



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.



ANNUAL REPORT
2021-2022



CHAIR REPORT

This year has been a huge step toward resetting back to new normal. The easing of Covid 19 restrictions has seen masking and testing reduced to voluntary. Travel restrictions, in most part, have returned to normal and people have begun to take advantage of the pent-up demand to venture past our borders. Covid has had both a positive and negative impacts on our industry. We continue to navigate the short-term affects of the pandemic, as it creates greater opportunity for local supply, increased demand for agricultural products coupled with higher interest rates, inflation and supply chain issues. ACS continues to reach out to its members for their feedback and provide support where possible. Once again, this year on top of the pandemic, producers and ranchers in many regions in the province have experienced a dry growing season and weather related issues. As in 2021, the extreme heat and the lack of moisture left many producers with reductions in yield and some quality.

ACS has also seen change over the year. Ann Smith, the Levy Central Manager, retired from her position. Ann was a long-term fixture in ACS with over 20 years of service to our ag industry. She was a wealth of knowledge and forged many relationships with our members in the ag sector. We thank Ann for her contributions to our industry and we wish her well in her future. Nicole Yip, of the Levy Central program, was promoted to Senior Levy Central Client Services Representative and will take over Ann's roles and responsibilities. The Levy central team continues to provide its suite of services to 11 agricultural organizations including recording and collecting agricultural levy check-off. Overall levy's are up since August 2022 over the previous 2021 year. This resulted from an overall increase in production numbers in certain categories from the previous year. Levy central continues to ensure check-off levies are collected following each of its 11 client's unique regulatory requirements. Nicole will provide an overview of the past year in her report today.

The ACS Value Chain initiative continues to experience increased demand, new collaboration & partnership within the value add sector. As the demand for locally sourced foodstuffs increases, we will see new initiatives moving forward for value added products across the sectors, particularly in the fruit and vegetable sectors. The ACS Agriculture Management Program continues to provide its suite of services to the Saskatchewan Ag-food industry to expand new supply chain opportunities within the Canadian Retail Industry. Bryan will provide more information on these two programs in his report today.

I want to thank our Board of Directors for their dedication to the organization and the time they have set aside to be actively involved with ACS. On behalf of the Board I would also like to extend my sincere gratitude to our staff for adjusting to the changes in the organization, their hard work and commitment to the program, always putting their best foot forward on your behalf. Finally, I would like to thank Katelyn Duncan who represented Sask. Canola Development Commission, for your time with the ACS Board, and we wish you all the best in the future. We would like to welcome Tracy Broughton as a new ACS Board member, representing Sask. Canola Development Commission.

All the best to ACS in the years ahead!

Sincerely,

A handwritten signature in black ink that reads 'Dan Prefontaine'.

Dan Prefontaine, ACS Chair
Director Strategic Projects - The Food Centre



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.

Executive Director Report

Agriculture Council of Saskatchewan Inc. (ACS) has a very diverse 30-year history within Saskatchewan's agriculture & agri-food sector. ACS is a member-based agricultural non-profit organization with 18 full members & 2 supporting members over the past fiscal year. Presently our staff team at ACS is collaborating with past and possible new members during our membership drive. The Agriculture Council of Saskatchewan's mission is to provide leadership & programming to advance the agriculture & agri-food sector, contributing to a healthy Saskatchewan community.

Agriculture Council of Saskatchewan continues to focus on our strengths in supporting the agriculture industry. The Agri-Food Value Chain Initiative continues to see increased collaboration & partnership within the Saskatchewan Value Add sector. Innovation on the retailer shelf has created a new wave of attention in developing new types of value-added food products along with innovation in packing food products. The continuous supply chain issues within the food ingredient category have created opportunities for local food companies to secure additional supply. Saskatchewan Food companies continue to expand their product lines with innovative concepts for the Canadian Retail Food Industry. The Value Chain Guides on the ACS Website continue to see increased traffic. Demands for updates to the Value Chain Guides will begin mid-2023. The updates will provide the most up-to-date information with category planning & product positioning within the Canadian Retail Food Industry. Agriculture Council of Saskatchewan will be looking at partnering with another organization to assist in the upgrading of the Canadian Retail Guides.

