



AGRICULTURE COUNCIL
OF SASKATCHEWAN INC.

ANNUAL REPORT
2018-2019



Chair Report

For those of you not fully aware of the history of Agriculture Council of Saskatchewan Inc., ACS began in the early 90's and a few years later the federal government announced federal funding for agricultural research and development. These funds were to be distributed to third-party provincial organizations across Canada who would then do all the administrative work, approve projects and distribute the funds to agriculture and research companies. The first funding program was called CARD (Canadian Adaptation and Rural Development) and through the next 15 years a number of funding programs (AESI, BOPI, ACAAFS, CAAP) were developed by AAFC and delivered through the third-party provincial organizations.

During this time for ACS, one of our members, Saskatchewan Canola Development Commission was working on a plan to collect its commission levies, and while doing that for themselves, it also would collect the levies for some of its sister commodity organizations within the province. After a few years, the Sask. Canola Board made the decision to take the organization down a different path, and they approached ACS in 2009 to inquire if we would be interested in taking over the levy services for all existing commodity organizations. The ACS board at that time agreed to take on the responsibility of running Levy Central, and we took it over in February of 2010. It has been a good program for ACS.

In 2014 the federal Government at that time announced that the current CAAP funding program would no longer be delivered by third-party councils across Canada, but instead would be moved to a government department in Ottawa. While some of the provincial groups only had the government funding program as their main activity, a few, like ACS had other programs outside of the funding program and were able to continue. While CARDS funding that had not been distributed to applications, had to be returned to Ottawa, unallocated ACAAF funding was allowed to stay in the hands of each council. One final application was received by ACS, and approved by the ACS board. This application was for a project to help the growing fruit and vegetable sector with the marketing of their fresh produce and processed product in Saskatchewan. This quickly expanded to distribution to Western Canada and there is now some interest outside our borders. Bryan can fill you in on this in his report.

This brings me to the point of this history lesson. Our bylaws require our board members to come from our member organizations. In the past many of our members have come from the various agriculture organizations approved by ACS through the AAFC funding programs. Over the past four years our membership has been declining with the loss of the funding programs, and therefore our pool of potential board members has too. Our hope is that we will always maintain enough members from the agriculture sector to have Board members to draw from. Over the next twelve months the Board will look at our bylaws and discuss the future direction of ACS.

I look forward to working with our current Board and the two new member Directors that will be elected today to help guide this organization into the future.

Respectfully submitted,
Norm Hall, ACS Chair



Executive Director Report

Agriculture Council of Saskatchewan Inc. continues to expand its services within the Saskatchewan agriculture sector. ACS is seeing advancement within food value add projects and agriculture producer value chain projects.

Agriculture Council of Saskatchewan Inc. continues to have a strong membership with 22 full members and 6 supporting members.

The Saskatchewan Agri-food Value Chain program continues to grow as demands for value added food products increase. The Value Chain program focuses on growth strategies within the fruit and vegetable sectors, expanding the capacity of not only the fresh market, but also the value added categories. Increasing retail demands for local programs moving into the Private Label category has seen great growth and opportunities for the Saskatchewan food industry. Another major growth area is the collaboration with agriculture producers across the prairies working together to create new food corporations and launching new fresh and value added programs. The Value Chain program is also collaborating and leading plant-based food projects in Saskatchewan.

A new partnership with Federated Co-operatives Limited, Saskatchewan Food Industry Development Center and Prairie Fresh Food Corporation is implementing a new value add strategy which will take fresh Saskatchewan vegetables into a value added grocery retail program.

Our Agriculture Management Program continues to grow and presently assists five organizations in various capacities. The AMP program has seen steady growth since its implementation three years ago.

Levy Central continues to provide excellent levy collection services to 13 commodity groups over the Prairies. Over the past year Levy Central completed a major database upgrade to ensure that the organization maintains a high quality and efficient data system. Levy Central saw an increase of over 4 million dollars over the last fiscal period along with collaborating with 657 commodity buyers. Levy Central acted as Election Returning Officer for 6 agriculture organizations over the past year.

ACS has seen tremendous change over the past 3 years with the increased focus on fresh & value add food sectors. To meet the needs of the rising demands, ACS continues to update its retail and food service electronic reporting programs.

