



TRANSFORM & EVOLVE

ANNUAL REPORT 2019 / 2020

SASKATCHEWAN
pulse
Growers 

Chair's Message



Brad Blackwell
Chair

We are at a pivotal point in the pulse industry. A point where past successes and challenges have built a strong foundation, which has allowed us to transform and evolve our focused approach to strategy this past year.

We are working to build the next generation of pulse breeding in Saskatchewan, a transformational change which is focused on addressing the greatest challenges for pulse growers while increasing the speed to which new traits and varieties will be made available. This program will welcome new strategic partnerships with public and private breeding organizations, targeting Saskatchewan Pulse Growers (SPG) funding into high-value pulse varieties and return on investment to growers. Key priority areas include: resistance to root rot in peas and lentils, new herbicide tolerance traits in lentils, and increasing adaptability of chickpeas, faba beans, and dry beans to larger areas in Saskatchewan

While it is important to address on-farm issues for growers through breeding and research and development (R&D) priorities, it is equally as important to address market development and

diversification efforts to continue evolving the pulse industry's marketability for crops. I witnessed the importance and opportunity this past year while attending the Pulse Flour Summit* that brought together the North American processing sector, including many food ingredient companies, to learn about pulse flour market opportunities and milling technologies. With global pulse flour sales expected to double in the next five years it is imperative work is done to ensure Saskatchewan growers are positioned to capitalize on a significant share of that market.

SPG took the feedback of growers and proceeded with a number of regulation changes this year that included the addition of fenugreek to SPG's mandate. Board size was also increased to nine elected members, providing the opportunity for more grower input representing wider diversity of farming backgrounds across the province. We look forward to welcoming new voices and ideas around the board table for what we believe will be a promising and exciting year ahead, with renewed focus and refreshed approaches to building a profitable pulse industry in Saskatchewan.

* more information on page 9

Executive Director's Message



Carl Potts
Executive Director

The year 2020 will forever be defined by the disruptive impact that COVID-19 had on economies, supply chains, and people. While SPG was certainly impacted by COVID-19, I am proud of the way our team adapted to the situation and continued our work on behalf of producers. In March, we transitioned all staff to working from home and had to make significant changes to the research projects that we fund. We completely shifted the way we undertook market development, moving away from in-person events and meetings to engaging with those audiences virtually. While there were plenty of challenges, there was also a lot to be positive about.

We used time in 2019/20 to refine R&D, communications, and market development strategy to be more focused on the outcomes of greatest impact for producers. Our strategy now has an even sharper focus on root diseases, additional herbicide tolerances in lentils, and producing pulses with the quality characteristics that new and existing customers demand. COVID-19 has demonstrated the value of our previous move to digital communications as we transition even more events, content, and meetings online. We continue to ensure producers' voices are

heard through our own advocacy efforts, as well as through the work of organizations we partner with such as Pulse Canada, Grain Growers of Canada, Soy Canada, Farm & Food Care Saskatchewan, and Agriculture in the Classroom.

SPG has emerged from a significant and sustained downturn in revenue brought on by a sharp decline in lentil prices and acres starting in 2017. By drawing on financial reserves built during growth years, SPG was able to maintain important commitments in research and market development, while trimming budgets and pausing new research investments for a few years. SPG is in a strong financial position having exceeded our targeted minimum reserves at the end of 2019/20, with a balanced budget for 2020/21, and are now in a position to make new investments for the future.

As I look forward, there is a lot to be excited about. Pulse prices have been strengthening and average lentil yields for 2020 are expected to be amongst the strongest on record. We have strong demand in many of our traditional markets and continue to see strong growth in new uses of pulses and pulse ingredients in food products and foodservice, which should bode well for growers.

THE BOARD



Brad Blackwell, Chair
Dinsmore, SK

Shaun Dyrland, Vice-Chair
Kyle, SK

John Bumbac
Assiniboia, SK

Chad Doerksen
Dalmeny, SK

Jason Hennes
Eatonia, SK

Corey Loessin
Radisson, SK

Trent Richards
Assiniboia, SK

OUR 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
Director of Marketing & Communications

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



OUR MISSION

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

OUR VISION

Nourishing the world with profitable pulse production.





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 must invest in furthering genetics, and 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, chickpeas, and dry beans is key 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 regularly engage with growers to ensure we are providing relevant and timely, 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.

MILESTONES THROUGH THE YEAR



2019

2020

September

SPG released the very first episode of the new Pulse of the Prairies podcast. The monthly podcast is a way to relay longer form audio communication on various pulse topics that can be listened to anywhere.

