



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.

Annual Report

2013 - 2014



Message from the Chair of the Board of Directors – Allen Kuhlmann

The focus of ACS is to provide new opportunities and strengthen the Saskatchewan agriculture and agri-food sector. Decisions beyond our control were made regarding the use of industry councils to deliver future federal programming, but we remain dedicated to delivering programming to improve the sector for producers, processors and all those involved in the industry.

I am pleased to report that we were able to provide funding to 44 CAAP projects in 2013/14 for a total of \$1,225,846. The CAAP program came to an end on March 31, 2014. Over the 5 year duration of the CAAP program, we funded 214 CAAP projects, for a commitment of over \$14.3 million.

Residual funding from the Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) program is available and we have applications currently coming in for funding in 2014-2015. ACAAFS was a five-year, \$240 million national Agriculture and Agri-Food Canada (AAFC) initiative designed to position Canada's agriculture and agri-food sector at the leading edge to capture new opportunities. ACAAFS will support project objectives which help the agricultural sector adapt and remain competitive including: Seizing opportunities; Responding to new and emerging issues; and Pathfinding and Piloting solutions to new and ongoing issues.

The Levy Central program continues to grow and evolve. Levy Central manages the collection of a levy collected on each of the crop member organizations. In turn the levy collected is directed to research, market development and education activities through each commodity organization.

The Food Service and Grocery Retail Value Chain Initiative of ACS has continued to assist Saskatchewan's agri-food industry to become more competitive and provide solutions for today's consumer.

I will be retiring from the ACS Board of Directors in June, 2014 after serving two terms, the last three as the Board Chair. I would like to thank the ACS Staff and my fellow directors for their hard work and dedication over the past year.



Message from the Executive Director, Blair Goldade

It was a busy year for ACS, but with the continued strong commitment from the ACS Board of Directors and staff, we continued to be dedicated to the delivery of all our programming. We continue to provide support to the many organizations that rely on ACS for funding.

ACS works closely with many organizations within the agriculture and agri-food sector, from non-profit commodity groups to for-profit businesses, to ensure that they received funding that would have significant, long-term impacts on the sector in Saskatchewan and across Canada.

CAAP (Canadian Agricultural Adaptation Program) was a five year - \$163 million AAFC funding program and ACS's share was \$14.3 million. This year was the final year of the five year program which ended March 31, 2014. Approved projects had to be completed by December 31, 2013 and staff completed the CAAP program by March 31, 2014. Funds returned to AAFC because CAAP was a contribution program (not a grant program) amounted to \$974,641 which was primarily the result of slippage from projects.

There were \$2.2 million in residual funds remaining under the ACAAFS (Advancing Canadian Agriculture and Agri-Food SK) program of ACS. This was a grant program and residual funds did not have to be sent back to AAFC. In February the Board of Directors approved an ACS Strategic Initiative project for \$391,000 titled 'Saskatchewan Grocery Retail Value Chain Initiative-Meeting the Demands of the Canadian Retailer'. This project will allow ACS to continue with the Value Chain project work over the next two years. ACS issued a call for applications in February 2014 and the Board of Directors will approve projects at the April, 2014 Board of Directors meeting. ACAAFS approved projects will be completed by December 31, 2015.

The Saskatchewan Grocery Retail and Foodservice Value Chain Initiative continued in 2013/2014 as a CAAP funded project and ended on March 31, 2014. The services for this program have been in great demand over the past year and have been instrumental in building the sector's value chain. Bryan Kosteroski, Value Chains Specialist, will continue the work with the approved ACAAFS project funding.

ACS is pleased with the continued service Levy Central provides to various commodity groups. The Levy Central Program under ACS continues to operate levy collection and election services for Saskatchewan, Manitoba and Alberta commodity organizations and regional check-offs. The levy collections fund research, market development and education activities through the commodity organizations. Total levy collected on behalf of clients for the 2012/13 crop year was \$26 million. Activity over the 2013/14 year focused on maintaining the high quality of service offered to clients, marketing the program to other commodity groups as well as expanding the suite of services offered to clients.

I would like to thank the Board of Directors and the ACS Advisory Groups for their time and excellent work. Their commitment to the organization and to providing Saskatchewan producers and processors with new opportunities has been outstanding.

