



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.

ANNUAL REPORT
2019 - 2020



CHAIR REPORT

As all of you will appreciate the year of COVID has changed, in a large part, what we generally do, how we do it, and/or when we do it, or even if we can do it.

In the case of the Board of ACS, this last year has been for a 17-month period of time. As you might recall, our AGM's are held in June, following a March yearend. It's been a discussion point around our board table for the last two fiscal years that since we no longer have government funding programs, is there a need to remain in tune with the government fiscal yearend, especially when our largest program is now Levy Central, and its yearend is in line with the crop year, being July 31.

At the Board of Director's December 2019 board meeting it was decided that this was the year to make the change. A letter was sent to Canada Revenue Agency requesting permission to make the change. As we patiently waited for an answer, a new challenge, COVID started showing its face and precautionary measures began to come into action, everything seemed to drop a gear or two and time seemed to just slip by. We had not received permission by the end of March from CRA, but the Board took a leap of faith that we had a strong case and the Board agreed to a four-month budget to take us to the end of July 31st, our new yearend date. We did finally receive permission from CRA by then to change our yearend date. Therefore, two audits were needed in 2020, one being for the March 31st yearend, and the other being for the 4-month stub period yearend of July 31st. Going forward, we will hold our Annual General Meetings in the fall each year.

Our year has also seen some other changes. There have been client changes at Levy Central. This has led to some changes in staff hours and some personnel, which you will hear more about later in the AGM. With the value chain program, Bryan continues to expand the fruit and vegetable processing and is making it possible and necessary for the expansion of production to keep pace with demand of the products that are coming out to the consuming public. I will say it once again, that on a percentage basis Saskatchewan's fruit and vegetable sector is the fastest growing fruit and vegetable sector in Canada, and we don't notice it very much. Especially when it is compared to the large agriculture of grains and oilseeds and the traditional livestock sector.

There are approximately four thousand acres of fruit and vegetable production in Saskatchewan this year, which sounds like a lot, and it is growing by between five and ten percent or two to four hundred acres each season. When we consider that annual crop acres are in excess of thirty-eight million acres, the fruit and vegetable sector is about 0.0001% of those acres. So, on the big scene, this sector for the most part goes unnoticed.

This is my last year on this board. The ACS bylaws state that directors may spend a maximum of two three-year terms and I have reached that. It has been a tremendous learning experience, and I took every advantage to learn. Thank you for your patience with me, and best of luck to ACS in the years to come.

Norm Hall
Chair
Agriculture Council of Saskatchewan Inc.



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.

EXECUTIVE DIRECTOR REPORT

The Past 12 months have been a very challenging time with the social, economic and personal impacts of the COVID 19 pandemic affecting all sectors in many ways. Agriculture Council of Saskatchewan Inc. (ACS) experienced new challenges due to the pandemic, with staff working from home over periods of time, along with the new ways and means of communicating within the agriculture sectors. We are all hoping for the positive development of the coronavirus vaccine in the very near future.

Agriculture Council of Saskatchewan Inc. has a diverse 28-year history in Saskatchewan's agriculture & agri-food sector. ACS is a member-based agriculture organization with 25 full members and 3 supporting members over the past fiscal year. Our Mission, to provide leadership and programming to advance the agriculture & agri-food sector, contributing to a healthy Saskatchewan community, is the priority of our Board of Directors and ACS staff.

ACS continues to focus on our strengths to support the growth of the Saskatchewan agriculture industry. The Agriculture Management Program focuses on supporting the operations of agricultural organizations and agricultural based food organizations in their daily operations. The partnerships within the Ag Management Program have provided very positive outcomes. I would like to thank Judy Riou for the time and effort she applies to the Agriculture Management Program.

The Agri-Food Value Chain Program has seen increased partnerships within the value add sector, which lead to increased capacities within the Saskatchewan vegetable & fruit sectors. With the ever-changing brand alliances within the Grocery Retail Store Chains, direct partnerships have created success in producers collaborating with major retail in supply of food ingredients. The growing private label food products have created an increased opportunity, and partnerships such as the Prairie Fresh Food Corporation who are growing increased acres of pickles, baby carrots, garlic and dill to supply the new Federated Co-operatives Limited Co-op Gold PURE private label brand pickling products on the store shelves across Western Canada. Within the Saskatchewan fruit industry, increased volumes of locally grown fruits are now part of Federated Co-operatives Limited Private Label programs. The growth of the value add industry has also increased the partnerships with the Saskatchewan Food Industry Development Centre with product development and product evaluation activities, along with greater capacities available within the newly expanded processing capabilities.

