

Ministry of Agriculture

Irrigation Crop Diversification Corporation



Annual Report for 2017-18

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Letters of Transmittal



*The Honourable Lyle Stewart
Minister of Agriculture*

June 29, 2018

His Honour, the Honourable W. Thomas Molloy
Lieutenant Governor of Saskatchewan

May it please Your Honour:

As the Minister of Saskatchewan Agriculture, it is my pleasure to submit the annual report for the Irrigation Crop Diversification Corporation for the year ending March 31, 2018.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'L Stewart'.

Lyle Stewart
Minister of Agriculture



*Anthony Eliason
Chairman*

June 29, 2018

The Honourable Lyle Stewart
Minister of Agriculture

Sir:

I wish to present to you the annual report of the Irrigation Crop Diversification Corporation for the 12 months ending March 31, 2018.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Anthony Eliason'.

Anthony Eliason
Chairman

Objects and Purposes of ICDC – *The Irrigation Act, 1996*

The objects and purposes of the Irrigation Crop Diversification Corporation (ICDC) are:

- ⇒ To research and demonstrate to producers and irrigation districts profitable agronomic practices for irrigated crops;
- ⇒ To develop and/or assist in developing varieties of crops suitable for irrigated conditions;
- ⇒ To provide land, facilities and technical support to researchers to conduct research into irrigation technology, cropping systems and soil and water conservation measures under irrigation and to provide information respecting that research to district consumers, irrigation districts and the public; and
- ⇒ To co-operate with the Minister in promoting and developing sustainable irrigation in Saskatchewan.

Board of Directors

The following served as Directors of ICDC in 2017-18:

Name	Position	Irrigation District	Development Area Represented	Election Year (#Terms)
Anthony Eliason	Chairman	Individual	Non-district	2018 (1)
David Bagshaw	Alt. Vice-Chairman	Luck Lake ID	LDDA	App. (2)
Murray Purcell	Director	Moon Lake ID	NDA	2020 (1)
Paul Heglund	Director	Consul-Nashlyn ID	SWDA	2020 (2)
Greg Oldhaver	Director	Miry Creek ID	SWDA	App. (2)
Kaitlyn Gifford	Director	SSRID#1	LDDA	2020 (1)
Nigel Oram	Vice-Chairman	Grainland ID	SEDA- At Large	2019 (1)
Aaron Gray	Director	Brownlee ID	SIPA rep.	App.
Joel Vanderschaaf	Director	SSRID#1	SIPA rep.	App.
Penny McCall	Director		Ministry rep.	By Order in Council
Kelly Farden	Director		Ministry rep.	By Order in Council

The four development areas are: Northern (NDA), South Western (SWDA), South Eastern (SEDA) and Lake Diefenbaker (LDDA) as defined in ICDC's bylaws.

ICDC Directors are elected by district delegates in attendance at the annual meeting. Each irrigation district is entitled to send one ICDC delegate per 5,000 irrigated acres or part thereof. Two directors are elected from LDDA, two from SWDA, and one from NDA and SEDA. Non district irrigators elect one representative.

The Saskatchewan Irrigation Projects Association (SIPA) and Saskatchewan Ministry of Agriculture appoint two directors each to the ICDC board. The ICDC board must, by law, have irrigators in the majority.

2017-18 Highlights

Irrigation Crop Diversification Corporation (ICDC) projects in 2017-18 included:

- ⇒ **Field Crops** – Field scale demonstrations evaluating narrow-row vs wide-row dry bean production systems and demonstrations of disease management strategies for pulse crops. Small plot trials including varietal assessments on 10 crops, a lentil input study, faba bean agronomy, production systems for dry beans, intercropping and a specialty crop demonstration.
- ⇒ **Horticulture Crops** – Demonstrations of Sweet LaRouge type red peppers, garlic cultivars, shelling peas for mechanical harvest and late blight-resistant tomatoes. Demonstration of seeding dates for napa cabbage, cauliflower, broccoli and bok choy. Assessment of photoselective netting in sour cherry, haskap and Saskatoon berry production. Demonstration of water and fertility management strategies for strawberry and raspberry production.
- ⇒ **Forage Crops** – Demonstrations of perennial forage crops, salt-tolerant forages, corn varieties for silage and grazing, and the relationship between quality and yield of perennial forages.
- ⇒ **Nutrient Management** – Field-scale demonstration trials assessing boron fertility in canola and field pea. Small plot trials developing phosphorous and nitrogen management strategies for soybean production. Small plot demonstration of 4R nitrogen and phosphorus principles in irrigated canola and demonstrations of specialized N efficiency products,
- ⇒ **South West Irrigation Development Area** – Forage crop fertility demonstration on flood irrigation at Lodge Creek. Reclamation of sodium-impacted soils.
- ⇒ **Technology Transfer** – Saskatchewan Ministry of Agriculture and ICDC staff participated in the Canada-Saskatchewan Irrigation Diversification Centre's (CSIDC) Annual Field Day, a dry bean plot tour, an ICDC Field Plot tour and a soybean field day. ICDC published its annual *Research and Demonstration Report*, *Crop Varieties for Irrigation*, *Irrigation Agronomics and Economics*, *Pivot Maintenance Manual*, and *The Irrigator* (Spring and Fall editions). Staff also contributed articles to a number of different publications and carried out TV and radio interviews. ICDC and Ministry staff delivered presentations at a number of farmer meetings and field days including:
 - ⇒ SIPA-ICDC Annual Conference;
 - ⇒ The Irrigation Agronomy Update;
 - ⇒ Two irrigation scheduling workshops;
 - ⇒ An Agri-ARM Update;
 - ⇒ Crop Diagnostic School; and
 - ⇒ The Corn-Soybean Summit.