Finally, ACS would not be able to provide such services without its staff. I would like to offer a special thank you to each of them for their hard work. They have remained committed to ACS and continue to deliver excellent services for our members and clients.



Communications

Seven news releases were issued the past year:

- June 3, 2013 - Agriculture Council of Saskatchewan (ACS) Inc. announced through the Saskatchewan Grocery Retail and Foodservice Value Chain Initiative, creation of the Foodservice Go-to-Market Template.
- June 24, 2013 - A news release announcing the 2013 ACS Annual General Meeting and new Board of Directors.
- June 25, 2013 - Agriculture Council of Saskatchewan (ACS) Inc. announced the newly created Practical Guide to Value Chains through the Saskatchewan Grocery Retail and Foodservice Value Chain Initiative.
- May 15, 2013 - Canadian Lamb Producers Cooperative Inc. announced Canadian Securities Administration granted a ground-breaking Exemption Agreement. Formation of the Canadian Lamb Producers Cooperative was an initiative of the Saskatchewan Sheep Development Board.
- January 31, 2014 - Avena Foods announced a capital expansion to accommodate a growing demand for gluten-free oats. The assessment also led to the hiring and retention of experts in the field of milling.
- April 23, 2014 - FNA Strategic Agriculture Institute (FNA-STAG) issued a news release regarding the launch of a mobile application (AgPriceBook) that could have a major impact on how farmers price inputs and on researchers' ability to find reliable farm input price data.
- April 28, 2014 - the Canadian Cherry Producers Inc. (CCPI) announced completion of a study conducted at the University of Saskatchewan (U of S) to scientifically measure some of the constituents of five U of S Sour Cherries.

ACS sent newsletters in April, August and November



Programming

- There was a significant push to fully allocate CAAP funding in year five through newsletters, e-mail blasts and personal communications with clients by staff and board. CAAP Program complete March 31, 2014.
- CARDS and BOPI programs wound up at March 31, 2014.
- May 26/14 - AAFC announced a renewed \$50M CAAP program to be delivered nationally without utilizing Industry Councils as before.
- ACS accepted applications in February for 'residual ACAAFS' (\$2.2M) funds.
- ACS Staff Steering Committee investigating future roles and business opportunities for ACS. ACS continues to investigate third party program delivery potential.



Levy Central

The Levy Central Program under ACS continues to operate levy collection and election services for Saskatchewan, Manitoba and Alberta commodity organizations and regional check-offs. The levy collected funds research, market development and education activities through the commodity organizations.

Activity over the 2013/14 year focused on maintaining the high quality of service offered to clients, marketing the program to other commodity groups as well as expanding the suite of services offered to clients. The program continues to assist 14 commodity organizations which together represent 17 separate check-off programs. Additional personnel are hired as required.

Election Services were provided to 9 Levy clients this year.

The Levy Central Advisory Group continues to provide input and recommendations to the ACS Board. The ACS Board continually reviews options to ensure Levy Central has an efficient and effective structure in place to accommodate the continued program growth strategy.



Saskatchewan Grocery Retail and Foodservice Value Chain Initiative

- Launched by ACS in 2005 with current funding provided through CAAP. The program is overseen by Bryan Kosteroski, Value Chains Specialist.
- Assists Saskatchewan's agri-food industry to become more competitive and provide solutions for today's consumer.
- All the grocery retail and foodservice guides were updated with the latest industry information.
- Private Label Industry Guides and a Canadian Foodservice Private Label Guide were developed.
- **20** product presentations held with Grocery Category Managers, **2** National Value Chain projects and **9** Grocery Retail Value Chain projects .
- **7** Foodservice Value Chain Roundtable meetings , **5** Foodservice Value Chain projects are in various stages.

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2014

and Auditors' Report

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Agriculture Council of Saskatchewan Inc. is responsible for management of the Council. The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include amounts which are based on informed judgment and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all transactions are authorized, financial records are complete and accurate, and assets are safeguarded against loss.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board has reviewed and approved these financial statements.

Davies & Drury Chartered Accountants, the Council's independent auditors, have examined the financial statements of the corporation. Their responsibility is to conduct an independent and objective audit and to report on the fairness of presentation of the Council's financial position and results of operations as shown in the financial statements. The Auditors' Report outlines the scope of their examination and their opinion.

