



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.

ANNUAL REPORT
2020 - 2021



CHAIR REPORT

Another year has passed and we find ourselves still in need of meeting virtually for our AGM as the COVID pandemic continues to affect our day-to-day lives. COVID has had an impact on all industries, and agriculture is no exception. With a diverse agricultural member base, we all continue to learn how to navigate our way through all the changes that are a result of the pandemic. We continue to learn from our members at our meetings the problems faced, as well as the successes.

This year, after two good productive growing seasons, in 2021 many regions had producers and ranchers facing severe drought. The drought provided a very challenging year, impacting producers across the province. With the extreme heat and the lack of moisture many producers had reductions in grain yield and quality, with crops well below long-term averages. The lack of rain also devastated many hay crops, which led to a shortage of hay. Hay West 2021 was organized by many Canadian agriculture organizations, with farmers in eastern Canada sending excess bales to the prairies to support producers struggling to feed their livestock. Working together for the benefit of all. On another positive note, it is great to see more and more Canadians jumping on board to buy local and national food, whenever they can, to show support for our farmers. All agricultural producers, organizations and governments across our country are dedicated to being the best we can be.

ACS has had another busy year. Ann Smith, Levy Central Manager, and her staff team continue to provide the best services possible to assist 11 agricultural organizations with the important task of accurately recording and collecting agricultural levy check-off. They are committed to ensuring that the maximum check-off levy is collected following each of the 11 client's unique regulatory requirements. Ann will provide a view of the year in her report today.

Bryan Kosteroski, through the ACS Value Chain initiative continues to see increased collaboration & partnership within the value add sector. The ACS 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. Bryan will speak more on these two programs in his report today.

This is my last year on the ACS Board of Directors as I come to the end of my 6 years (two 3-year terms) serving on the Board. It was a privilege to serve this year as the Chair of the Board of Directors of ACS. We have a dedicated group of directors and staff who always work hard on your behalf. I also extend our thanks to Harvey Brooks, who retired from Sask. Wheat Development Commission in mid-October, and served on the ACS Board of Directors for 5 years. We wish Harvey the best in his retirement years.

All the best to ACS in the years ahead!

Sincerely,

Roger Provencher, ACS Chair
Representing the Saskatchewan Bison Association



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.

Executive Director Report

Agriculture Council of Saskatchewan, as with many organizations, have experienced challenging times with the social, economic & personal impacts of the COVID 19 pandemic. Over the past 12 months, we continue to operate daily within the COVID 19 operating policies in our office located within the Saskatchewan Food Development Centre. During the COVID pandemic, we have been in continuous consultations with the management team at the Food Centre who continue to provide safety measures to ensure staff and clients remain healthy. To date, all ACS staff continue to work onsite and all operations are performing at full capacity.

Agriculture Council of Saskatchewan Agriculture has a very diverse 29-year history in Saskatchewan's agriculture & agri-food sector. ACS is a member-based agricultural non-profit organization with 18 full members & 3 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, and this remains the priority our Board of Directors and staff.

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 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. Worldwide supply chain issues have created opportunities for local food companies, but also created added costs and shortages within the food supply chain locally. The Value Chain Guides on the ACS Website continue to see increased traffic. Updates to the Value Chain Guides will begin in early 2022. The updates will provide the most up-to-date information regarding the Canadian Retail Food Industry

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, Sapiientia, OMD Food Products & Riverbend Plantations. I would like to thank Judy Riou for the dedication she provides within these programs.

Levy Central Operations continue to move forward with growth numbers over the past year. Collaboration with agriculture producers & 11 commodity organizations continue to

strengthen the partnerships with Levy Central. Core client services continue to grow from year to year. I would like to thank the Levy Central Manager, Ann, and the staff of Nicole, Koren & Jesse for the positive outcomes within the daily operations.

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 Board Members, Roger Provencher, representing Saskatchewan Bison leaving the Board this term, along with Harvey Brooks who recently retired, representing Saskatchewan Wheat Development Commission. Thank you to Roger and Harvey for all the time, effort and dedication they have provided to the ACS Board over the past 5-6 years.

Respectfully,

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 \$30,739,749 in levies for the 2020-2021 crop year ending July 31, 2021. This levy collection involved the co-operation of 518 commodity buyers and represented deliveries from 58,081 agricultural producers. Producer refunds for the 11 commodity organizations are up in the 2020-2021 crop year.