Levy Central continues to grow year after year within increased volumes of levies collected. Collaboration with agriculture producers and eleven commodity organizations continues to strengthen the established partnerships with Levy Central. Levy collection continued to increase from the previous year along with Levy Central contracting to be the Election Returning Officer to nine organizations this fiscal period. Core client services continue to expand yearly as requests from our provincial partners increase from year to year. I would like to thank the Levy Central staff Ann, Nicole, Koren & Jesse for the very positive outcomes with Levy Central operations.

The ACS Board of Directors consists of seven directors with a focus on moving the Saskatchewan Agriculture & Agri Food sectors forward. The Directors, with member representation from commodity groups and the value add sector, provide the direction and support to move ACS forward.

I would like to thank all the Board directors for their dedicated time and efforts to ensure ACS maintains a strong presence within the Saskatchewan agriculture industry. We have two Board Members leaving this year. I would like to thank Norm Hall for serving two 3-year terms on the Board of Directors and for his dedication to ACS. Also, a thank you to John Serhienko for serving one 3-year term on the Board of Directors. Your time and efforts towards ACS are very appreciated.

Bryan Kosteroski
Executive Director
Agriculture Council of Saskatchewan Inc.



Levy Central Manager's 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 \$29,833,920 in levies for the 2019-2020 crop year ending July 31, 2020. This levy collection involved the co-operation of 514 commodity buyers and represented deliveries from 55,726 agricultural producers. Core client services 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's auditors during their year-end process, and serving as election Returning Officer, as requested.

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. If Levy Central operating expenses for the year come in under budget, each client's budgeted share also decreases.

Levy Central acted as Election Returning Officer this year to nine organizations.

The ACS Levy Central program staff consists of Ann Smith, Nicole Yip, Koren Hebig and Jesse Smith. Ann manages the program as well as taking care of levy administration for three clients, and administers any election services for clients. Nicole administers levy collection for five clients, along with assisting in the election process, and managing the levy database and remote website access. Koren Hebig administers the levy collection for three clients. Jesse does manual data entry and import corrections, along with correcting duplicate producer entries in the database.

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,

Ann M. Smith
Manager, Levy Central

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

For the fiscal period ended July 31, 2020

and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Agriculture Council of Saskatchewan Inc., which comprise the statement of financial position as at July 31, 2020, and the statement of operations and statement of cash flows for the period 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 Agriculture Council of Saskatchewan Inc. as at July 31, 2020, and the results of its operations and its cash flows for the period 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 Agriculture Council of Saskatchewan Inc. in accordance with the 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.

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 Agriculture Council of Saskatchewan Inc.'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 Agriculture Council of Saskatchewan Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Agriculture Council of Saskatchewan Inc.'s financial reporting process.

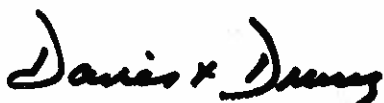
Auditor's Responsibilities for the Audit of the Financial Statements

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 Agriculture Council of Saskatchewan Inc.'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 Agriculture Council of Saskatchewan Inc.'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 Agriculture Council of Saskatchewan Inc. 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.



Chartered Professional Accountants
Saskatoon, Saskatchewan

October 30, 2020

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 2020

	July 31, <u>2020</u>	March 31, <u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash (Note 3)	\$ 619,915	\$ 692,488
Accounts receivable	207,334	144,759
Prepaid expenses	<u>1,211</u>	<u>308</u>
	<u>\$ 828,460</u>	<u>\$ 837,555</u>
<u>LIABILITIES AND SURPLUS</u>		
CURRENT LIABILITIES:		
Accounts payable	<u>\$ 12,119</u>	<u>\$ 2,181</u>
RESERVES:		
Unrestricted reserves (Note 4)	520,706	545,401
Internally restricted reserves (Note 5)	<u>295,635</u>	<u>289,973</u>
	<u>816,341</u>	<u>835,374</u>
	<u>\$ 828,460</u>	<u>\$ 837,555</u>

APPROVED BY THE BOARD:



Director



Director

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF OPERATIONS

FOR THE PERIOD ENDED JULY 31, 2020

	(4 months) <u>2020</u>	(12 months) <u>2020</u>
REVENUE:		
General Council (Schedule 1)	\$ 877	\$ 240,543
Levy Central Services (Schedule 2)	120,802	382,293
Agriculture Management Program (Schedule 3)	55,426	1,021
	<u>177,105</u>	<u>623,857</u>
EXPENSES:		
General Council (Schedule 1)	8,935	211,962
Levy Central Services (Schedule 2)	115,140	362,706
Agriculture Management Program (Schedule 3)	72,063	107,810
	<u>196,138</u>	<u>682,478</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE PERIOD	(19,033)	(58,621)
RESERVE, BEGINNING OF THE PERIOD	<u>835,374</u>	<u>893,995</u>
RESERVE, END OF THE PERIOD	<u>\$ 816,341</u>	<u>\$ 835,374</u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JULY 31, 2020

	(4 months) <u>2020</u>	(12 months) <u>2020</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Cash receipts from programs	\$ 112,419	\$ 552,423
Cash paid to suppliers and employees	(187,103)	(683,362)
Interest received	2,111	18,046
	<u>(72,573)</u>	<u>(112,893)</u>
DECREASE IN CASH DURING THE PERIOD	(72,573)	(112,893)
CASH AT BEGINNING OF THE PERIOD	<u>692,488</u>	<u>805,381</u>
CASH AT END OF THE PERIOD	<u><u>\$ 619,915</u></u>	<u><u>\$ 692,488</u></u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES - GENERAL COUNCIL****FOR THE PERIOD ENDED JULY 31, 2020**

	(4 months) <u>2020</u>	(12 months) <u>2020</u>
REVENUE:		
Agriculture Management Programs (Schedule 1A)	\$ -	\$ 227,028
Interest on bank account	877	8,615
Memberships	-	4,900
	<u>877</u>	<u>240,543</u>
EXPENSES:		
Accounting and legal	7,900	4,900
Agriculture Management Programs (Schedule 1A)	-	203,109
Annual General Meeting	-	331
Board of Directors	635	3,622
Insurance	400	-
	<u>8,935</u>	<u>211,962</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD	(8,058)	28,581
RESERVE, BEGINNING OF THE PERIOD	<u>308,854</u>	<u>280,273</u>
TRANSFER TO AGRICULTURE MANAGEMENT PROGRAMS	<u>300,796</u> <u>(49,258)</u>	<u>308,854</u> <u>-</u>
RESERVE, END OF THE PERIOD	<u><u>\$ 251,538</u></u>	<u><u>\$ 308,854</u></u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES**
AGRICULTURE MANAGEMENT PROGRAMS**FOR THE PERIOD ENDED JULY 31, 2020**

	(4 months) <u>2020</u>	(12 months) <u>2020</u>
REVENUE:		
Client revenue	\$ -	\$ 227,028
EXPENSES:		
Client Expenses:		
Consulting	-	81,795
Other expenses	-	76,024
Rent	-	9,804
Wages and benefits	-	35,486
	<u>-</u>	<u>203,109</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD	<u>\$ -</u>	<u>\$ 23,919</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****LEVY CENTRAL SERVICES****FOR THE PERIOD ENDED JULY 31, 2020**

	(4 months) <u>2020</u>	(12 months) <u>2020</u>
REVENUE:		
Funds from clients	\$ 109,402	\$ 330,416
Administration professional services	10,940	33,042
Interest on bank account	460	8,410
Other client services	-	10,425
	<u>120,802</u>	<u>382,293</u>
EXPENSES:		
Accounting and legal	6,400	18,000
Courier and postage	124	1,557
Database support costs	6,381	18,017
Database technology enhancement	210	635
Insurance	2,823	2,823
IT services	2,044	3,540
Office supplies and equipment	1,497	20,154
Other client services	-	10,425
Rent	13,000	39,000
Telephone and photocopying	1,651	4,680
Wages and benefits	81,010	243,875
	<u>115,140</u>	<u>362,706</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD	5,662	19,587
RESERVE, BEGINNING OF THE PERIOD	<u>289,973</u>	<u>270,386</u>
RESERVE, END OF THE PERIOD	<u>\$ 295,635</u>	<u>\$ 289,973</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****AGRICULTURE MANAGEMENT PROGRAM****FOR THE PERIOD ENDED JULY 31, 2020**