On behalf of management,



Executive Director



Finance Manager

AUDITORS' REPORT

To the Board of Directors of
Agriculture Council of Saskatchewan Inc.

We have audited the accompanying financial statements of Agriculture Council of Saskatchewan Inc., which comprise the balance sheet as at March 31, 2014 and the statements of revenue and expenses and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' 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 (ASNFP) 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.

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 the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of Agriculture Council of Saskatchewan Inc. as at March 31, 2014, and the statements of revenue and expenses and of cash flows for the year then ended in accordance with Canadian ASNFP.



Chartered Accountants

June 4, 2014

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

BALANCE SHEET AS AT MARCH 31, 2014

	March 31, <u>2014</u>	March 31, <u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash (Note 3)	\$ 5,310,427	\$ 9,433,040
Accounts receivable	203,769	296,033
GST recoverable	3,713	3,856
	<u>\$ 5,517,909</u>	<u>\$ 9,732,929</u>
<u>LIABILITIES AND SURPLUS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,210,649	\$ 111,712
Deferred revenue (Note 4)	5,332	644,936
	<u>2,215,981</u>	<u>756,648</u>
RESERVES (Note 5)	<u>3,301,928</u>	<u>8,976,281</u>
	<u>\$ 5,517,909</u>	<u>\$ 9,732,929</u>

APPROVED BY THE BOARD:



Chair



Vice-Chair

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE:		
General Council (Schedule 1)	\$ 775,951	\$ 650,690
Canadian Adaptation & Rural Development Saskatchewan (CARDS) (Schedule 2)	3,052	1,084
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	37,572	44,383
Biofuels Opportunities for Producers Initiative (BOPI) (Schedule 4)	20,766	20,715
Canadian Agricultural Adaptation Program (CAAP) (Schedule 5)	2,262,412	2,847,997
	<u>3,099,753</u>	<u>3,564,869</u>
EXPENSES:		
General Council (Schedule 1)	738,299	609,038
Canadian Adaptation & Rural Development Saskatchewan (CARDS) (Schedule 2)	23,588	67,006
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	259,329	310,003
Biofuels Opportunities for Producers Initiative (BOPI) (Schedule 4)	113,177	82,771
Canadian Agricultural Adaptation Program (CAAP) (Schedule 5)	5,444,435	2,649,414
	<u>6,578,828</u>	<u>3,718,232</u>
EXCESS OF EXPENSES OVER REVENUE	(3,479,075)	(153,363)
RESERVE, BEGINNING OF THE YEAR	<u>8,976,281</u>	<u>9,129,644</u>
	5,497,206	8,976,281
TRANSFERS TO GOVERNMENT OF CANADA - AAFC	<u>(2,195,278)</u>	<u>-</u>
RESERVE, END OF THE YEAR	<u>\$ 3,301,928</u>	<u>\$ 8,976,281</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES - GENERAL COUNCIL****FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
REVENUE:		
Interest on bank accounts	\$ 6,432	\$ 4,601
Administrative fee	29,182	36,603
Memberships	7,600	8,000
Other income	-	1,606
Levy Central (Schedule 1A)	520,220	401,720
ACS - CAAP projects	212,517	198,160
	<u>775,951</u>	<u>650,690</u>
EXPENSES:		
Accounting and legal	500	500
AGM and general meeting	2,963	3,273
Capital purchases	4,062	-
Insurance	200	200
Memberships	67	67
Salaries and benefits	6,000	6,000
Telephone, postage and photocopying	61	500
Levy Central (Schedule 1A)	511,929	400,338
ACS - CAAP projects	212,517	198,160
	<u>738,299</u>	<u>609,038</u>
EXCESS OF REVENUE OVER EXPENSES	37,652	41,652
RESERVE, BEGINNING OF THE YEAR	<u>353,040</u>	<u>311,388</u>
RESERVE, END OF THE YEAR	<u>\$ 390,692</u>	<u>\$ 353,040</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****LEVY CENTRAL****FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
REVENUE:		
Funds from clients	\$ 498,483	\$ 366,026
Interest on bank account	3,165	1,382
Other client services	18,572	34,312
	<u>520,220</u>	<u>401,720</u>
EXPENSES:		
Accounting and legal	2,800	1,500
Advisory Group meetings	75	450
Computer equipment	914	6,252
Courier and postage	2,530	2,442
Database support costs	18,743	13,650
Insurance	763	1,000
Office supplies	5,196	5,589
Outside expertise	3,497	2,376
Rent	48,693	33,220
Salaries and benefits	414,539	296,365
Telephone and photocopying	733	3,182
Other client services	13,446	34,312
	<u>511,929</u>	<u>400,338</u>
EXCESS OF REVENUE OVER EXPENSES	8,291	1,382
RESERVE, BEGINNING OF THE YEAR	<u>89,010</u>	<u>51,025</u>
RESERVE, END OF THE YEAR	<u>\$ 97,301</u>	<u>\$ 52,407</u>

