

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2017

and Independent Auditors' Report



J. H. A. Davies, C.A.** Jeff Gorman, C.A.**
Kirby L. Drury, C.A.** Spencer Beaulieu, C.A.**

*operating as a joint venture
**professional corporation

INDEPENDENT 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 statement of financial position as at March 31, 2017, and the statements of operations, and of 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 (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 financial position of Agriculture Council of Saskatchewan Inc. as at March 31, 2017, and the statements of operations, and of cash flows for the year then ended in accordance with Canadian ASNFP.


Chartered Accountants
Saskatoon, Saskatchewan

June 6, 2017


AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION


AS AT MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash (Note 3)	\$ 1,135,109	\$ 1,523,303
Accounts receivable	<u>68,031</u>	<u>40,245</u>
	<u>\$ 1,203,140</u>	<u>\$ 1,563,548</u>
<u>LIABILITIES AND SURPLUS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,811	\$ 6,400
Deferred revenue (Note 4)	<u>7,617</u>	<u>-</u>
	<u>14,428</u>	<u>6,400</u>
RESERVES:		
Unrestricted reserves (Note 5)	<u>1,188,712</u>	<u>1,557,148</u>
	<u>\$ 1,203,140</u>	<u>\$ 1,563,548</u>

APPROVED BY THE BOARD:



 Chair



 Director

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE:		
General Council (Schedule 1)	\$ 57,286	\$ 188,538
Levy Central Services (Schedule 2)	411,167	413,974
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	8,430	21,617
	<u>476,883</u>	<u>624,129</u>
EXPENSES:		
- General Council (Schedule 1)	64,270	189,133
Levy Central Services (Schedule 2)	397,820	389,312
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	383,229	1,126,044
	<u>845,319</u>	<u>1,704,489</u>
EXCESS OF EXPENSES OVER REVENUE	(368,436)	(1,080,360)
RESERVE, BEGINNING OF THE YEAR	<u>1,557,148</u>	<u>2,637,508</u>
RESERVE, END OF THE YEAR	<u>\$ 1,188,712</u>	<u>\$ 1,557,148</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Cash receipts from programs	\$ 456,714	\$ 647,952
Cash paid to suppliers and employees	<u>(844,908)</u>	<u>(1,792,239)</u>
	<u>(388,194)</u>	<u>(1,144,287)</u>
DECREASE IN CASH DURING THE YEAR	(388,194)	(1,144,287)
CASH AT BEGINNING OF THE YEAR	<u>1,523,303</u>	<u>2,667,590</u>
CASH AT END OF THE YEAR	<u>\$ 1,135,109</u>	<u>\$ 1,523,303</u>

Schedule 1

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF REVENUE AND EXPENSES - GENERAL COUNCIL

