



RENEWED & RECHARGED

2020-2021 ANNUAL REPORT

CHAIR'S MESSAGE



The Saskatchewan pulse industry is charging ahead with renewed excitement, recharged investments, and focus.

The landscape for pulse breeding in Canada is changing, with historic partners moving in different directions and to new models. Saskatchewan Pulse Growers (SPG) is proactively forming new partnerships to ensure pulse growers continue to have access to the best possible genetics with new traits and improved yields. This new approach will welcome new strategic partnerships with public and private breeding organizations with a local footprint, breeding for Saskatchewan conditions, and must provide significant return on investment back to growers.

Listening and engaging with growers is important to SPG. We took feedback at recent producer meetings that we should be doing more to advocate for growers on pulse specific topics but also on important policy topics impacting producers more broadly. This past year SPG has done more to address several policy topics and have jointly worked with several key collaborators including other provincial crop commissions, Pulse Canada, and Grain Growers of Canada (GGC) to leverage a greater voice on your behalf. We were active in providing input to the Canada Grain Act review including the need to establish an export sales reporting system. We worked with other commissions to provide input into the Government of Saskatchewan's carbon offset protocol development and continue to work to effectively provide strategies on this topic. During this summer's drought, groups also collaboratively submitted a letter to the Western Grain Elevator Association (WGEA) urging grain companies to waive administration fees on contracts that may not be able to be fulfilled due to lower than expected production.

SPG also continues to see value in supporting the national Keep it Clean initiative, to increase awareness and ensure growers know the importance of following the label on crop protection products to avoid elevated residue levels impacting global trade. In Saskatchewan, we feel there is continued need to be vigilant on proper glyphosate application and timing, in order to protect important export market access. SPG worked to amplify that messaging this production season with a campaign that included billboards, print, and radio ads in rural communities on proper glyphosate timing.

We look forward to continue to work on growers' behalf to bring on-farm solutions to your greatest challenges, provide timely agronomic advice, and advocate on your behalf with this renewed vision.

A handwritten signature in black ink, appearing to read 'Shaun Dyrland'.

Shaun Dyrland
Board Chair

This year's annual report theme of *Renewed and Recharged* captures several important themes at SPG for 2020-21.

SPG's revenue surged with strong yields in 2020 and strengthening prices throughout the 2020-21 fiscal year. SPG has rebuilt its financial reserves after several years of drawdown. Following several years of limited new investments due to reduced revenue resulting from market access restrictions and lower prices, we have begun to renew our research investments. Our focused research strategy is targeting those areas of research that can have the greatest impact on producers. SPG supported several important agronomy research projects relating to *Aphanomyces* root rot, herbicide resistant weeds, faba bean disease, pea fertility, fungicide insensitivity in lentils, factors influencing *Ascochyta* blight in chickpea, and others. SPG also approved new funding for three-year projects for pea, chickpea, and dry bean breeding at the University of Saskatchewan's (USask) Crop Development Centre (CDC).

The ongoing COVID-19 pandemic significantly impacted grower engagement events and market development efforts in 2020-21. In response, we initiated a number of new innovative approaches to provide information to growers. Just one example of this is the switch from our in-person winter pulse meetings to take place entirely online through our Premiere Pulse Virtual Series. This allowed us to deliver much of the same information virtually to growers during the pandemic where we were able to reach a significant number of growers and an even larger number of agronomists through this new approach. SPG staff further built out production, agronomy, and marketing resources on our website and delivered that information through bi-weekly email newsletters, podcasts, videos, and other formats.

I am proud of the work from our talented team of dedicated, professional staff at SPG. I am excited about the continued increase in demand for pulses fueled by the expanding interest in plant-based foods and the success SPG and Pulse Canada are having in developing new uses for the pulses Saskatchewan growers produce. Canada continues to lead the way in this work and we continue to see additional investment in pulse ingredient processing capacity in Western Canada, including here in Saskatchewan. I am also excited about the prospect of new research partnerships we are working on that will help to ensure growers have access to top performing pulse crop varieties for the future.

I wish all growers a productive and prosperous 2022 season.

EXECUTIVE DIRECTOR'S MESSAGE



Carl Potts
Executive Director

2020/2021 BOARD MEMBERS



Left to right: Winston van Staveren from Creelman, **Jason Hennes** from Eatonia, **Trent Richards** from Assiniboia, **Corey Loessin** from Radisson, **Shaun Dyrland** - Chair from Kyle, **Terry Youzwa** from Nipawin, **Brad Blackwell** from Dinsmore, **Chad Doerksen** - Vice Chair from Dalmeny, **John Bumbac** from Assiniboia

2020/2021 STAFF MEMBERS



Carl Potts
Executive Director



Lori Chapman
Senior Administrative
Assistant



Sarah Anderson
Agronomy Manager



Amanda Carlson
Communications Manager



Constance Chiremba
Pulse Science Cluster
Program Manager



Allison Fletcher
Research Project Manager



Laurie Friesen
Seed Program Manager



Cheryl Gore
Senior Administrative
Assistant



Jasmine Hanson
Marketing &
Communications
Coordinator



Amber Johnson
Director of Marketing &
Communications



Jeff Juhnke
Director of Finance &
Operations



Margaret Parsons
Senior Accounting
Technician



Sherrilyn Phelps
Director of Research &
Development



Shelly Weber
Levy Manager



OUR **MISSION:**

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

OUR **VISION:**

Nourishing the world with profitable pulse production.



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. To support this work, we must invest in furthering genetics, and undertake work to reduce the impact of weeds and diseases on peas and lentils.

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, dry beans, and fenugreek 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, 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.



SEPTEMBER

Dr. Kirstin Bett, Professor of Plant Sciences at USask, and her team completed the Application of Genomics to Innovation in the Lentil Economy (AGILE) project where genotyping and phenotyping were used to characterize the genetic variability of lentils in different regions of the world. SPG-funded work enables researchers to use these genetic traits to ensure new varieties grown in Saskatchewan can thrive in the local climate and soils.