October

SPG led training programs with 18 chefs and culinary team members from the University of Michigan and Michigan State University to build menu innovation with lentils. These two campuses alone serve 65,000 meals per day.

November

SPG participated in the North America Pulse Improvement Association (NAPIA) meeting where SPG-funded researcher Dr. Kirstin Bett was also awarded the Meritorious Service Award.

December

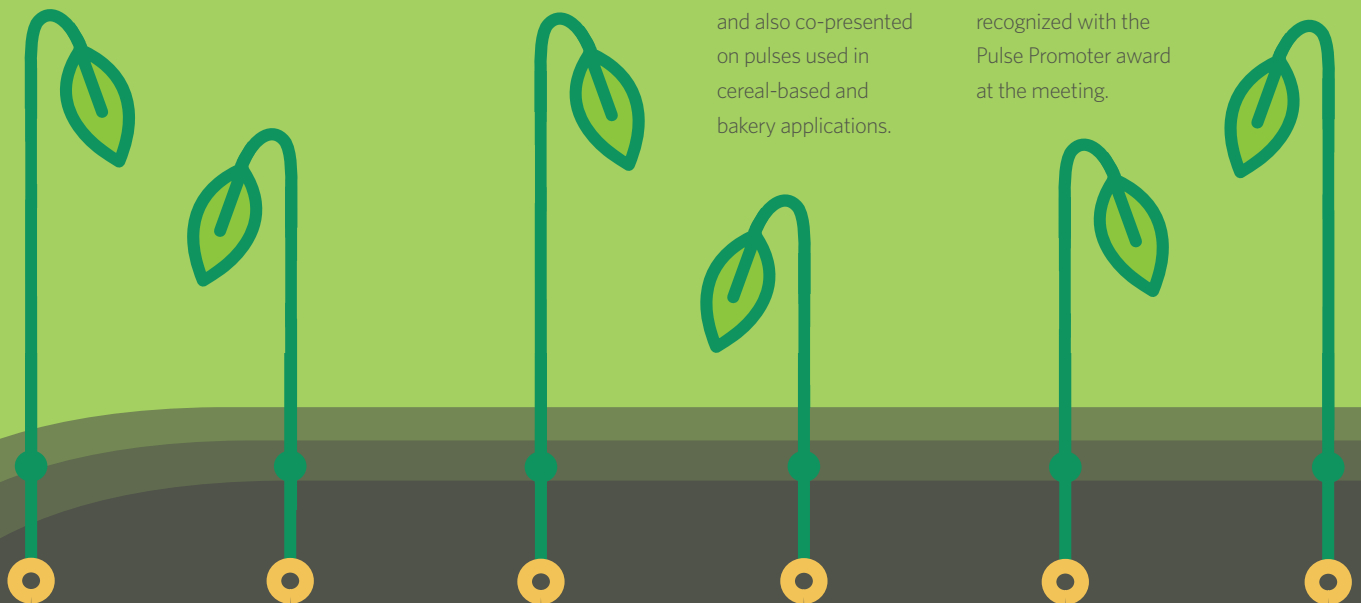
SPG, in partnership with Pulse Canada, participated in Food Ingredients Europe where 14 meetings were held with companies to discuss attributes and opportunities for pea and lentil ingredients in manufactured products, and also co-presented on pulses used in cereal-based and bakery applications.

January

SPG hosted our Annual General Meeting with 50 registered growers in attendance as part of the 2020 CropSphere conference. Dan Prefontaine of the Saskatchewan Food Industry Development Centre was recognized with the Pulse Promoter award at the meeting.

February

SPG, under the variety release program, released CDC Orkney, a large-seeded Kabuli chickpea variety which has the highest Ascochyta resistance rating of any Kabuli chickpea.





March

Over 450 growers attended SPG's winter meetings held in Elrose, Assiniboia, Maidstone, Swift Current, and Tisdale over the winter months.

April

The 2020 Pulse Maximum Residue Limits Advisory was published through the Keep It Clean program advising growers on the market impacts of crop protection product choices for the upcoming season.

May

Fenugreek received support in principle by government to be added to the SPG mandate. Other regulation changes included the increase to nine elected board member seats beginning January 2021.