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

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 auditors during their year-end process, and serving as election Returning Officer, as requested.

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

ACS - Speaker at Annual General Meeting



BIO of JOANNE BACZUK

Joanne joined the Ag-West Bio team to take on the role of Director of Ecosystem Development. This position, new to the Saskatoon Region, provides the opportunity for Joanne and Ag-West Bio to work with an extensive group of community leaders looking to expand the agri-food sector.

Over her career, Joanne has gained extensive experience in economic development and financial risk management and continues to expand her area of interest to include sector-specific knowledge in ag-tech and agri-food. She also has substantial knowledge in the areas of foreign exchange markets, interest rate expectations and world economic trends for the development of risk mitigation and cash management strategies.

Joanne holds a Bachelor of Commerce with Great Distinction from the University of Saskatchewan (UofS) and has been a member of the Association of Financial Professionals since 2005, when she received her Certified Treasury Professional (CTP) designation. After graduating, Joanne spent several years with international uranium mining companies. She joined Uranerz Exploration and Mining (UEM), providing accounting support to the Finance team until 1998 when UEM was acquired by Cameco Corporation. As a Cameco employee, she became an integral part of the treasury team, providing oversight for day-to-day treasury functions, as well as being a financial advisor on cross-functional acquisitions teams. As Cameco's Manager of Treasury Risk Management, she provided recommendations and successfully implemented currency hedging and interest rate risk strategies.

In 2015, Joanne joined the Saskatoon Regional Economic Development Authority (SREDA) team as Director, Economic Forecasting and Analysis. During Joanne's time at SREDA, her role was expanded to include directorship for the Business Attraction (BA), Business Expansion, Regional Economic Development and Entrepreneurship Pillars. She played a

major role in the development of SREDA's international BA programs, including EXPLORE (mining), HARVEST (Ag-tech) and Voyage (Agri-food). She led Project Ribbon, a multi-year value-added agribusiness attraction strategy, developed to better understand the Saskatoon Region's advantages as well as shortcomings in the attraction of large-scale investment. Over the years, she has also supported provincial and federal economic development partners through participation in national and international BA missions and initiatives.

Today, Joanne will be presenting her speech on **The Saskatoon Food and Ingredient Processing Cluster (SFIPC)**. Past research, consultation, and engagement activities by Western Economic Diversification Canada led to the identification of high-potential agri-food cluster in the Saskatoon region. The Saskatoon Food and Ingredient Processing Cluster, although centred in Saskatoon, includes businesses and organizations from a broad band of local communities within the region. Included in this area are 90-plus food and ingredient companies, educational support facilities (University of Saskatchewan, Saskatchewan Polytechnic, and Saskatchewan Indian Institute of Technologies (SIIT)) and research and development organizations, such as the Saskatoon Food Industry Development Centre (Food Centre).

In October, Ag-West Bio contracted Joanne in her position to advance cluster development in the Saskatoon Region. This position, through the guidance of Ag-West Bio's CEO and the SFIPC Steering Committee, will be responsible for the following scope of work:

Conduct analysis of the Saskatoon Cluster in the following areas:

- Identify core competencies, strengths, and value proposition of the cluster
- Identify challenges and opportunities for advancing the cluster
- Identify and evaluate the existing value chain(s) within the cluster network
- Provide recommendations on how to enhance the existing value chain(s)
- Develop and execute a short-term tactical agenda with the cluster members and in consultation with appropriate government agencies
- Develop a brand and related marketing materials for the Saskatoon Cluster and establish active collaborations with other agri-food hubs in the Prairie provinces

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

For the fiscal year ended July 31, 2021

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, 2021, and the statements of operations and 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 July 31, 2021, 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

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.

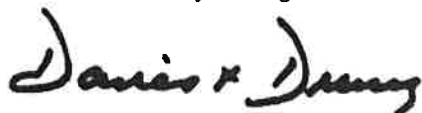
Auditor's Responsibilities for the Audit of the Financial Statements