More detailed information on ICDC projects is available at: www.irrigationsaskatchewan.com.

Irrigation Crop Diversification Corporation
FINANCIAL STATEMENTS
March 31, 2018



May 31, 2018

Independent Auditor's Report

To the Members of Irrigation Crop Diversification Corporation

We have audited the accompanying financial statements of Irrigation Crop Diversification Corporation, which comprise the statement of financial position as at March 31, 2018 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Irrigation Crop Diversification Corporation as at March 31, 2018 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.

Restated comparative information

Without modifying our opinion, we draw attention to note 11 to the financial statements, which explains that certain comparative information for the year ended March 31, 2017 and certain balances as at April 1, 2016 have been restated. The financial statements of Irrigation Crop Diversification Corporation for the year ended March 31, 2016 (prior to the restatement of certain balances as at April 1, 2015) were audited by another auditor who expressed a qualified opinion on those financial statements on June 30, 2016 due to the completeness of a portion of revenue not being susceptible to satisfactory audit verification.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Statement of Financial Position

As at March 31, 2018

	2018	2017
	\$	\$
		(note 11)
Assets		
Current assets		
Cash	\$ 633,941	\$ 508,970
Accounts receivable (note 3)	90,859	128,120
Prepaid expenses	–	745
	724,800	637,835
Tangible capital assets (note 4)	114,319	129,958
	839,119	767,793
Liabilities		
Current liabilities		
Accounts payable	297	57,010
Accrued liabilities (note 5)	18,420	17,769
	18,717	74,779
Deferred contributions (note 6)	33,465	36,000
	52,182	110,779
Net assets		
Unrestricted net assets	760,257	630,334
Internally restricted net assets (note 7)	26,680	26,680
	786,937	657,014
	839,119	767,793

Commitments (note 9)

Operating lease (note 10)

See accompanying notes to financial statements.

Statement of Changes in Net Assets

For the year ended March 31, 2018

			2018	2017
	Unrestricted \$	Internally restricted \$	Total \$	Total \$
Balance – Beginning of year	630,334	26,680	657,014	560,513
Excess of revenue over expenditures	129,923	–	129,923	96,501
Balance – End of year	760,257	26,680	786,937	657,014

See accompanying notes to financial statements.

Statement of Revenue and Expenditures

For the year ended March 31, 2018

	2018	2017
		(note 11)
Revenue		
Member levies	\$ 109,256	\$ 105,911
Refunds	(1,466)	(1,549)
	107,790	104,362
Operating grants	185,000	175,000
Project funding	171,840	182,765
Research contracts	170,962	260,437
Capital purchase grant	7,200	9,000
Special events	5,787	9,744
Interest income	2,353	1,452
Custom work	720	448
	651,652	743,208
Expenditures		
Salaries and wages	333,831	309,299
Research projects	53,441	200,901
Depreciation of tangible capital assets	30,444	29,779
Rental	29,604	22,380
Office	18,635	15,524
Travel (note 8)	14,009	9,369
Meetings and conventions (note 8)	8,358	3,385
Insurance	6,599	5,334
Repairs and maintenance	6,394	4,184

	2018	2017
Professional fees	6,172	22,388
Directors' fees (note 8)	5,520	7,750
Telephone	4,067	2,918
Interest and bank charges	1,465	1,229
Advertising and promotion	1,436	4,609
Training	1,084	462
Supplies	670	320
Equipment rentals	–	3,570
Freight	–	2,601
Memberships	–	705
	521,729	646,707
Excess of revenue over expenditures	129,923	96,501

See accompanying notes to financial statements.

Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
		(note 11)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ 129,923	\$ 96,501
Item not affecting cash		
Depreciation of tangible capital assets	30,444	29,779
	160,367	126,280
Changes in non-cash working capital items		
Accounts receivable	37,261	(65,444)
Prepaid expenses	745	–
Accounts payable	(56,713)	55,067
Accrued liabilities	651	(748)
Deferred contributions	(2,535)	(24,305)
	(20,591)	(35,430)
	139,776	90,850
Investing activities		
Purchase of tangible capital assets	(14,805)	(59,937)
Net change in cash	124,971	30,913
Cash – Beginning of year	508,970	478,057
Cash – End of year	633,941	508,970

See accompanying notes to financial statements.

