

# Annual Report for 2022-23

Ministry of Agriculture

Irrigation Crop Diversification Corporation



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# Letters of Transmittal



*The Honourable David Marit  
Minister of Agriculture*

July 28, 2023

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, 2023.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David Marit".

David Marit  
Minister of Agriculture



*Jeff Ewen  
Chairman*

July 28, 2023

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, 2023.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "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 2022-23:

Name	Position	Irrigation District	Development Area Represented	Election Year (#Terms)
Jeff Ewen	Chairman	Riverhurst ID	LDDA	2025 (2)
Kirsten Oram	Director	Non-District	LDDA	2025 (1)
Murray Purcell	Director	Moon Lake ID	NDA	2023 (2)
Elmer Palmer	Director	Consul-Nashlyn ID	SWDA	2024 (1)
Lucas Ringdal	Director	Non-District	LDDA	2025 (1)
Kaitlyn Gifford	Alt. Vice-Chairperson	SSRID #1	LDDA	2023 (2)
David Bagshaw	Vice-Chairperson	Luck Lake ID	SWDA	2024 (1)
Matthew Lawless	Director	SSRID #1	LDDA	2025(1)
Aaron Gray	Director	Non-District	SIPA rep.	App.
Dianna Emperingham	Director		Ministry	App.
Kelly Farden	Director		Ministry	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.

# 2022-23 Highlights

The ICDC's projects in 2022-23 included:

## Field Crops

- Varietal assessment trials of seven different crops;
- Comparative assessment of canola varieties for straight cut harvest;
- Fertility trials with barley, grain corn, dry bean, quinoa, spring wheat;
- Crop disease management trials;
- Seeding date trials with hemp and dry beans; and,
- Irrigated mustard trials.

## Horticulture Crops

- Cauliflower and broccoli varietal trials;
- Garlic agronomy trials;
- Apple scionwood and dwarf apple rootstock productivity and disease resistance; and,
- Sour cherry blind wood management.

## Forage Crops

- Varietal assessment for forage seed production; and,
- Barely silage under seeded with ryegrass.

## Pulse Crops

- Dry bean tillage management;
- 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;
- Faba bean fungicide trials;
- Lupin demonstration trial; and,
- Novel pulse crop demonstration.

## 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 hosted a field day in July with 90+ attendees;
- ICDC partnered with CSIDC to host two Virtual Field Days with 73 attendees for day one, field crops and 58 registrants for day two, horticultural crops;
- The Irrigation Conference and ICDC AGM was held at Dakota Dunes Resort December 5, 6 and 7 with 200 participants; and,
- ICDC hosted a workshop in March with ICDC provided weekly crop water use updates from its Twitter account @ICDC\_SK.

# Management's Responsibility for the Annual Report

The accompanying financial statements of Irrigation Crop Diversification Corp have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, Virtus Group LLP, and their report is presented separately.



Brenda Joyes  
Executive Administrator, Irrigation Crop Diversification Corp

July 28, 2023



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**Irrigation Crop Diversification Corporation**  
**FINANCIAL STATEMENTS**  
**March 31, 2023**

## INDEPENDENT AUDITORS' REPORT



**VIRTUS  
GROUP**  
Chartered Professional Accountants  
& Business Advisors LLP

### 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, 2023, 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, 2023, 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.

## 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, timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**June 30, 2023**  
**Saskatoon, Saskatchewan**