OCTOBER

SPG developed fact sheets on Reducing Root Rot Risk for 2021, and Top 5 Tips to help growers and agronomists identify lower risk fields. The [fact sheets](#) were shared with agronomists and were re-circulated by industry including Federated Co-operatives Ltd. (FCL) newsletter to all Western Canadian retailers. SPG also hosted a [webinar](#) and [podcast](#) on the same topic, with 238 live webinar attendees, 200 recording views, and 223 podcast listens.

NOVEMBER

SPG led a foodservice industry webinar in partnership with Nation's Restaurant News titled "Insights & Trend-Driven Innovation Plays in Plant Protein". The webinar explored current and emerging consumer trends and how lentils align with them, as well as how to translate that into menu innovation for commercial operators. The webinar had 149 registrants and 62 live attendees and remains available online for replays.

MILESTONES THROUGHOUT THE YEAR 2020

DECEMBER

SPG announced funding for nine pulse-specific research projects, co-funded through Saskatchewan's Agriculture Development Fund (ADF). SPG's total contribution of over \$1.2 million was leveraged through ADF for a total investment of over \$4.8 million. Projects are three to four years in duration and involve peas, lentils, dry beans, chickpeas, and faba beans, addressing breeding, root rots, pulse fertility, herbicide resistance, and fungicide use.

JANUARY

SPG's Annual General Meeting was held virtually on January 12th, 2021 with 65 voting growers in attendance. At the meeting Tony & Francis Gaudet of Belle Pulses were recognized with the Pulse Promoter Award. Two new seats on the Board of Directors also officially took effect, forming SPG's new nine member Board.

FEBRUARY

SPG hosted Winter Pulse Meetings virtually in 2021 through the Premiere Pulse Virtual Series of webinar-style extension meetings. Seven meetings were held in February and March with a narrow focus on different pulse crops as well as a pulse market outlook session. Meetings saw a total of 1,197 live attendees with 920 recording views afterward.



MARCH

SPG presented research and development (R&D) priorities to 85 USask College of Agriculture & Bioresources faculty and staff as well as representatives from ADF and Western Grains Research Foundation (WGRF) in advance of the ADF 2021 funding competition in order to drive new project development in alignment with SPG and grower priorities.

APRIL

SPG, in partnership with Alberta Pulse Growers (APG) and Manitoba Pulse & Soybean Growers (MPSG), coordinated a webinar to translate the results of a recently completed project as part of the Canadian Field Crop Research Alliance's (CFCRA) soybean research cluster. The webinar on Management of *Phytophthora sojae* was attended live by 36 individuals and the recording was accessed 20 times.

MAY

SPG issued a request for proposals (RFP) in the area of genetic improvement of *Aphanomyces* root rot resistance in lentil. The RFP resulted in four project proposals, of which all four were put forward for board approval of new research funding.

2021

JUNE

SPG initiated conversations with APG, MPSG, Ontario Bean Growers (OBG), and Pulse Canada on the development of a national research strategy in advance of the next pulse research cluster starting in 2023. These groups are now developing a new national pulse research strategy.

JULY

SPG is a contributor to the newly announced \$2.5 million project to develop novel applications and technologies of pulse starches in food, feed, and industrial applications to further develop and grow the Saskatchewan pulse and processing industry value chain, led by Dr. Yongfeng Ai at USask.

AUGUST

SPG participated in a field tour with Saskatchewan Crop Insurance Corporation (SCIC), Saskatchewan Ministry of Agriculture, and fenugreek processing company Emerald Seed Products Ltd. (ESP). This tour included stops at fenugreek fields in the Avonlea region, as well as a tour of ESP plant expansion where attendees learned about common and best management practices for fenugreek in Saskatchewan.



BUILDING DEMAND

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

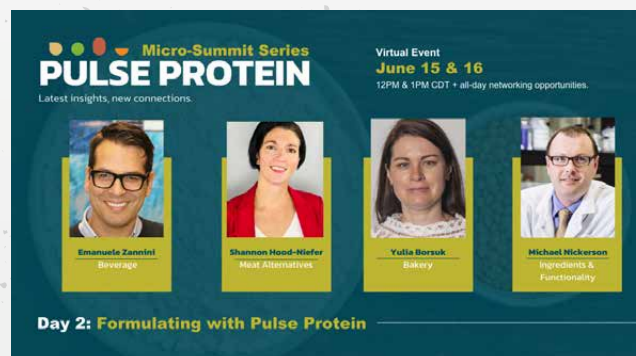
B.Good Restaurant Launches Mediterranean Bowl Featuring Red Lentils

In February 2021, U.S. regional restaurant chain B.Good launched a new Mediterranean Bowl featuring red lentils as a result of partnership and collaboration with SPG and the market development foodservice outreach strategy. The bowl was launched as a permanent menu item after trialing the dish in select locations at the end of 2020. SPG supported the menu launch through marketing support to ensure the launch was a success. Teams worked collaboratively on digital and social media campaigns, influencer marketing, and public relations outreach to raise awareness of the collaboration with consumers and the food industry. B.Good customers were surveyed after their purchase with 89% of consumers citing intent to repurchase the item, and 45% saying they intend to incorporate more lentils into their diet overall after trying the bowl.



Pulse Protein Micro-Summit

In June 2021, Pulse Canada hosted a virtual event targeted to food manufacturers and ingredient processors which highlighted the benefits and functionality of Canadian pulse protein. The first day centered on how to leverage consumer trends and the nutrition and sustainability benefits of pulses to market pulse products, while the second day featured experts in specific food applications discussing formulation and functionality. The event attracted 275 registrants from Canada, United States (U.S.), Europe, and Asia, with approximately 30% of registrants representing end-use manufacturers.