June

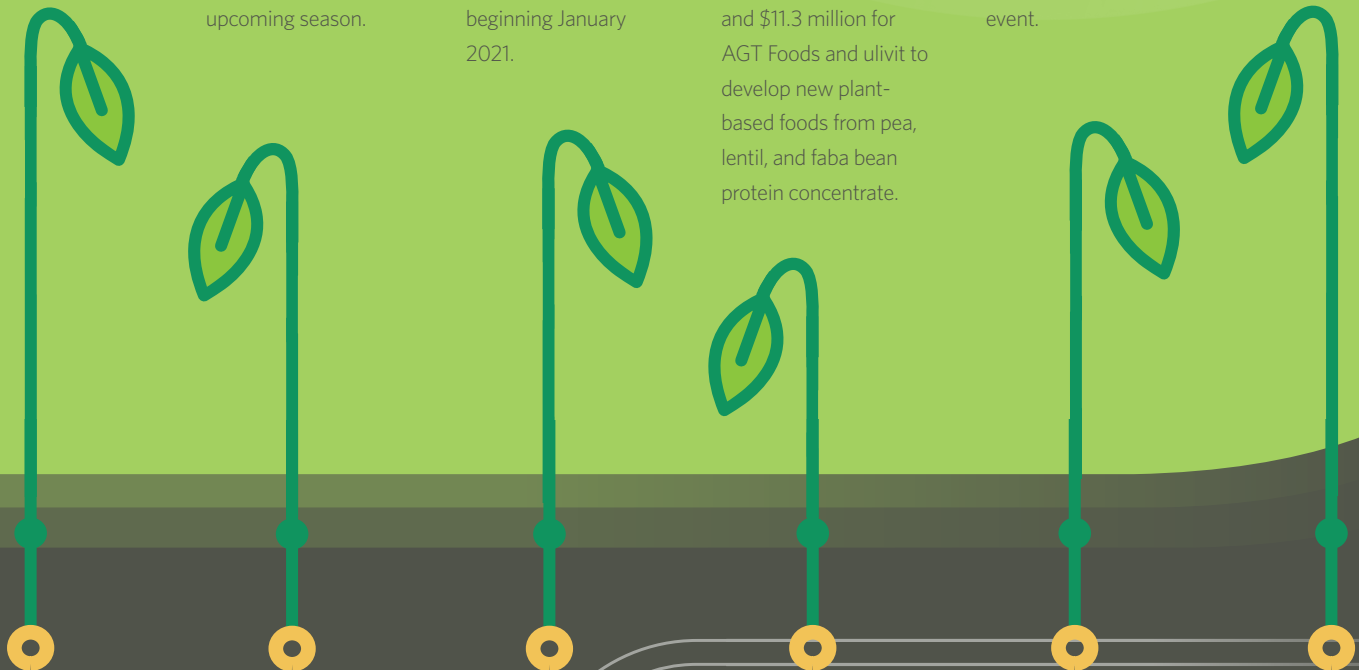
Protein Industries Canada announced two projects related to pulse processing in Western Canada including \$19.2 million for Roquette and Prairie Fava to investigate pea and faba bean processing, and \$11.3 million for AGT Foods and ulivit to develop new plant-based foods from pea, lentil, and faba bean protein concentrate.

July

SPG, in partnership with Dr. Sabine Banniza, delivered presentations to over 150 agronomists on managing root rots at Federated Cooperatives Limited internal ThinkTank training event.

August

SPG participated in industry tours in North East Saskatchewan of faba bean and dry bean crops in partnership with Nutrien and Ag Grow Consulting.



BUILDING DEMAND

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

OVER **35 CHEFS** TOOK PART IN LENTIL **CULINARY TRAINING PROGRAMS** THIS YEAR, SERVING A COMBINED **21 MILLION MEALS** PER YEAR

OF THE **\$833 BILLION/** YEAR FOODSERVICE INDUSTRY IN THE U.S., THE **COMMERCIAL FOODSERVICE SEGMENT** IS RESPONSIBLE FOR **92% OF ITS VALUE**

- NPD Group 2018

48% OF U.S. CONSUMERS ARE INTERESTED IN EATING LENTILS IN **POWER BOWL** DISHES, & **46% AS PART OF PROTEIN BOX** OFFERINGS

- Datassential 2020



Commercial Foodservice Outreach Strategy

This year a new targeted outreach strategy was developed to engage the commercial foodservice industry. The strategy centered on meeting with a specific list of national accounts or chain restaurant operators identified based on menu and value proposition fit, as well as volume potential, to work towards and partner on bringing new menu items to launch using lentils, primarily in power bowl applications. This shift in strategy represents a longer-term outlook with menu pipelines typically being 12-24 months in length, however the volume potential in commercial foodservice has significantly more volume potential. Direct outreach and menu innovation work has already begun with these targeted operators, as well as with value-add manufacturers to promote an increased supply of pre-cooked lentil products required for speed-scratch cooking into the foodservice supply chain.