Schedule 2

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****CANADIAN ADAPTATION & RURAL DEVELOPMENT SASKATCHEWAN (CARDS)****FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
REVENUE:		
Interest on bank account	\$ 3,052	\$ 1,084
EXPENSES:		
Project grants	8,200	33,603
Accounting and legal	300	300
Courier	-	120
Insurance	100	100
Office supplies and equipment leases	-	110
Outside expertise	-	13
Rent	-	1,200
Salaries and benefits	14,988	31,060
Telephone, photocopying and postage	-	500
	<u>23,588</u>	<u>67,006</u>
EXCESS OF EXPENSES OVER REVENUE	(20,536)	(65,922)
RESERVE, BEGINNING OF THE YEAR	<u>22,863</u>	<u>88,785</u>
RESERVE, END OF THE YEAR	<u>\$ 2,327</u>	<u>\$ 22,863</u>

Schedule 3

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****ADVANCING CANADIAN AGRICULTURE & AGRI-FOOD SASKATCHEWAN (ACAAFS)****FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
REVENUE:		
Interest on bank account	\$ 37,572	\$ 44,383
EXPENSES:		
Project grants	162,757	174,944
Accounting and legal	1,957	2,148
Capital purchases	7,108	366
Communications	206	1,501
Conference/meetings attending/presenting	153	241
Courier	159	248
Committee, Board and Advisory Group	4,902	10,635
Corporations Branch account	100	100
Insurance	169	354
Memberships and subscriptions	191	50
National meetings	554	1,749
Office supplies and equipment leases	1,226	2,847
Outside expertise	510	2,067
Rent	13,074	19,662
Salaries and benefits	65,162	87,375
Secretariat	738	1,082
Staff training	-	38
Telephone, photocopying and postage	363	4,596
	<u>259,329</u>	<u>310,003</u>
EXCESS OF EXPENSES OVER REVENUE	(221,757)	(265,620)
RESERVE, BEGINNING OF THE YEAR	<u>3,130,666</u>	<u>3,396,286</u>
RESERVE, END OF THE YEAR	<u>\$ 2,908,909</u>	<u>\$ 3,130,666</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****BIOFUELS OPPORTUNITIES FOR PRODUCERS INITIATIVE (BOPI)****FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
REVENUE:		
Interest on bank account	\$ 20,766	\$ 20,715
EXPENSES:		
Accounting	200	500
Office supplies, telephone and photocopying	-	-
Project grants	92,474	52,771
Salaries and benefits	20,503	29,500
	<u>113,177</u>	<u>82,771</u>
EXCESS OF EXPENSES OVER REVENUE	(92,411)	(62,056)
RESERVE, BEGINNING OF THE YEAR	<u>1,313,048</u>	<u>1,375,104</u>
	1,220,637	1,313,048
TRANSFER TO GOVERNMENT OF CANADA - AAFC	<u>(1,220,637)</u>	<u>-</u>
RESERVE, END OF THE YEAR	<u>\$ -</u>	<u>\$ 1,313,048</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****CANADIAN AGRICULTURAL ADAPTATION PROGRAM (CAAP)****FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
REVENUE:		
Government of Canada - AAFC - Program allocation	\$ 1,919,759	\$ 2,121,454
Government of Canada - Collective Outcome funds	268,819	648,220
Interest on bank account	73,634	78,323
	<u>2,262,412</u>	<u>2,847,997</u>
EXPENSES:		
Project allocations	4,969,535	2,318,023
Accounting and legal	9,038	3,408
Capital purchases	1,781	1,464
Communications	8,017	6,543
Conference/meetings attending/presenting	210	638
Courier	601	429
Committee, Board and Advisory Group	13,090	18,396
Corporations Branch account	100	100
Insurance	735	700
Memberships and subscriptions	-	50
National meetings	6,392	6,327
Office supplies and equipment leases	4,907	7,314
Outside expertise	8,496	5,546
Rent	21,277	33,000
Salaries and benefits	379,904	199,293
Secretariat	2,219	3,143
Staff training	-	266
Telephone, photocopying and postage	3,134	9,774
Translation costs	4,999	-
Project development	10,000	35,000
	<u>5,444,435</u>	<u>2,649,414</u>
EXCESS OF EXPENSES OVER REVENUE	(3,182,023)	198,583
RESERVE, BEGINNING OF THE YEAR	<u>4,156,664</u>	<u>3,958,081</u>
	974,641	4,156,664
TRANSFER TO GOVERNMENT OF CANADA - AAFC	<u>(974,641)</u>	<u>-</u>
RESERVE, END OF THE YEAR	<u>\$ -</u>	<u>\$ 4,156,664</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Cash receipts from programs	\$ 2,552,556	\$ 3,813,038
Cash paid to suppliers and employees	<u>(6,662,218)</u>	<u>(3,788,735)</u>
	<u>(4,109,662)</u>	<u>24,303</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Capital purchases	<u>(12,951)</u>	<u>(1,830)</u>
(DECREASE) INCREASE IN CASH DURING THE YEAR	(4,122,613)	22,473
CASH AT BEGINNING OF THE YEAR	<u>9,433,040</u>	<u>9,410,567</u>
CASH AT END OF THE YEAR	<u>\$ 5,310,427</u>	<u>\$ 9,433,040</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

