

Ministry of Agriculture

Irrigation Crop Diversification Corporation

Annual Report for 2021-22

Table of Contents

Letters of Transmittal 2

Mandate and Purposes of ICDC 3

Board of Directors 4

2021-22 Highlights 5

Management’s Responsibility for the Annual Report..... 6

Financial Statements 7

Notes to the Financial Statements..... 14

Letters of Transmittal



*The Honourable David Marit
Minister of Agriculture*

July 28, 2022

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, 2022.

Respectfully submitted,

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

David Marit
Minister of Agriculture



*Jeff Ewen
Chairman*

July 28, 2022

The Honourable David Marit
Minister of Agriculture

Dear Minister:

I wish to present to you the annual report of the Irrigation Crop Diversification Corporation for the 12 months ending March 31, 2022.

Respectfully submitted,

A handwritten signature in black ink that reads "Jeff Ewen".

Jeff Ewen
Chairman

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

The mandates 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 2021-22:

Name	Position	Irrigation District	Development Area Represented	Election Year (#Terms)
Jeff Ewen	Chairman	Riverhurst ID	LDDA	2022 (1)
Nick Eliason	Director	SSRID#1	LDDA	2022 (1)
Murray Purcell	Director	Moon Lake ID	NDA	2023 (2)
Elmer Palmer	Director	Consul-Nashlyn ID	SWDA	2024 (1)
Joseph Heck	Director	Non-District	LDDA	App. (1)
Kaitlyn Gifford	Alt. Vice-Chairperson	SSRID#1	LDDA	2023 (2)
David Bagshaw	Vice-Chairperson	Luck Lake ID	SWDA	2024 (1)
Gerry Gross	Director	SSRID#1	LDDA	App. (1)
Aaron Gray	Director	Non-District	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 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. Three directors are elected from LDDA, two from SWDA and one from both NDA and SEDA. Intensive Irrigators/ Prescribed Persons (Non-district Irrigators) elect two representatives.

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

2021-22 Highlights

The ICDC's projects in 2021-22 included:

- **Field Crops** - Varietal assessment trials of seven different crops. Comparative assessment of canola varieties for straight cut harvest. Yield and quality comparison of farmer-saved versus certified seed in HRSW. Demonstrating fall rye as an irrigated crop. Defining beneficial management practices for irrigated canola.
- **Horticulture Crops** - Cantaloupe variety trials. Apple scionwood and dwarf apple root stock productivity and disease resistance. Pickling cucumber pollination demonstration of three different bee species.
- **Forage Crops** - Crop rotation benefits of annual forages preceding spring cereals. Varietal assessment for forage seed production. Developing target yield nitrogen fertilizer recommendations for irrigated silage and grain corn.
- **Pulse Crops** - Demonstrating effects of insecticide application timing and seeding date on pea aphid damage to lentils and field peas. Dry bean varietal assessments. Agronomic and breeding approaches to improve harvestability of dry bean. Soybean varietal assessments. Irrigated dry bean response to different rates of nitrogen fertilizer. Faba bean agronomy to enhance yield, hasten maturity and reduce disease.
- **Technology Transfer** - ICDC published its annual Research and Demonstration Report, Crop Varieties for Irrigation, Irrigation Agronomics and Economics, and The Irrigator (spring and fall editions). ICDC and Ministry of Agriculture's Crop Diagnostic school held virtually on July 29 saw over 2000 on-line attendees over four days. ICDC/CSIDC Virtual Field Day on November 2 and 3 hosted 169 registrants for day one, focusing on field crops and 81 registrants for day two, focusing on horticultural crops. The Irrigation Conference and ICDC AGM was held at Dakota Dunes Resort December 6, 7 and 8 with 120 in-person attendees and 45 on-line participants. ICDC provided weekly crop water use updates from its Twitter account. ICDC staff delivered presentations at a number of farmer meetings and field days, including:
 - SIPA-ICDC Annual Conference (virtual);
 - ICDC Field Day (virtual)

Irrigation Crop Diversification Corporation
FINANCIAL STATEMENTS
March 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Members, Irrigation Crop Diversification Corp

Opinion

We have audited the financial statements of **Irrigation Crop Diversification Corp**, which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenses, changes in net assets and 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 the Organization as at March 31, 2022, and its financial performance and 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 the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 12, 2021.

