



ANNUAL REPORT 2018/19

FORWARD FOCUSED



CHAIR'S MESSAGE



Brad Blackwell
Chair

As we move into a new decade, Saskatchewan Pulse Growers (SPG) remains focused on what lies ahead for the Saskatchewan pulse industry. In the past decade growers have experienced triumphs including record high lentil prices and a successful 2016 as International Year of Pulses. There has also been trying times such as transportation challenges and devastating market access barriers. By focusing forward, we are confident that the next decade, will bring stronger consistency in the marketplace for growers.

We are working to ensure this consistency by developing new markets for pulses and working to resolve market access barriers to create a stable trade environment. We are developing new demand for pulses and pulse ingredients in the food product, foodservice, and pet food markets around the globe to reduce our reliance on risky and unpredictable markets

such as India. But we recognize that building new demand is not a short-term endeavor and that we will continue to need the traditional export markets for profitability.

Another focus for SPG has been increasing yields for producers. Our investments in research are helping to increase pulse yields over time through better performing varieties, improved disease and weed management, and better harvest management practices. This will help overcome the challenges that are attacking growers' bottom line.

I believe the next decade will be filled with further growth for the Saskatchewan pulse sector, and that through continued collaboration across the pulse and broader agriculture sectors, we will make process towards resolving the challenges we are facing today.

EXECUTIVE DIRECTOR'S MESSAGE



Carl Potts
Executive Director

Following several years of challenges for the Saskatchewan pulse industry, Saskatchewan Pulse Growers (SPG) is focusing on the activities that restore market access, build new demand, and increase productivity for Saskatchewan growers.

Ensuring that Canadian pulses have access to export markets globally is a critical element to growers' success. Around the world there has been a heightened level of focus on the use of glyphosate, with an increasing number of markets testing pulses for glyphosate residue. This is why we partnered with Pulse Canada, Cereals Canada, and the Canola Council of Canada, through the Keep It Clean! program to call growers' attention to the proper timing of glyphosate applications. Our aim is to provide growers with the tools and information they need to eliminate market access risks related to glyphosate.

It is our long-term goal for Saskatchewan pulse farmers to not be reliant on just a handful of markets for exports. We are working to diversify demand for pulses and pulse ingredients across a broad spectrum of markets as part of the Canadian pulse industry's national market

development strategy. SPG has led work under this collaborative strategy that has focused on growing the use of lentils in foodservice. Last year SPG worked with over 130 chefs and foodservice operators from College and Universities across the United States that collectively serves 29 million meals a year.

New market demand and improved market access for pulses must be partnered with strong production in order for growers to be successful. SPG is working to solve on-farm challenges facing growers including Aphanomyces root rot, which can have a devastating impact on pulse production. SPG has been partnering with leading industry and research partners for over five years to develop genetic and agronomic management defense systems against this complex disease.

Balancing investments in market access and market development with investments targeting increased on-farm productivity, are critical to ensure profitability for producers now and in the future.

2018/19 Board



Brad Blackwell,
Chair
Dinsmore, SK

Jackie Carleton,
Vice-Chair
Saskatoon, SK

Chad Doerksen
Dalmeny, SK

Shaun Dyrland
Kyle, SK

Corey Loessin
Radisson, SK

Lee Moats
Riceton, SK

Trent Richards
Assiniboia, SK

2018/19 Staff



Carl Potts
Executive Director

Lori Chapman
Administrative
Assistant

Constance Chiremba
Pulse Science Cluster
Program Manager

Allison Fletcher
Research Project
Manager

Laurie Friesen
Seed Program
Manager

Dave Greenshields
Director of Research
& Development

Cheryl Gore
Administrative
Assistant

Amber Johnson
Manager of
Foodservice
Marketing

Jeff Juhnke
Director of Finance
& Operations

Rachel Kehrig
Director of
Communications &
Market Development

Andrea Lauder
Communications
Manager

Margaret Parsons
Senior Accounting
Technician

Sherrilyn Phelps
Agronomy Manager

Shelly Weber
Levy Manager

KEY RESULT AREAS

Building demand

by expanding the use of pulses through increased exports and new market opportunities.

The Canadian pulse industry is working together to build new-use markets for at least 25% of Canada's pulse production by the year 2025. To do this, we must demonstrate the value pulses and pulse ingredients have to offer food companies and end-users, including their nutritional benefits, and the role pulses can play in sustainable food production.

Increasing yields of established pulse crops

by unlocking yield potential and reducing agronomic constraints growers are facing.

On-farm yield gains for growers come from continued enhancement of genetic yield potential and from reducing the agronomic constraints to achieving that maximum economic yield potential. To support yield potential, we need to invest in furthering genetics, and to undertake work to reduce the impact of weeds and diseases.

Developing new pulse crop options

with the goal of at least one viable pulse crop option for every acre of land in Saskatchewan.

To ensure pulses are a profitable and sustainable crop option for all growers in Saskatchewan, we are striving to ensure at least one pulse crop is available for every acre of arable land in Saskatchewan. Fostering the development of soybeans, faba beans, and chickpeas is a key piece to achieving our goal.

