

Ministry of Agriculture

Irrigation Crop Diversification Corporation

Annual Report for 2019-20

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Letters of Transmittal



*The Honourable David Marit
Minister of Agriculture*

July 29, 2020

His Honour, the Honourable Russ Mirasty
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, 2020.

Respectfully submitted,

A handwritten signature in black ink that reads "David Marit".

David Marit
Minister of Agriculture



*Anthony Eliason
Chairman*

July 29, 2020

The Honourable David Marit
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, 2020.

Respectfully submitted,

A handwritten signature in blue ink that reads "Anthony Eliason".

Anthony Eliason
Chairman

Objects and Purposes of ICDC – *The Irrigation Act, 2019*

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 2019-20:

Name	Position	Irrigation District	Development Area Represented	Election Year (#Terms)
Anthony Eliason	Chairman	Individual	LDDA	2021 (2)
Nick Eliason	Director	SSRID#1	LDDA	2022 (1)
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. (1)
Kaitlyn Gifford	Alt. Vice-Chairperson	SSRID#1	LDDA	2020 (1)
Jeff Ewen	Vice-Chairperson	Riverhurst ID	SEDA- At Large	2022 (1)
Aaron Gray	Director	Brownlee ID	SIPA rep.	App.
Larry Lee	Director	MID	SIPA rep.	App.
Dianna Emperingham	Director		Ministry rep.	App.
Kelly Farden	Director		Ministry rep.	App.

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

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.

2019-20 Highlights

The ICDC's projects in 2019-20 included:

- **Field Crops** - Varietal assessment trials of 10 different crops. Comparative assessment of insecticidal seed treatment of canola. Irrigated corn agronomy trials. Malt vs. feed barley agronomic management. Efficacy of Oxidate chemigation for white mould control in dry beans. Lentil input study. Herbicide layering in lentils. Aphanomyces management in irrigated pea production. Yield and quality comparison of farmer-saved versus certified seed in HRSW.
- **Horticulture Crops** - Assessment of growth regulators on raspberry, strawberry, Saskatoon berry, and sour cherry. Management options for overgrown raspberry, Saskatoon berry and dwarf sour cherry orchards. Expansion of pickling cucumber industry in Saskatchewan. Varietal trials of garlic and beet suitable for growing in Saskatchewan.
- **Forage Crops** - Practices for cost-effective and successful management in saline forages. Double-cropping winter and spring cereals for silage production.
- **Nutrient Management** - 4R nitrogen fertility trials with canola and wheat. Field-scale demonstration trial with specialized nitrogen fertility products in irrigated canola. Nitrogen fertility trials with irrigated hybrid fall rye. Increasing wheat protein with post-emergent UAN applications. Fertility management in peas. Fertility management of dry beans.
- **South West Irrigation Development Area** - Cover crops on compacted irrigated soils.
- **Technology Transfer** - Ministry of Agriculture and ICDC staff participated in the Canada-Saskatchewan Irrigation Diversification Centre's Annual Field Day, Dry Bean Field Day in Riverhurst and Saskatchewan Vegetable Growers Association Field Day. ICDC published its annual *Research and Demonstration Report*, *Crop Varieties for Irrigation*, *Irrigation Agronomics and Economics*, and *The Irrigator* (Spring and Fall editions). Staff also contributed articles to a number of publications. ICDC and ministry staff delivered presentations at a number of farmer meetings and field days, including:
 - SIPA-ICDC Annual Conference;
 - Irrigated Pulse Workshop;
 - Annual Agri-ARM Update; and,
 - Crop Diagnostic School.

Irrigation Crop Diversification Corporation
FINANCIAL STATEMENTS
March 31, 2020



Independent auditor's report

To the Directors of Irrigation Crop Diversification Corporation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Irrigation Crop Diversification Corporation (the Company) 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.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of changes in net assets for the year then ended;
- the statement of revenue and expenditures for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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



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

Those charged with governance are responsible for overseeing the Company'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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan
July 27, 2020

Statement of Financial Position

As at March 31, 2020

	2020	2019
	\$	\$
Assets		
Current assets		
Cash	808,095	805,612
Accounts receivable (note 3)	142,511	152,544
	950,606	958,156
Tangible capital assets (note 4)	211,899	84,765
	1,162,505	1,042,921
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,474	24,272
Deferred contributions (note 5)	76,538	66,201
	80,012	90,473
Net assets		
Unrestricted net assets	861,195	864,044
Invested in tangible capital assets	194,618	61,724
Internally restricted net assets (note 6)	26,680	26,680
	1,082,493	952,448
	1,162,505	1,042,921

