

D. Dewar / Horkoff / Carried

5. **Annual Report:**

State of the Industry: Ackerman provided an overview of events that SMDC was involved with in 2014, and noted in coming years the Commission will continue to focus on research, marketing, and new uses for mustard.

Motion #7

To approve State of the Industry Report as presented.

Zerr / D. Dewar / Carried

6. **Per diem Increase:**

To approve an increase in the per diem as follows:

- for directors from \$225 per day to \$400 per day;
- for the chair from \$250 per day to \$450 per day;
- for directors half day at \$200 per day;
- for the chair half day at \$225 per day; and
- for directors and the chair \$100 for a conference call of more than one hour

Motion #8

To approve the new per diem rates as presented.

Lind / Simington / Carried

7. **Resolutions:**

No resolutions presented.

8. **New Business:**

It was stated the development of a new production manual is needed as the current manual is from 1990. Ackerman responded that this is still a priority for SMDC and efforts will continue to pursue funding for this initiative.

9. **Adjournment:**

Motion #9

To adjourn the SMDC January 15, 2015 Annual Business Meeting.

Marleau

Management's Responsibility

To Saskatchewan Mustard Producers:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

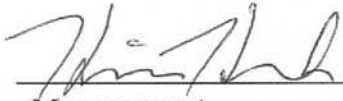
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors (the "Board") is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

Twigg & Company, an independent firm of Chartered Accountants, is appointed by the Board to audit the financial statements and report directly to the members, their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

January 14, 2016



Management

Management

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

AUDITED FINANCIAL STATEMENTS

for the year ended July 31, 2015

TWIGG & COMPANY

CHARTERED ACCOUNTANTS

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

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

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

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Independent Auditors' Report

To the Board of Directors of Saskatchewan Mustard Development Commission

Report on the Financial Statements

We have audited the accompanying financial statements of Saskatchewan Mustard Development Commission, which comprise the statement of financial position as at July 31, 2015 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 internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continued on page 2)

TWIGG & COMPANY

CHARTERED ACCOUNTANTS

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Independent Auditors' Report (continued)

(continued from page 1)

Basis for Qualified Opinion

The commission collects a check-off fee from Saskatchewan producers through buyers of mustard seed. It was not practical for us to verify whether all buyers of mustard seed produced in Saskatchewan have collected and remitted the required check-off fee to the commission as such the completeness of the related revenue does not lend itself to satisfactory audit verification. Accordingly, our verification of check-off fee revenue was limited to the amounts recorded in the accounts of the commission. As such, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets, liabilities, net assets and cash flows of the commission.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saskatchewan Mustard Development Commission as July 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan
January 14, 2016

Twigg & Company
Chartered Accountants

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

STATEMENT OF FINANCIAL POSITION

as at July 31, 2015

With comparative information for 2014

ASSETS

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| CURRENT: | | |
| Cash | \$ 271,534 | \$ 762,764 |
| Short-term investments (Note 3) | 614,874 | 107,101 |
| Short-term internally restricted investments (Note 5) | 201,957 | 288,655 |
| Accounts receivable (Note 4) | 62,342 | 77,716 |
| Prepaid expenses | <u>20,981</u> | <u>11,796</u> |
| | 1,171,688 | 1,248,032 |
| INTERNALLY RESTRICTED INVESTMENTS (Note 5) | <u>202,035</u> | <u>-</u> |
| | <u>\$ 1,373,723</u> | <u>\$ 1,248,032</u> |

LIABILITIES

| | | |
|---------------------------------|---------------|---------------|
| CURRENT: | | |
| Accounts payable (Note 6) | \$ 87,952 | \$ 31,777 |
| Deferred contributions (Note 7) | <u>-</u> | <u>8,192</u> |
| | <u>87,952</u> | <u>39,969</u> |

NET ASSETS

| | | |
|---------------------------------------|---------------------|---------------------|
| INTERNALLY RESTRICTED (Note 8) | 403,993 | 386,471 |
| UNRESTRICTED | <u>881,778</u> | <u>821,592</u> |
| | <u>1,285,771</u> | <u>1,208,063</u> |
| | <u>\$ 1,373,723</u> | <u>\$ 1,248,032</u> |

COMMITMENTS (Note 11)

APPROVED BY THE BOARD:

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

STATEMENT OF OPERATIONS

for the year ended July 31, 2015

With comparative information for 2014

| | 2015 <u>Budget</u> <i>(unaudited)</i> <i>(Note 9)</i> | 2015 <u>Actual</u> | 2014 <u>Actual</u> |
|--|--|-----------------------|-----------------------|
| REVENUE: | | | |
| Producer check-off fees <i>(Note 10)</i> | | | |
| Fees | \$ 350,000 | \$ 434,769 | \$ 415,636 |
| Refunds | (15,000) | (13,902) | (16,480) |
| Net | 335,000 | 420,867 | 399,156 |
| Sponsorships | 1,000 | - | 500 |
| Grants | - | 10,691 | 9,308 |
| Interest and other income | 10,000 | 16,427 | 11,879 |
| AMP funding | 130,000 | 65,787 | 47,865 |
| Miscellaneous | 1,000 | 800 | 2,795 |
| Other project income | - | 15,668 | - |
| | <u>477,000</u> | <u>530,240</u> | <u>471,503</u> |
| EXPENSES: | | | |
| AMP program | 200,000 | 133,042 | 96,297 |
| Administration contracts <i>(Note 12)</i> | 85,000 | 84,711 | 82,823 |
| Research contributions Mustard 21 Canada Inc. <i>(Note 11)</i> | 100,000 | 100,000 | 100,000 |
| Research development projects | 105,000 | 55,225 | 27,247 |
| Board of directors | 11,000 | 27,107 | 19,405 |
| Communications | 18,000 | 15,672 | 17,400 |
| General and administration | 31,700 | 29,100 | 26,249 |
| Annual meeting | 8,000 | 7,575 | 8,384 |
| Election | 7,000 | 100 | 150 |
| | <u>565,700</u> | <u>452,532</u> | <u>377,955</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | <u>\$ (88,700)</u> | <u>\$ 77,708</u> | <u>\$ 93,548</u> |

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

STATEMENT OF CHANGES IN NET ASSETS

for the year ended July 31, 2015

With comparative information for 2014

| | <u>Internally Restricted</u> | <u>Unrestricted</u> | <u>2015 Total</u> | <u>2014 Total</u> |
|---|----------------------------------|---------------------|-----------------------|-----------------------|
| BALANCE – BEGINNING OF YEAR | \$ 386,471 | \$ 821,592 | 1,208,063 | \$ 1,114,515 |
| Transfers | 16,229 | (16,229) | - | - |
| Excess of revenue over expenses for the year | <u>1,293</u> | <u>76,415</u> | <u>77,708</u> | <u>93,548</u> |
| BALANCE – END OF YEAR | <u>\$ 403,993</u> | <u>\$ 881,778</u> | <u>\$ 1,285,771</u> | <u>\$ 1,208,063</u> |

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

STATEMENT OF CASH FLOWS

for the year ended July 31, 2015

With comparative information for 2014

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES: | | |
| Excess of revenue over expenses | \$ 77,708 | \$ 93,548 |
| Changes in non-cash working capital | | |
| Balances related to operation: | | |
| Accounts receivable | 15,374 | (9,120) |
| Prepaid expenses | (9,185) | 18,913 |
| Deferred contributions | (8,192) | 8,192 |
| Accounts payable | <u>56,175</u> | <u>5,215</u> |
| | <u>54,172</u> | <u>23,200</u> |
| Total from operating activities | <u>131,880</u> | <u>116,748</u> |
| INVESTING ACTIVITIES: | | |
| Net disposals (purchases) of investments | (623,110) | <u>95,528</u> |
| Total from investing activities | (623,110) | <u>95,528</u> |
| INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR | (491,230) | 212,276 |
| CASH AND EQUIVALENTS, BEGINNING OF YEAR | <u>762,764</u> | <u>550,488</u> |
| CASH AND EQUIVALENTS, END OF YEAR | \$ <u>271,534</u> | \$ <u>762,764</u> |
| CASH AND EQUIVALENTS CONSISTS OF: | | |
| Cash | <u>271,534</u> | <u>762,764</u> |
| | \$ <u>271,534</u> | \$ <u>762,764</u> |
| SUPPLEMENTAL CASH FLOW DISCLOSURE: | | |
| Interest paid | 282 | 157 |
| Income taxes paid | <u>NIL</u> | <u>NIL</u> |

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended July 31, 2015

1. AUTHORITY:

The Saskatchewan Mustard Development Commission ("the Commission") was established on October 3, 2003, pursuant to The Saskatchewan Mustard Development Plan Regulations ("Regulations"), under the authority of The Agri-Food Act, 2004. The purpose of the Commission is to assist in growing the mustard industry through research, communications and market development programs. The activities of the Commission are funded primarily by a check-off fee charged on mustard sales from mustard production in Saskatchewan.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook* and include the following significant accounting policies:

a) Revenue recognition:

Producer check-off fees are recognized upon receipt of the Buyer's report. Refunds are recognized when refund applications are received from producers and the requested refund has been agreed to check-off fee records.

The Commission follows the deferral method of accounting for contributions, which include government funding and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest, dividends, and other revenue are recognized as earned.

b) Research and development projects:

Expenses are recognized when projects are approved and the recipient has met eligibility criteria. Funds advanced to recipients prior to eligibility criteria being met are recorded as advances. The Commission receives reimbursement from Agriculture and Agri-Food Canada for eligible costs incurred for certain projects.

c) Administration contract expense:

Administration contract expense is a fee charged by the Agriculture Council of Saskatchewan Inc. ("ACS"), a related party, to the Commission for administering the check-off fee program. The fee includes a charge for time spent by ACS staff and a share of ACS's overhead costs. The expense is recognized as the service is received.