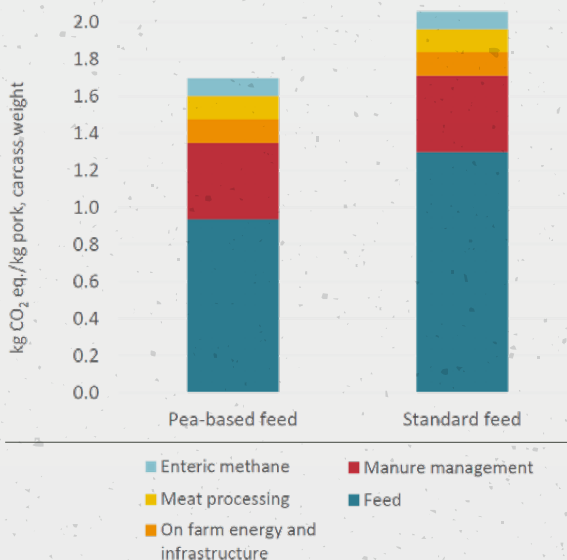
Pulse Flour Market Growth

A market study was conducted to benchmark current pulse flour usage in the U.S. food sector in efforts to grow incremental demand for over 600,000 tonnes of pulse flour as set out by the Canadian pulse sector's goal of diversifying markets and uses of 25% of Canadian-grown pulses by 2025. Pulse flour demand has nearly doubled over the last three years to 230,000 tonnes driven mostly by the pet food, pasta, and snacks sector, and is projected to grow steadily at a compound annual growth rate (CAGR) of 20% over the next three years. Strong growth in the pulse flour market alongside a thriving fractionation industry provides a balanced portfolio of ingredient markets for Canadian pulses. While 95% of pea flour is destined for pet food as a cost effective solution, the study results demonstrate opportunity to target a more diversified growth strategy for lentil flour in a broader range of cereal-based applications where protein quality can be leveraged. An [interactive dashboard](#) of flour data has been launched to share the findings.



Sustainability Data for Canadian Peas, Lentils, Faba Beans, and Dry Beans

Led by Pulse Canada, life cycle assessments (LCA) of Canadian pea and lentil production were completed based on a survey of nearly 600 farmers. This assessment confirms that Canadian pea and lentil production have a low environmental footprint. The data from this LCA has been published in two relevant, public databases: Ecolnvent and the Canadian Agri-Food Life Cycle Data Centre (CALDC), enabling researchers and industry from around the world to use this data to conduct environmental assessments of diets, food products, and ingredients. This data has already been used to populate a Global Plant-Based Foods Life Cycle Database, allowing for comparisons to be made between Canadian pulses and other origins. In addition, a survey of Canadian faba bean and dry bean producers was conducted based on data from 220 growers, filling a gap in environmental information for those crops. LCA work was also done on peas used in feed for Western Canadian pork and egg production where it was found that peas used in feed was particularly impactful at reducing the carbon footprint of pork by 18%. This information will be marketed to livestock companies to demonstrate how Canadian peas can be utilized as value-add feed ingredients aligned with corporate sustainability goals.



10 PUBLICATIONS

AUTHORED OR CO-AUTHORED FROM SPG AND PULSE CANADA-FUNDED PROJECTS



18 PRESENTATIONS

AT INDUSTRY EVENTS TO STAKEHOLDER GROUPS



4 HOSTED

VIRTUAL EVENTS

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.



Fungicide Insensitive Anthracnose in Lentil

Monitoring for Group 11 fungicide insensitivity in the anthracnose pathogen was initiated in Saskatchewan in 2020 in response to reports of several confirmed cases in 2019. Initial results confirmed 2019 findings and suggest widespread insensitivity to Group 11 (strobilurin, QoI) fungicides in the anthracnose pathogen (*Colletotrichum lentis*) in lentil fields across Saskatchewan. Preliminary results also indicate that strobilurin insensitive strain(s) of anthracnose are more common in Saskatchewan than strobilurin sensitive strain(s). Another survey was initiated during the 2021 season to explore the frequency and distribution of insensitivity in anthracnose in Saskatchewan. SPG co-leads a task force with the Saskatchewan Ministry of Agriculture to evaluate and communicate information related to this issue. A fact sheet and video were developed this year to better explain fungicide insensitivity generally, and a fact sheet specifically dealing with managing insensitivity related to anthracnose in lentil was also created and shared with growers and agronomists. A greenhouse study evaluating fungicide efficacy of 16 treatments, representing product options from various companies on strobilurin insensitive strains of anthracnose in lentil was also launched, along with a research study with Agriculture & Agri-Food Canada (AAFC) looking at fungicide insensitivity

in *Colletotrichum lentis*. In order to ensure growers understand how to best manage this evolving disease, and because Group 11 fungicide active ingredients alone will not provide effective disease control in fields with high levels of insensitivity, additional research and independent product testing are key steps in shaping fungicide recommendations for growers.

Chickpea Plant Health Issue

In 2020, local growers and agronomists conducted extensive sampling on behalf of SPG for analysis of herbicide residues, nutrient levels, and foliar and root pathogens, performed at a commercial lab to further investigate the chickpea health issue first detected in 2019. Widespread sample collection and submission of chickpea plants happened during the 2021 growing season including weekly monitoring of five chickpea fields with established soil moisture probes and weather stations. Results from these tests have not identified any one cause and is likely a combination of factors including environmental stresses. Further evaluations and testing are currently underway, including 156 samples that were collected from 28 fields in Southern Saskatchewan for a new research project with AAFC on the impact of herbicides, moisture, disease, and fungicides on chickpea. A total of 60 samples from 28 fields were collected and sent to the University of Guelph for in-season diagnostic testing to work towards more information on this ongoing issue.



