



**SASK MUSTARD**

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

# **ANNUAL REPORT**

## **2019-2020**

**Annual General Meeting**  
**Monday, January 11, 2021**  
**Zoom Conference**



## MANDATE

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The Saskatchewan Mustard Development Commission (SaskMustard) was established in 2003 to represent the province's mustard growers

## VISION

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Investing in the future for mustard grower profitability.

## MISSION

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Growing the mustard industry for the benefit of growers through research, communication, and market development programs.

## 2020 BOARD & STAFF

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### Derek Dewar

Chair  
Hazlet SK  
C: 306-774-3508  
dewar@sasktel.net

### Markus Caswell

Vice-Chair  
Bracken SK  
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### Dean Haack

Treasurer  
Gravelbourg SK  
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### Ivan Costley

Mossbank SK  
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### Baine Fritzler

Govan SK  
C: 306-725-7908  
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### Jack Myles

Mossbank SK  
C: 306-355-7566  
mylesjack100@gmail.com

### Executive Director

Rick Mitzel  
Saskatoon, SK  
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### Sask Mustard Office

TLC Management Group  
Tanya Craddock, Office Manager  
Box 37026 North Park PO  
Saskatoon, SK S7K 8J2  
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info@saskmustard.com  
saskmustard.com

### Ministerial Contact

Cory Jacob  
Provincial Specialist - Oilseed Crops  
SK Ministry of Agriculture  
T: 306-787-4668  
cory.jacob@gov.sk.ca

### Office Hours

Monday to Friday – 8:30 a.m. to 4:00 p.m



@GrowMustard



# Chair Report

## Derek Dewar



Composing a concise informative report to you of SMDC's activities will be the goal of this, my first annual report as your chair. Gleaning the excellent annual reports of my predecessors sets a most humbling precedent.

2020 has been a challenging year for everyone. You will be interested in the activities of SMDC in meeting these challenges that could continue for the foreseeable future.

The outbreak of a pandemic brought about the necessity of eliminating face-to-face meetings, instead we have found that zoom meetings, with some limitations, serve the purpose of getting consensus, passing motions and getting business done. The added benefit of dramatically lowering the expenditures of time, travel and related costs are significant. There is some apprehension how this will work for the 2020 annual meeting in January however the annual mustard meeting has always attracted a large group so we will look forward to the experience of electronically conducting a larger meeting event.

Questions of weed control and markets are the concerns most often heard from farmers who seed mustard. Weed control will receive coverage from Rick Mitzel's excellent knowledge of that subject in his report, specifically where we are at with herbicide tolerance and chemical control.

The general story of mustard marketing in 2020 is a mixture of conjecture and reality. It started with an expected lower demand because of curtailment of major sporting events in the U.S. Then it was realized pre-buying took place before the outbreak of the pandemic.

Shortly before seeding there was an improved outlook in demand and price for lentils. This resulted in a last minute seeding intension shift from mustard to lentils. Some reports were suggesting a 40% drop in mustard acres?! You would think this would lower supply and raise prices? For the moment the reality is average yields, relatively flat mustard prices and slow movement. Chuck Penner has returned in this year's annual report to give us his best for a market outlook. From my perspective many are the mysteries that go with grain marketing. The good news is the younger generation of farmers seems undaunted by the many baffling marketing crosscurrents.

Responsibility for your check-off dollars requires that we maintain a constant vigilance with the budget. A reduction of check-off dollars resulting from lower acres and subsequent lower marketing volumes has resulted in a succession of budget deficits. In an effort to lower costs the executive director position for both SMDC and M21 was consolidated in 2019 and we have recently ended our management contract with AgriBiz. On behalf of SMDC and M21, I thank Adele Buettner for her many years of service to these two organizations.

Concluding my report brings me to the opportunity to welcome Moriah Andrews acclaimed to one of the two available positions open on the SMDC board of directors. She has an agriculture degree with a major in agronomy. Farming with her parents she became an experienced producer of brown mustard (including the new AAC 18) and is employed at Southwest Terminal as a sales agronomist. With that I thank Marcus Caswell and Ivan Costley for their contributions and participation in SMDC and M21.

On behalf of both SMDC and M21, I express our ongoing thanks to all of the researchers and everyone associated with the mustard value chain.

All the best in 2021,

Derek Dewar

# Management Report

## Rick Mitzel, PAg Executive Director



I would like to start by thanking all the registered mustard growers for their support this past year. Your check off dollars are hard at work looking for new uses for mustard and trying to expand the use of mustard in several different markets.

Mustard 21 (M21) continues to work with the University of Saskatchewan swine and dairy departments to test mustard as a fumigant for bedding for pigs and dairy cows. This study has taken a slow down due to Covid-19 over the past several months, but we have had some progress on the swine study because Dr. Denise Beaulieu received permission to continue her study on a limited scale. We should soon see results from her studies. There are several other new use projects going on and M21 will keep you posted as we receive more results.

Mustard growers have had a keen interest in herbicide tolerance in mustard. M21 and the Saskatchewan Mustard Development Commission (SMDC) have been working with Dr. Bifang Cheng to develop herbicide tolerance and are getting much closer with Group 2 tolerant mustard and are working to develop group 4 tolerance with mustard as well. These two options will give growers a few more options for weed control in mustard.