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS
for the year ended July 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Financial Instruments:

The Commission initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

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

e) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook* 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 reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates include, but are not limited to, the valuation of deferred contributions, and accruals for certain revenues and expenses.

f) Income taxes:

The Commission qualifies as a tax exempt organization under section 149 of the *Income Tax Act*.

g) Contributions in-kind:

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.

3. SHORT-TERM INVESTMENTS:

| | 2015 | | | 2014 | |
|------------------------------------|--------------------|--------------------|------------------------|--------------------|------------------------|
| | Months to Maturity | Market value \$ | Yield to Maturity % | Market value \$ | Yield to maturity % |
| Guaranteed investment certificates | 1-3 | <u>614,874</u> | 1.66 - 2.00 | <u>107,101</u> | 1.70 |
| | | <u>614,874</u> | | <u>107,101</u> | |

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS
for the year ended July 31, 2015

4. ACCOUNTS RECEIVABLE:

The accounts receivable balance consists of the following:

| | 2015 | 2014 |
|-------------------|------------------|------------------|
| Levy receivables | \$ 35,901 | \$ 43,941 |
| Grants receivable | 26,441 | 33,275 |
| Other receivables | - | 500 |
| | <u>\$ 62,342</u> | <u>\$ 77,716</u> |

5. INTERNALLY RESTRICTED INVESTMENTS:

The short-term internally restricted investment balance consists of the following:

| | <u>2015</u> | | | <u>2014</u> | |
|-----------|-----------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | Months to Maturity | Market value \$ | Yield to Maturity % | Market value \$ | Yield to maturity % |
| Corporate | 10 | <u>201,957</u> | 1.55 | <u>288,655</u> | 1.40 – 1.90 |
| | | <u>201,957</u> | | <u>288,655</u> | |

The long-term internally restricted investment balance consists of the following:

| | <u>2015</u> | | | <u>2014</u> | |
|-----------|----------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | Years to Maturity | Market value \$ | Yield to Maturity % | Market value \$ | Yield to maturity % |
| Corporate | 1 | <u>202,035</u> | 1.75 | - | - |
| | | <u>202,035</u> | | - | |

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS
for the year ended July 31, 2015

6. ACCOUNTS PAYABLE:

The accounts payable and accrued liabilities balance consists of the following:

| | 2015 | 2014 |
|----------------------|------------------|------------------|
| Trade payables | \$ 77,282 | \$ 18,961 |
| Levy refunds payable | 4,950 | 7,096 |
| Accrued liabilities | 5,720 | 5,720 |
| | <u>\$ 87,952</u> | <u>\$ 31,777</u> |

7. DEFERRED CONTRIBUTIONS:

The Commission receives funding from the Ministry of Agriculture for the production of a children's activity book. The funding is to be held, administered and distributed in accordance with the related funding agreement. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying operating expenditures in future periods.

| | 2015 | 2014 |
|---|-------------|-----------------|
| Opening deferred contributions for expenses of future periods | \$ 8,192 | \$ - |
| <i>Contributions during the year:</i> | | |
| Ministry of Agriculture | 2,499 | 17,500 |
| <i>Less:</i> | | |
| Amounts recognized as grant revenue | (10,691) | (9,308) |
| Ending deferred contributions for expenses of future periods | <u>\$ -</u> | <u>\$ 8,192</u> |

8. INTERNALLY RESTRICTED NET ASSETS:

The Commission has internally restricted net assets for completion of certain projects and to refund the check-off fees to producers in the event of disestablishment of the Commission. Management requires the Board of Directors' approval to use the money from these restricted assets.

9. BUDGET:

The Board approved the 2014/2015 fiscal year budget at the meeting on January 16, 2014. The budget figures included in the accompanying financial statements are unaudited.

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended July 31, 2015

10. PRODUCER CHECK-OFF FEES:

Under the Regulations, each buyer of mustard is required to remit to the Commission a check-off fee of 0.5% of the gross value of mustard marketed upon final settlement to producers. Producers can request a refund of check-off fees paid from August 1 to January 31 by submitting a refund application by February 28. Producers can request a refund of check-off paid from February 1 to July 31 by submitting a refund application by August 31.

11. RESEARCH CONTRIBUTIONS MUSTARD 21 CANADA INC.

On May 28, 2009 Mustard 21 Canada Inc., a related party, was incorporated to continue the research activities that began as the Mustard 21 Project which was administered by Saskatchewan Mustard Development Commission.

On August 19, 2009 the Board approved a motion to contribute a maximum of \$480,000 over four years to the Innovate Mustards DIAP project administered by Mustard 21 Canada Inc.

12. ADMINISTRATION CONTRACTS:

The Agriculture Council of Saskatchewan Inc. charged the Commission \$9,111 (2014 - \$7,538) for administering the check-off fee program and the business activities of the Commission of which \$770 (2014 - \$616) is included in accounts payable.

During the current year the Commission entered into a contract with Hursh Consulting & Communications Inc. and AgriBiz Communications Corp. for management services. The contract began on September 1, 2013 and will continue for twenty four months with the option to renew by any or all parties.