*Virtus Group LLP*  
**Chartered Professional Accountants**

## Balance Sheet

As at March 31, 2023

	2023	2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 358,827	\$ 710,798
Accounts receivable (note 4)	190,384	170,125
Prepaid expenses	1,992	1,985
Deposits	-	15,320
	<hr/>	<hr/>
	551,203	898,228
<b>Investments</b> (note 3)	255,313	-
<b>Tangible capital assets</b> (note 5)	365,348	393,573
	<hr/>	<hr/>
	\$ 1,171,864	\$ 1,291,801
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 26,852	\$ 131,917
Government remittances payable	41	1,822
Deferred contributions (note 6)	2,000	25,000
Current portion of long-term debt (note 7)	40,000	-
	<hr/>	<hr/>
	68,893	158,739
<b>Long-term debt</b> (note 7)	-	40,000
	<hr/>	<hr/>
	68,893	198,739
	<hr/>	<hr/>
<b>Net Assets</b>		
<b>Unrestricted net assets</b>	402,037	403,559
<b>Invested in tangible capital assets</b>	365,349	393,573
<b>Internally restricted net assets</b> (note 8)	335,585	295,930
	<hr/>	<hr/>
	1,102,971	1,093,062
	<hr/>	<hr/>
	\$ 1,171,864	\$ 1,291,801
	<hr/>	<hr/>
<b>Commitments</b> (note 11)		
<b>Subsequent event</b> (note 12)		
<b>Significant event</b> (note 13)		

See accompanying notes to the financial statements.

## Statement of Net Assets

For the year ended March 31, 2023

	Unrestricted	Invested In Capital Assets	Internally Restricted	2023	2022
<b>Balance – Beginning of year</b>	\$ 403,559	\$ 393,573	\$ 295,930	\$ 1,093,062	\$ 934,442
Excess (deficiency) of revenue over expenditures	9,909	-	-	9,909	158,620
Amortization of tangible capital assets	86,296	(86,296)	-	-	-
Purchase of tangible capital assets	(58,072)	58,072	-	-	-
Transfer to internally restricted net assets	(39,655)	-	39,655	-	-
<b>Balance – End of year</b>	\$ 402,037	\$ 365,349	\$ 335,585	\$ 1,102,971	\$ 1,093,062

See accompanying notes to the financial statements.

## Statement of Revenue and Expenses

For the year ended March 31, 2023

	2023	2022
<b>Revenue</b>		
Member levies	\$ 219,389	\$ 157,995
Refunds	1,122	-
Net member levies	<u>218,267</u>	<u>157,995</u>
Project funding and research contracts	403,994	610,447
Operating grants	75,000	150,000
Grain sales	44,209	-
Grants and subsidies	-	20,000
Interest	8,489	1,787
Miscellaneous	10,002	1,119
	<u>541,694</u>	<u>783,353</u>
	<u>759,961</u>	<u>941,348</u>
<b>Expenses</b>		
Advertising and promotion	1,142	1,446
Amortization	86,296	91,953
Bad Debts	15,487	-
Dues and memberships	-	994
Equipment	3,969	1,651
Insurance	10,478	16,754
Interest and bank charges	1,377	473
Office and utilities	33,722	27,139
Professional fees	14,657	13,261
Rental - office space and land	27,006	37,031
Repairs and maintenance	6,698	7,690
Research projects	65,090	27,752
SSRID levies	3,691	9,497
Salaries and wages	456,769	532,007
Subcontractors	9,098	-
Supplies	2,377	92
Telephone	4,276	5,308
Travel and meetings	7,919	9,680
	<u>750,052</u>	<u>782,728</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 9,909</u>	<u>\$ 158,620</u>

See accompanying notes to the financial statements.

## Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022
<b>Cash provided by (used in) operating activities:</b>		
Net income	\$ 9,909	\$ 158,620
Items not involving cash:		
- Amortization	86,296	91,953
	96,205	250,573
Non-cash operating working capital (note 10)	(134,792)	(107,474)
	(38,587)	143,099
<b>Cash provided by (used in) investing activities:</b>		
Additions to investments	(255,312)	-
Additions to tangible capital assets	(58,072)	(94,236)
	(313,384)	(94,236)
<b>Cash provided by (used in) financing activities:</b>		
Proceeds from long-term debt	-	40,000
<b>Increase (decrease) in cash</b>	(351,971)	88,863
<b>Cash position - beginning of year</b>	710,798	621,935
<b>Cash position - end of year</b>	\$ 358,827	\$ 710,798

See accompanying notes to the financial statements.