The Agriculture Management Program continues to provide various types of services to the Saskatchewan Agriculture industry along with a growing demand of collaborating with producers and food companies expanding supply chain opportunities within the Canadian Retail Industry. The AMP Program oversees the operations of the Saskatchewan Vegetable Growers Association, Saskatchewan Fruit Growers Association, and the Prairie Fresh Food Corporation. The AMP Program also provides various levels of services to Farm Sourced Foods, Sapientia, OMD Food Products and Riverbend Plantations, along with various other companies from Saskatchewan. I would like to thank Judy Riou for the dedication she provides within these programs.

Levy Central Operations continue to move forward with continued collaboration with agriculture producers & the 11 commodity organizations. Core client services continue to grow from year to year. This past year saw a restructuring of the Levy Central staffing operations with Ann Smith leaving for retirement. Congratulations to Nicole Yip in her new position of Senior Client Services Representative, and to Koren Hebig & Jesse Smith with their expanded rolls as Client Services Representatives with Levy Central.

The Board of Directors of Agriculture Council of Saskatchewan, with representation from commodity groups, along with the value-add sector organizations, collaborate with a focus of moving the Saskatchewan Agriculture & Agri-Food sectors forward. I would like to thank all the ACS Board members for their dedicated time and efforts to ensure that ACS maintains a strong presence within the Saskatchewan agriculture industry.

We have an ACS Board Director, Katelyn Duncan, representing Saskatchewan Canola Development Commission leaving the Board. I would like to thank Katelyn for all the time, effort, and dedication you have provided to the ACS Board over the past 3 years.

Respectfully,

Bryan Kosteroski
Executive Director
Agriculture Council of Saskatchewan Inc.



Levy Central Report

The Levy Central program under ACS operates levy collection and related professional services for Saskatchewan, Manitoba and Alberta commodity organizations. Levy Central currently contracts with 11 commodity organizations.

Levy Central collected \$17,322,544 in levies for the 2021-2022 crop year ending July 31, 2022. This levy collection involved the co-operation of 543 commodity buyers and represented deliveries from 52,277 agricultural producers. Core client services continue to include levy collection, depositing and reporting; buyer follow up and individual producer transaction recording; annual buyer registration; refund preparation; newsletter mailing list and voter's list production; year-end reconciliation and documentation preparation; liaison with client auditors during their year-end process, and serving as Election Returning Officer, as requested.

Producer refunds are down in the 2021-2022 crop year, with 2,188 producers requesting a total of \$1,402,745.

Levy Central acted as election Returning Officer this year to eight organizations.

On July 31, 2022 Ann Smith retired. Ann was the Levy Central Manager since 2013 and she did an excellent job of managing Levy Central and staff. Her duties were redistributed among the remaining staff. The Levy Central staff now includes myself, Nicole Yip, who provides administrative reports to management, manages the day-to-day operations of Levy Central, is the client contact for remote website access, administers the levy collection for six clients, and runs the election process. Koren Hebig is part-time and administers the levy collection for two clients. Jesse Smith does most of the manual data entry and import corrections, and administers the levy collection for three clients.

The Levy Central program operates on a cost-recovery basis. Each client pays a portion of the actual program operational costs based upon the number of buyers and producers that they have, in relation to the total buyer and producer pool. These numbers are reviewed annually to provide the most realistic basis for budget allocation.

Levy Central continues to provide an ideal option for any client seeking collection check-off administration. Our focus continues to be the provision of cost-effective, accurate and timely check-off collection for each of our clients, based upon a fair and equitable shared fee formula.