Notes to the Financial Statements

March 31, 2018

1 Nature of operations

- a) The objectives of Irrigation Crop Diversification Corporation ("ICDC" or "the corporation") are as follows:
- i) to research and demonstrate to producers and irrigation districts profitable agronomic practices for irrigated crops;
 - ii) to develop, or assist, in developing varieties of crops suitable for irrigated conditions;
 - iii) to provide land, facilities and technical support to researchers in order to conduct research into irrigation technology, cropping systems and soil and water conservation measures under irrigation and to provide information regarding that research to district consumers, irrigation districts and the public; and
 - iv) to co-operate with the Minister of Saskatchewan Agriculture in promoting and developing sustainable irrigation in Saskatchewan.
- b) ICDC was established under the Irrigation Act of 1996. ICDC is not an agent of the Crown. Membership consists of irrigation districts established throughout the province of Saskatchewan. ICDC is a non-profit organization exempt from Income Tax under section 149(1)(j) of the Income Tax Act.

ICDC competes for funding from government programs, grower's associations and any other opportunities it encounters. ICDC is a partner of the Canada Saskatchewan Irrigation Diversification Centre (CSIDC) in conducting specific research, the results of which are transmitted to ICDC as well as to the funding entities. Levies assessed on irrigation districts and other irrigated lands are used to fund research as well as the operating costs of the corporation.

2 Summary of significant accounting policies

a) Basis of presentation

These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

b) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

c) Tangible capital assets

Tangible capital assets are recorded at cost and amortized over their expected useful lives. Tangible capital assets are depreciated at the following rates and methods, with the exception of one-half the given rates in the year of purchase:

Equipment	20% declining balance
Computer equipment	30% declining balance
Motor vehicles	30% declining balance

d) Revenue recognition

Member levies are recognized in the period they are earned. Refunds are recognized using the accrual method based on actual requests submitted by irrigation districts.

The corporation follows the deferral method of accounting for contributions, including research contracts, project funding and grants. 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. Restricted contributions for expenses of the current period are recognized as revenue in the current period and restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Contributions of materials and services are recognized only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the corporation's operations and would otherwise have been purchased.

e) Financial instruments

Financial assets and financial liabilities, consisting of cash, accounts receivable, accounts payable and accrued liabilities are initially recognized at fair value and subsequent measurement is at amortized cost. The corporation does not consider itself to have significant exposure to credit risk, currency risk, interest rate risk, liquidity risk, market risk or other price risk.

3 Accounts receivable

	2018	2017
Research contracts	\$ 80,720	\$ 122,791
Member levies	18,497	16,221
GST receivable	2,534	-
Allowance for doubtful accounts	(10,892)	(10,892)
	90,859	128,120

4 Tangible capital assets

	2018		2017	
	Cost	Accumulated depreciation	Net	Net
Equipment	\$ 147,216	\$ 53,703	\$ 93,513	\$ 100,236
Motor vehicles	37,233	21,725	15,508	22,154
Computer equipment	11,657	6,359	5,298	7,568
	196,106	81,787	114,319	129,958

5 Accrued liabilities

At March 31, 2018 the corporation has outstanding government remittances payable for federal and provincial sales taxes and payroll taxes of \$5,158 (2017 - \$7,583). None of these remittances are in arrears.

6 Deferred contributions

	2018	2017
		(note 11)
Ministry of Agriculture – capital purchase grant	28,800	36,000
Member levies	4,665	–
	33,465	36,000

7 Internally restricted net assets

The corporation has designated internally restricted net assets of \$26,680 to assist in paying any amounts due in the event of a member requesting a refund of their member levies.

8 Related party transactions

During the year ended March 31, 2018, members of the corporation's Board of Directors received payments for per diems and expenses of \$15,191 (2017 - \$15,751). All related party transactions are measured at the exchange amount, which is the consideration established and agreed to by the parties.

9 Commitments

On October 15, 2016, the corporation entered into a "License of Occupation" agreement for land, office, and laboratory accommodation with Agriculture and Agri-Food Canada. The term of the agreement is for three years, commencing on August 1, 2016 and ending on July 31, 2019. The minimum future commitments under the agreement are as follows:

	\$
2019	21,525
2020	7,175

10 Operating lease

On April 1, 2016, the corporation entered into a lease agreement with the Town of Outlook, Saskatchewan for agricultural land. The term of the lease agreement is ten years and future minimum annual lease payments are \$1,500 to the end of the term of the lease on March 31, 2026.

11 Restated comparative information

The corporation is restating the comparative amounts for the year ended March 31, 2017 and opening balances as of April 1, 2016 due to prior period errors regarding the recognition of revenue for grants. A summary of the impact of the restatement is provided below:

Statement of financial position

	Previously	Restated
	\$	\$
Deferred contributions		
March 31, 2017	75,000	36,000
April 1, 2016	75,000	45,000
Unrestricted net assets		
March 31, 2017	591,334	630,334
April 1, 2016	530,513	560,513

Statement of revenues and expenditures

	Previously	Restated
	\$	\$
Capital grants for the year ended March 31, 2017	–	9,000
Excess of revenue over expenditures for the year ended March 31, 2017	87,501	96,501