# Notes to the Financial Statements

March 31, 2023

## 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, investments and accounts payable and accrued liabilities. The fair values of these items approximate their carrying values given the short-term nature of the amounts.

### Tangible capital assets

Tangible capital assets 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 %
Fencing	10%



## 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 are recognized as revenue in the same period or periods as related expenses are recognized.

Investment income is recognized on an accrual basis.

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 Investments

Investments consists of a guaranteed investment certificate earning interest at 2.55% with a maturity date of May 31, 2024.

## 4 Accounts receivable

	2023	2022
Research contracts and operating grants	\$ 182,765	\$ 143,099
Member levies	34,288	39,364
GST receivable	930	-
Allowance for doubtful accounts	(27,600)	(12,338)
	<u>\$ 190,384</u>	<u>\$ 170,125</u>

## 5 Tangible capital assets

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive equipment	\$ 89,607	\$ 67,509	\$ 22,098	\$ 31,569
Computer equipment	17,650	13,070	4,580	4,643
Equipment	635,289	309,111	326,178	351,307
Fencing	12,870	378	12,492	6,054
	<u>\$ 755,416</u>	<u>\$ 390,068</u>	<u>\$ 365,348</u>	<u>\$ 393,573</u>

## 6 Deferred contributions

	2023	2022
Saskatchewan Oat Development Commission	\$ 2,000	\$ -
AgriArm Funding	-	25,000
	<u>\$ 2,000</u>	<u>\$ 25,000</u>

## 7 Long-term Debt

	2023	2022
Loan payable to <b>Prairie Centre Credit Union</b> 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 prior year.	\$ 40,000	\$ 40,000
Current portion due within one year	40,000	-
	\$ -	\$ 40,000

## 8 Internally restricted net assets

The Organization has designated internally restricted net assets of \$335,585. During the year, \$39,655 was transferred to internally restricted net assets from unrestricted net assets which represented 25% of the prior year excess of revenue over expenses (2022 - \$19,250). Of the total amount, \$250,000 is an emergency reserve fund to be held in the event of future emergencies and funding shortfalls, \$58,905 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.

## 9 Related party transactions

During the year ended March 31, 2023, members of the Organization's Board of Directors received payments for per diems and expenses of \$9,158 (2022 - \$13,279). All related party transactions are measured at the exchange amount, which is the consideration established and agreed to by the parties.

## 10 Non-cash operating working capital

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

	2023	2022
<b>(Increase) decrease in current assets:</b>		
Accounts receivable	\$ (20,259)	\$ (135,710)
Prepaid expenses	(7)	(1,985)
Deposits	15,320	(15,320)
	(4,946)	(153,015)
<b>Increase (decrease) in current liabilities:</b>		
Accounts payable and accrued liabilities	(105,065)	80,546
Government remittances payable	(1,781)	1,819
Deferred contributions	(23,000)	(36,824)
	(129,846)	45,541
	\$ (134,792)	\$ (107,474)

## 11 Commitments

On April 1, 2016, the 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.

## 12. Significant event

Subsequent to year end, the Organization entered into an agreement to purchase a combine from Wintersteiger Inc. for \$407,665. On April 24, 2023, a down payment of \$122,300 cash was paid. The remaining amount of \$285,365 will be paid in installments with 60% due prior to delivery and the remaining 10% upon delivery. The Organization has secured grant funding of \$200,000 that is designated towards the combine purchase.

## 13. Significant event

On December 7, 2022, resolutions were passed by the boards and memberships of the Organization and Saskatchewan Irrigation Projects Association (SIPA) to move forward with amalgamating. The amalgamation is expected to take two to three years to complete and the financial effect of the amalgamation on the Organization cannot be estimated at this time.

## 14. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year.

## 15. Financial risk management

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Organization is exposed are:

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterpart.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Orgnaization's financial obligations.