Respectfully submitted,

Nicole Yip
Levy Central - Senior Client Service Representative

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Financial Statements

For the Year Ended July 31, 2022

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

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For the Year Ended July 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Agriculture Council of Saskatchewan Inc. (the Council), which comprise the statement of financial position as at July 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at July 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended July 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 7, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lingard + Dreger

**Saskatoon, Saskatchewan
November 3, 2022**

Chartered Professional Accountants



AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Statement of Financial Position

As at July 31, 2022

	2022	(Restated) 2021
ASSETS		
CURRENT		
Cash	\$ 525,753	\$ 603,513
Accounts receivable (Note 4)	112,665	135,802
Prepaid expenses	5,349	9,908
	643,767	749,223
TANGIBLE CAPITAL ASSETS (Note 5)	4,660	-
	\$ 648,427	\$ 749,223
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 28,384	\$ 38,517
NET ASSETS		
UNRESTRICTED	327,229	404,017
INTERNALLY RESTRICTED (Note 7)	292,814	306,689
	620,043	710,706
	\$ 648,427	\$ 749,223
COMMITMENTS (Note 10)		
CONTINGENT LIABILITY (Note 11)		

APPROVED ON BEHALF OF THE BOARD



Director



Director

See notes to the financial statements

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Statement of Operations

For the Year Ended July 31, 2022

	2022	(Restated) 2021
REVENUE		
General Council (Schedule 1)	\$ 6,827	\$ 25,832
Levy Central Services (Schedule 2)	377,435	361,823
Agriculture Management Program (Schedule 3)	138,514	98,924
	522,776	486,579
EXPENSES		
General Council (Schedule 1)	13,695	15,556
Levy Central Services (Schedule 2)	391,310	337,636
Agriculture Management Program (Schedule 3)	208,434	210,456
	613,439	563,648
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (90,663)	\$ (77,069)

See notes to the financial statements

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**Statement of Operations - General Council****(Schedule 1)****For the Year Ended July 31, 2022**

	2022	2021
REVENUE		
Memberships	\$ 3,100	\$ 3,200
Interest	3,727	2,632
Government assistance <i>(Note 8)</i>	-	20,000
	6,827	25,832
EXPENSES		
Accounting and legal	10,800	11,500
Board of Directors	1,911	2,482
Insurance	400	400
Office supplies and equipment	15	611
Website	569	563
	13,695	15,556
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (6,868)	\$ 10,276

See notes to the financial statements

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Statement of Operations - Levy Central Services

(Schedule 2)

For the Year Ended July 31, 2022

	2022	<i>(Restated)</i> 2021
REVENUE		
Funds from clients	\$ 334,582	\$ 325,979
Administration professional services	33,458	32,598
Other client services	7,524	2,018
Interest	1,871	1,228
	377,435	361,823
EXPENSES		
Accounting and legal	18,098	13,408
Amortization of tangible capital assets	932	-
Courier and postage	522	406
Database support costs	19,670	19,744
Database technology enhancements	1,869	3,675
Insurance	3,000	2,882
IT services	4,196	4,835
Office supplies and equipment	8,505	5,582
Other client services	7,525	2,018
Rent	39,000	39,000
Telephone and photocopying	3,841	4,311
Wages and benefits	284,152	241,775
	391,310	337,636
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (13,875)	\$ 24,187

See notes to the financial statements

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.
Statement of Operations - Agriculture Management Program **(Schedule 3)**
For the Year Ended July 31, 2022

	2022	<i>(Restated)</i> 2021
REVENUE		
Client revenue	\$ 135,054	\$ 95,829
Interest	1,951	2,278
Other	1,509	817
	138,514	98,924
EXPENSES		
Accounting and legal	4,980	4,358
Bad debt <i>(Note 4)</i>	9,360	-
Courier and postage	-	270
IT services	678	1,131
Insurance	1,000	896
Office supplies and equipment	754	1,961
Photocopying	747	789
Rent	9,804	9,804
Salaries and wages	176,694	183,859
Telephone	2,552	2,946
Travel	1,865	4,442
	208,434	210,456
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (69,920)	\$ (111,532)

See notes to the financial statements

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Statement of Changes in Net Assets