13. FINANCIAL INSTRUMENTS:

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

Credit Risk

The Commission is exposed to credit risk from potential non-payment of accounts receivable. Most of the accounts receivable were collected shortly after year-end.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Commission is not exposed to significant interest rate risk on its investments.

14. COMPARATIVE FIGURES:

The comparative figures have been reclassified, where applicable, to conform to the presentation used in the current year.

TWIGG & COMPANY

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Board of Directors of
Saskatchewan Mustard Development Commission

We have audited Saskatchewan Mustard Development Commission's compliance, as at July 31, 2015, with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities during the year ended July 31, 2015.

- The Agri-Food Act, 2004
- The Saskatchewan Mustard Development Plan Regulations
- Commission Orders #01/03 to #06/03

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

We conducted our audit in accordance with the Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Saskatchewan Mustard Development Commission complied with the provisions of the aforementioned legislative and related authorities. Such an audit includes examining on a test basis evidence supporting compliance, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, as at July 31, 2015, the Saskatchewan Mustard Development Commission is in compliance, in all material respects, with the aforementioned legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities.

Saskatoon, Saskatchewan
January 14, 2016

Twigg & Company
Chartered Accountants

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

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

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Saskatchewan Mustard Development Commission:

We have audited Saskatchewan Mustard Development Commission's control as of July 31, 2015 to express an opinion as to the effectiveness of its control related to the following objectives:

- (1) To safeguard agency resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- (2) To prepare reliable financial statements.
- (3) To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue raising, spending, borrowing and investing.

Management's Responsibility

The Organization's management is responsible for maintaining effective control over the objectives stated above.

Auditors' Responsibility

Our responsibility is to express an opinion based on our audit as to the effectiveness of its control related to the following objectives:

- (1) To safeguard agency resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- (2) To prepare reliable financial statements.
- (3) To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue raising, spending, borrowing and investing.

(continued on next page)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Saskatchewan Mustard Development Commission:

(continued from previous page)

We used the control framework developed by The Canadian Institute of Chartered Accountants ("CICA") to make our judgments about the effectiveness of Saskatchewan Mustard 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 CICA defines controls as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CICA Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance as to the effectiveness of Saskatchewan Mustard Development Commission's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

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

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

Opinion

In our opinion, based on the limitations noted above, Saskatchewan Mustard Development Commission's control was effective, in all material respects, to meet the objectives stated above as of July 31, 2015 based on the CICA's criteria of control framework.

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Saskatchewan Mustard Development Commission:

(continued from previous page)

We have also audited, in accordance with Canadian generally accepted auditing standards, the financial statements of Saskatchewan Mustard Development Commission, which comprise the statement of financial position as at July 31, 2015, and the statements of operations, change in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. We have issued our report dated January 14, 2016 which is the same date as the date of the report on the effectiveness of internal controls.

Saskatoon, Saskatchewan
January 14, 2016

Twigg & Company

Chartered Accountants

Draft Budget 2016/2017

Saskatchewan Mustard Development Commission

REVENUE

| | |
|----------------------------|-------------------|
| AMP FUNDING | 30,000.00 |
| PROJECT INCOME - OTHER | 100,000.00 |
| CHECK OFF INCOME | 400,000.00 |
| INVESTMENT/INTEREST INCOME | 12,000.00 |
| MISCELLANEOUS INCOME | 1,000.00 |
| REFUNDS | -17,000.00 |
| SPONSORSHIP INCOME | 1,000.00 |
| TOTAL REVENUE | <u>527,000.00</u> |

EXPENSES

Market Development

| | |
|-------------------------------------|-------------------|
| NEW INITIATIVES MARKET FACILITATION | 45,000.00 |
| AMP PROGRAM | 60,000.00 |
| CULINARY/MARKETING PROJECTS | 120,000.00 |
| STRATEGIC INITIATIVE | 80,000.00 |
| | <u>305,000.00</u> |

Research

| | |
|--------------------------------|-------------------|
| MUSTARD 21 CANADA INC. - GF II | 100,000.00 |
| | <u>100,000.00</u> |

Industry Communications

| | |
|-----------------------------|------------------|
| ANNUAL MEETING | 8,500.00 |
| MEETINGS, SHOWS, FIELD DAYS | 3,000.00 |
| NEWSLETTER | 12,000.00 |
| SPONSORSHIPS | 3,000.00 |
| WEBSITE | 2,500.00 |
| | <u>29,000.00</u> |

Director Per Diem and Expenses

| | |
|-------------------|------------------|
| DIRECTOR EXPENSES | 13,000.00 |
| DIRECTOR PER DIEM | 15,000.00 |
| | <u>28,000.00</u> |