Expanding market access

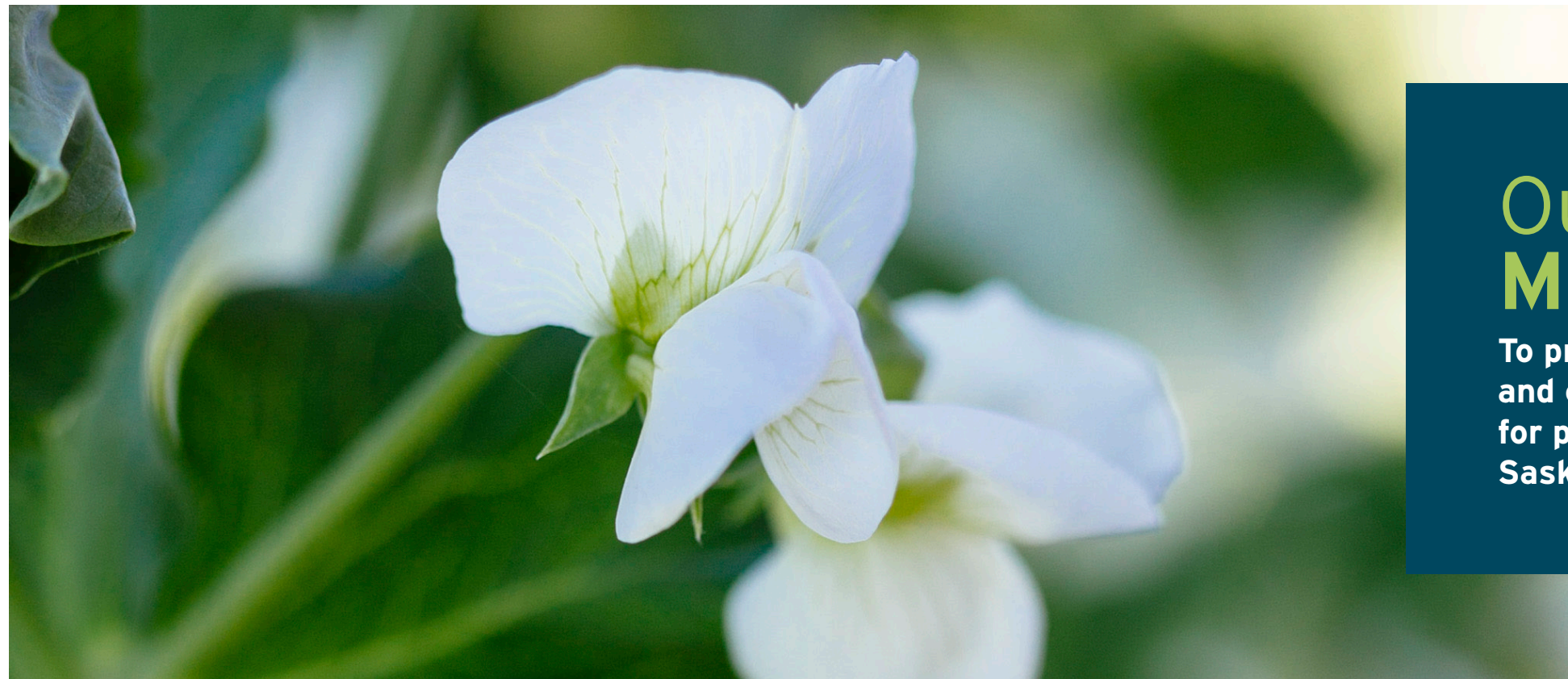
by ensuring growers have access to a high functioning transportation system and that trade barriers are resolved.

Being viewed globally as reliable and consistent suppliers of pulse crops directly affects the ability for growers across Canada to be successful. That is why we, along with other provincial pulse organizations, provide funding to our national association Pulse Canada to lead work in market access and transportation that impacts pulse farmers at a national level.

Engaging with Growers

to ensure we understand and are meeting the needs of pulse growers in Saskatchewan.

We are creating opportunities to regularly engage with growers to ensure we are providing growers with relevant, practical, and research-supported production information. Through interactive engagement we also aim to demonstrate the value SPG is providing to growers in our efforts focused on market development, transportation, and market access.



