

## Saskatchewan Beekeepers' Development Commission Annual Report

The anti-dumping campaign that was being initiated by Canadian Honey Council (CHC) with the help of the Canadian Border Services was put "on hold" due to the upward movement in the price of honey last spring as well as a timing issue in moving forward with our case.

The CHC initiated a Pilot Promotional Campaign which was conducted in Winnipeg last Nov/Dec. KARO, a company out of Calgary, designed and conducted the pilot project. A mascot for promoting the marketing of 100% Pure Canadian Honey, "Pierre the Bear", was developed along with the Billboards and Radio spots. Pierre was a hit at the honey shows in Wpg. Then he traveled to Saskatchewan where he was a major attraction at the Joe Ralko promotion during our business meeting, and at Agribition where he helped out with the auction. Pierre was also in Langley, B.C., at the annual meeting, and then he attended the SBA/SBDC meetings in Saskatoon. The promotional pilot was funded by the industry stakeholders, the SBA contributed \$10,000 and the SBDC also contributed \$10,000.

A Honey Awareness campaign was launched at the fall Business meeting and featured Pierre the Bear. Although the campaign operated from a small budget, it did achieve a relatively high level of media attention and educated the general public as to the importance of reading the labels on honey tubs or jars.

When the SBA/SBDC board met with Agricultural Minister Mark Wartman in November they requested support funding for both promotional campaigns. Although the original request was declined by Minister Wartman's office, funding is still being pursued through other government departments.

We have been informed that the Canadian Food Inspection Agency will be taking action regarding misleading labeling. Recommended changes include dropping the terms pasteurized and unpasteurized, having the country of origin more prominent on the labels, and only allowing the Canada No. 1 Grade standard to be used on containers using 100% Canadian Honey. These proposed changes have been forwarded to the Federal Agricultural Minister and if approved at that level will be gazetted and then legislated.

Ms Perrone from the CFIA is now responsible for overseeing and maintaining the honeybee import regulations. The import regulations will remain unchanged unless there is a strong indication from industry that this issue needs to be reexamined. In light of the current situation in the U.S. she has made it very clear that the import situation for movement of bees (hives or packages) would not be changing in the foreseeable future.

There are a couple of interesting developments in our industry that may increase honey consumption:

1. The Hibernation Diet which is a book that was released in 2006 that claims that a tablespoon of honey taken before retiring for the night will burn 4 grams of fat/hour during sleep. The authors of the book are on a promotional campaign this year.

2. The Bee Movie which is being produced by Stephen Spielberg is scheduled to be released in November.

### **Projects for 2007**

The election process is quite detailed and the SBDC board will be working closely with Sask Ag Council through Ryan Boughen to ensure that the proper format is observed. Nomination papers have been sent to all members and the submission deadline is mid-March. After this date the nomination ballots will be sent to all members to vote for their choice of candidates to fill 6 positions on this, our first, election for our Board members. On each successive year we will be voting to fill 2 Board positions.

The current non-refundable registration fee is set at \$25.00. The SBDC Board has asked the Ag Council to consider allowing an increase in this fee to \$75.00 which more accurately represents the actual administrative cost of maintaining the Commission.

The collection of check-off fees from non-compliant members was significantly higher than expected. The Board will ask that the non-compliant penalties where action has to be taken to Small Claims Court be raised from \$100.00 to \$500.00.

A letter addressed to the Commission from one of the members suggested that we consider doubling the rates for 2007. In view of the currently depressed honey prices the Board will not be making any changes in the check-off rates for this year.

The Board is considering a continuation of the Honey Awareness campaign that was begun last year at the SBA business meeting by Joe Ralko. Since Joe was unable to attend our annual meeting we are awaiting his revised contract.

At present the Board does not have research protocols in place, nor has it advertised that research monies are available. We will be working on developing guidelines for research submissions. It has been suggested that we use the Canadian Bee Research Funds existing guidelines.

Our Honey Bee Breeding Program for Resistant Genetics and Honey Production, "Saskatraz", is requiring increased funding and is projected to require \$100,000/year to continue. The SBDC will continue to provide support for this SBA initiated project.

Submitted March 12, 2007  
Tim Wendell – Interim President

Saskatchewan Beekeeper's Development Commission  
Financial Statements

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**FINANCIAL  
STATEMENTS**

**Saskatchewan Beekeeper's  
Development Commission**

Period Ended December 31, 2006

# Saskatchewan Beekeeper's Development Commission

Yorkton, Saskatchewan

December 31, 2006

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**PARKERQUINE LLP**  
Chartered Accountants Business Advisors

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**Auditors' Report**

To the members  
Saskatchewan Beekeeper's Development Commission

We have audited the Statement of Financial Position of Saskatchewan Beekeeper's Development Commission as at December 31, 2006 and the Statements of Operations, Changes in Net Assets and Cash Flows for the period then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2006 and the results of its operations and changes in its cash flow for the period then ended in accordance with Canadian generally accepted accounting principles.