Overall 2018-19 fiscal was a very successful year for Agriculture Council of Saskatchewan Inc. seeing growth in all categories of operations along with continued strong membership support. We have two members leaving the Board of Directors, being Gord Schroeder and Wayne Truman, who have both completed two full terms. I would like to thank Gord and Wayne for their years of valuable contributions to ACS. We will miss their dedication and involvement on the ACS Board and Committees.

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. While we do this, our clients can expend their energies where they are most effective for their producers - increasing profitability for their producers through research and education activities, and in the promotion of and market development for their commodities – activities that are all funded through the levy collected.

Levy Central currently contracts with 13 commodity organizations, which together represent 14 separate check-off programs.

As of June 19, 2019, Levy Central has collected \$26,803,135 in levies for the 2018-2019 crop year, which ends on July 31, 2019. This levy collection involved the co-operation of 657 commodity buyers and represented deliveries from 63,117 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 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 six organizations.

The Levy Central staff component is currently 3.5 fte (132.50 hours/week) and staff members are Ann Smith, Nicole Yip, Koren Hebig and Jesse Smith.

Partnering with Levy Central is an ideal option for any client seeking collection check-off administration. The database is already developed, and a complement of knowledgeable, fully trained staff is in place. 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.

Our team is looking ahead to the 2019-2020 crop year. We share your hope for a great crop year now that there has been a little moisture for some of us! We will do our best to meet and exceed the needs of our client partners as their producers do Canada's part to feed the global marketplace.

Respectfully submitted,

Ann M. Smith
Manager, Levy Central

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2019

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, 2019, 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, 2019, 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

June 7, 2019

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION

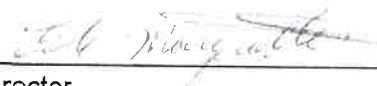
AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash (Note 3)	\$ 805,381	\$ 925,701
Accounts receivable	91,371	87,585
Prepaid expenses	281	-
	<u>897,033</u>	<u>1,013,286</u>
	<u>\$ 897,033</u>	<u>\$ 1,013,286</u>
<u>LIABILITIES AND SURPLUS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,038	\$ 678
RESERVES:		
Unrestricted reserves (Note 4)	623,609	766,159
Internally restricted reserves (Note 5)	270,386	246,449
	<u>893,995</u>	<u>1,012,608</u>
	<u>\$ 897,033</u>	<u>\$ 1,013,286</u>

APPROVED BY THE BOARD:



Chair



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, 2019

	<u>2019</u>	<u>2018</u>
REVENUE:		
General Council (Schedule 1)	\$ 104,444	\$ 78,644
Levy Central Services (Schedule 2)	446,642	426,519
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	2,955	6,216
	<u>554,041</u>	<u>511,379</u>
EXPENSES:		
General Council (Schedule 1)	98,731	69,668
Levy Central Services (Schedule 2)	422,705	392,641
Advancing Canadian Agriculture & Agri-Food (ACAAF) (Schedule 3)	151,218	225,174
	<u>672,654</u>	<u>687,483</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(118,613)	(176,104)
RESERVE, BEGINNING OF THE YEAR	<u>1,012,608</u>	<u>1,188,712</u>
RESERVE, END OF THE YEAR	<u>\$ 893,995</u>	<u>\$ 1,012,608</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, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Cash receipts from programs	\$ 531,135	\$ 467,853
Cash paid to suppliers and employees	(670,575)	(693,616)
Interest received	19,120	16,355
	<u>(120,320)</u>	<u>(209,408)</u>
DECREASE IN CASH DURING THE YEAR	(120,320)	(209,408)
CASH AT BEGINNING OF THE YEAR	<u>925,701</u>	<u>1,135,109</u>
CASH AT END OF THE YEAR	<u>\$ 805,381</u>	<u>\$ 925,701</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSES - GENERAL COUNCILFOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE:		
Agriculture Management Programs (Schedule 1A)	\$ 93,342	\$ 63,162
Interest on bank account	7,202	4,735
Memberships	3,900	6,100
Other income	-	4,647
	<u>104,444</u>	<u>78,644</u>
EXPENSES:		
Accounting and legal	4,900	4,900
Agriculture Management Programs (Schedule 1A)	86,318	54,538
Annual General Meeting	210	2,806
Board of Directors	7,303	7,068
Office supplies and equipment	-	356
	<u>98,731</u>	<u>69,668</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	5,713	8,976
RESERVE, BEGINNING OF THE YEAR	<u>274,560</u>	<u>265,584</u>
RESERVE, END OF THE YEAR	<u>\$ 280,273</u>	<u>\$ 274,560</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSES
AGRICULTURE MANAGEMENT PROGRAMSFOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE:		
Client revenue	\$ 93,342	\$ 43,245
Saskatchewan Canada Gap Program	-	19,917
	<u>93,342</u>	<u>63,162</u>
EXPENSES:		
Client Expenses:		
Consulting	25,000	-
Other expenses	14,816	13,924
Rent	9,804	4,950
Wages and benefits	36,698	15,747
Saskatchewan Canada GAP Program:		
Advertising and promotion	-	913
First Certification audits	-	888
Wages and benefits	-	16,359
Workshops	-	1,757
	<u>86,318</u>	<u>54,538</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 7,024</u>	<u>\$ 8,624</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSESLEVY CENTRAL SERVICESFOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE:		
Funds from clients	\$ 395,733	\$ 374,445
Administration professional services	39,573	37,445
Interest on bank account	8,963	5,404
Other client services	2,373	9,225
	<u>446,642</u>	<u>426,519</u>
EXPENSES:		
Accounting and legal	18,000	18,000
Courier and postage	1,992	1,940
Database support costs	20,837	18,743
Database technology enhancement	1,003	1,759
Insurance	3,000	3,000
IT services	3,189	3,376
Office supplies and equipment	20,714	6,757
Other client services	2,370	9,675
Rent	39,000	39,000
Telephone and photocopying	5,570	5,803
Wages and benefits	307,030	284,588
	<u>422,705</u>	<u>392,641</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	23,937	33,878
RESERVE, BEGINNING OF THE YEAR	<u>246,449</u>	<u>212,571</u>
RESERVE, END OF THE YEAR	<u>\$ 270,386</u>	<u>\$ 246,449</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.STATEMENT OF REVENUE AND EXPENSESSTRATEGIC INITIATIVES (formerly ACAAFS)FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE:		
Interest on bank account	\$ 2,955	\$ 6,216
EXPENSES:		
Administrative Expenses:		
Accounting and legal	4,714	4,925
Courier	-	406
Insurance	855	637
IT services	-	29
Office supplies and equipment leases	-	492
Operations and training	126	965
Telephone, photocopying and postage	-	876
Strategic Initiative Program Expenses:		
Sask. Agri-Food Value Chain initiative	145,523	174,893
Sask. Vegetable/Fruit IQF Processing/Value Add Study	-	24,451
Agriculture in the Classroom Saskatchewan	-	17,500
	<u>151,218</u>	<u>225,174</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(148,263)	(218,958)
RESERVE, BEGINNING OF THE YEAR	<u>491,599</u>	<u>710,557</u>
RESERVE, END OF THE YEAR	<u>\$ 343,336</u>	<u>\$ 491,599</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

1. NATURE OF OPERATIONS:

Agriculture Council of Saskatchewan Inc. (ACS) was incorporated under the *Non-Profit Corporations Act of Saskatchewan* on June 6, 1996. The purpose of the council is to provide leadership and programming to advance the agriculture and agri-food sector, contributing to a healthy Saskatchewan community.

2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO) and include the following significant accounting policies:

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian ASNFPPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Assumptions underlying deferred cost valuations are limited by the availability of reliable comparable data and the uncertainty concerning future events.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated net recoverable amount could change by a material amount.

Equipment

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

Revenue Recognition

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expense Allocations

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

Income Taxes

No provision has been made for income taxes as none of the activities carried on by the Council are subject to income taxes.

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2019

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>2019</u>	<u>2018</u>
<u>General Council</u>		
This fund is the general operating fund of the Council.	\$ 280,273	\$ 274,560
<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.	343,336	491,599
	<u>\$ 623,609</u>	<u>\$ 766,159</u>

AGRICULTURE COUNCIL OF SASKATCHEWAN INC.NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED MARCH 31, 2019

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>2019</u>	<u>2018</u>
Database reserve	\$ 40,000	\$ 40,000
Equipment reserve	20,000	20,000
Operations reserve	195,386	171,449
Website reserve	15,000	15,000
	<u>\$ 270,386</u>	<u>\$ 246,449</u>

6. FINANCIAL INSTRUMENTS:

The Council as part of its operations carries a number of financial instruments. It is management's opinion that the Council is not exposed to significant interest or credit risks arising from these financial instruments.