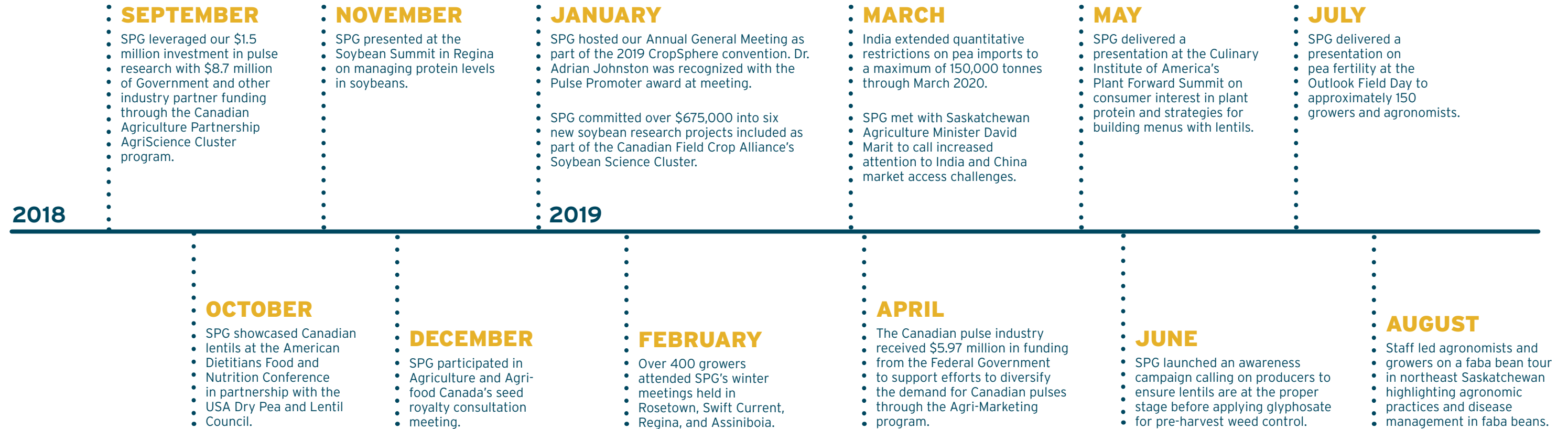
Our Mission

To provide leadership and create opportunities for profitable growth for Saskatchewan pulses.

Our Vision

Nourishing the world with profitable pulse production.

A SNAPSHOT THROUGH THE YEAR



BUILDING DEMAND

Expanding the use of pulses through increased exports and new market opportunities

38% of consumers would order a menu item that contains lentils as the primary source of protein

-Datassential

Pulses In Pet Food

Pulse Canada led efforts to publish a paper with leading experts in companion animal nutrition that highlighted the research gaps that need to be addressed before a link can be made between pulses and dilated cardiomyopathy (DCM). This was done in response to the United States Food and Drug Administration's announcement that they are investigating a possible link between pulses and incidence of DCM in pets. The paper was published in the Journal of Animal Science in January 2019 and is being used by the FDA as they continue to investigate possible causes of DCM.



Foodservice Training Programs

We led culinary training programs for seven College and University dining teams in the United States last year. The sessions are developed specially for each institution and are focused on how to cook lentils in a variety of ways, using a variety of foodservice scale equipment. The training emphasizes how to build flavour with lentils, and how to use lentils across the menu (breakfast, lunch, dinner, snacks, etc). There is also a focus on operation cost advantages and sustainability benefits of including lentils in foodservice operations. Last year training programs were held at Princeton, Northeastern, Yale, Cornell, Rutgers, and North Carolina State Universities, as well as the University of California. Over 130 chefs took part in last year's programs. These chefs are responsible for serving a combined 29 million meals per year.

Addressing Protein Regulations for Pulse Ingredients

Pulse Canada led a project in collaboration with Loblaw's and researchers from the University of Toronto and University of Manitoba to develop the data required by government to support regulatory modernization for protein claims. Protein regulations in North America currently prevent most plant- and cereal-based products from highlighting the amounts of protein in their products. This presents a challenge for pulse ingredient processors marketing their products for protein, and for food manufacturers wanting to use pulses to boost protein content of products. The project looked at the protein quality of the different dietary patterns among Canadians using data from the Canadian Community Health Survey. Results and recommendations are anticipated in early 2020.



Over

130 CHEFS

took part in a lentil culinary training program last year.

These chefs are responsible for serving a combined

29 MILLION

meals per year.

INCREASING YIELDS & DRIVING ADOPTION

We believe that to support yield potential and new crop adoption, we need to invest in furthering genetics, and to undertake work to reduce the impacts of agronomic constraints.

Fertility Management In Pea

In 2019 we launched a research project with the University of Saskatchewan on fertility management in peas. The goal of the project was to demonstrate the requirements for phosphorous and sulfur in peas. As we understand the need for nutrient applications with pulses it is also important to know the safe rates that can be applied in the seed row. Results from this work are currently being analyzed and will be incorporated into growing recommendations moving forward.

Weed Research Program

One of the main objectives of the Weed Science in Pulse Crops research program that we fund, led by Dr. Chris Willenborg at the University of Saskatchewan, is to screen potential candidate herbicides for use in pulse crops. Data from four screening trials completed in faba beans, lentils, and chickpeas in 2018 will support label expansions and future product registrations, in an effort to increase the spectrum of safe and effective herbicide options available to pulse growers. Our support of this program, along with collaboration with different companies, and interest from industry in providing products for pulse growers has led to five new product registrations last year including:

- Heat for pre-emergence and pre-harvest for faba beans
- Goldwing for pre-emergence prior to lentil and faba beans
- Solo for imi-tolerant chickpeas
- Express SG for pre-emergence for faba bean and lentil
- Beleaf for aphid control in lentil and pea

In **2019**, we released **five new pulse varieties**, royalty-free.

We are supporting research on *Ascochyta* management that evaluates prevalence of the disease through annual surveys, levels of fungicide resistance in the pathogen strains, and fungicide timing and sequence for managing the disease.

Chickpea Disease Management

In parts of the province, chickpea growers faced dry conditions early in the season followed by heavy rains in July. In some instances, this resulted in an unusual leaflet dieback and rapid onset of *Ascochyta*. We responded to the concerns of growers and agronomists and are working with industry to identify solutions to this challenge for the future. We are supporting research on *Ascochyta* management that evaluates prevalence of the disease through annual surveys, levels of fungicide resistance in the pathogen strains, and fungicide timing and sequence for managing this disease.