Pea Fertility Project

SPG funded a study to evaluate, across a range of environments, the yield and protein response of yellow pea to various rates, combinations, and application timings of nitrogen (N), phosphorus (P), and sulfur (S) fertilizer. The treatments were intended to measure the responses of the varying rates of side-banded P and S fertilizer along with a few distinct N fertilization strategies. Key outcomes of this project are important to growers to help optimize fertilizer applications and fertility planning for yellow pea, and to prevent unnecessary application and their financial and environment cost, including:

- Only the P application had an impact on yield and protein.
- P application improved yield at 8 of 11 sites where soil P was low, or 73% of the time.
- P rate providing the largest yield bump was 35-45 lb P₂O₅/acre (ac), increasing yield at sites with low soil P by 13% or 6 bushels (bu)/ac compared to not applying P fertilizer. Cost analysis found the 35-45 lb P₂O₅/ac rate also showed the greatest average financial return.
- Protein increased with increased P rate but only by 0.4%, from 22.2% in the lowest P rate to 22.6% with the highest P rate.



Pulse & Soybean Regional Variety Trials (RVT)

SPG led, coordinated, and executed the pulse and soybean RVT for Saskatchewan for the first time this year. SPG is well suited to run these trials as an unbiased and transparent party in testing. SPG is working to expand the information that can be obtained from the data to provide long-term, site-specific data and comparative yield analyses that will allow growers to make informed choices for their farm. The RVT coordinated by SPG included 6 crops with 185 entries from 25 companies/institutions. It represented 72 trials with 12 cooperators at 23 locations for a total of nearly 5,000 plots.



Development of Fenugreek Strategy and Targeted Investments

SPG sought input from fenugreek producers and industry which informed the development of a strategy to support fenugreek production in Saskatchewan including a focus on fungicide options and herbicide screening, harvest aid options, rhizobial inoculant screening and development, and input into the federal minor use pesticide priority list.

EXPANDING MARKET ACCESS

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

Canada-UK Trade Continuity Agreement

Pulse Canada actively worked with Canadian trade officials to recognize the Canadian pulse sector's trade and market access priorities in the United Kingdom (U.K.) following the U.K.'s departure from the European Union (Brexit) resulting in trade with the U.K. no longer falling under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). In December 2020, Canada and the U.K. signed the Canada-U.K. Trade Continuity Agreement (Canada-U.K. TCA) that provided a temporary extension of CETA until a permanent free trade agreement could be negotiated, resulting in duty-free trade of Canadian pulses into the U.K. The U.K. is the largest export market for Canadian pulses in Europe, and a key market for the Canadian pulse sector's strategy for market growth and diversification for pulses and pulse ingredients. Pulse Canada continues working closely with trade officials towards a permanent agreement.

Diquat Maximum Residue Limit (MRL) Establishment

When initially established, the U.S. MRL for diquat (e.g. Reglone) was significantly lower than Canada's,



leading to market access risk for pulse crops exported to the U.S. when diquat is applied as a harvest aid. Pulse Canada worked closely with Syngenta Canada to ensure this trade risk was known and resolved in a timely fashion through harmonization of the Canadian and U.S. MRL with the goal to mitigate the risk of non-compliance when exported. Harmonization was achieved, resolving this long-standing issue for Canadian pulse exports.

Port of Montreal Strike

The Port of Montreal, Canada's 2nd largest port and major gateway for Canadian pulses, particularly 300,000 tonnes of lentils annually, into high value European, Middle East, African, and South American markets saw labour disruptions that shut down containerized exports for two weeks in Fall 2020, with the threat of another strike in March 2021. Pulse Canada led a coalition of agriculture groups to call on the Federal Government to prevent and end the longshoreman strike at the Port of Montreal. They collaborated with groups, like the Canadian Special Crops Association, Soy Canada, Cereals Canada, Grain Farmers of Ontario, and others to launch the #StopTheStrike initiative which enabled visitors to a microsite the ability to send a letter to the federal Minister of Labour calling on Ottawa to intervene, as well as share facts to quantify the economic impact of a strike to this sector. More than 160 letters were sent and the site was visited over 1,300 times. Pulse Canada's efforts were cited several times by Members of Parliament in the House of Commons during debate on back-to-work legislation, which ultimately passed and ended the strike in April 2021.

AN OPEN PORT OF MONTREAL SEES



**OVER \$880 MILLION
IN ANNUAL CONTAINERIZED
AGRICULTURAL ECONOMIC
ACTIVITY.**

Get involved at StopTheStrike.ca



Dialogue with the Standing Committee on Environment & Sustainable Development regarding Bill C-12 (Canadian Net-Zero Emissions Accountability Act)

The Government of Canada introduced and subsequently passed Bill C-12 to establish a legally binding process to set five-year national emissions-reduction targets for 2030, 2035, 2040, and 2045 and emissions-reduction plans to achieve each target. As an industry leader in agricultural sustainability, Pulse Canada was invited by the Standing Committee on Environment & Sustainable Development to provide comments on the Bill. SPG Director and Pulse Canada Board Chair Corey Loessin delivered Pulse Canada's message to government that any targets or emissions reduction plans must be focused on also ensuring economic competitiveness of the agriculture sector. It will be essential that the sector is consulted during the making of these plans to ensure they continue to enhance investment and promote innovation in the sector and create a predictable business environment. Underscored was the inherent sustainability benefits of pulse crops, while encouraging the committee to amend the Bill to consider economic competitiveness when determining progress. Further highlighted was the fact that pulse growers in Saskatchewan and across Canada can compete with any country in the world when given a level playing field, and importance of Government not unnecessarily handcuffing the industry with onerous regulations not faced by international competitors.