INDEPENDENT AUDITORS' REPORT continued

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 Organization'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 Organization'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 Organization 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 29, 2022
Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

Balance Sheet

As at March 31, 2022

	2022	2021
Assets		
Current assets		
Cash	\$ 710,798	\$ 621,935
Accounts receivable (note 3)	170,125	34,415
Prepaid expenses	1,985	-
Deposits	15,320	-
	<hr/>	<hr/>
	898,228	656,350
Property, plant and equipment (Note 4)	<hr/>	<hr/>
	393,573	391,290
	<hr/>	<hr/>
	\$ 1,291,801	\$ 1,047,640
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 131,917	\$ 51,371
Government remittances payable	1,822	3
Deferred contributions (note 5)	25,000	61,824
	<hr/>	<hr/>
	158,739	113,198
Long-term debt (Note 6)	<hr/>	<hr/>
	40,000	-
	<hr/>	<hr/>
	198,739	113,198
	<hr/>	<hr/>
Net assets		
Unrestricted net assets	\$ 403,559	\$ 266,472
Invested in tangible capital assets	393,573	391,290
Internally restricted net assets (note 7)	295,930	276,680
	<hr/>	<hr/>
	1,093,062	934,442
	<hr/>	<hr/>
	\$ 1,291,801	\$ 1,047,640
	<hr/>	<hr/>

Commitments (note 10)

See accompanying notes to the financial statements.

Statement of Net Assets

For the year ended March 31, 2022

	Unrestricted	Invested In Capital Assets	Internally Restricted	2022	2021
Balance – Beginning of year	\$ 266,472	\$ 391,290	\$ 276,680	\$ 934,442	\$ 1,082,493
Excess (deficiency) of revenue over expenditures	158,620	-	-	158,620	(148,051)
Depreciation of tangible capital assets	91,953	(91,953)	-	-	-
Purchase of tangible capital assets	(94,236)	94,236	-	-	-
Transfer to internally restricted net assets	(19,250)	-	19,250	-	-
Balance – End of year	\$ 403,559	\$ 393,573	\$ 295,930	\$ 1,093,062	\$ 934,442

See accompanying notes to the financial statements.

Statement of Revenue and Expenses

For the year ended March 31, 2022

	2022	2021
Revenue		
Member levies	\$ 157,995	\$ 107,702
Refunds	-	(1,255)
Net member levies	157,995	106,447
Grants and subsidies	20,000	-
Interest	1,787	3,607
Miscellaneous	1,119	17,309
Operating grants	150,000	75,095
Project funding and research contracts	610,447	233,732
	783,353	329,743
	941,348	436,190
Expenses		
Advertising and promotion	1,446	1,710
Amortization	91,953	68,607
Dues and memberships	994	-
Equipment	1,651	10,879
Insurance	16,754	7,924
Interest and bank charges	473	370
Office and utilities	27,139	29,708
SSRID levies	9,497	-
Professional fees	13,261	14,516
Rental - office space and land	37,031	26,802
Repairs and maintenance	7,690	3,259
Research projects	27,752	21,597
Salaries and wages	532,007	390,998
Supplies	92	399
Telephone	5,308	6,435
Travel and meetings	9,680	1,037
	782,728	584,241
Excess (deficiency) of revenues over expenses	\$ 158,620	\$ (148,051)

See accompanying notes to the financial statements.

Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
Cash provided by (used in) operating activities:		
Net income (loss)	\$ 158,620	\$ (148,051)
Items not involving cash:		
- Amortization	91,953	68,607
	250,573	(79,444)
Non-cash operating working capital (Note 9)	(107,474)	141,282
	143,099	61,838
Cash provided by (used in) investing activities:		
Additions to property, plant and equipment	(94,236)	(247,998)
Cash provided by (used in) financing activities:		
Proceeds from long-term debt	40,000	-
Increase (decrease) in cash	88,863	(186,160)
Cash position - beginning of year	621,935	808,095
Cash position - end of year	\$ 710,798	\$ 621,935

See accompanying notes to the financial statements.