Advancements In Genetics

In 2019, we released five new pulse varieties, royalty-free. Two new red lentil varieties (CDC Nimble and IBC-1235), one Kabuli chickpea variety (CDC Lancer), one yellow bean variety (4510-1-3), and a green cotyledon lentil variety (IBC 1267) were all made available, royalty free in 2018/19. Since 1997 we have released 128 different pulse varieties.



EXPANDING MARKET ACCESS

Ensuring growers have access to a high functioning transportation system and that trade barriers are resolved.

Continued Disruption in India

Market disruptions in key markets like India underscore the impact that loss of market access can have on the profitability of growers and the trade. Due to India's imposition of restrictive policy measures (tariffs and quantitative restrictions) beginning in 2017 and India's unnecessary technical requirement to have all exports fumigated with methyl bromide prior to arrival in India, Canadian pulse exports decreased by 82% in 2018/19.

Pulse Canada is leading the work on behalf of Saskatchewan Pulse Growers to resolve market access barriers in India. As a united Canadian industry, we are actively working with the Government of Canada to find a science-based solution to India's fumigation requirements. In late 2018, Canada hosted a delegation of Indian technical officials to showcase Canada's grain handling systems approach, to ensuring that Canadian shipments meet India's phytosanitary requirements without the need for fumigation.

While progress slowed during India's general election in May 2019, the Indian government has since shown a willingness to re-engage in technical discussions with Canadian officials. In August 2019, the High Commissioner of Canada in India and Global Affairs representatives met with the Indian Secretary of the Ministry of Agriculture and Farmer's Welfare.

As Canada continues to strive for a bi-lateral agreement with India on plant protection, pulse exporting nations, including Canada, are addressing the challenge of working with India to improve the predictability and transparency

of pulse import policy, including both the quantitative restrictions and import tariffs that have impeded access for pulses into the Indian market. Pulse Canada is involved in this work through the Global Pulse Confederation (GPC), which signed a Memorandum of Understanding (MoU) with Indian government officials from the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) in June 2019. As India strives to meet its domestic policy goals of increased production and consumption of pulses, this partnership aims to ensure it is done in a predictable and transparent trading environment.

Overcoming Challenges in Peru

In response to detections of regulated weed seeds in Canadian shipments, a delegation of plant protection officials from Peru traveled to Canada in early September to review the Canadian grain handling system and gain an understanding of how CFIA certifies shipments for export in Canada. Pulse Canada helped to facilitate meetings with Peruvian officials that involved a review of Canada's systems-based approach to ensuring the export of grain shipments that comply with the requirements set by the importing country's requirements. Following the initial meetings, Peru officials visited several points of the Canadian value-chain including a farm, inland terminal, and port terminal to view the sophisticated and rigorous quality control measures implemented by the Canadian grain industry and the stringent regulatory oversight provided by government agencies. Pulse Canada will continue to work with the Canadian industry and the Government of Canada to ensure continued access for Canadian pulses into Peru.



ENGAGING WITH GROWERS

To ensure we understand and are meeting the needs of pulse growers in Saskatchewan.

Timing of Glyphosate Campaign

We launched an awareness campaign focused on the proper timing of glyphosate applications. Billboards, print advertisements, and social media promotion all aligned to communicate to growers that glyphosate should not be applied to lentils until the crop is at less than 30% seed moisture. There is a heightened level of focus on the use of glyphosate across the globe, and an increasing number of markets are testing pulses for glyphosate residue. The onus is on growers to ensure that these products are being used according to product registration and label, to eliminate the risk of high residue levels that could result in market access issues.

We also developed a lentil-staging guide in partnership with Alberta Pulse Growers and Manitoba Pulse and Soybean Growers as a tool for growers. The guide provided descriptive language and visual examples of lentil moisture levels at varying stages so that growers are able to accurately determine that their own fields are below the 30% moisture rate before applying glyphosate.



In The Field

Our staff was hands-on across the province this growing season, participating in field days from Swift Current, to Melfort, to Indian Head. By being out in the field with growers and researchers we are able to bring back the latest research takeaways and develop new extension materials to support growers on their own farms, while also being able to interact and engage with growers in-person to hear their needs and their priorities.

Pulse Research Magazine

We released the fifth Pulse Research magazine in July. The research magazine focused on four important research areas:

- Research underway to support the development of the emerging plant protein market that creates a strong market opportunity for pulses.
- Research in the area of plant breeding, highlighting the steps and timelines of the process, while looking specifically at the work being done to breed competitive chickpea varieties.
- Research being undertaken to develop Aphanomyces-resistant crops to help growers fight this challenging disease.
- Research looking to breed short season soybean varieties that are well adapted to Saskatchewan.

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD.