Pulse Flour Summit

In March, Pulse Canada co-hosted a Pulse Flour Summit with Buhler and the U.S. Dry Pea & Lentil Council. The Summit was targeted to the North American processing sector with the goal to raise awareness of pulse flours as nutritious and sustainable ingredient options. This event also gave participants a look at Buhler's newly launched state-of-the-art pulse milling facility in Minnesota. The event attracted 80 attendees from the North American food and ingredients industry, of which 50% represented ingredient companies. Presentations highlighted the pulse flour market opportunity, basics of pulse milling, and drivers behind recent pulse innovations. Global pulse flour sales are expected to double to \$25 billion by 2025, and Pulse Canada remains focused on ensuring that Canadian pulses capture a significant share of that market growth. Understanding how Canadian pulses perform in the context of commercial requirements is an important step in creating a competitive advantage for Canadian farmers and trade.

Increased Market Demand for Peas in China

China is the largest market for Canadian peas, not only having caught up to volumes once shipped to India, but far surpassing them in recent years. In fact, pea exports to China have grown 500% over the past 10 years. Building the Chinese market has been a priority in market development efforts for the past decade and the Canadian industry has worked extensively on increasing interest and demand for peas and pea ingredients for use in staple food products like steam buns and vermicelli noodles. Seeing the results of these efforts over time further underscores the importance of long-term targeted work in the area of market development to diversify Canadian pulses into new uses and new markets. Pulse Canada remains focused on maintaining the Chinese market through strategic, long-term, high-value uses for Canadian peas, including diversifying into baking and blending. The end goal remains to maximize the value of Canadian pulses relative to our competitors and return greater value back to the farm gate.

Lentil-Beef Reformulation & Lentil Life Cycle Assessment

Pulse Canada and SPG partnered on a study that showed combining lentils with U.S. beef builds a healthier, more sustainable burger. Using a life cycle assessment (LCA) to evaluate the environmental impact of a combination lentil-beef burger, it was established that reformulating a U.S. beef patty with 33% cooked lentil purée reduces the environmental impact by one-third while reducing production costs by one-quarter. The burger also contained 12% fewer calories, 32% less saturated and total fats, and 32% less cholesterol. This research is significant in a world where consumers are increasingly evaluating the impact of what they eat on their health and their environment. As a next step, Pulse Canada will continue to highlight the nutritional and environmental benefit of including Canadian pulses and pulse ingredients into target foods. Building on results shown for cereal-based foods like breakfast cereal and pasta, future work will focus on Asian noodles, extruded snacks, pet food, and livestock feed. The end goal of this work is to increase the demand for and value of Canadian pulse crops, leading to greater volumes moved at higher prices for farmers.



INCREASING YIELDS & DRIVING ADOPTION

To support yield potential and new crop adoption, we continue to invest in furthering genetics and reducing the impacts of agronomic constraints.



Pea Genome Sequencing

With funding from SPG, Drs. Tom Warkentin, Kishore Gali, and Bunyamin Tar'an contributed to sequencing the pea genome, which was published in Nature Genetics. The large international team with members from Europe, Australia, and the U.S. worked together for six years on the project. The complete genome sequence will allow for faster and more accurate gene identification and marker-assisted breeding, resulting in a quicker process for new varieties to be developed and released to growers.



Advancements in Chickpea Breeding

Research was completed by Dr. Bunyamin Tar'an examining the genetic basis of flowering time and its associated effects on other traits, agronomic performance, and stress tolerance of chickpeas. This research has generated information, tools, and breeding lines that will enable breeders to develop future chickpea varieties with better adaptation to Saskatchewan through timely maturity and improved resistance to Ascochyta blight.



Root Rot in Peas

Drs. Sabine Banniza and Tom Warkentin with the Crop Development Centre (CDC) continue to further develop genetic resistance to *Aphanomyces* root rot in peas. Through collaboration with colleagues in France and the U.S., resistant genes from two main sources have been combined in the background of two yellow and four green pea varieties from the CDC. The varieties will enter co-op testing for registration and release to Saskatchewan growers. Pea varieties more tolerant to root rot are expected to be released to growers in upcoming years.



Lentil Input Study

Integrated management strategies are essential to improve weed control and disease management problems challenging lentil producers in Western Canada. This study was conducted over a three-year period at five locations throughout Saskatchewan evaluating varied agronomic practices and their effect on yield, alongside economics. Outcomes of the study outline the optimal combination of agronomic practices to improve both yield and profit for growers, including significant benefit of specific seeding rates and herbicide applications.