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE:		
Interest on bank account	\$ 3,515	\$ 3,532
Memberships	6,500	7,200
Other income	2,453	1,027
ACS - ACAAFS projects	-	158,723
Agriculture Management Programs (Schedule 1A)	<u>44,818</u>	<u>18,056</u>
	<u>57,286</u>	<u>188,538</u>
EXPENSES:		
Accounting and legal	4,592	500
ACS - ACAAFS projects	-	158,722
AGM	1,516	2,920
Agriculture Management Programs (Schedule 1A)	36,333	16,853
Board of Directors	6,942	-
Memberships	273	128
Office supplies and equipment	14,614	10
Wages and benefits	<u>-</u>	<u>10,000</u>
	<u>64,270</u>	<u>189,133</u>
EXCESS OF EXPENSES OVER REVENUE	(6,984)	(595)
RESERVE, BEGINNING OF THE YEAR	<u>272,568</u>	<u>273,163</u>
RESERVE, END OF THE YEAR	<u>\$ 265,584</u>	<u>\$ 272,568</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSES
AGRICULTURE MANAGEMENT PROGRAMSFOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE:		
Client revenue	\$ 32,435	\$ 18,056
Saskatchewan Canada Gap Program	12,383	-
	<u>44,818</u>	<u>18,056</u>
EXPENSES:		
Client Expenses:		
Office supplies	-	380
Other expenses	6,350	1,997
Photocopying	-	30
Postage	-	46
Rent	4,575	-
Wages and benefits	13,025	14,400
Saskatchewan Canada GAP Program:		
Advertising and promotion	1,729	-
First Certification audits	784	-
Rent	1,800	-
Wages and benefits	3,350	-
Workshops	4,720	-
	<u>36,333</u>	<u>16,853</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 8,485</u>	<u>\$ 1,203</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSESLEVY CENTRAL SERVICESFOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE:		
Funds from clients	\$ 367,349	\$ 364,695
Administration professional services	36,735	36,469
Interest on bank account	3,698	2,482
Other client services	3,385	10,328
	<u>411,167</u>	<u>413,974</u>
EXPENSES:		
Accounting and legal	18,398	3,000
Advertising and promotion	-	4,874
Advisory Group meetings	603	241
Courier and postage	1,968	2,139
Database support costs	18,743	18,743
Database technology enhancement	15,881	4,226
Insurance	3,000	2,700
IT services	2,061	1,765
Office supplies and equipment	13,473	3,226
Other client services	3,385	14,728
Rent	34,980	36,672
Telephone and photocopying	1,010	294
Wages and benefits	284,318	296,704
	<u>397,820</u>	<u>389,312</u>
EXCESS OF REVENUE OVER EXPENSES	13,347	24,662
RESERVE, BEGINNING OF THE YEAR	<u>199,224</u>	<u>174,562</u>
RESERVE, END OF THE YEAR	<u>\$ 212,571</u>	<u>\$ 199,224</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSESSTRATEGIC INITIATIVES (formerly ACAAFS)FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE:		
Interest on bank account	\$ 8,430	\$ 21,617
EXPENSES:		
Administrative Expenses:		
Accounting and legal	7,150	4,584
Committee, Board and Advisory Group	-	8,241
Communications	-	1,206
Courier	556	564
Insurance	508	921
IT services	4,971	874
Memberships and subscriptions	-	93
Office supplies and equipment leases	1,893	2,991
Project grants	-	977,106
Rent	44,562	42,896
Secretariat	120	3,228
Telephone, photocopying and postage	603	621
Wages and benefits	13,678	82,719
Strategic Initiative Program Expenses:		
Sask. Agri-Food Value Chain Initiative	203,567	-
Sask. Vegetable/Fruit IQF Processing/Value Add Study	4,121	-
Agriculture in the Classroom Saskatchewan	101,500	-
	<u>383,229</u>	<u>1,126,044</u>
EXCESS OF EXPENSES OVER REVENUE	(374,799)	(1,104,427)
RESERVE, BEGINNING OF THE YEAR	<u>1,085,356</u>	<u>2,189,783</u>
RESERVE, END OF THE YEAR	<u>\$ 710,557</u>	<u>\$ 1,085,356</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2017

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 (ASNFPPO) and include the following significant accounting policies:

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian ASNFPPO 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.

Equipment

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

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.

Expense Allocations

Administrative expenses include accounting and legal, office supplies, photocopying, postage, salaries and benefits and telephone. Certain administrative expenses are common to the operation of the Council and its Levy Central and Strategic Initiatives activities. These expenses have been allocated to Levy Central and Strategic Initiatives based on percentages of employees' time spent supporting each activity. Such allocations are reviewed annually. The basis of allocation may be revised according to circumstances prevailing at any given time.

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.

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES - continued:

Financial InstrumentsMeasurement 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.

Impairment

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.

3. CASH:

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

4. DEFERRED REVENUE:

The Saskatchewan Canada Gap Program advanced the Council \$20,000. The remaining \$7,617 has not been expended by the Council as of March 31, 2017. Management expects to utilize the remaining amount with the 2017-2018 program.

5. UNRESTRICTED RESERVES:

The reserve funds have no internal or external restrictions and consist of the following reserve funds:

	<u>2017</u>	<u>2016</u>
<u>General Council</u>		
This fund is the general operating fund of the Council.	\$ 265,584	\$ 272,568
<u>Levy Central Services</u>		
This fund is used for programs and services that will benefit Levy Central members and clients.	212,571	199,224
<u>Strategic Initiatives (formerly 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.	710,557	1,085,356
	<u>\$ 1,188,712</u>	<u>\$ 1,557,148</u>

6. FINANCIAL INSTRUMENTS:

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.