Opinion

We have audited the financial statements of Saskatchewan Pulse Crop Development Board which comprise the statement of financial position as at August 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saskatchewan Pulse Crop Development Board as at August 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Saskatchewan Pulse Crop Development Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance to these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements, management is

responsible for assessing Saskatchewan Pulse Crop Development Board's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate Saskatchewan Pulse Crop Development Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Saskatchewan Pulse Crop Development Board's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 misstatements 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 Saskatchewan Pulse Crop Development Board'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 Saskatchewan Pulse Crop Development Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Saskatchewan Pulse Crop Development Board 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Saskatoon, Saskatchewan
December 3, 2019



Chartered Professional Accountants

Board of Directors Expenses 2018/19

	Honoraria	Expenses	Total
	\$	\$	\$
Brad Blackwell	14,673	6,687	21,360
Jackie Carleton	8,720	3,916	12,636
Chad Doerksen	4,810	835	5,645
Shaun Dyrland	10,109	8,619	18,728
Gerrid Gust	4,652	1,890	6,541
Jean Harrington	4,675	2,906	7,581
Corey Loessin	11,375	3,817	15,192
Lee Moats	6,040	5,233	11,273
Trent Richards	13,252	13,235	26,487

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2019

	2019	2018
ASSETS		
CURRENT:	\$	\$
Cash	3,595,531	410,320
Investments (Note 3)	3,815,611	6,037,231
Accounts receivable (Note 4)	1,634,922	1,330,688
Prepaid expenses	270,352	273,683
Accrued interest receivable	91,437	107,545
Breeder seed inventory	474,972	375,342
	9,882,825	8,534,809
INTERNALLY RESTRICTED INVESTMENTS (Note 3)	1,600,000	6,460,000
INVESTMENTS (Note 3)	5,175,268	1,817,242
CAPITAL ASSETS (Note 5)	670,844	1,033,096
	17,328,937	17,845,147
LIABILITIES		
CURRENT:		
Accounts payable and accrued liabilities (Note 6)	2,645,129	864,422
Deferred revenue	262,500	-
	2,907,629	864,422
NET ASSETS		
INVESTED IN CAPITAL ASSETS	670,844	1,033,096
INTERNALLY RESTRICTED (Note 10)	12,200,000	6,460,000
UNRESTRICTED	1,550,464	9,487,629
	14,421,308	16,980,725
	17,328,937	17,845,147

COMMITMENTS (Notes 7, 8, and 9)

APPROVED BY THE BOARD:



Chair



Vice-Chair

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2019

	2019 Budget	2019 Actual	2018 Actual
	(Unaudited)		
	(Note 11)		
REVENUE	\$	\$	\$
INDUSTRY REVENUE			
Levy	10,000,000	9,569,379	9,732,380
Variety commercialization	830,800	610,670	582,347
Advertising	85,000	124,759	81,315
Sponsorship	40,000	38,500	68,350
	10,955,800	10,343,308	10,464,392
GOVERNMENT FUNDING			
Agriculture and Agri-Food Canada	94,503	160,244	10,891
Government of Saskatchewan	4,500	36,500	45,346
	99,003	196,744	56,237
INTEREST AND DIVIDENDS	300,000	403,814	351,218
UNREALIZED GAINS (LOSSES)	-	(102,755)	77,133
OTHER REVENUE	138,774	408,303	227,510
	11,493,577	11,249,414	11,176,490
EXPENSES			
RESEARCH AND DEVELOPMENT			
Pulse breeding	5,633,623	4,937,613	5,361,764
Agronomy and sustainability	1,376,708	1,121,049	1,892,051
Genetic improvement	1,003,277	979,978	1,579,520
Processing	612,150	624,559	1,064,196
Health outcomes	96,925	68,474	290,190
Strategy development and support	860,065	758,929	892,023
	9,582,748	8,490,602	11,079,744
MARKET PROMOTION			
Canadian lentil promotion	1,753,000	658,168	1,654,121
International market promotion	-	-	36,956
Product utilization, feed and other promotion	247,000	234,039	249,415
	2,000,000	892,207	1,940,492
COMMUNICATION	803,493	699,589	1,043,974
PULSE CANADA (NOTE 7)	1,789,833	1,789,833	1,836,261
VARIETY COMMERCIALIZATION LEADERSHIP AND MANAGEMENT	659,142	664,591	675,599
Board of directors	285,860	177,528	260,790
Management and administration	1,186,950	1,094,481	1,152,110
	16,308,026	13,808,831	17,988,970
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(4,814,449)	(2,559,417)	(6,812,480)

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED AUGUST 31, 2019

	Invested in capital assets	Internally restricted	Unrestricted	2019 Total	2018 Total
NET ASSETS, BEGINNING OF YEAR	\$ 1,033,096	\$ 6,460,000	\$ 9,487,629	\$ 16,980,725	\$ 23,793,205
Deficiency of revenue over expenses	-	-	(2,559,417)	(2,559,417)	(6,812,480)
Increase of restricted net assets	-	5,740,000	(5,740,000)	-	-
Purchase of capital assets	9,850	-	(9,850)	-	-
Disposition of capital assets	(425,373)	-	425,373	-	-
Gain on disposition of capital assets	81,934	-	(81,934)	-	-
Amortization	(28,663)	-	28,663	-	-
NET ASSETS, END OF YEAR	670,844	12,200,000	1,550,464	14,421,308	16,980,725