Notes to the Financial Statements

March 31, 2022

1 Nature of operations

Irrigation Crop Diversification Corp (the "Organization") was incorporated under The Irrigation Act of 1996 in the province of Saskatchewan and is exempt from taxes under section 149(1)(j) of the Income Tax Act. The mandates and purposes of the Organization 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.

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 Organization.

2 Summary of significant accounting policies

The financial statements required 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 amounts of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements reflect the following policies:

Financial instruments

Financial assets and liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transactions costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess (deficiency) of revenue over expenses. When there is an indication of impairment, the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

The Organization's recognized financial instruments consist of cash, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair values of these items approximate their carrying values given the short- term nature of the amounts.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates, with the exception of one-half of the given rates in the year of purchase:

Computer equipment	30 %
Equipment	20 %
Motor vehicles	30 %

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 Organization 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 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 Organization's operations and would otherwise have been purchased.

3 Accounts receivable

	2022	2021
Research contracts	\$ 165,079,	\$ 21,903,
Member levies	17,384	15,441
GST receivable	-	9,409
Allowance for doubtful accounts	(12,338)	(12,338)
	\$ 170,125	\$ 34,415

4 Property, plant and equipment

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive equipment	\$ 89,607	\$ 58,038	\$ 31,569	\$ 61,682
Computer equipment	16,085	11,442	4,643	6,633
Equipment	591,653	234,292	357,361	322,975
	\$ 697,345	\$ 303,772	\$ 393,573	\$ 391,290

5 Deferred contributions

	2022	2021
Ministry of Agriculture – ADOPT programs	\$ -	\$ 61,824
AgriArm Funding	25,000	-
	\$ 25,000	\$ 61,824

6 Long-term Debt

	2022	2021
Loan payable to Prairie Centre Credit Union with no set terms of repayment and 0% interest. Loan is secured by the Government of Canada through the Canadian Emergency Business Account (CEBA) program. Up to \$20,000 of the loan will be forgiven if the remaining amount is repaid by December 31, 2023. This \$20,000 forgivable portion was included in revenue in the current year.	\$ 40,000	\$ -

7 Internally restricted net assets

The Organization has designated internally restricted net assets of \$295,930. \$19,250 was transferred from unrestricted net assets to internally restricted net assets during the year (2021 - \$250,000). Of the total amount, \$250,000 is an emergency reserve fund to be held in the event of future emergencies and funding shortfalls, \$19,250 is an equipment reserve, and \$26,680 is a reserve to assist in paying future 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, 2022, members of the Corporation's Board of Directors received payments for per diems and expenses of \$13,279 (2021 - \$9,731). All related party transactions are measured at the exchange amount, which is the consideration established and agreed to by the parties.

9 Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	2022	2021
(Increase) decrease in current assets:		
Accounts receivable	(135,710)	108,096
Prepaid expenses	(1,985)	-
Deposits	(15,320)	-
	<u>(153,015)</u>	<u>108,096</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	80,546	44,782
Government remittances payable	1,819	3,118
Deferred contributions	(36,824)	(14,714)
	<u>45,541</u>	<u>33,186</u>
	<u>(107,474)</u>	<u>141,282</u>

10 Commitments

On April 1, 2016, the Organization 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. The lease was amended during the year ended March 31, 2021 to include additional annual rent in the amount of \$9,488 per year for a 15-year period.

On June 4, 2019, the Organization 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.

On February 7, 2022, the Organization entered into an agreement to purchase a grain analyzer from FOSS. At this date, a down payment of \$11,900 USD (\$15,320.06 CDN) was paid. The remaining amount of \$29,700 USD (\$38,422.89 CDN) will be paid when the grain analyzer is received.

11 Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year. The comparative year's financial statements were audited by other accountants.