

**AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**

**FINANCIAL STATEMENTS**

For the fiscal year ended March 31, 2018

and Independent Auditors' Report



J. H. A. Davies, CPA, CA\*\* Jeff Gorman, CPA, CA\*\*  
Kirby L. Drury, CPA, CA\*\* Spencer Beaulieu, CPA, CA\*\*  
Ryan Lupien, CPA, CA\*\*  
\*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, 2018, 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, 2018, and the statements of operations, and of cash flows for the year then ended in accordance with Canadian ASNFP.

A handwritten signature in cursive script that reads "Davies &amp; Drury".

Chartered Professional Accountants  
Saskatoon, Saskatchewan

June 8, 2018


**AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**

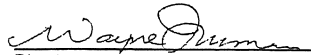
**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash (Note 3)	\$ 925,701	\$ 1,135,109
Accounts receivable	<u>87,585</u>	<u>68,031</u>
	<u>\$ 1,013,286</u>	<u>\$ 1,203,140</u>
<b><u>LIABILITIES AND SURPLUS</u></b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 678	\$ 6,811
Deferred revenue	<u>-</u>	<u>7,617</u>
	<u>678</u>	<u>14,428</u>
RESERVES:		
Unrestricted reserves (Note 4)	766,159	976,141
Internally restricted reserves (Note 5)	<u>246,449</u>	<u>212,571</u>
	<u>1,012,608</u>	<u>1,188,712</u>
	<u>\$ 1,013,286</u>	<u>\$ 1,203,140</u>

APPROVED BY THE BOARD:

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Director

**AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
REVENUE:		
General Council (Schedule 1)	\$ 78,644	\$ 57,286
Levy Central Services (Schedule 2)	426,519	411,167
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	<u>6,216</u>	<u>8,430</u>
	<u>511,379</u>	<u>476,883</u>
EXPENSES:		
General Council (Schedule 1)	69,668	64,270
Levy Central Services (Schedule 2)	392,641	397,820
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	<u>225,174</u>	<u>383,229</u>
	<u>687,483</u>	<u>845,319</u>
DEFICIENCY OF REVENUE OVER EXPENSES	(176,104)	(368,436)
RESERVE, BEGINNING OF THE YEAR	<u>1,188,712</u>	<u>1,557,148</u>
RESERVE, END OF THE YEAR	<u>\$ 1,012,608</u>	<u>\$ 1,188,712</u>

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

**AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Cash receipts from programs	\$ 484,208	\$ 456,714
Cash paid to suppliers and employees	<u>(693,616)</u>	<u>(844,908)</u>
	<u>(209,408)</u>	<u>(388,194)</u>
DECREASE IN CASH DURING THE YEAR	(209,408)	(388,194)
CASH AT BEGINNING OF THE YEAR	<u>1,135,109</u>	<u>1,523,303</u>
CASH AT END OF THE YEAR	<u>\$ 925,701</u>	<u>\$ 1,135,109</u>

Schedule 1

**AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**

**STATEMENT OF REVENUE AND EXPENSES - GENERAL COUNCIL**

**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
REVENUE:		
Interest on bank account	\$ 4,735	\$ 3,515
Memberships	6,100	6,500
Other income	4,647	2,453
Agriculture Management Programs (Schedule 1A)	<u>63,162</u>	<u>44,818</u>
	<u>78,644</u>	<u>57,286</u>
EXPENSES:		
Accounting and legal	4,900	4,592
AGM	2,806	1,516
Agriculture Management Programs (Schedule 1A)	54,538	36,333
Board of Directors	7,068	6,942
Memberships	-	273
Office supplies and equipment	<u>356</u>	<u>14,614</u>
	<u>69,668</u>	<u>64,270</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	8,976	(6,984)
RESERVE, BEGINNING OF THE YEAR	<u>265,584</u>	<u>272,568</u>
RESERVE, END OF THE YEAR	<u>\$ 274,560</u>	<u>\$ 265,584</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSES  
AGRICULTURE MANAGEMENT PROGRAMSFOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE:		
Client revenue	\$ 43,245	\$ 32,435
Saskatchewan Canada Gap Program	19,917	12,383
	<u>63,162</u>	<u>44,818</u>
EXPENSES:		
Client Expenses:		
Other expenses	13,924	6,350
Rent	4,950	4,575
Wages and benefits	15,747	13,025
Saskatchewan Canada GAP Program:		
Advertising and promotion	913	1,729
First Certification audits	888	784
Rent	-	1,800
Wages and benefits	16,359	3,350
Workshops	1,757	4,720
	<u>54,538</u>	<u>36,333</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 8,624</u>	<u>\$ 8,485</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSESLEVY CENTRAL SERVICESFOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE:		
Funds from clients	\$ 374,445	\$ 367,349
Administration professional services	37,445	36,735
Interest on bank account	5,404	3,698
Other client services	9,225	3,385
	<u>426,519</u>	<u>411,167</u>
EXPENSES:		
Accounting and legal	18,000	18,398
Advisory Group meetings	-	603
Courier and postage	1,940	1,968
Database support costs	18,743	18,743
Database technology enhancement	1,759	15,881
Insurance	3,000	3,000
IT services	3,376	2,061
Office supplies and equipment	6,757	13,473
Other client services	9,675	3,385
Rent	39,000	34,980
Telephone and photocopying	5,803	1,010
Wages and benefits	284,588	284,318
	<u>392,641</u>	<u>397,820</u>
EXCESS OF REVENUE OVER EXPENSES	33,878	13,347
RESERVE, BEGINNING OF THE YEAR	<u>212,571</u>	<u>199,224</u>
RESERVE, END OF THE YEAR	<u>\$ 246,449</u>	<u>\$ 212,571</u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSESSTRATEGIC INITIATIVES (formerly ACAAFS)FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE:		
Interest on bank account	\$ 6,216	\$ 8,430
EXPENSES:		
Administrative Expenses:		
Accounting and legal	4,925	7,150
Courier	406	556
Insurance	637	508
IT services	29	4,971
Office supplies and equipment leases	492	1,893
Operations and training	965	120
Rent	-	44,562
Telephone, photocopying and postage	876	603
Wages and benefits	-	13,678
Strategic Initiative Program Expenses:		
Sask. Agri-Food Value Chain initiative	174,893	203,567
Sask. Vegetable/Fruit IQF Processing/Value Add Study	24,451	4,121
Agriculture in the Classroom Saskatchewan	17,500	101,500
	<u>225,174</u>	<u>383,229</u>
DEFICIENCY OF REVENUE OVER EXPENSES	(218,958)	(374,799)
RESERVE, BEGINNING OF THE YEAR	<u>710,557</u>	<u>1,085,356</u>
RESERVE, END OF THE YEAR	<u>\$ 491,599</u>	<u>\$ 710,557</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2018

## 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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2018

## 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. UNRESTRICTED RESERVES:

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

	<u>2018</u>	<u>2017</u>
<u>General Council</u>		
This fund is the general operating fund of the Council.	\$ 274,560	\$ 265,584
<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.	491,599	710,557
	<u>\$ 766,159</u>	<u>\$ 976,141</u>

## 5. INTERNALLY RESTRICTED RESERVES:

The Levy Central fund is used for programs and services that will benefit Levy Central members and clients. The Levy Central reserve funds are internally restricted to be used as follows:

	<u>2018</u>	<u>2017</u>
<u>Levy Central Services</u>		
Database reserve	\$ 40,000	\$ 40,000
Equipment reserve	20,000	20,000
Operations reserve	171,449	137,571
Website reserve	15,000	15,000
	<u>\$ 246,449</u>	<u>\$ 212,571</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.