Payee list available upon request

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (2,559,417)	\$ (6,812,480)
CHANGES TO INCOME NOT INVOLVING CASH:		
Amortization	28,663	34,944
Land rebate received	-	8,080
(Gain)Loss on disposition of capital assets	(81,934)	1,138
	(2,612,688)	(6,768,318)
CHANGES IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS:		
Accounts receivable	(304,234)	308,345
Inventory	(99,630)	105,952
Prepaid expenses	3,331	156,887
Accrued interest receivable	16,108	33,318
Accounts payable and accrued liabilities	1,780,707	(11,476)
Deferred revenue	262,500	-
	1,658,782	593,026
Total from operating activities	(953,906)	(6,175,292)
INVESTING ACTIVITIES		
Proceeds from sale of capital assets	425,373	286
Purchases of capital assets	(9,850)	-
Net purchases of investments	3,723,594	5,611,170
Total from investing activities	4,139,117	5,611,456
INCREASE (DECREASE) IN CASH DURING THE YEAR	3,185,211	(563,836)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	410,320	974,156
CASH AND EQUIVALENTS, END OF YEAR	3,595,531	410,320

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2019

1. DESCRIPTION OF BUSINESS

The Saskatchewan Pulse Crop Development Board ("SPG") is a non-profit organization which was established in 1984 under the Agri-Food Act of Saskatchewan. The mission of SPG is to provide leadership and create opportunities for profitable growth for the Saskatchewan pulse industry.

The Saskatchewan Pulse Crop Development Board collects a mandatory, non-refundable levy of 0.67% of the gross value of sales of pulse crops.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the CPA Handbook - Accounting Standards for Not-for Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

(a) Revenue recognition:

The organization follows the deferral method of accounting for contributions, which include government funding and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred contributions. 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.

Levy revenue is recognized at the time of settlement.

Industry revenue including industry partnership, advertising and sponsorship are recognized as related activities occur and related costs are incurred.

Variety commercialization revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the selling price to the buyer is fixed, and collection is reasonably assured.

Interest, dividends, and other revenue are recognized as earned.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments with maturities of three months or less.

(c) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. SPG provides for amortization using the declining balance and straight-line methods at rates designed to amortize the cost of capital assets over their estimated useful lives. The annual amortization rates are as follows:

Equipment	Declining balance	20%-50%
Leasehold improvements	Straight-line	7 years

(d) Impairment of long-lived assets:

Long-lived assets, which comprise capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(e) Inventory:

The inventory balance consists of harvested beans, faba beans, peas, chickpeas and lentils and is measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any provisions for impairment.

(f) Research and development expense recognition:

Research and development expenses are recognized in these financial statements in the period defined in the terms and conditions of the respective agreements for contract based expenditures. Grant based expenditures are recorded when eligibility has been determined and the grant has been authorized.

(g) Income taxes:

No provision for income taxes has been made in these financial statements as SPG is exempt from income tax under Section 149 (1) of the Income Tax Act.

(h) Financial instrument classification:

Investments and internally restricted investments are recorded at fair value. Transactions are recorded on a trade basis and transaction costs are expensed as incurred.

Other financial instruments, including cash, accounts receivable, accrued interest receivable, and accounts payable and accrued liabilities, are initially recorded at their fair market value and are subsequently measured at amortized cost, net of any provisions for impairment.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Significant estimates include, but are not limited to the valuation of accounts receivable and inventory and the useful lives of property, plant and equipment.

(j) Contributions in-kind:

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2019

3. INVESTMENTS

The investments balance consists of the following:

	2019	2018
	\$	\$
Fixed income	8,777,242	12,899,817
Cash and cash equivalents	1,217,278	361,739
Equity funds	596,359	1,052,917
	10,590,879	14,314,473
CURRENT ASSETS:		
Investments	3,815,611	6,037,231
LONG-TERM ASSETS:		
Internally restricted investments	1,600,000	6,460,000
Investments	5,175,268	1,817,242
	10,590,879	14,314,473

The investment balance is a result of the excesses of revenue over expenses from operations in prior years due to increased volume and value of pulse production. The surplus money is held in investments and provides flexibility to cover expenditure commitments in years where operations result in a cash shortfall. SPG has set in place investment policy guidelines as to the portfolio mix in order to ensure the investments are safeguarded against large market fluctuations.

4. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of the following:

	2019	2018
	\$	\$
Levy receivables	1,013,104	989,812
Other receivables	621,818	340,876
	1,634,922	1,330,688

5. CAPITAL ASSETS

The capital assets balance consists of the following:

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Equipment	264,087	239,222	24,865	27,021
Leasehold improvements	207,291	199,150	8,141	24,820
	471,378	438,372	33,006	51,841
Land	637,838	-	637,838	981,255
	1,109,216	438,372	670,844	1,033,096

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance consists of the following:

	2019	2018
	\$	\$
Trade payables	75,568	64,499
R&D contracts payable	2,463,904	710,728
GST payable	67,322	52,101
Payroll liabilities	38,335	32,077
Accrued liabilities	-	5,017
	2,645,129	864,422

7. PULSE CANADA COMMITMENTS

Pulse Canada is the national industry association that represents growers, processors and traders of pulse crops in Canada. Direction and funding for Pulse Canada is provided by the Alberta Pulse Growers Commission, Saskatchewan Pulse Growers, the Manitoba Pulse and Soybean Growers Association, the Ontario Bean Growers, and the processors and exporters of Canadian peas, lentils, beans and chickpeas that are members of the Canadian Special Crops Association (CSCA). Pulse Canada's key activities include:

- **Market Access:** To minimize additional supply chain costs created by market access barriers such as import duties, taxes, sanitary and phytosanitary measures, regulatory and other barriers, and work to ensure no new additional trade barriers are introduced.
- **Business Development: Health, Nutrition, Functionality and Sustainability:** Increase demand for Canadian pulses in existing and new markets by marketing health, nutritional, functional and sustainability attributes
- **Transportation:** To eliminate barriers associated with accessing equipment and rail service to reduce risk in transporting products.