A REFRESHED LOOK AT SPG'S R&D STRATEGY GOALS BY 2025;



REACH AVERAGE LENTIL YIELDS OF 1,620 LB/ACRE



REACH AVERAGE PEA YIELDS OF 43 BUSHELS/ACRE



1.8M ACRES OF NEW AND MINOR CROPS

SHORT-TERM STRATEGIES:

1 RIGHT GENETICS IN THE RIGHT PLACE
Through regional variety trials and partner collaboration SPG will be able to make region-specific variety recommendations

2 BEST AGRONOMIC PRACTICES
Integrated pest management (focus on weeds and disease), fertility management (fertilizer and inoculants), seeding rates, rotations, and harvest timing

LONG-TERM STRATEGIES: (TO 2030)

1 MITIGATION OF ROOT ROTS IN PEAS AND LENTILS

2 DEVELOPMENT OF NEW HERBICIDE TOLERANCE PLATFORM IN LENTILS

3 PULSE QUALITY PROGRAM TO IDENTIFY BEST CROP MANAGEMENT PRACTICES TO INFLUENCE QUALITY

EXPANDING MARKET ACCESS

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

Continued Developments in India

Canadian pulses continue to face access barriers into India, which in recent years has been our largest export market. In addition to a fumigation requirement that is scientifically unjustified, India continues to implement tariffs and quantitative restriction policies in an attempt to balance the need for high prices for Indian pulse farmers and low prices for Indian pulse consumers.

Canada continues to work bilaterally with India to find a solution that would allow Canada to be exempt from the fumigation requirement. As a result of weekly engagements with Indian counterparts and consistent contact with the federal government, Indian officials have recently shown a renewed willingness to find a positive solution for the issue, culminating in several meetings between Canadian and Indian Ministers and technical officials. Pulse Canada continues to work with the Government of Canada to finalize a Canada-specific exemption from this fumigation requirement.

Pulse Canada continues to play a leadership role globally toward ensuring predictability and transparency of pulse import policy in India. This effort is led in conjunction with the Global Pulse Confederation (GPC) through their recent partnership with National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), a government agency involved in setting agricultural policy in India. Barriers aside, India has returned to Canada's top lentil export market in the 2019/20 crop year, accounting for 32% of exports.

Overcoming Challenges in Nepal

In March 2020 Nepal implemented an import ban on peas without any prior warning or consideration for shipments en route. The unpredictable nature of this policy caused a large number of Canadian pea shipments to be denied entry into Nepal. Pulse Canada worked with the Government of Canada to allow shipments that were en route at the time of the ban's implementation to clear and allow continued access to our third largest pea market in 2019/20, worth a combined \$70 million across all pulse crops.

Ag Transport Coalition

The 2019/20 grain shipping season was hit with a series of significant disruptions that highlighted the vulnerability of Canada's rail transportation supply chain. Starting with a late harvest that delayed the flow of grain, the rail system also experienced a strike, severe weather, outages, blockades, and a global pandemic this year. Collectively, these issues have resulted in increased variability in seasonal demand and reduced system capacity at key points of the grain year.

During these disruptions, Pulse Canada worked closely with the Ag Transport Coalition to provide detailed daily reporting to monitor the recovery of the rail system and quickly pivoted to reporting on its resiliency throughout the COVID-19 pandemic. Pulse Canada also remained in direct contact with government officials underscoring the significant impact the disruptions had on the pulse sector. Pulse Canada worked with partners inside and outside of agriculture on joint letters and communications to government on the need for intervention and how to build greater resiliency into the rail transportation system to mitigate the risk faced by individual shippers and the Canadian economy.

These issues further emphasized the trade execution risk and increased costs the pulse sector faces every year because of supply chain vulnerabilities. Pulse Canada continues to engage and work with agriculture sector partners, other commodities, and government to bring needed and timely resolution to issues as they arise to protect Saskatchewan growers' access to markets.





ENGAGING WITH GROWERS

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

New Communications Strategy

This year marked the launch of a new communications strategy for SPG that focused on targeted content and how it is delivered. SPG has moved away from printed and mailed communications, opting to drive communications in the digital space. This shift has allowed us to communicate more frequently in shorter form. Recognizing how widespread our grower audience is, and that they do not access communications all in the same way, SPG has incorporated the use of a variety of new and expanded tools including podcasts, videos, webinars, and email newsletters to communicate timely and relevant information to key audiences of growers and agronomists.

Winter Pulse Meetings

Winter Pulse Meetings changed format for 2019/20 where five localized pulse meetings were held throughout the months of December, February, and March, rather than one consolidated week. SPG partnered with Saskatchewan Ministry of Agriculture to host meetings in Elrose and Assiniboia and led three of our own in Maidstone, Swift Current, and Tisdale. Promotion through partners like seed growers, equipment dealerships, agronomists, and others helped draw attendees to the meetings from their networks, seeing increased turnout and engagement in new locations. New this year, SPG worked to include local agronomists and seed growers in the agenda to speak to their experiences in different regions.