Administration

| | |
|---------------------------------|-------------------|
| AUDIT AND ACCOUNTING FEES | 7,000.00 |
| BANK SERVICE CHARGES | 250.00 |
| BOARD MEETING EXPENSE | 2,500.00 |
| ELECTION | 7,000.00 |
| INSURANCE | 1,250.00 |
| LEGAL FEES | 2,000.00 |
| MEMBERSHIPS/SUBSCRIPTIONS | 3,000.00 |
| MISCELLANEOUS EXPENSES | 200.00 |
| OFFICE EXPENSE | 5,000.00 |
| RENT | 7,000.00 |
| SERVICE CONTRACT - BOOKKEEPING | 8,500.00 |
| SERVICE CONTRACT - LEVY CENTRAL | 10,000.00 |
| SERVICE CONTRACT - MANAGEMENT | 80,000.00 |
| STAFF TRAVEL | 4,000.00 |
| | <u>137,700.00</u> |

Total Expenses 599,700.00

Net earnings (loss) for period -72,700.00

Payee List

Saskatchewan Mustard Development Commission August 1, 2014 - July 31, 2015

Personal Services (Threshold \$2,500)

Honorariums

| | |
|--------------|-------|
| Costley, I. | 3,660 |
| Fritzler, B. | 825 |
| Dewar, D. | 3,960 |
| Horkoff, M. | 1,425 |
| Ackerman, P. | 500 |
| Marleau, R. | 4,675 |
| Zerr, K. | 800 |

Reimbursement for Expenses

| | |
|--------------|-------|
| Costley, I. | 3,080 |
| Fritzler, B. | 632 |
| Dewar, D. | 3,600 |
| Horkoff, M. | 1,485 |
| Ackerman, P. | 450 |
| Marleau, R. | 1,532 |
| Zerr, K. | 483 |

27,107

Research and Development (Threshold \$5,000)

| | |
|-----------------------------|---------|
| Mustard 21 Canada Inc. | 100,000 |
| Misc. expenses under \$5000 | 0 |

100,000

Extension (Threshold \$5,000)

| | |
|-----------------------------------|--------|
| Saskatoon Fastprint | 58,269 |
| AgriBiz Communications Corp | 48,538 |
| The Culinary Institute of America | 20,332 |
| Odelay Graphic Designs | 20,815 |
| Food Focus | 8,696 |
| Sask. Food Industry | 5,330 |
| Downstream Pictures | 10,077 |
| Misc. payments under \$20,000 | 49,145 |

221,202

Supplier Payments (Threshold \$20,000)

| | |
|-----------------------------------|--------|
| Hursh Consulting & Communications | 78,675 |
| Ag. Council for Saskatchewan | 9,111 |
| Misc. payments under \$20,000 | 16,439 |

104,225

Other Payments (Threshold \$20,000)

| | |
|-------------------------------|--------|
| Refunds | 13,902 |
| Misc. payments under \$20,000 | 0 |

13,902

466,436



Message from the Chair

Richard Marleau, Chair

This growing season like always was another interesting one. Drier and frosty conditions dominated the spring, leading to erratic emergence and establishment to varying degree. Some areas were fortunate to receive timely rains and respectable yields while others struggled.

Mustard markets are strong in comparison to recent years and to other crops. It is very likely that acreage will increase in 2016 as profit potential for mustard is greater than most other crops except some pulses.

SMDC, along with government and industry has been involved in several projects focused on improving producer returns throughout the years. The following are a few highlights for activities in the mustard industry from the past year.

- Barb Ziesman was hired to fill the Saskatchewan Ministry of Agriculture Oilseeds Specialist position. Barb and other staff at the Saskatchewan Ministry of Agriculture put a significant amount of effort into a new mustard growers' manual, which replaces a severely dated predecessor. The manual can be accessed on the Saskatchewan Ministry of Agriculture and the SMDC websites.
- SMDC continues to be proactive with several marketing initiatives including activities for students, chefs and the general public. These activities are designed to educate and inform the public about mustard production and the benefits of using mustard in their dining and diets. We're especially proud of our newly published cookbook.
- M21 is a joint non profit organization between SMDC and the Canadian Mustard Association (CMA) which has teamed up with researchers from Ag Canada and Agrisoma to conduct research that will improve the mustard industry. The fruits from years of work continue to show.
 - One new brown and one new oriental mustard variety were registered thru the Prairie Grain Development Committee (PGDC) early this spring. The new varieties offer improved yields and similar or improved agronomic characteristics compared to current varieties. These varieties should be available in the next few years for farmer planting.
 - Work continues on developing synthetic hybrid yellow mustard varieties. The work shows promise for improving yield and vigor for growers and could be available before 2020.
 - Agrisoma has spent a significant amount of resources to develop carinata. Their efforts are leading to another cropping option and hopefully sustained profits for growers.

In closing, I would like to thank SMDC's management team of Hursh Consulting and AgriBiz Communications and their staff for their efforts in the past and for at least the next two years as their contracts have been extended.

All the best for the 2016 growing and marketing seasons!