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 7, 2021

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 2021

	July 31, <u>2021</u>	July 31, <u>2020</u>	March 31, <u>2020</u>
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash (Note 3)	\$ 603,513	\$ 619,915	\$ 692,488
Accounts receivable	135,802	207,334	144,759
Prepaid expenses	<u>4,827</u>	<u>1,211</u>	<u>308</u>
	<u>\$ 744,142</u>	<u>\$ 828,460</u>	<u>\$ 837,555</u>
<u>LIABILITIES AND SURPLUS</u>			
CURRENT LIABILITIES:			
Accounts payable	<u>\$ 8,496</u>	<u>\$ 12,119</u>	<u>\$ 2,181</u>
RESERVES:			
Unrestricted reserves (Note 4)	419,821	520,706	545,401
Internally restricted reserves (Note 5)	<u>315,825</u>	<u>295,635</u>	<u>289,973</u>
	<u>735,646</u>	<u>816,341</u>	<u>835,374</u>
	<u>\$ 744,142</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 YEAR ENDED JULY 31, 2021

	July 31, 2021 <u>(12 months)</u>	July 31, 2020 <u>(4 months)</u>	March 31, 2020 <u>(12 months)</u>
REVENUE:			
General Council (Schedule 1)	\$ 25,832	\$ 877	\$ 240,543
Levy Central Services (Schedule 2)	361,823	120,802	382,293
Agriculture Management Program (Schedule 3)	208,415	55,426	1,021
	<u>596,070</u>	<u>177,105</u>	<u>623,857</u>
EXPENSES:			
General Council (Schedule 1)	15,556	8,935	211,962
Levy Central Services (Schedule 2)	341,633	115,140	362,706
Agriculture Management Program (Schedule 3)	319,576	72,063	107,810
	<u>676,765</u>	<u>196,138</u>	<u>682,478</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(80,695)	(19,033)	(58,621)
RESERVE, BEGINNING OF THE YEAR	<u>816,341</u>	<u>835,374</u>	<u>893,995</u>
RESERVE, END OF THE YEAR	<u>\$ 735,646</u>	<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 YEAR ENDED JULY 31, 2021

	July 31, 2021 <u>(12 months)</u>	July 31, 2020 <u>(4 months)</u>	March 31, 2020 <u>(12 months)</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:			
Cash receipts from programs	\$ 641,464	\$ 112,419	\$ 552,423
Cash paid to suppliers and employees	(684,004)	(187,103)	(683,362)
Interest received	6,138	2,111	18,046
	<u>(36,402)</u>	<u>(72,573)</u>	<u>(112,893)</u>
 CASH FLOWS FROM (TO) FINANCING ACTIVITIES:			
Proceeds from CEBA loan	40,000	-	-
Forgiven portion of CEBA loan	20,000	-	-
Repayment of CEBA loan	<u>(40,000)</u>	<u>-</u>	<u>-</u>
	<u>20,000</u>	<u>-</u>	<u>-</u>
 DECREASE IN CASH DURING THE YEAR	 (16,402)	 (72,573)	 (112,893)
 CASH AT BEGINNING OF THE YEAR	 <u>619,915</u>	 <u>692,488</u>	 <u>805,381</u>
 CASH AT END OF THE YEAR	 <u><u>\$ 603,513</u></u>	 <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 YEAR ENDED JULY 31, 2021**

	July 31, 2021 (12 months)	July 31, 2020 (4 months)	March 31, 2020 (12 months)
REVENUE:			
Agriculture Management Programs (Schedule 1A)	\$ -	\$ -	\$ 227,028
Interest on bank account	2,632	877	8,615
Memberships	3,200	-	4,900
Other income - CEBA loan forgiveness	20,000	-	-
	<u>25,832</u>	<u>877</u>	<u>240,543</u>
EXPENSES:			
Accounting and legal	11,500	7,900	4,900
Agriculture Management Programs (Schedule 1A)	-	-	203,109
Annual General Meeting	-	-	331
Board of Directors	2,482	635	3,622
Insurance	400	400	-
Office supplies and equipment	611	-	-
Website	563	-	-
	<u>15,556</u>	<u>8,935</u>	<u>211,962</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	10,276	(8,058)	28,581
RESERVE, BEGINNING OF THE YEAR	<u>251,538</u>	<u>308,854</u>	<u>280,273</u>
	261,814	300,796	308,854
TRANSFER TO AGRICULTURE MANAGEMENT PROGRAMS	-	(49,258)	-
RESERVE, END OF THE YEAR	<u>\$ 261,814</u>	<u>\$ 251,538</u>	<u>\$ 308,854</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 JULY 31, 2021**

	July 31, 2021 <u>(12 months)</u>	July 31, 2020 <u>(4 months)</u>	March 31, 2020 <u>(12 months)</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>-</u>	<u>203,109</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,919</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****LEVY CENTRAL SERVICES****FOR THE YEAR ENDED JULY 31, 2021**