SPG is providing program and project funding to Pulse Canada. The amount committed for future years are below:

YEAR ENDING AUGUST 31:	\$
2020	1,700,000
2021	991,667

8. RESEARCH AND DEVELOPMENT COMMITMENTS

SPG has approved future funding for several research and development projects. Amounts committed to these projects in each of the next three years, assuming the terms of the contracts are fulfilled, are as follows:

	2020	2021	2022
	\$	\$	\$
U of S/CDC Variety development	6,333,298	920,036	115,017
Other	766,640	509,197	316,568
	7,099,938	1,429,233	431,585

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2019

9. COMMITMENTS

Commitments include a five-year lease agreement with the Saskatchewan Opportunities Corporation for the premises at 207 - 116 Research Drive, Saskatoon, Saskatchewan, that expires June 2023, and multi-year agreements with various suppliers of office equipment. Annual payments due in each of the next four years are as follows:

YEAR ENDING AUGUST 31:	\$
2020	251,116
2021	256,884
2022	256,928
2023	220,508

10. INTERNALLY RESTRICTED NET ASSETS

SPG has updated its reserve policy to better reflect its operations. SPG has set a reserve for potential organizational closure and hold restricted investments of \$1,600,000 to match this reserve. SPG has also increased its reserve for Revenue Variability to cover for potential shortfalls in levy revenue. This reserve has been set at \$10,600,000 (2018 - \$6,460,000) and is supported by current assets as well as unrestricted long-term investments.

risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Commodity price risk

Commodity price risk is the risk that revenue will fluctuate due to changes in market prices affecting the dollar amount of pulse crops sold.

Other price risk

SPG is exposed to other price risk through changes in market prices in connection with its investments in equity securities and pooled funds.

Liquidity risk

SPG is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

11. BUDGETED FIGURES

Budgeted figures are unaudited and are based on the budget approved by the Board on July 16, 2018 and presented at the Annual General Meeting. No revisions were made after this date.

12. FINANCIAL INSTRUMENTS

Interest rate risk

SPG is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund that holds fixed income securities and its note receivable because the fair value will fluctuate due to changes in market rates.

Credit risk

SPG is exposed to credit risk in connection with its accounts receivable and its investments because of the

13. ALLOCATION OF EXPENSES

SPG presents the statement of operations by function with salaries, benefits, directly related staffing costs and some overhead costs allocated by function.

14. COMPARATIVE FIGURES

Certain August 31, 2018 comparative figures have been reclassified to conform to the presentation adopted for the current year.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

SCHEDULE 1 - SCHEDULE OF EXPENSES FOR THE YEAR ENDED AUGUST 31, 2019

	2019 Budget (Unaudited) (Note 11)	2019 Actual	2018 Actual
RESEARCH AND DEVELOPMENT			
PULSE BREEDING			
Variety improvement	\$ 5,633,623	\$ 4,937,613	\$ 5,361,764
AGRONOMY AND SUSTAINABILITY			
Weed management	446,835	217,155	476,313
Disease management	200,415	161,578	180,796
Rotation and plant nutrition management	16,936	16,936	20,045
Soil fertility	10,088	10,088	39,406
Nitrogen fixation	57,974	57,974	172,251
Sustainability	320,400	320,400	354,340
Pea yield	34,198	34,198	161,604
Demonstration, outreach & priorities	154,500	122,491	231,050
Other yield stability	135,362	180,229	256,246
	1,376,708	1,121,049	1,892,051
GENETIC IMPROVEMENT			
Breeding tools	910,412	877,353	1,337,855
Weed science	31,865	31,865	133,910
Disease resistance	61,000	70,760	107,755
	1,003,277	979,978	1,579,520
PROCESSING AND UTILIZATION			
Pulse processing	493,168	510,023	854,286
Pulses and feed	118,982	114,536	209,910
	612,150	624,559	1,064,196
HEALTH OUTCOMES	96,925	68,474	290,190
STRATEGY DEVELOPMENT AND SUPPORT	860,065	758,929	892,023
	9,582,748	8,490,602	11,079,744

SCHEDULE 1 - SCHEDULE OF EXPENSES (CONTINUED) FOR THE YEAR ENDED AUGUST 31, 2019

	2019 Budget (Unaudited) (Note 11)	2019 Actual	2018 Actual
MARKET PROMOTION			
Canadian lentil promotion	1,753,000	658,168	1,654,121
International market promotion	-	-	36,956
Other promotion and support	247,000	234,039	249,415
	2,000,000	892,207	1,940,492
COMMUNICATIONS			
Grower communications	510,000	398,637	686,782
Industry and external communications and support	293,493	300,952	357,192
	803,493	699,589	1,043,974
PULSE CANADA			
Strategic initiatives	1,789,833	1,789,833	1,836,261
VARIETY COMMERCIALIZATION			
Breeder seed	480,425	466,354	500,980
Extension activities and support	178,717	198,237	174,619
	659,142	664,591	675,599
LEADERSHIP AND MANAGEMENT			
Board of Directors			
Election	52,600	4,142	67,186
Honoraria, benefits, and allowances	116,900	88,894	107,348
Professional fees	20,500	14,900	7,465
Travel	68,700	48,579	54,602
Other	27,160	21,013	24,189
	285,860	177,528	260,790
Management and Administration			
Professional fees	99,000	66,804	130,210
Rent and occupancy	226,000	238,034	218,272
Salaries and benefits	548,103	525,771	535,872
Travel	28,000	20,553	29,098
Other	285,847	243,319	238,658
	1,186,950	1,094,481	1,152,110
	16,308,026	13,808,831	17,988,970