Management and Marketing Report

Kevin Hursh, Hursh Consulting & Communications, Executive Director

Adele Buettner, AgriBiz Communications Corp., General Manager

A comprehensive Mustard Production Manual is now available on the Sask Mustard website at [HYPERLINK "http://www.saskmustard.ca"](http://www.saskmustard.ca) www.saskmustard.ca. Our thanks to the various specialists within the Saskatchewan Ministry of Agriculture for their contributions and special thanks to provincial oilseed specialist Barbara Ziesman.

The manual is designed for easy access on smart phones and since it's a web-based resource, it will be relatively easy to update as new information becomes available.

On July 16, Sask Mustard participated with Wheatland Conservation, Agriculture and Agri-Food Canada and the Saskatchewan Ministry of Agriculture to present the Agronomy in Action field day at Swift Current. Mustard variety trials and presentations on herbicide options within mustard were provided for the growers and industry reps in attendance.

Sask Mustard also participated with SaskCanola, SaskFlax and the Ministry of Agriculture on Oilseed Meetings for producers November 19 in Rosetown and November 20 in Swift Current.

Sask Mustard's marketing efforts over the past year were based on the SMDC Marketing Plan which outlines strategic initiatives for advancing the profile of mustard in the North American marketplace. These include building relationships with others in the agriculture industry, as well as with chefs and the consuming public. The plan also identifies specific activities, such as participation in relevant trade shows, festivals and events; ongoing industry engagement via social media and other communications vehicles; identifying opportunities for strengthening connections with professional chefs and culinary networks; and influencing mustard food use. The following are marketing activities that SMDC was involved in during 2015.

Last year, SMDC completed the popular Children's Activity Book *Team Mustard: From Seed to Squirt!* which was linked to the Grade 3 and 4 curriculum in science, math and language arts. In 2015, SMDC worked with developers to create online games based on the book and this wrapped up the project. To date, Agriculture in the Classroom has distributed 1,700 of the activity books through online requests, teacher conventions and AITC programs. SMDC has also made them available at various events and upon request. The activity books and the new online games are both excellent educational resources for children that provide simple yet interactive ways to understand the production of mustard from seed to squirt!

We were also very excited to work more closely with the Culinary Institute of America (CIA), Greystone campus in the Napa Valley for their inaugural





March "Mustard Month". Our videos that showed how chefs are inspired by mustard were featured at the campus eatery while mustard dishes were offered to patrons. Sask Mustard also provided recipe cards which were distributed at the eatery.

SMDC again engaged Judy Scott Weldon ("Judy Foodie"), a popular Ontario-based nutritionist, home economist and TV personality, to feature mustard in two food segments on CTV's "News at Noon" program that aired in southern Ontario: March 3, 2015 ("Artisan Bread" and "Kale Coleslaw") and June 25, 2015 ("Turkey Sliders" and "Bumble Bee Brownies"). This program reaches an audience of 50,000 throughout southwestern Ontario. The segments were also posted to the Sask Mustard website and were shared with our Twitter followers shortly after airing.

SMDC attended 'Healthy Kitchens, Healthy Lives: Caring for Our Patients and Ourselves' February 5-8, 2015 at the CIA Greystone campus to continue to increase awareness of Saskatchewan mustard by developing relationships with key international audiences. We also took part in the Flavor, Quality and American Menus Conference August 26-29, 2015 at Greystone to encourage increased use of versatile, tasty mustard in the menus of major restaurant chains and universities. These two events provide SMDC with a direct connection to many food-influencers across North America and they allow SMDC to showcase mustard in creative and unique ways to inspire others to add mustard to the menu. Participation in Greystone events was made possible with the support of the federal Agri-Marketing Program (AMP) and Sask Mustard.

Sask Mustard was featured at the new Chef's Series Stage at the annual A Taste of Saskatchewan festival in Saskatoon in July 2015. Some of the province's top chefs demonstrated to audiences how to cook with mustard and mustard facts and recipes were shared with participants. Mustard was also one of the 'black box' ingredients in the Top Chef Saskatchewan competition. As interest in chef demonstrations and competitions is on a sharp incline, this was a great opportunity to reach a large number of consumers. The Chef's Series was a partnership between Farm & Food Care Saskatchewan, SaskTel Centre and several producer groups and we anticipate that it will be an annual event. A Taste of Saskatchewan is attended by approximately 100,000 people annually.

SMDC continues to support the National Mustard Museum in Middleton, Wisconsin through an annual donation to assist with the costs of housing our interactive display. Consistent with previous years, we contributed \$1,200 towards efforts to educate visitors about Canadian mustard. The National Mustard Museum is the only such museum in the world and hosts approximately 35,000 guests annually.

More than 1,300 mustard enthusiasts attended the Great Saskatchewan Mustard Festival in Regina on August 30, enjoying live music, mustard-themed activities and mustard dishes prepared by 22 different chefs. This is the fifth year SMDC has sponsored this event and we are pleased to see a steady increase in interest from both the culinary industry and the public. During the festival, chefs prepared diverse fare, including mustard-crusted porchetta, mustard peanut brittle and even mustard martinis. The festival was a great way to show attendees how they can add mustard to almost anything they prepare.