ENGAGING WITH GROWERS

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

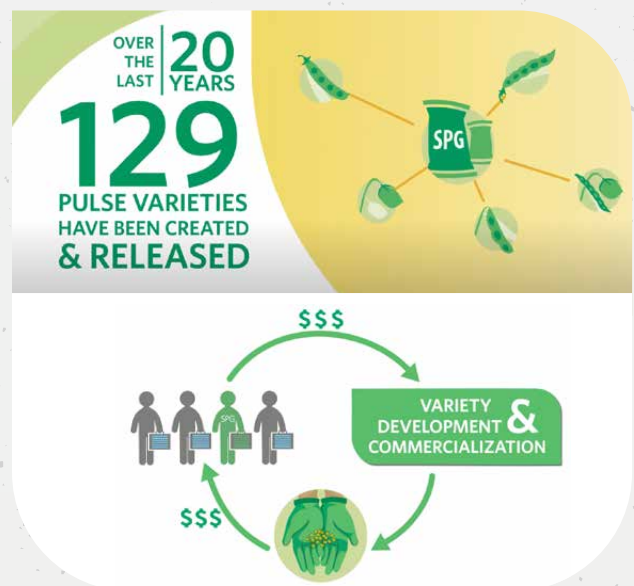


Premiere Pulse Virtual Series

With COVID-19 continuing to impact the way people gather into winter months this past year, SPG made changes to annual winter grower meetings, embracing a virtual delivery of timely and new on-farm pulse updates through the Premiere Pulse Virtual Series. This seven week long series of webinar-style meeting delivery allowed each two hour session to focus on a specific topic or crop with sessions on peas, chickpeas, soybeans, dry beans, faba beans, lentils, and a pulse market outlook session. The virtual delivery allowed for higher attendance by agronomists across all sessions, with the option to also view session recordings afterwards. The series saw a total of seven meetings with 1,197 live attendees of which 298 self-identified as growers and 652 as agronomists, with an additional 920 recording replays afterwards.

SPG Brand Value Video Series

It is important SPG communicates to growers the outcomes and initiatives undertaken to boost profitability of the Saskatchewan pulse sector through levy dollars. A series of videos articulating the purpose, goals, and intended outcomes of work across SPG and through strategic partner organizations were developed and rolled out aimed at growers to learn more about the work SPG does on behalf of and for the benefit of growers. [Video](#) topics included The Future of Pulse Breeding, SPG's Refreshed R&D Strategy: Short and Long Term Approaches, 25% by 2025 National Pulse Market Development Strategy, SPG's Partnership with Grain Growers of Canada, SPG's Partnership with Pulse Canada, SPG's Partnership with Soy Canada, and SPG's Partnerships with Farm & Food Care Saskatchewan and Agriculture in the Classroom.



13 PULSE MARKET
REPORTS

13 PODCASTS

3 WEBINARS

7 VIRTUAL
EXTENSION
EVENTS

5 PULSE AGRONOMY
FACT SHEETS
& ARTICLES

2 RESEARCH
SUMMARIES

85% OF GROWERS
**BELIEVE SPG
PROVIDES GOOD TO
EXCELLENT VALUE**
IN RETURN FOR THEIR LEVY CONTRIBUTION

44% OF PULSE GROWERS
**FREQUENTLY ACCESS
INFORMATION**
IN SPG'S BI-WEEKLY EMAIL NEWSLETTER



INDUSTRY PARTNERSHIPS & COLLABORATIONS

SPG actively partners and collaborates with a number of organizations to ensure that pulse growers have an amplified voice for their issues and concerns in strategic and priority areas key to the success of the pulse and agriculture industries.



SPG prioritizes work in the areas of market access and market development through a long-standing strategic partnership with Pulse Canada. Pulse Canada is focused on increasing value for Canadian-grown pulses and in turn profitability for Canadian growers. Pulse Canada's work is focused in the areas of market access including trade, transportation, and crop protection products, and active outreach on market development and sustainability.



SPG advocates for pulse growers on key national issues at the federal government level through partnership with Grain Growers of Canada (GGC). GGC represents over 65,000 grain growers from coast to coast under one united voice to advocate and influence federal policy and take decisions that support the competitiveness and profitability of Canadian agriculture, especially in areas like business risk management programs, sustainability, and transportation.



SPG works with Soy Canada to advance issues pertinent to removing barriers and growing markets for Canadian-grown soybeans. Soybeans are a relatively new and smaller acre crop in Saskatchewan, but through Soy Canada, soybean growers have national representation uniting the full soybean value chain from farm to marketplace on issues like trade policy and market access, industry profile building, and coordination of soybean research and innovation.



SPG works to build public trust and education around agriculture and pulses through partnership and support of Agriculture in the Classroom (AITC) Saskatchewan. AITC works with school-aged children across Saskatchewan, creating agricultural educational resources and delivers content to students where they learn where their food comes from and an appreciation for and importance of the land, animals, and the farmers that sustain it.



SPG works to cultivate public trust, respect, and understanding of agriculture and Canadian-grown pulses to urban Saskatchewan communities through partnership and support of Farm & Food Care (FFC) Saskatchewan. FFC brings together farmers, ranchers, and everyone involved in food production to help connect consumers with the food on their plates and the science-based farming practices behind it.



SPG supports breaking the stigma around mental health in agriculture through support of The Do More Agriculture Foundation (Do More Ag). Do More Ag works to educate the agriculture industry on mental health, breaking the stigma that currently exists, creating a community of belonging, support and resources, and ensuring research in this field can continue.

ADVOCACY INITIATIVES

Canada Grain Act Review

AAFC launched a consultation to review the Canada Grain Act in early 2021, seeking ideas and views on how the Canada Grain Act and/or operations of the Canadian Grain Commission could be modernized to better suit the needs of the grain sector. SPG submitted [input](#) in April 2021 including comments on the continued need for a producer payment security program, to have the program cover levy amounts owing to producer organizations, as well as calling for the creation of a mandatory grain sales reporting system. SPG also included submissions from Pulse Canada and Grain Growers of Canada. A joint [press release](#) in collaboration with other crop commissions was also issued to highlight the specific need for the creation of an export sales reporting program in Canada in July 2021.

Carbon Offset Protocols

In spring 2021, SPG in collaboration with SaskCanola, SaskWheat, SaskFlax, SaskBarley, and SaskOats submitted [comments](#) to the Government of Saskatchewan's call for input on the proposed carbon offset protocol development. Collaborating crop commissions also met with Agriculture Minister Marit and Environment Minister Kaeding to learn more about the proposed carbon offset protocol development and to provide feedback heard from producers with concerns about not receiving credit for the carbon they sequester each year through the use of minimum tillage and similar practices. Federal government rules about additionality and rate of adoption are key reasons why credit for such practices will not be covered by federal and provincial offset programs. In order to further support advocacy work in this area and to help develop a carbon strategy, commissions are working together with a government relations firm to further develop an approach on this issue into next fiscal year.