453 GROWERS ATTENDED WINTER PULSE MEETINGS

143 GROWERS ATTENDED CROSPHERE 2020



8 NEW FACTSHEETS PRODUCED



451 WEBINAR ATTENDEES



2,901 PODCAST LISTENS

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, 2020, 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, 2020, 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 the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of 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.

Independent Auditors' Report

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.

INDEPENDENT AUDITORS' REPORT (continued)

- 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 the 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 be 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 year and are therefore the key audit matters. We describe these matters in our auditor's 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, 2020

Lingard + Dreger

Chartered Professional Accountants

BOARD OF DIRECTORS EXPENSES 2019/20

(Unaudited)

	Honoraria	Expenses	Total
	\$	\$	\$
Brad Blackwell	11,805	8,325	20,130
John Bumbac	12,331	11,238	23,569
Jacqueline Carleton	4,684	2,526	7,210
Chad Doerksen	7,405	2,910	10,315
Shaun Dryland	8,902	7,961	16,863
Jason Hennes	8,276	5,935	14,211
Corey Loessin	7,638	7,992	15,630
Lee Moats	3,733	2,551	6,284
Trent Richards	6,870	5,595	12,465

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2020

ASSETS	2020	2019
CURRENT	\$	\$
Cash (Note 10)	6,739,348	3,595,531
Investments (Note 3), (Note 10)	9,148,822	3,815,611
Accounts receivable (Note 4)	2,325,718	1,634,922
Prepaid expenses	265,778	270,352
Accrued interest receivable	69,813	91,437
Breeder seed inventory	470,310	474,972
	19,019,789	9,882,825
INTERNALLY RESTRICTED INVESTMENTS (Note 3)	1,600,000	1,600,000
INVESTMENTS (Note 3)	—	5,175,268
CAPITAL ASSETS (Note 5)	669,829	670,844
	21,289,618	17,328,937
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	1,911,234	2,645,129
Deferred revenue	175,000	262,500
	2,086,234	2,907,629
NET ASSETS		
INVESTED IN CAPITAL ASSETS	669,829	670,844
INTERNALLY RESTRICTED (Note 10)	15,400,000	12,200,000
UNRESTRICTED	3,133,555	1,550,464
	19,203,384	14,421,308
	21,289,618	17,328,937

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, 2020

	2020 Budget (Unaudited)(Note 11)	2020 Actual	2019 Actual
REVENUE	\$	\$	\$
INDUSTRY REVENUE			
Levy	9,400,000	13,659,352	9,569,379
Variety commercialization	654,950	671,924	610,670
Advertising	—	—	124,759
Sponsorship	35,000	23,300	38,500
	10,089,950	14,354,576	10,343,308
GOVERNMENT FUNDING			
Government of Saskatchewan	30,000	36,800	36,500
INTEREST AND DIVIDENDS	200,000	228,968	403,814
UNREALIZED GAINS (LOSSES)	—	(51,471)	(102,755)
EXPENSE REIMBURSEMENTS	—	420,152	160,244
OTHER REVENUE	312,422	271,285	408,303
	10,632,372	15,260,310	11,249,414
EXPENSES			
RESEARCH AND DEVELOPMENT			
Pulse breeding	5,519,832	3,445,901	4,937,613
Agronomy and sustainability	1,011,606	657,157	1,121,049
Genetic improvement	381,661	373,485	979,978
Processing	324,278	378,589	624,559
Health outcomes	120,650	98,881	68,474
Strategy development and support	776,202	731,484	758,929
	8,134,229	5,685,497	8,490,602
MARKET DEVELOPMENT			
Canadian lentil promotion	750,000	469,256	658,168
Market development - External (Note 7)	925,000	925,000	1,014,833
Other promotion and support	239,146	308,173	234,039
	1,914,146	1,702,429	1,907,040
COMMUNICATION	761,672	379,752	699,589
MARKET ACCESS (Note 7)	775,000	775,000	775,000
VARIETY COMMERCIALIZATION	537,591	693,123	664,591
LEADERSHIP AND MANAGEMENT			
Board of directors	308,110	157,108	177,528
Management and administration	1,172,616	1,085,325	1,094,481
	1,480,726	1,242,433	1,272,009
	13,603,364	10,478,234	13,808,831
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(2,970,992)	4,782,076	(2,559,417)