SMDC acquired new photos of mustard seeds, planting and harvesting for its image library this year. With support from the Ministry of Agriculture, SMDC also created a series of new brochures that explain the nutritional aspects of mustard and how mustard goes from the field to the plate. The brochures are targeted at non-farming, food-curious consumers and will be used at domestic and international marketing events.

Mustard was one of several Saskatchewan-grown products highlighted on the "Taste the Land of Living Skies" farm tours for chefs and media in the summer. Along with many other provincial producer groups, SMDC sponsored this Farm & Food Care Saskatchewan project that hosted national and international food writers, international culinary academics, local chefs and other food experts on visits to farms and ranches to experience how food is produced in Saskatchewan. During the two tours, mustard was featured in many entrées, mustard-based sauces, marinades and dressings, as well as cookies. Participants had firsthand opportunities to learn about mustard production, talk with a mustard farmer and meet Saskatchewan chefs who regularly include mustard in their cooking.

SMDC sponsored the Farm to Table Harvest Luncheon organized by the Saskatoon Chefs' Association in September. Chef-mentors worked with culinary students from Saskatchewan Polytechnic to prepare a feast from Saskatchewan-grown food products. Because Sask Mustard was a sponsor, at least one of the three dishes each chef created had mustard as an ingredient. The luncheon was an excellent opportunity for Sask Mustard to link with culinary students and inspire them to consider mustard in their culinary creations.

Over the summer months, SMDC partnered with the Saskatchewan Ministry of Agriculture and Ag in the Classroom to present the 'Burger and Fries' Ranch project. About 600 students from across the province visited the farms in Moose Jaw and Melfort and learned about what is involved in producing burgers and fries. The purpose of the project is for students to better understand where their food comes. This hands-on experience allows students to be involved with planting, harvesting and processing of gardens and crops, including mustard.

The new SMDC family-friendly mustard cookbook called *Mustard Makeovers and More! – 100 Marvelous Recipes for Busy Families* rolled off the presses in late August. We are thrilled with the results! With all kinds of family-friendly recipes from appetizers to stews to pizzas and desserts, there is a mustard dish in this book for everyone. The cookbook will be used at international and domestic events to promote mustard and is for sale through the SMDC office and McNally Robinson booksellers in Saskatoon. This project was made possible with the support of Growing Forward 2.





Mustard 21 Canada Inc.

2015 Report

In fiscal year 2015-16, M21's project, "Mustard Innovation – Canadian Advantage", will complete its third year of five years of funding (\$4.9M) under the AAFC Growing Forward 2 (GF 2) Agri-Innovation Program (AIP). This year's research work is keeping our mustard strategic development project on track to deliver its key long-term objectives: varieties with better yield, herbicide tolerant mustard cultivars, and practical tools to help growers increase mustard production.

Condiment Mustards: The condiment breeding program led by Dr. Bifang Cheng, a dedicated AAFC mustard breeder at the Saskatoon Research Centre, continues to focus on improving condiment mustard germplasm. Increasing germplasm diversity will ensure that the AAFC team will be able to deliver substantially better performing varieties; i.e. varieties that demonstrate what sustainable investment can accomplish for the whole mustard value chain.

Dr. Cheng and her team take a focused, multi-faceted approach, employing doubled haploid (DH) and molecular marker technologies, diversifying the germplasm base for increased crop yield, and maintaining field research plots of new potential lines / varieties in Chile during our winter here in Saskatchewan.

The objective, to deliver an ongoing pipeline of varieties with significant yield improvement, requires a long-term commitment of resources by the value chain. The delivery of higher yield varieties is critical for mustard to remain competitive and a good business option for the grower. Competing crops like canola and pulses have continuously increased their yield potential over the past decade through the development of hybrids and improved tools for weed control. The new mustard varieties we develop through GF 2 funding will have to compete for acres with such crops and still be an attractive business option for mustard growers.

Brown and Oriental Mustard (*Brassica juncea*): These two mustard species account for 35-40% of Canadian mustard production. They are closely related genetically to canola (*Brassica napus*). As such, mustard breeding research benefits from the huge scientific knowledge base already in place, generated through major research investment by canola industries worldwide. The advantage in using the breeding tools and technologies developed for canola is that we can avoid some of the pitfalls already encountered, enabling us to make better mustard variety development decisions. Dr. Cheng's team is now using this knowledge to develop and identify, as quickly as possible, new potential varieties of brown and oriental mustards.

Mustard Hybrids: One long-term goal within the GF 2 program is to develop mustard hybrids using an improved Ogura cytoplasmic male sterility (cms) hybrid system in brown and oriental mustard types. The work done during GF1 and GF2 is showing excellent progress and Dr. Cheng is currently selecting the best parental lines to create hybrids.

Molecular Markers: Developing and utilizing genomic tools such as molecular markers to identify traits of significance (hybrid system components, disease resistance, oil profile and oil content, and glucosinolates) will help us select the most desirable lines very early in the breeding cycle, thereby avoiding unnecessary expense and time delays. This strategy of focusing resources on fewer lines will increase breeding program efficiency and generate a strong germplasm pipeline of new improved mustard lines for advance yield trial evaluations.