For the Year Ended July 31, 2022

	Unrestricted	Internally Restricted	2022	2021
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 419,821	\$ 315,825	\$ 735,646	\$ 816,341
Prior period adjustments <i>(Note 3)</i>	(15,804)	(9,136)	(24,940)	(28,566)
As restated	404,017	306,689	710,706	787,775
Deficiency of revenue over expenses	(90,663)	-	(90,663)	(77,069)
Interfund transfers <i>(Note 7)</i>	13,875	(13,875)	-	-
NET ASSETS - END OF YEAR	\$ 327,229	\$ 292,814	\$ 620,043	\$ 710,706

See notes to the financial statements

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

**Statement of Cash Flows
For the Year Ended July 31, 2022**

	2022	<i>(Restated)</i> 2021
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (90,663)	\$ (77,069)
Item not affecting cash:		
Amortization of tangible capital assets	932	-
	(89,731)	(77,069)
Changes in non-cash working capital:		
Accounts receivable	23,137	71,532
Prepaid expenses	4,559	(5,979)
Accounts payable and accrued liabilities	(10,133)	(4,886)
	17,563	60,667
Cash flow used by operating activities	(72,168)	(16,402)
INVESTING ACTIVITY		
Purchase of tangible capital assets	(5,592)	-
DECREASE IN CASH	(77,760)	(16,402)
CASH - BEGINNING OF YEAR	603,513	619,915
CASH - END OF YEAR	\$ 525,753	\$ 603,513
CASH CONSISTS OF:		
Cash	\$ 525,753	\$ 603,513

See notes to the financial statements

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Notes to the Financial Statements

For the Year Ended July 31, 2022

1. NATURE OF OPERATIONS

Agriculture Council of Saskatchewan Inc. (the "Council") 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

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.

Interest income is recognized as revenue using the accrual basis of accounting on a time proportion basis.

Other revenues are recognized as revenue in the year they are earned provided the amount to be received can be reasonably estimated and collection is reasonably assured.

Agriculture Management Program

As part of its Agriculture Management Program (AMP) activities the Council purchases significant goods and services on behalf of its AMP clients, and subsequently receives reimbursement from AMP clients for these purchases. As the Council is not the principal in these transactions they have not been recorded as offsetting revenues and expenses in these financial statements.

Net assets

Net assets consist of the following:

- a) Internally restricted net assets are funds which have been designated for a specific purpose by the Council's Board of Directors as described in *Note 7*.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Council each year, net of transfers, and are available for general purposes.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances with banks and short-term investments with maturities of three months or less.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment	3 years
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Tangible capital asset additions in the year are amortized at one-half of the stated annual rates. Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Income taxes

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

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AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Notes to the Financial Statements

For the Year Ended July 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Agriculture Management Program activities. These expenses have been allocated to the Levy Central and Agriculture Management Programs based on the percentage 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.

Financial instruments

Measurement of financial instruments

The Council initially measures its financial assets and financial 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 and accrued liabilities.

Impairment

Financial assets measured at amortized 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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates include, but are not limited to, the determination of the useful lives of long-lived assets.

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Notes to the Financial Statements

For the Year Ended July 31, 2022

3. PRIOR PERIOD ADJUSTMENT

In the current year it was determined that prepaid expenses, wages payable, insurance expense and wages and benefits expense for the years ended July 31, 2021 and July 31, 2020 were misstated. Additionally, AMP revenues and expenses were overstated by offsetting amounts. Adjustments to correct these misstatements have been recorded in these financial statements. These adjustments have been applied retrospectively. The impact of these restatements on the 2021 and 2020 figures as previously reported is as follows:

	Previously Stated	Adjustment	Restated
July 31, 2021			
Prepaid expenses	\$ 4,827	\$ 5,081	\$ 9,908
Accounts payable and accrued liabilities	8,496	30,021	38,517
Unrestricted net assets	419,821	(15,804)	404,017
Internally restricted net assets	315,825	(9,136)	306,689
Agriculture Management Program revenues	208,415	(109,491)	98,924
General Council expenses	15,556	-	15,556
Levy Central Services expenses	341,633	(3,997)	337,636
Agriculture Management Program expenses	319,576	(109,120)	210,456
Deficiency of revenue over expenses	(80,695)	3,626	(77,069)
July 31, 2020 (4 months)			
Prepaid expenses	1,211	2,719	3,930
Accounts payable and accrued liabilities	12,119	31,285	43,404
Unrestricted net assets	520,706	(15,433)	505,273
Internally restricted net assets	295,635	(13,133)	282,502
General Council expenses	8,935	(267)	8,668
Levy Central Services expenses	115,140	13,133	128,273
Agriculture Management Program expenses	72,063	15,700	87,763
Deficiency of revenue over expenses	(19,033)	(28,566)	(47,599)

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2022	2021
Accounts receivable	\$ 97,537	\$ 98,695
AMP expense reimbursements receivable	15,128	37,107
	\$ 112,665	\$ 135,802

As at July 31, 2022, an allowance for impairment of \$9,360 (2021 - \$NIL) was recognized with respect to an account receivable from a client with a gross carrying amount of \$26,000. The remaining receivable of \$16,640 was received subsequent to year end.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 5,592	\$ 932	\$ 4,660	\$ -

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Notes to the Financial Statements

For the Year Ended July 31, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accounts payable and accrued liabilities	\$ 1,823	\$ 2,137
Vacation payable	18,722	27,882
AMP expenses to be reimbursed payable	7,839	8,498
	\$ 28,384	\$ 38,517

7. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has set up the Levy Central Services internally restricted net assets to be used for programs and services that will benefit Levy Central Services members and clients. The Levy Central Services funds are internally restricted to be used as follows:

	2022	2021
Levy Central Services		
Database	\$ 40,000	\$ 40,000
Equipment	20,000	20,000
Operations	217,814	231,689
Website	15,000	15,000
	\$ 292,814	\$ 306,689

During the year the Board transferred \$13,875 to unrestricted net assets from internally restricted net assets, representing the fiscal year deficit of Levy Central Services as per the Council's financial policy (2021 - \$24,187 transferred to internally restricted net assets).

8. GOVERNMENT ASSISTANCE

During the fiscal year the Council recognized the following government subsidies as revenue:
Canada Emergency Business Account (CEBA) totalling \$NIL (2021 - \$20,000) was recognized as revenue with respect to the forgivable portion of the CEBA loan received.

9. TERMINATION BENEFITS

During the year the Council provided a termination benefit for the early retirement of an employee. This expense of \$30,000 (2021 - \$NIL) is included in wages and benefits of Levy Central Services.

10. COMMITMENTS

The Council is committed to an office lease for its premises at 2335 Schuyler Street, Saskatoon, Saskatchewan with a minimum monthly cost of \$2,706 plus GST, expiring July 25, 2025.

Estimated minimum annual payments over the term of the lease are as follows:

2023	\$ 32,474
2024	32,474
2025	<u>32,474</u>
	<u>\$ 97,422</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

Notes to the Financial Statements

For the Year Ended July 31, 2022

11. CONTINGENT LIABILITY

The Council has a contingent liability for accrued sick time as employees are allowed to accumulate up to 90 sick days. The sick leave contingent liability represents sick days which have accrued to employees who, if on sick leave, would require a replacement worker to perform their daily duties. In the event that employees were to fully utilize their accumulated sick days the sick leave liability would be significant.

12. 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 risks arising from these financial instruments except as follows:

Credit risk

The Council is exposed to credit risk as it grants credit to its clients in the normal course of operations. To mitigate this risk, management regularly reviews its accounts receivable list, and based on knowledge of their clients, will stop granting credit to clients who have not made regular payments in the past.

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting obligations associated with financial liabilities. The Council enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates

The Council manages the liquidity risk resulting from its accounts payable and accrued liabilities by constantly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