DISCUSSION OF SPG FINANCIAL RESULTS FOR 2020-21

SPG's operations in 2020-21 resulted in a surplus of \$9.0 million which exceeded the budgeted surplus of \$4.35 million due to a number of factors.

Setting the Scene

Prior to 2019-20, SPG's levy revenues declined significantly resulting in a combined deficit totaling almost \$12.9 million between the 2016-17 and 2018-19 fiscal periods. During this period, SPG limited additional commitments for projects beyond those commitments that had already been put in place. Over time, the commitments were fulfilled but uncertainty around pulse prices and demand made it difficult for SPG to create new commitments leading into the 2019-20 fiscal year.

In 2019-20, pulse prices rebounded creating a surplus for the first time since 2015-16 for SPG.

2020-21 Results Discussion

The budget for 2020-21 was built with a \$4.35 million surplus based on recovered pulse prices and a plan to begin rebuilding the research and development project portfolio on strategically important areas over a two year period (2020-21 and 2021-22).

The strong prices from 2019-20 continued into the 2020-21 fiscal year, and strengthened further, generating the highest level of levy revenue for SPG since 2016-17. Higher than expected levy revenue for lentils accounted for 75% of SPG's revenue increase relative to budget. Large green lentil prices increased 85% from the time of budgeting to the

end of the fiscal year. Red lentil prices increased 65% over this same time period. SPG revenue was over budget by \$2.3 million in 2020-21.

On the expenditure side, key operational expenditures have remained consistent but project expenditures in research and development have not rebounded as quickly as budgeted. SPG has been diligent in looking to strategically important research in areas of pest management, agronomy, breeding, root rot, and pulse quality to fill research gaps but the right projects have taken longer than was planned to put into place. The launch of new breeding investments has been slower than expected due to delays in finalizing license agreements with the CDC and BASF that will enable new SPG partnerships. We are on track for new breeding investments in 2021-22. In addition, the COVID-19 pandemic limited the scope of market development and communications work due to fewer events taking place in 2020-21. These factors have resulted in expenditures being under budget by \$2.3 million, thereby increasing the surplus.

INDEPENDENT AUDITORS' REPORT



To the Members of Saskatchewan Pulse Crop Development Board

Qualified Opinion

We have audited the financial statements of Saskatchewan Pulse Crop Development Board ("SPG"), which comprise the statement of financial position as at August 31, 2021, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Saskatchewan Pulse Crop Development Board as at August 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

SPG collects a levy from Saskatchewan producers through buyers of pulses, the completeness of which is not susceptible of satisfactory audit verification. It was not practical for us to verify whether all buyers of pulses produced in Saskatchewan have collected and remitted the required levy to SPG. Accordingly, our verification of these revenues was limited to the

amounts recorded in the records of SPG. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses and cash flows from operations for year ended August 31, 2021, current assets as at August 31, 2021 and August 31, 2020, and net assets at both the beginning and end of the August 31, 2021 and August 31, 2020 years.

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 SPG 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 qualified 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 SPG's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using

Independent Auditor's Report (continued)

the going concern basis of accounting unless management either intends to liquidate SPG or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SPG'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. 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 SPG'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 SPG'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 SPG 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.

Independent Auditor's Report (continued)

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 9, 2021

Lingard + Dreger

Chartered Professional Accountants

BOARD OF DIRECTORS EXPENSES 2020-21

(unaudited)

	Honoraria	Expenses	Total
	\$	\$	\$
Brad Blackwell	12,601	2,517	15,119
John Bumbac	13,173	5,914	19,087
Chad Doerksen	5,268	220	5,488
Shaun Dryland	8,864	2,014	10,878
Jason Hennes	7,823	2,528	10,351
Corey Loessin	9,640	1,583	11,223
Trent Richards	10,723	3,367	14,089
Winston van Staveren	4,819	2,316	7,135
Terry Youzwa	5,004	2,361	7,365

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF FINANCIAL POSITION

as at August 31, 2021

ASSETS	2021	2020
CURRENT	\$	\$
Cash	2,413,126	6,739,348
Investments (Note 3)	12,598,098	9,148,822
Accounts receivable (Note 4)	2,466,435	2,325,718
Prepaid expenses	198,974	265,778
Accrued interest receivable	55,441	69,813
Breeder seed inventory	406,679	470,310
	18,138,753	19,019,789
INTERNALLY RESTRICTED INVESTMENTS (Note 3)	1,600,000	1,600,000
INVESTMENTS (Note 3)	8,974,617	—
TANGIBLE CAPITAL ASSETS (Note 5)	654,738	669,829
	29,368,108	21,289,618
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	1,074,400	1,911,234
Deferred revenue	87,500	175,000
	1,161,900	2,086,234
NET ASSETS		
INVESTED IN TANGIBLE CAPITAL ASSETS	654,738	669,829
INTERNALLY RESTRICTED (Note 10)	15,700,000	15,400,000
UNRESTRICTED	11,851,470	3,133,555
	28,206,208	19,203,384
	29,368,108	21,289,618

COMMITMENTS (Notes 7, 8, and 9)

Approved by the Board:


Board Chair


Vice Chair

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF OPERATIONS

for the year ended August 31, 2021

	2021 Budget (Unaudited) (Note 11)	2021 Actual	2020 Actual
REVENUE			
INDUSTRY REVENUE	\$	\$	\$
Levy	12,700,000	14,713,354	13,659,352
Variety commercialization	505,400	585,351	671,924
Advertising	—	—	—
Sponsorship	20,000	7,000	23,300
	13,225,400	15,305,705	14,354,576
GOVERNMENT FUNDING			
Government of Saskatchewan	7,200	35,106	36,800
INTEREST AND DIVIDENDS	200,000	206,984	228,968
UNREALIZED GAINS (LOSSES)	—	234,924	(51,471)
EXPENSE REIMBURSEMENTS	255,000	263,519	420,152
OTHER REVENUE	296,562	289,138	271,285
	13,984,162	16,335,376	15,260,310
EXPENSES			
RESEARCH AND DEVELOPMENT			
Pulse breeding	1,096,418	756,160	3,445,901
Agronomy and sustainability	1,268,538	903,538	657,157
Genetic improvement	389,348	166,295	373,485
Processing	393,927	249,923	378,589
Health outcomes	15,654	(7,885)	98,881
Strategy development and support	888,145	803,817	731,484
	4,052,030	2,871,848	5,685,497
MARKET DEVELOPMENT			
Canadian lentil promotion	750,000	523,846	469,256
Market development – External (Note 7)	925,000	664,145	925,000
Other promotion and support	157,093	115,849	308,173
	1,832,093	1,303,840	1,702,429
COMMUNICATION	792,165	600,249	379,752
MARKET ACCESS (Note 7)	775,000	558,191	775,000
VARIETY COMMERCIALIZATION	625,000	597,714	693,123
LEADERSHIP AND MANAGEMENT			
Board of directors	325,760	225,423	157,108
Management and administration	1,224,157	1,175,287	1,085,325
	1,549,917	1,400,410	1,242,433
	9,626,205	7,332,552	10,478,234
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	4,357,957	9,002,824	4,782,076

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CHANGES IN NET ASSETS

for the year ended August 31, 2021

	Invested in capital assets	Internally restricted	Unrestricted	2021 Total	2020 Total
	\$	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	669,829	15,400,000	3,133,555	19,203,384	14,421,308
EXCESS OF REVENUE OVER EXPENSES	—	—	9,002,824	9,002,824	4,782,076
TRANSFER TO RESTRICTED NET ASSETS (Note 10)	—	300,000	(300,000)	—	—
DISPOSAL OF TANGIBLE CAPITAL ASSETS	(7,807)	—	7,807	—	—
AMORTIZATION	(7,284)	—	7,284	—	—
NET ASSETS, END OF YEAR	654,738	15,700,000	11,851,470	28,206,208	19,203,384

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CASH FLOWS

for the year ended August 31, 2021

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENSES	9,002,824	4,782,076
CHANGES TO INCOME NOT INVOLVING CASH:		
Amortization	7,284	18,711
Loss on disposition of tangible capital assets	6,751	—
	9,016,859	4,800,787
CHANGES IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS:		
Accounts receivable	(140,717)	(690,796)
Inventory	63,631	4,662
Prepaid expenses	66,804	4,574
Accrued interest receivable	14,372	21,624
Accounts payable and accrued liabilities	(836,833)	(733,895)
Deferred revenue	(87,500)	(87,500)
	(920,243)	(1,481,331)
TOTAL FROM OPERATING ACTIVITIES	8,096,616	3,319,456
INVESTING ACTIVITIES		
Proceeds from sale of tangible capital assets	1,056	—
Purchases of tangible capital assets	—	(17,696)
Net purchases of investments	(12,423,894)	(157,943)
TOTAL USED BY INVESTING ACTIVITIES	(12,422,838)	(175,639)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(4,326,222)	3,143,817
CASH AND EQUIVALENTS, BEGINNING OF YEAR	6,739,348	3,595,531
CASH AND EQUIVALENTS, END OF YEAR	2,413,126	6,739,348

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS

for the year ended August 31, 2021

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:

SPG 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 revenue is recognized as earned on a time proportion basis.

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) Tangible capital assets:

Tangible 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 tangible 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 tangible 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, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 tangible capital assets.

(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:

	2021	2020
	\$	\$
FIXED INCOME	14,721,923	6,775,268
CASH AND CASH EQUIVALENTS	7,048,664	3,412,540
EQUITY FUNDS	1,402,128	561,014
	23,172,715	10,748,822
CURRENT ASSETS:		
Investments	12,598,098	9,148,822
LONG TERM ASSETS:		
Internally restricted investments	1,600,000	1,600,000
Investments	8,974,617	—
	23,172,715	10,748,822

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS (continued)

for the year ended August 31, 2021

3. INVESTMENTS (continued)

The investment balance is a result of the excesses of revenue over expenses from operations in prior years and the current year due to increased volume and value of pulse production. These investments are held in reserve 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:

	2021	2020
	\$	\$
LEVY RECEIVABLES	1,757,645	1,660,498
OTHER RECEIVABLES	708,790	655,220
	2,466,435	2,325,718

5. TANGIBLE CAPITAL ASSETS

The tangible capital assets balance consists of the following:

			2021	2020
			\$	\$
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
EQUIPMENT	259,161	246,331	12,830	25,885
LEASEHOLD IMPROVEMENTS	207,291	203,221	4,070	6,106
	466,452	449,552	16,900	31,991
LAND	637,838	—	637,838	637,838
	1,104,290	449,552	654,738	669,829

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2021	2020
	\$	\$
TRADE PAYABLES	38,364	58,057
R&D CONTRACTS PAYABLE	913,774	1,730,157
GST PAYABLE	79,543	85,364
PAYROLL LIABILITIES	42,719	37,656
	1,074,400	1,911,234

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS (continued)

for the year ended August 31, 2021

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. Initiatives related to transportation and eliminating barriers associated with accessing equipment and rail service to reduce risk in transporting products.
- **Market Development: Health, Nutrition, Functionality and Sustainability:** Increase demand for Canadian pulses in existing and new markets by marketing health, nutritional, functional and sustainability attributes.