PARKERQUINE LLP

Yorkton, SK  
January 9, 2007

Per: *Mandy Pico* CA

Saskatchewan Beekeeper's Development Commission

Yorkton, Saskatchewan

Statement of Financial Position as at December 31, 2006



Assets

Current Assets

Cash and cash equivalents	944
Short-term investments	<u>24,691</u>

\$ 25,635

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities - note 4	<u>1,200</u>
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Net Assets

Internally-restricted net assets - note 5	3,560
Unrestricted net assets	<u>20,875</u>
	<u>24,435</u>

\$ 25,635

Approved on behalf of the board:

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*The notes to financial statements are an integral part of these financial statements.*

## Saskatchewan Beekeeper's Development Commission

### Statement of Changes in Net Assets For the period ended December 31, 2006

	Internally- Restricted Net Assets	Unrestricted Net Assets	2006 Total
Excess of revenue over expenses for the period		24,435	24,435
Transfer from unrestricted to restricted	3,560	( 3,560)	
Balance, end of period	<u>\$ 3,560</u>	<u>\$ 20,875</u>	<u>\$ 24,435</u>

*The notes to financial statements are an integral  
part of these financial statements.*

# Saskatchewan Beekeeper's Development Commission

## Statement of Operations

For the period ended December 31, 2006

### Revenue

Producer check off fees	38,298
Less: producer check off refunds	<u>( 2,702)</u>
	35,596
Registration fees	3,150
Investment and other income	1,446
Subsidies and grants	<u>10,000</u>
	<u>50,192</u>

### Expenses

Board of directors	1,657
Administrator's fees	3,150
Business and annual meetings	565
Canadian Honey Council project contribution	10,000
Consumer awareness project	3,472
General and administration	1,705
Member communications	4,008
Professional fees	<u>1,200</u>
	<u>25,757</u>

**Excess of Revenue Over Expenses for the Period** \$ 24,435

*The notes to financial statements are an integral  
part of these financial statements.*



# Saskatchewan Beekeeper's Development Commission

## Statement of Cash Flows

For the period ended December 31, 2006

**Cash Provided By (Used In):**

Operations

Excess of revenue over expenses for the period	24,435
Net change in working capital	<u>1,201</u>
	25,636

Investing activities

Additions to short-term investments	<u>( 24,691)</u>
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**Net Cash Increase for the Period**

945

Cash position, beginning of period

0

**Cash Position, End of Period**

\$ 945

**Represented By:**

Cash and cash equivalents

\$ 945

Net change in working capital consists of:

Increase (decrease) - accounts payable and accrued liabilities	<u>\$ 1,201</u>
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*The notes to financial statements are an integral part of these financial statements.*

# Saskatchewan Beekeeper's Development Commission

Notes to Financial Statements

For the period ended December 31, 2006

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## 1. Nature of Operations

The organization was established March 24, 2006 pursuant to The Beekeepers Development Plan Regulations (the Regulations), under the authority of The Agri-Food Act, 2004. The purpose of the organization is to develop the bee and bee products industry in Saskatchewan by engaging in research and development projects intending to develop and improve market opportunities, production methods and product quality.

## 2. Significant Accounting Policies

These financial statements are the responsibility of the organization's management and have been prepared in accordance with Canadian generally accepted accounting principles using the accounting policies as summarized below:

### (a) Short-term investments

Short-term investments represent investments in mutual fund units. Short-term investments are written down to market value in the event of declines in market value that are not considered to be temporary. At year-end, the quoted market value of the investments was \$25,960.

### (b) Revenue

Under the Regulations, each commercial beekeeper is required to pay the organization a \$25 registration fee, plus a check off fee of \$0.50 per colony in production. Producers may request a refund for check off fees paid in the year by submitting a written request between June 7 and June 30 of the calendar year to which the check off fees apply.

Producer check off fees and registration fees are recognized when they become receivable from the producers and collection is reasonably assured. Refunds are recognized as requested by producers.

### (c) Government assistance

Government assistance in the form of operating grants is recognized as income in the year the grants are received.

### (d) Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the organization to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

# Saskatchewan Beekeeper's Development Commission

Notes to Financial Statements

For the period ended December 31, 2006

## 3. Financial Instruments

The organization's financial instruments consist of cash, short-term investment and accounts payable and accrued liabilities. For cash and accounts payable and accrued liabilities, the carrying amount of these financial instruments approximate their fair value due to their short-term maturity or capacity of prompt liquidation. Market values of short-term investments approximate fair values.

## 4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following item:

Accrued liabilities	<u>\$ 1,200</u>
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## 5. Internally-Restricted Net Assets

The organization has internally-restricted net assets in order to improve its ability to participate in projects requiring significant funding in future years as the opportunity arises. Management requires the Board of Director's approval to use the funds from these restricted assets.

## 6. Related-Party Transactions

Included in these financial statements are transactions with related parties. These related parties include the Government of Saskatchewan, who is related by virtue of significant influence of the organization, and the Saskatchewan Beekeepers Association (SBA), who is related by virtue of a common Board of Directors. Transactions with these related parties are in the normal course of operations. They are recorded at the standard rates charged by those organizations and are settled on the normal trade terms.