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED AUGUST 31, 2020

	Invested in Capital Assets	Internally Restricted	Unrestricted	2020 Total	2019 Total
		\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	670,844	12,200,000	1,550,464	14,421,308	16,980,725
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	—	—	4,782,076	4,782,076	(2,559,417)
INCREASE OF RESTRICTED NET ASSETS	—	3,200,000	(3,200,000)	—	—
PURCHASE OF CAPITAL ASSETS	17,696	—	(17,696)	—	—
AMORTIZATION	(18,711)	—	18,711	—	—
NET ASSETS, END OF YEAR	669,829	15,400,000	3,133,555	19,203,384	14,421,308

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	4,782,076	(2,559,417)
CHANGES TO INCOME NOT INVOLVING CASH:		
Amortization	18,711	28,663
Gain on disposition of capital assets	—	(81,934)
	4,800,787	(2,612,688)
CHANGES IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS:		
Accounts receivable	(690,796)	(304,234)
Inventory	4,662	(99,630)
Prepaid expenses	4,574	3,331
Accrued interest receivable	21,624	16,108
Accounts payable and accrued liabilities	(733,895)	1,780,707
Deferred revenue	(87,500)	262,500
	(1,481,331)	1,658,782
TOTAL FROM OPERATING ACTIVITIES	3,319,456	(953,906)
INVESTING ACTIVITIES		
Proceeds from sale of capital assets	—	425,373
Purchases of capital assets	(17,696)	(9,850)
Net purchases of investments	(157,943)	3,723,594
TOTAL FROM INVESTING ACTIVITIES	(175,639)	4,139,117
INCREASE IN CASH DURING THE YEAR	3,143,817	3,185,211
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,595,531	410,320
CASH AND EQUIVALENTS, END OF YEAR	6,739,348	3,595,531

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2020

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.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED AUGUST 31, 2020

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.

3. INVESTMENTS

The investments balance consists of the following:

	2020	2019
	\$	\$
FIXED INCOME	6,775,268	8,777,242
CASH AND CASH EQUIVALENTS	3,412,540	1,217,278
EQUITY FUNDS	561,014	596,359
	10,748,822	10,590,879
CURRENT ASSETS:		
Investments	9,148,822	3,815,611
LONG TERM ASSETS:		
Internally restricted investments	1,600,000	1,600,000
Investments	—	5,175,268
	10,748,822	10,590,879

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.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED AUGUST 31, 2020

4. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of the following:

	2020	2019
	\$	\$
LEVY RECEIVABLES	1,660,498	1,013,104
OTHER RECEIVABLES	665,220	621,818
	2,325,718	1,634,922

5. CAPITAL ASSETS

The capital assets balance consists of the following:

			2020	2019
			\$	\$
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
EQUIPMENT	281,783	255,898	25,885	24,865
LEASEHOLD IMPROVEMENTS	207,291	201,185	6,106	8,141
	489,074	457,083	31,991	33,006
LAND	637,838	—	637,838	637,838
	1,126,912	457,083	669,829	670,844

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2020	2019
	\$	\$
TRADE PAYABLES	58,057	75,568
R&D CONTRACTS PAYABLE	1,730,157	2,463,904
GST PAYABLE	85,364	67,322
PAYROLL LIABILITIES	37,656	38,335
	1,911,234	2,645,129

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED AUGUST 31, 2020

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 total expenditures for the year ended August 31, 2020 were \$1,700,000 (2019 - \$1,789,833). The amount committed for future years are below:

YEAR ENDING AUGUST 31	
2021	850,000

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:

YEAR ENDING AUGUST 31	2021	2022	2023
	\$	\$	\$
U OF S/CDC VARIETY DEVELOPMENT	757,301	447,528	—
OTHER	651,117	313,561	—
	1,408,418	761,089	—

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 three years are as follows:

YEAR ENDING AUGUST 31	\$
2021	259,383
2022	259,558
2023	214,287

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED AUGUST 31, 2020

10. INTERNALLY RESTRICTED NET ASSETS

SPG has established a closure reserve to cover expected organization closure costs should the organization be wound down and holds restricted investments of \$1.6 million to match this reserve. SPG has also increased its reserve for Revenue Variability to cover for potential shortfalls in levy revenue. The Revenue Variability reserve is designed to help protect SPG against a significant decrease in demand and prices that impacts levy revenue for a three year period to ensure contracted research and other programs are able to continue uninterrupted even with lower revenues. This reserve is based on the annual budgeted levy revenues and has been set at \$13,800,000 (2019 - \$10,600,000) and is supported by cash and unrestricted investments.

11. BUDGETED FIGURES

Budgeted figures are unaudited and are based on the budget approved by the Board on July 22, 2019 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 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.