SPG is providing program and project funding to Pulse Canada. The total expenditures for the year ended August 31, 2021 were \$1,222,336 (2020 - \$1,700,000). The amount committed for future years are below:

YEAR ENDING AUGUST 31:	\$
2022	1,700,000
2023	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 five years, assuming the terms of the contracts are fulfilled, are as follows:

YEAR ENDING AUGUST 31	2022	2023	2024	2025	2026
	\$	\$	\$	\$	\$
U of S/CDC Variety development	677,572	249,323	111,188	—	8,000
Other	658,854	172,347	108,212	23,810	—
	1,336,426	421,670	219,400	23,810	8,000

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	\$
2022	259,558
2023	214,287

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS (continued)

for the year ended August 31, 2021

10. INTERNALLY RESTRICTED NET ASSETS

SPG has updated its reserve policy to better reflect its operations. SPG established a closure reserve to cover expected organization closure costs should the organization be wound down and holds restricted investments of \$1,600,000 to match this reserve. SPG has also increased its reserve for Revenue Variability by \$300,000 (2020 - \$3,200,000) to cover for potential shortfalls in levy revenue. This reserve has been set at \$14,100,000 (2020 - \$13,800,000) and is supported by current assets as well as unrestricted long-term investments.

11. BUDGETED FIGURES

Budgeted figures are unaudited and are based on the budget approved by the Board on July 24, 2020 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. SPG mitigates interest rate risk by investing in a diversified portfolio of fixed income investments with various maturity dates.

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. As at August 31, 2021 three customers accounted for 40% (2020 - 36%) of accounts receivable, representing SPG's maximum exposure associated with the collection of these receivables.

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. SPG mitigates this risk by investing in a diversified portfolio of equity securities.

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

Human resources expenses of \$1,001,465 (2020 - \$1,049,102) have been allocated based on the proportion of the employees' roles within each department as follows:

	2021	2020
	\$	\$
RESEARCH AND DEVELOPMENT	552,868	601,790
MARKET DEVELOPMENT	106,848	131,531
COMMUNICATIONS	184,608	156,342
VARIETY COMMERCIALIZATION	157,141	159,439
	1,001,465	1,049,102

14. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. SPG is following health advisories and mandatory requirements from local, provincial, and national health and government organizations. SPG has made operational changes to the business in response to the operating environment. The ultimate long-term financial impacts on SPG is unknown, but may be significant.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

SCHEDULE 1 – SCHEDULE OF EXPENSES

for the year ended August 31, 2021

	2021 Budget <i>(Unaudited) (Note 11)</i>	2021 Actual	2020 Actual
RESEARCH AND DEVELOPMENT			
PULSE BREEDING	\$	\$	\$
Variety improvement	1,096,418	756,160	3,445,901
AGRONOMY AND SUSTAINABILITY			
Weed management	354,724	207,638	191,969
Disease management	527,319	213,787	86,800
Rotation and plant nutrition management	16,401	—	—
Soil fertility	—	18,313	—
Nitrogen fixation	21,258	29,655	29,655
Sustainability	67,960	67,960	46,764
Pea yield	19,500	19,500	10,107
Demonstration, Outreach & Priorities	142,460	160,744	173,437
Other yield stability	118,916	185,941	118,425
	1,268,538	903,538	657,157
GENETIC IMPROVEMENT			
Breeding tools	379,885	156,833	364,023
Disease resistance	9,463	9,462	9,462
	389,348	166,295	373,485
PROCESSING AND UTILIZATION			
Pulse processing	344,209	214,709	304,313
Pulses and feed	49,718	35,214	74,276
	393,927	249,923	378,589
HEALTH OUTCOMES	15,654	(7,885)	98,881
STRATEGY DEVELOPMENT AND SUPPORT	888,145	803,817	731,484
	4,052,030	2,871,848	5,685,497

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

SCHEDULE 1 – SCHEDULE OF EXPENSES (continued)

for the year ended August 31, 2021

	2021 Budget <i>(Unaudited) (Note 11)</i>	2021 Actual	2020 Actual
	\$	\$	\$
MARKET DEVELOPMENT			
CANADIAN LENTIL PROMOTION	750,000	523,846	469,256
MARKET DEVELOPMENT - EXTERNAL <i>(Note 7)</i>	925,000	664,145	925,000
OTHER PROMOTION AND SUPPORT	157,093	115,849	308,173
	1,832,093	1,303,840	1,702,429
COMMUNICATIONS			
GROWER COMMUNICATIONS	471,000	265,891	167,165
INDUSTRY AND EXTERNAL COMMUNICATIONS AND SUPPORT	321,165	334,358	212,587
	792,165	600,249	379,752
MARKET ACCESS <i>(Note 7)</i>	775,000	558,191	775,000
VARIETY COMMERCIALIZATION			
BREEDER SEED	400,000	409,571	501,344
EXTENSION ACTIVITIES AND SUPPORT	225,000	188,143	191,779
	625,000	597,714	693,123
LEADERSHIP AND MANAGEMENT			
BOARD OF DIRECTORS			
Election	65,100	78,864	4,832
Honoraria, benefits, and allowances	131,700	96,717	75,863
Professional fees	23,250	8,677	7,308
Travel	78,200	22,819	50,184
Other	27,510	18,346	18,921
	325,760	225,423	157,108
MANAGEMENT AND ADMINISTRATION			
Professional fees	112,000	129,830	70,572
Rent and occupancy	268,000	243,816	240,621
Salaries and benefits	536,607	538,860	536,793
Travel	24,000	(498)	9,019
Other	283,550	263,279	228,320
	1,224,157	1,175,287	1,085,325
	9,626,205	7,332,552	10,478,234

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, 2020 to August 31, 2021, 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, 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, 2020 to August 31, 2021, 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 9, 2021

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, 2021 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 reports.
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, 2021 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, 2021, 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 9, 2021, which is the same date as the date of the report on the effectiveness of internal controls.

Saskatoon, Saskatchewan
December 9, 2021

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT



To the Members of Saskatchewan Pulse Crop Development Board

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We have examined the financial statements of Saskatchewan Pulse Crop Development Board for the year ended August 31, 2021 and have issued our report thereon dated December 9, 2021. We have examined the system of internal control as at August 31, 2021 and have issued our report to you dated December 9, 2021. 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, 2021 and have issued our report to you dated December 9, 2021.

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 9, 2021

Lingard + Dreger

Chartered Professional Accountants



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