At the February 2015 Prairie Recommending Committee on Oilseeds (PRCO) meeting, the two mustard varieties recommended were one brown (AAC Brown 100) and one oriental (AAC Oriental 200). These new varieties have now been registered by the CFIA. AAC Brown 100, previously known as B474DH71, has significantly higher yield, improved disease resistance, and significantly lower oil content than check cultivar Duchess. AAC Oriental 200, previously known as O60DH17, has higher yield and significantly lower oil content than check cultivar Cutlass. Both of these new varieties are considered well adapted to all mustard growing areas of western Canada. These are the first of a robust stream of new and improved mustard varieties under development in Dr. Cheng's laboratory. This next generation of varieties has been developed utilizing DH technology to develop pure line cultivars. These lines are now undergoing field evaluation testing in order to select the best adapted one or two lines for introduction and widespread production in the western Canadian environment. Stay tuned for more information about the development of these mustards over the next two years.

Yellow Mustard (*Sinapis alba*): Yellow mustard accounts for 60-65% of mustard production. As it is not a Brassica species, we cannot capitalize on all the Brassica technologies to produce a DH traditional variety or a true hybrid cultivar. Because yellow mustard is also a cross-pollinated crop due to its sporophytic self-incompatibility, Dr. Cheng is working to develop the first yellow mustard synthetics using self-incompatibility as a hybrid system. This is an alternative approach to increase yield through the development of this type of hybrid. Elite inbred lines of yellow mustard with desirable quality traits have been produced for the past five plus years and are being used in 2015 to make yellow mustard experimental synthetic hybrids. Based on these initial trial results, synthetics with high yielding potential and improved quality traits are being advanced into the 2016 Co-op Mustard Trials. These new synthetic experimental lines will undergo extensive field evaluation across the prairies over the next two to three years prior to commercial launch. This is a significant achievement – key in our attempt to develop the first ever yellow mustard synthetic variety with improved yield for Canadian growers.

Production Agronomy: This research is focused on weed management and practical crop production tools. The goal is to develop the current best practical production and agronomy recommendations for mustard growers. This information will not only maximize mustard yield potential but it will also improve the overall quality of Canada's mustard crop. More research is required to determine optimum seeding rate in oriental, brown, and Carinata (*B. carinata*) mustards as we transition to hybrid and synthetic varieties.





Weed Management: The SMDC Board has identified weed control as an important factor impacting mustard yield and quality. The M21 team is addressing this by developing a non-GMO, herbicide-tolerant Mustard (HTM). The HTM strategy is to develop mustard germplasm that will be tolerant to herbicides that are not used in the GM herbicide resistant based canola industry, i.e. the AAFC breeding program will not use glyphosate technology to produce HTM. This will help to manage key weeds like wild mustard, kochia and as well as volunteer HT canola. This is a long-term approach requiring significant resources and commitment. The M21 team is pursuing a two-pronged approach for developing HTM: i) screening mutated mustard seed populations that have been developed for all three mustard species and ii) microspore mutation technology for *B. juncea* and *B. carinata*, the two species that are responsive to microspore culture.

A few single plant selections from the seed mutated *B. carinata* populations are demonstrating tolerance to dicamba. This tolerance has been reconfirmed in winter field trials in Florida and in the Prairies in 2014. Work in 2015 confirms that the plants selected continue to demonstrate tolerance. The next research task is to determine the level of tolerance exhibited by these new dicamba tolerant lines. More news about the progress made on this new HTM development and how it will be used to help develop brown and oriental HTM cultivars will be provided as it becomes known.

C. Carinata - Dedicated Industrial Mustard (*B. carinata*): Carinata, a brassica, is another cousin to canola and thus can capitalize on technologies developed for canola. Both the AAFC and Agrisoma carinata breeding programs are making progress in developing new and improved carinata varieties. The focus of the 2015 programs was to continue to generate new crosses from diverse background carinata germplasm and identify new higher yielding genotypes with lower glucosinolate content. The first doubled haploid *B. carinata* lines from the Agrisoma breeding program were field evaluated in the summer of 2015 and in the Chile 2014-15 winter nursery. A few genotypes appear to have slightly higher tolerance to sclerotinia damage than the majority of lines evaluated in a highly sclerotinia infested site at Scott, SK.

Agrisoma in 2015 pursued a small contract production program in the Canadian Prairies, in the southeastern U.S., and in the U.S. Northern Great Plains. Agrisoma will contract for Carinata production acres in Canada and the U.S. for their 2016 committed customer sales agreements.

Agriculture and Agri-Food Canada (AAFC), the Western Grain Research Foundation (WGRF), the Agriculture Development Fund (ADF) of Saskatchewan Agriculture, the Canadian Mustard Association (CMA), the Saskatchewan Mustard Development Commission (SMDC) and Agrisoma Biosciences Inc. have been generous and continued supporters of M21's strategic plan and we take this opportunity to thank them all.

Notes





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