	(4 months) <u>2020</u>	(12 months) <u>2020</u>
REVENUE:		
Client revenue	\$ 54,652	\$ -
Interest on bank account	774	1,021
	<u>55,426</u>	<u>1,021</u>
EXPENSES:		
Accounting and legal	2,580	8,841
Courier and postage	-	281
Insurance	844	1,081
IT services	732	939
Office supplies and equipment	159	1,595
Other client expenses	5,468	-
Photocopying	297	127
Rent	3,268	-
Telephone	1,939	5,166
Travel	1,385	11,980
Wages and benefits	55,391	77,800
	<u>72,063</u>	<u>107,810</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE PERIOD	(16,637)	(106,789)
RESERVE, BEGINNING OF THE PERIOD	236,547	343,336
	<u>219,910</u>	<u>236,547</u>
TRANSFER FROM GENERAL COUNCIL	49,258	-
	<u>49,258</u>	<u>-</u>
RESERVE, END OF THE PERIOD	\$ 269,168	\$ 236,547
	<u>\$ 269,168</u>	<u>\$ 236,547</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JULY 31, 2020

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 (ASNFP) and include the following significant accounting policies:

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian ASNFP 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 Agriculture Management Program activities. These expenses have been allocated to Levy Central and Agriculture Management Program 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 STATEMENTS****FOR THE PERIOD ENDED JULY 31, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES - continued:

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.

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:

	July 31, <u>2020</u>	March 31, <u>2020</u>
<u>General Council</u>		
This fund is the general operating fund of the Council.	\$ 251,538	\$ 308,854
<u>Agriculture Management Programs</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.	269,168	236,547
	<u>\$ 520,706</u>	<u>\$ 545,401</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED JULY 31, 2020****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:

	July 31, <u>2020</u>	March 31, <u>2020</u>
<u>Levy Central Services</u>		
Database reserve	\$ 40,000	\$ 40,000
Equipment reserve	20,000	20,000
Operations reserve	220,635	214,973
Website reserve	15,000	15,000
	<u>\$ 295,635</u>	<u>\$ 289,973</u>

6. COMMITMENTS:

The Council is committed to an office lease with a minimum monthly cost of \$3,873.34 plus GST, expiring March 31, 2023.

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

2021	\$ 46,480
2022	46,480
2023	30,987

7. 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 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.

8. COMPARATIVE FIGURES:

Certain of the prior year figures presented for comparative purposes have been restated to conform to the current year's presentation.

The Council changed its fiscal year-end from March 31, 2020 to July 31, 2020. As a result, the current year figures include the results for the four-month period from April 1, 2020 to July 31, 2020. The comparative figures include the results for the 12-month period from April 1, 2019 to March 31, 2020.

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2020

and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Agriculture Council of Saskatchewan Inc., which comprise the statement of financial position as at March 31, 2020, and the statement of operations and statement of 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 Agriculture Council of Saskatchewan Inc. as at March 31, 2020, and the results of its operations and its 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 Agriculture Council of Saskatchewan Inc. in accordance with the 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.

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

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Those charged with governance are responsible for overseeing Agriculture Council of Saskatchewan Inc.'s financial reporting process.

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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 Agriculture Council of Saskatchewan Inc.'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 Agriculture Council of Saskatchewan Inc.'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 Agriculture Council of Saskatchewan Inc. 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.



Chartered Professional Accountants
Saskatoon, Saskatchewan

August 14, 2020

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash (Note 3)	\$ 692,488	\$ 805,381
Accounts receivable	144,759	91,371
Prepaid expenses	<u>308</u>	<u>281</u>
	<u>\$ 837,555</u>	<u>\$ 897,033</u>

LIABILITIES AND SURPLUS

CURRENT LIABILITIES:		
Accounts payable	<u>\$ 2,181</u>	<u>\$ 3,038</u>
RESERVES:		
Unrestricted reserves (Note 4)	545,401	623,609
Internally restricted reserves (Note 5)	<u>289,973</u>	<u>270,386</u>
	<u>835,374</u>	<u>893,995</u>
	<u>\$ 837,555</u>	<u>\$ 897,033</u>

APPROVED BY THE BOARD:



Director



Director

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE:		
General Council (Schedule 1)	\$ 240,543	\$ 104,444
Levy Central Services (Schedule 2)	382,293	446,642
Strategic Initiatives (Schedule 3)	1,021	2,955
	<u>623,857</u>	<u>554,041</u>
EXPENSES:		
General Council (Schedule 1)	211,962	98,731
Levy Central Services (Schedule 2)	362,706	422,705
Strategic Initiatives (Schedule 3)	107,810	151,218
	<u>682,478</u>	<u>672,654</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(58,621)	(118,613)
RESERVE, BEGINNING OF THE YEAR	<u>893,995</u>	<u>1,012,608</u>
RESERVE, END OF THE YEAR	<u>\$ 835,374</u>	<u>\$ 893,995</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, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Cash receipts from programs	\$ 552,423	\$ 531,135
Cash paid to suppliers and employees	(683,362)	(670,575)
Interest received	18,046	19,120
	<u>(112,893)</u>	<u>(120,320)</u>
DECREASE IN CASH DURING THE YEAR	(112,893)	(120,320)
CASH AT BEGINNING OF THE YEAR	<u>805,381</u>	<u>925,701</u>
CASH AT END OF THE YEAR	<u>\$ 692,488</u>	<u>\$ 805,381</u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES - GENERAL COUNCIL****FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
REVENUE:		
Agriculture Management Programs (Schedule 1A)	\$ 227,028	\$ 93,342
Interest on bank account	8,615	7,202
Memberships	4,900	3,900
	<u>240,543</u>	<u>104,444</u>
EXPENSES:		
Accounting and legal	4,900	4,900
Agriculture Management Programs (Schedule 1A)	203,109	86,318
Annual General Meeting	331	210
Board of Directors	3,622	7,303
	<u>211,962</u>	<u>98,731</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	28,581	5,713
RESERVE, BEGINNING OF THE YEAR	<u>280,273</u>	<u>274,560</u>
RESERVE, END OF THE YEAR	<u>\$ 308,854</u>	<u>\$ 280,273</u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES**
AGRICULTURE MANAGEMENT PROGRAMS**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
REVENUE:		
Client revenue	<u>\$ 227,028</u>	<u>\$ 93,342</u>
EXPENSES:		
Client Expenses:		
Consulting	81,795	25,000
Other expenses	76,024	21,301
Rent	9,804	9,804
Wages and benefits	<u>35,486</u>	<u>30,213</u>
	<u>203,109</u>	<u>86,318</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 23,919</u>	<u>\$ 7,024</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****LEVY CENTRAL SERVICES****FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
REVENUE:		
Funds from clients	\$ 330,416	\$ 395,733
Administration professional services	33,042	39,573
Interest on bank account	8,410	8,963
Other client services	10,425	2,373
	<u>382,293</u>	<u>446,642</u>
EXPENSES:		
Accounting and legal	18,000	18,000
Courier and postage	1,557	1,992
Database support costs	18,017	20,837
Database technology enhancement	635	1,003
Insurance	2,823	3,000
IT services	3,540	3,189
Office supplies and equipment	20,154	20,714
Other client services	10,425	2,370
Rent	39,000	39,000
Telephone and photocopying	4,680	5,570
Wages and benefits	243,875	307,030
	<u>362,706</u>	<u>422,705</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	19,587	23,937
RESERVE, BEGINNING OF THE YEAR	<u>270,386</u>	<u>246,449</u>
RESERVE, END OF THE YEAR	<u>\$ 289,973</u>	<u>\$ 270,386</u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****STRATEGIC INITIATIVES (formerly ACAAFS)****FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
REVENUE:		
Interest on bank account	<u>\$ 1,021</u>	<u>\$ 2,955</u>
EXPENSES:		
Administrative Expenses:		
Accounting and legal	5,241	4,714
Insurance	1,081	855
Operations and training	-	126
Strategic Initiative Program Expenses:		
Sask. Agri-Food Value Chain initiative	<u>101,488</u>	<u>145,523</u>
	<u>107,810</u>	<u>151,218</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(106,789)	(148,263)
RESERVE, BEGINNING OF THE YEAR	<u>343,336</u>	<u>491,599</u>
RESERVE, END OF THE YEAR	<u><u>\$ 236,547</u></u>	<u><u>\$ 343,336</u></u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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 (ASNFP) and include the following significant accounting policies:

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian ASNFP 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 STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2020**

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>2020</u>	<u>2019</u>
<u>General Council</u>		
This fund is the general operating fund of the Council.	\$ 308,854	\$ 280,273
<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.	236,547	343,336
	<u>\$ 545,401</u>	<u>\$ 623,609</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2020****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>Levy Central Services</u>	<u>2020</u>	<u>2019</u>
Database reserve	\$ 40,000	\$ 40,000
Equipment reserve	20,000	20,000
Operations reserve	214,973	195,386
Website reserve	15,000	15,000
	<u>\$ 289,973</u>	<u>\$ 270,386</u>

6. COMMITMENTS:

The Council is committed to a office lease with a minimum monthly cost of \$3,873.34 plus GST, expiring March 31, 2023.

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

2021	\$ 46,480
2022	46,480
2023	46,480

7. 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 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.