1. NATURE OF OPERATIONS:

Agriculture Council of Saskatchewan Inc. (ACS) was incorporated under the *Non-Profit Corporations Act of Saskatchewan* on June 6, 1996. The purpose of the council is to provide leadership and programming to advance the agriculture and agri-food sector, contributing to a healthy Saskatchewan community.

2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPQ) and include the following significant accounting policies:

Equipment

The purchase of equipment is treated as a period cost and is not capitalized.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian ASNFPQ requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Assumptions underlying deferred cost valuations are limited by the availability of reliable comparable data and the uncertainty concerning future events.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated net recoverable amount could change by a material amount.

Revenue Recognition

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Income Taxes

No provision has been made for income taxes as none of the activities carried on by the Council are subject to income taxes.

Financial Instruments

Measurement of Financial Instruments

The Council initially measures its financial assets and liabilities at fair value.

The Council 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 statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued:

Financial instruments - continuedImpairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Risks and Concentrations

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

3. CASH:

Cash is comprised of bank accounts, bearing interest at prime less 1.50%.

4. DEFERRED REVENUE:

Deferred revenue consists of contributions received for programs which are unexpended at March 31, 2014. Also included are the unexpended contributions from other councils toward ACAAFS and CAAP collective outcome projects.

	<u>2014</u>	<u>2013</u>
General Council	\$ 5,332	\$ 5,332
ACAAFS	-	4,747
CAAP	-	634,857
	<u>\$ 5,332</u>	<u>\$ 644,936</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2014

5. RESERVES:

	<u>2014</u>	<u>2013</u>
<u>General Council</u>		
This fund is the general operating fund of the Council.	\$ 390,692	\$ 353,040
<u>CARDS</u>		
This fund is used for projects that will help develop a strong, vibrant agricultural and rural economy.	2,327	22,863
<u>ACAAFS</u>		
This fund is used to support innovative agriculture related projects that enable a sustainable, well-diversified economy for the benefit of the industry and for the people of Saskatchewan and Canada.	2,908,909	3,130,666
<u>BOPI</u>		
This fund is used to help agricultural producers in the development of sound, well-developed business plans for projects that have significant producer ownership, as well as aiding to undertake feasibility or other studies to support the creation and expansion of the biofuel production capacity.	-	1,313,048
<u>CAAP</u>		
This fund is used to support industry-led approaches and solutions that allow the sector to quickly adapt to changes, respond to emerging issues and seize new opportunities.	-	4,156,664
	<u>\$ 3,301,928</u>	<u>\$ 8,976,281</u>

6. ECONOMIC DEPENDENCE:

The Council receives substantial funding through the Government of Canada, and is therefore economically dependent upon the government for future operations.