	July 31, 2021 (12 months)	July 31, 2020 (4 months)	March 31, 2020 (12 months)
REVENUE:			
Funds from clients	\$ 325,979	\$ 109,402	\$ 330,416
Administration professional services	32,598	10,940	33,042
Interest on bank account	1,228	460	8,410
Other client services	2,018	-	10,425
	<u>361,823</u>	<u>120,802</u>	<u>382,293</u>
EXPENSES:			
Accounting and legal	13,408	6,400	18,000
Courier and postage	406	124	1,557
Database support costs	19,744	6,381	18,017
Database technology enhancement	3,675	210	635
Insurance	3,000	2,823	2,823
IT services	4,835	2,044	3,540
Office supplies and equipment	5,582	1,497	20,154
Other client services	2,018	-	10,425
Rent	39,000	13,000	39,000
Telephone and photocopying	4,311	1,651	4,680
Wages and benefits	245,654	81,010	243,875
	<u>341,633</u>	<u>115,140</u>	<u>362,706</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	20,190	5,662	19,587
RESERVE, BEGINNING OF THE YEAR	<u>295,635</u>	<u>289,973</u>	<u>270,386</u>
RESERVE, END OF THE YEAR	<u>\$ 315,825</u>	<u>\$ 295,635</u>	<u>\$ 289,973</u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**STATEMENT OF REVENUE AND EXPENSES****AGRICULTURE MANAGEMENT PROGRAM****FOR THE YEAR ENDED JULY 31, 2021**

	July 31, 2021 (12 months)	July 31, 2020 (4 months)	March 31, 2020 (12 months)
REVENUE:			
Client revenue	\$ 206,137	\$ 54,652	\$ -
Interest on bank account	2,278	774	1,021
	<u>208,415</u>	<u>55,426</u>	<u>1,021</u>
EXPENSES:			
Accounting and legal	4,358	2,580	8,841
Courier and postage	270	-	281
Insurance	1,000	844	1,081
IT services	1,131	732	939
Office supplies and equipment	1,961	159	1,595
Other client expenses	109,492	5,468	-
Photocopying	789	297	127
Rent	9,804	3,268	-
Telephone	2,946	1,939	5,166
Travel	4,442	1,385	11,980
Wages and benefits	183,383	55,391	77,800
	<u>319,576</u>	<u>72,063</u>	<u>107,810</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(111,161)	(16,637)	(106,789)
RESERVE, BEGINNING OF THE YEAR	<u>269,168</u>	<u>236,547</u>	<u>343,336</u>
	158,007	219,910	236,547
TRANSFER FROM GENERAL COUNCIL	<u>-</u>	<u>49,258</u>	<u>-</u>
RESERVE, END OF THE YEAR	<u>\$ 158,007</u>	<u>\$ 269,168</u>	<u>\$ 236,547</u>

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

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2021

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 (ASNFPO) and include the following significant accounting policies:

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian ASNFPO 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 year. 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 YEAR ENDED JULY 31, 2021**

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:

	July 31, <u>2021</u>	July 31, <u>2020</u>	March 31, <u>2020</u>
<u>General Council</u>			
This fund is the general operating fund of the Council.	\$ 261,814	\$ 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.	<u>158,007</u>	<u>269,168</u>	<u>236,547</u>
	<u>\$ 419,821</u>	<u>\$ 520,706</u>	<u>\$ 545,401</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JULY 31, 2021****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>2021</u>	July 31, <u>2020</u>	March 31, <u>2020</u>
<u>Levy Central Services</u>			
Database reserve	\$ 40,000	\$ 40,000	\$ 40,000
Equipment reserve	20,000	20,000	20,000
Operations reserve	240,825	220,635	214,973
Website reserve	15,000	15,000	15,000
	<u>\$ 315,825</u>	<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:

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.

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2021

7. FINANCIAL INSTRUMENTS - continued:

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 by constantly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash.

8. COMPARATIVE FIGURES:

The Council changed its fiscal year-end from March 31, 2020 to July 31, 2020. As a result, the prior period figures include the results for the four-month period from April 1, 2020 to July 31, 2020. The current year figures include the results for the 12-month period from August 1, 2020 to July 31, 2021. The comparative figures include the results for the 12-month period from April 1, 2019 to March 31, 2020.