Certain transactions with the Saskatchewan Beekeepers Association are by virtue of a cost sharing arrangement between the two organizations for costs relating to joint board meetings, office expenses and member communications. These transactions are recorded at the rates charged by the SBA, which are equal to the Saskatchewan Beekeepers Development Commission's portion of the rates charged to the SBA by the third party suppliers.

In addition, the organization pays Provincial Sales Tax to the Saskatchewan Department of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

# Saskatchewan Beekeeper's Development Commission

Notes to Financial Statements

For the period ended December 31, 2006

## 6. Related-Party Transactions (continued)

<b>Financial Statement Accounts</b>	<b>Terms or Conditions</b>	<b>2006</b>
Revenue		
Government grant	development assistance	\$ 10,000
Expenses		
Member communications	SBDC's portion of expenses	3,340
Board of Directors	SBDC's portion of expenses	1,840
General and administration	SBDC's portion of expenses	63

# PARKERQUINE LLP

Chartered Accountants Business Advisors

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## Auditors' Report

To the members of the Legislative Assembly of Saskatchewan

We have made an examination to determine whether the Saskatchewan Beekeeper's Development Commission complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing and investing activities during the period of March 24, 2006 to December 31, 2006:

*The Agri-Food Act, 2004*

The Beekeepers Development Plan Regulations

Commission Orders #01/06 to #03/06

Our examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Saskatchewan Beekeeper's Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the period of March 24, 2006 to December 31, 2006.

PARKERQUINE LLP

Per: *Mandy Pusey* CA

Yorkton, SK  
January 9, 2007

**PARKERQUINE LLP**  
Chartered Accountants Business Advisors

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**Auditors' Report**

To the Board of Directors

We have audited the Saskatchewan Beekeeper's Development Commission's control as of December 31, 2006 to express an opinion as to the effectiveness of its control related to the following objectives:

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

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

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

We conducted our audit in accordance with standards for assurance engagements established by the CICA. Those standards require that we plan and perform an audit to obtain reasonable assurance as to the effectiveness of Saskatchewan Beekeeper's Development Commission's control related to the objectives above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

In our opinion, Saskatchewan Beekeeper's Development Commission's control was effective, in all significant respects, related to the objectives stated above as of December 31, 2006, based on the CICA criteria of control framework.

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

**PARKERQUINE LLP**

Per:

*Mandy Pute*

Yorkton, SK  
February 22, 2007

## Saskatchewan Beekeepers Development Commission

### Payee Summary for Fiscal Year Ending December 31, 2006

Notes: The interim Board for the Saskatchewan Beekeepers Development Commission, was the existing board for the Saskatchewan Beekeepers Association. As a cost saving measure, the board separated their meetings into two parts, dividing the expenses for the board meetings between the two organizations.

The remuneration paid to the interim Secretary-Treasurer, Wink Howland, was based on an agreement that he would receive the program's \$25.00 per member administration fee, and that this fee would be reviewed for adequacy at the end of the first fiscal year.

Board members do not receive honourariums, but are reimbursed for travel and meal expense at rates established for Saskatchewan by the Federal Government. Those rates, as established for 2006, were: Mileage - 44.5 cents/km; Meals - \$58.10/day; Incidentals - \$17.30/day. Where possible, board members ate together and one bill was recorded.

During the two years prior to the establishment of the Commission, expenses for completing surveys and developing beekeeper support, were borne by the Saskatchewan Beekeepers' Association, with an understanding that these costs would be repaid from Commission funds, should the Commission become a reality. This payable totaled \$2592.51, and primarily represented the costs of preparing and mailing two surveys to all of the provincial beekeepers. On the current expenditures sheet, these costs are shown in the category of "Newletters and Mailouts."

#### Payee Detail for 2006

Category: *Individual Board Members (Represents reimbursement for travel/meals)*

Tim Wendell	\$ 47.30
Dennis Glennie	\$ 79.55
Corey Bacon	\$ 300.69
SBA	\$ 1,229.47
Total	\$ 1,657.01

#### *Interim Secretary/Treasurer*

Wink Howland	\$3,150.00	(Equals administration fee)
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#### *Market Development/Research*

Canadian Honey Council	\$10,000.00	National Honey Promotion
Trinity Communications	\$ 3,471.50	Consumer Awareness

***Supplier Payments***

Parkland Printers	\$ 889.31 (Stationery/Ballots/Newsletters)
Royal Bank	\$ 119.84 (Cheques/Deposit Books)
Queen's Printer	\$ 117.00 (Printing of Commission Articles)
Quick Print Postage	\$ 163.21 (Postage)
SBA	\$1302.81 (Share of newsletter costs)

***Collection Costs (Delinquent members)***

Canada Post	\$ 50.33 (Registration and mailing of letters)
Calvin Parsons	\$ 358.75 (Attend court - Lloydminster)
Gary Corey	\$ 30.00 (Perform service - Clifford)
Provincial Court	\$ 60.00 (Small Court Summons)

The above detail outlines Commission expenditures of consequence, for 2006. Further detail, if required, is available from the Treasurer.