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, 2019 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, 2020

	2020 Budget (Unaudited)(Note 11)	2020 Actual	2019 Actual
RESEARCH AND DEVELOPMENT			
PULSE BREEDING			
Variety improvement	5,519,832	3,445,901	4,937,613
AGRONOMY AND SUSTAINABILITY			
Weed management	365,624	191,969	217,155
Disease management	98,533	86,800	161,578
Rotation and plant nutrition management	6,401	—	16,936
Soil fertility	—	—	10,088
Nitrogen fixation	59,309	29,655	57,974
Sustainability	46,764	46,764	320,400
Pea yield	10,107	10,107	34,198
Demonstration, Outreach & Priorities	292,100	173,437	122,491
Other yield stability	132,768	118,425	180,229
	1,011,606	657,157	1,121,049
GENETIC IMPROVEMENT			
Breeding tools	371,901	364,023	877,353
Weed science	—	—	31,865
Disease resistance	9,760	9,462	70,760
	381,661	373,485	979,978
PROCESSING AND UTILIZATION			
Pulse processing	250,002	304,313	510,023
Pulses and feed	74,276	74,276	114,536
	324,278	378,589	624,559
HEALTH OUTCOMES			
	120,650	98,881	68,474
STRATEGY DEVELOPMENT AND SUPPORT			
	776,202	731,484	758,929
	8,134,229	5,685,497	8,490,602

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

SCHEDULE 1 - SCHEDULE OF EXPENSES (continued)

FOR THE YEAR ENDED AUGUST 31, 2020

	2020 Budget (Unaudited)(Note 11)	2020 Actual	2019 Actual
	\$	\$	\$
MARKET DEVELOPMENT			
CANADIAN LENTIL PROMOTION	750,000	469,256	658,168
MARKET DEVELOPMENT - EXTERNAL (Note 7)	925,000	925,000	1,014,833
OTHER PROMOTION AND SUPPORT	239,146	308,173	234,039
	1,914,146	1,702,429	1,907,040
COMMUNICATIONS			
GROWER COMMUNICATIONS	470,500	167,165	398,637
INDUSTRY AND EXTERNAL COMMUNICATIONS AND SUPPORT	291,172	212,587	300,952
	761,672	379,752	699,589
MARKET ACCESS (Note 7)	775,000	775,000	775,000
VARIETY COMMERCIALIZATION			
BREEDER SEED	340,101	501,344	466,354
EXTENSION ACTIVITIES AND SUPPORT	197,490	191,779	198,237
	537,591	693,123	664,591
LEADERSHIP AND MANAGEMENT			
BOARD OF DIRECTORS			
Election	74,100	4,832	4,142
Honoraria, benefits, and allowances	116,900	75,863	88,894
Professional fees	23,250	7,308	14,900
Travel	68,700	50,184	48,579
Other	25,160	18,921	21,013
	308,110	157,108	177,528
MANAGEMENT AND ADMINISTRATION			
Professional fees	99,000	70,572	66,804
Rent and occupancy	257,000	240,621	238,034
Salaries and benefits	510,308	536,793	525,771
Travel	28,000	9,019	20,553
Other	278,308	228,320	243,319
	1,172,616	1,085,325	1,094,481
	13,603,364	10,478,234	13,808,831

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE



TO THE BOARD OF DIRECTORS 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, 2019 to August 31, 2020, 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 judgment 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, confidentiality 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, 2019 to August 31, 2020, 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, 2020

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT



TO THE BOARD OF DIRECTORS OF SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

We have audited Saskatchewan Pulse Crop Development Board's control as of August 31, 2020 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 for the purposes of achieving its financial 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 agency resources, revenue raising, spending, borrowing and investing.

MANAGEMENT'S RESPONSIBILITY

The Organization's management is responsible for maintaining effective control over the objectives stated above.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion based on our audit as to the effectiveness of its control related to the following objectives:

1. To safeguard agency 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 for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
2. To prepare reliable financial statements.
3. To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, 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.

The 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.

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 and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance, and 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, 2020 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, 2020, 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, 2020, which is the same date as the date of the report on the effectiveness of internal controls.

Saskatoon, Saskatchewan
December 3, 2020

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT



TO THE BOARD OF DIRECTORS OF SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

We have examined the financial statements of Saskatchewan Pulse Crop Development Board for the year ended August 31, 2020 and have issued our report thereon dated December 3, 2020. We have examined the system of internal control as at August 31, 2020 and have issued our report to you dated December 3, 2020. 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, 2020 and have issued our report to you dated December 3, 2020.

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, 2020

A handwritten signature in black ink that reads "Lingard + Dreger".

Chartered Professional Accountants



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