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Members of Saskatchewan Pulse Crop Development Board:

We have undertaken a reasonable assurance engagement of Saskatchewan Pulse Crop Development Board's compliance during the period September 1, 2018 to August 31, 2019, with the provisions of the following legislative and related authorities ("the Agreements") pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities.

- The Agri-Food Act, 2004
- The Pulse Crop Development Plan Regulations

Management's Responsibility

Management is responsible for Saskatchewan Pulse Crop Development Board's compliance with the specified requirements of the Agreements. Management is also responsible for such internal control as management determines necessary to enable Saskatchewan Pulse Crop Development Board's compliance with the specified requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on Saskatchewan Pulse Crop Development Board's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements.

The nature, timing and extent of procedures selected depends on our professional judgement, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

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

Our Independence and Quality Control

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentially and professional behaviour.

The firm applies the Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, Saskatchewan Pulse Crop Development Board has complied with the specified requirements established in the Agreements during the period of September 1, 2018 to August 31, 2019, in all significant respects. We do not provide a legal opinion on Saskatchewan Pulse Crop Development Board's compliance with the specified requirements.

Saskatoon, Saskatchewan
December 3, 2019

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Saskatchewan Pulse Crop Development Board:

We have audited Saskatchewan Pulse Crop Development Board's control as of August 31, 2019 to express an opinion as to the effectiveness of its control related to the following objectives:

1. To safeguard Board resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan to achieve its goals; and to monitor and react to its progress towards the objectives established in its financial plan.
2. To prepare reliable financial reports.
3. To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding Board resources, and revenue raising, spending, borrowing and investing.

We used the control framework developed by The Chartered Professional Accountants of Canada ("CPA Canada") to make our judgments about the effectiveness of Saskatchewan Pulse Crop Development Board's control. We did not audit certain aspects of control concerning the effectiveness, economy and efficiency of certain management decision-making processes.

CPA Canada defines controls as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

Saskatchewan Pulse Crop Development Board's management is responsible for effective control related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CPA Canada Handbook - Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance as to effectiveness of Saskatchewan Pulse Crop Development Board's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related

to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

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

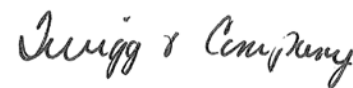
Control can provide only reasonable, not absolute, assurance of achieving objectives reliably for two reasons. First, there are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Second, cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance, not absolute assurance, the objectives referred to above may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

Opinion

In our opinion, based on the limitations noted above, Saskatchewan Pulse Crop Development Board's control was effective, in all material respects, to meet the objectives stated above as of August 31, 2019 based on the CPA Canada criteria of control framework.

We have also audited, in accordance with Canadian generally accepted auditing standards, the financial statements of Saskatchewan Pulse Crop Development Board, which comprise the statement of financial position as at August 31, 2019 and the statements of operations, change in net assets, cash flows, and a summary of significant accounting policies and other explanatory information. We have issued our report dated December 3, 2019 which is the same date as the date of the report on the effectiveness of internal controls.

**Saskatoon, Saskatchewan
December 3, 2019**



Chartered Professional Accountants

To the Members of Saskatchewan Pulse Crop Development Board:

We have examined the financial statements of Saskatchewan Pulse Crop Development Board for the year ended August 31, 2019 and have issued our report thereon dated December 3, 2019. We have examined the system of internal control as at August 31, 2019 and have issued our report to you dated December 3, 2019. We have also made an examination to determine whether Saskatchewan Pulse Crop Development Board complied with specified legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue-raising, borrowing and investing activities during the year ended August 31, 2019 and have issued our report to you dated December 3, 2019.

Our examinations were made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. In those instances, if any, that our study and evaluation of internal control disclosed conditions indicating that internal controls were inadequate or not complied with, substantive tests were performed to detect any case in which:

1. any officer or employee of Saskatchewan Pulse Crop Development Board has willfully or negligently omitted to collect or receive public money belonging to the Crown;
2. there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
3. an expenditure was made which was not properly vouchered or certified.

During the course of these examinations, nothing came to our attention that would indicate to us that:

1. any officer or employee of Saskatchewan Pulse Crop Development Board has willfully or negligently omitted to collect or receive public money belonging to the Crown;
2. there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
3. an expenditure was made which was not properly vouchered or certified.

**Saskatoon, Saskatchewan
December 3, 2019**



Chartered Professional Accountants

SASKATCHEWAN
pulse
Growers



saskpulse.com

207-116 Research Drive
Saskatoon, SK, S7N 3R3

306-668-5556

pulse@saskpulse.com

@saskpulse

facebook.com/saskpulse