Commitments (note 8)

Operating lease (note 9)

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

Statement of Changes in Net Assets

For the year ended March 31, 2020

				2020	2019
	Unrestricted \$	Invested in tangible capital assets \$	Internally restricted \$	Total \$	Total \$
Balance – Beginning of year	864,044	61,724	26,680	952,448	786,937
Excess of revenue over expenditures	130,045	-	-	130,045	165,511
Depreciation of tangible capital assets	32,963	(32,963)	-	-	-
Recognition of deferred capital grants	(5,760)	5,760	-	-	-
Purchase of tangible capital assets	(160,097)	160,097	-	-	-
Balance – End of year	861,195	194,618	26,680	1,082,493	952,448

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

Statement of Revenue and Expenditures

For the year ended March 31, 2020

	2020	2019
	\$	\$
Revenue		
Member levies	108,506	109,218
Refunds	(1,008)	(733)
	107,498	108,485
Operating grants	200,500	225,000
Research contracts	178,266	156,014
Project funding	151,114	141,751
Capital grants	20,385	5,760
Interest income	9,869	7,651
Custom work	4,861	5,886
Special events	-	4,765
	672,493	655,312
Expenditures		
Salaries and wages (note 7)	383,422	333,150
Depreciation of tangible capital assets	32,963	29,554
Rental	27,533	33,625
Research projects	20,360	26,688
Office	19,970	17,086
Insurance	13,205	4,900
Professional fees	11,715	8,348
Travel and meetings (note 7)	11,053	14,043
Equipment	8,502	8,214
Telephone	4,984	3,808
Repairs and maintenance	4,865	7,510

	2020	2019
Advertising and promotion	1,850	1,102
Training	1,124	1,145
Supplies	473	321
Interest and bank charges	429	307
	542,448	489,801
Excess of revenue over expenditures	130,045	165,511

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

Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
	\$	
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	130,045	165,511
Item not affecting cash		
Depreciation of tangible capital assets	32,963	29,554
	163,008	195,065
Changes in non-cash working capital items		
Accounts receivable	10,033	(61,685)
Accounts payable and accrued liabilities	(20,798)	5,555
Deferred contributions	10,337	32,736
	162,580	171,671
Investing activities		
Purchase of tangible capital assets	(160,097)	-
Change in cash	2,483	171,671
Cash – Beginning of year	805,612	633,941
Cash – End of year	808,095	805,612

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

Notes to the Financial Statements

March 31, 2019

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 2018. 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 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

	2020	2019
	\$	\$
Research contracts	128,723	80,720
Member levies	22,568	14,220
GST receivable	2,141	4,158
Allowance for doubtful accounts	(10,921)	(10,892)
	142,511	152,544

4 Tangible Capital Assets

	2020		2019	
	Cost \$	Accumulated depreciation \$	Net \$	Net \$
Equipment	278,026	100,449	177,577	74,810
Motor vehicles	63,521	34,865	28,656	6,246
Computer equipment	14,656	8,990	5,666	3,709
	356,203	144,304	211,899	84,765

5 Deferred Contributions

	2020	2019
	\$	\$
Ministry of Agriculture – ADOPT programs	59,257	36,789
Ministry of Agriculture – Capital grants	17,281	23,041
Member levies	–	6,371
	76,538	66,201

6 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.

7 Related Party Transactions

During the year ended March 31, 2020, members of the Corporation's Board of Directors received payments for per diems and expenses of \$12,411 (2019 – \$13,145). All related party transactions are measured at the exchange amount, which is the consideration established and agreed to by the parties.

8 Commitments

On June 4, 2019, the Corporation entered into a License of Occupation agreement for land, office, and laboratory accommodation with Agriculture and Agri-Food Canada (AAFC). The term of the agreement is for five years, commencing on August 1, 2019 and ending on July 31, 2024, with the option to renew at AAFC's sole discretion for an additional five-year period. The remaining minimum future commitments under the agreement are \$14,468 per year, up to and including the year ending March 31, 2024 and \$4,822 in the year ending March 31, 2025. Annual rent is subject to revision on an annual basis at the discretion of AAFC.

9 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.

On April 4, 2018, the Corporation leased a truck from Ford Credit. The term of the lease agreement is three years and future minimum annual lease payments are \$7,526 to the end of the term of lease on March 4, 2021.