M21 has also secured a commercial license with Nuseed for the development of new hybrids in Carinata for the industrial fuel business. This agreement was key to

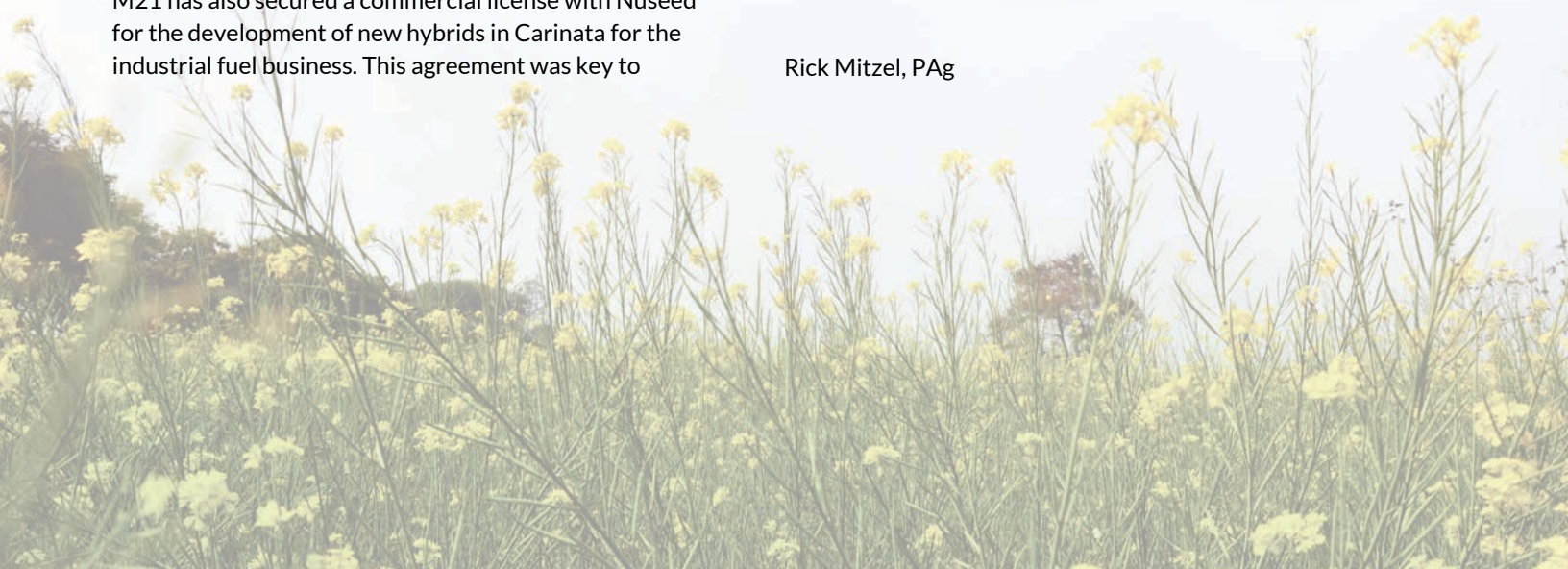
keeping M21 involved in the “green” jet fuel business and the results of the breeding program in 2020 was strong. Nuseed has developed some strong hybrids for the longer season markets and we are now working on getting some varieties with short season growing days. This past year has seen growth in this “green” jet fuel market and that has helped Nuseed move a significant volume of Carinata seed. This is very positive news and will help generate revenue to help with the research program for mustard.

M21 and SMDC are pleased to announce that we have made a change in our office staff. Tanya Craddock, Principal of TLC Management Group, has been appointed the new Office Manager for M21 and SMDC. Denise Winslow has been appointed the bookkeeper for M21 and SMDC as well. Both Tanya and Denise have extensive experience with M21 and SMDC so we are confident they won't miss a thing. The same phone numbers, email addresses and web addresses will be maintained so feel free to contact us with your questions.

I must also mention the positive feedback we are getting from growers who grew the new Hybrid Brown 18 in 2020. The yield increase data that was used to register the new hybrid is similar to what growers are seeing in the field. We are hearing comments about the aggressiveness of the plant once the roots develop and that is driving the yield increase as well. If you are growing brown mustard this spring make sure you take a look at the hybrid we have to offer.

At M21 and SMDC we are looking forward to a good year in 2021 and continuing to develop more demand for your mustard.

Rick Mitzel, PAg





# ANNUAL BUSINESS MEETING

## SASK MUSTARD ANNUAL GENERAL MEETING

Monday, January 11, 2021

Zoom Conference

11:00 a.m.

### AGENDA

Call to order and Opening Remarks

Approval of the Agenda

Approval of the Minutes

Financial Review

Lingard + Dreger

Approval of the Budget

Annual Report 2019-2020 and Proposed Activities 2020-2021

Resolutions

New Business

Adjourn Meeting



# ANNUAL BUSINESS MEETING

## MOTIONS TO BE PRESENTED

- That the Agenda be approved as presented.
- That the minutes of the January 16, 2020 meeting be approved as presented.
- To appoint an Audit Chair.
- That the SMDC audited financial statements for the year ending July 31, 2020 be approved as presented.
- That the SMDC Budget for 2020/2021 be approved as presented.
- That SMDC appoint Lingard + Dreger as auditor for the year ending July 31, 2021.
- To adjourn the January 11, 2021 Annual Business Meeting.



# Annual Business Meeting Minutes

## Hall A, Prairieland Park, Saskatoon, SK January 16, 2020

Meeting called to order at 12:48 p.m. by Chair Marleau.

Marleau provided opening remarks and introduced Agriculture Council of Saskatchewan representatives.

### 1. Approval of the Agenda

**MOTION #1:** That the agenda of the January 16, 2020 Annual Business Meeting be approved as presented.  
Garrett Brown/Ivan Costley/Carried

### 2. Approval of Minutes of the January 17, 2019 Annual Business Meeting

**MOTION #2:** That the minutes of the January 17, 2019 Annual Business Meeting be approved as presented.  
Trent Dewar/Garrett Brown/Carried

### 3. Financial Review

**MOTION #3:** That Dean Haack be appointed as Audit Chair.  
Derek Dewar/Jack Myles/Carried

Max Lingard with Twigg & Company reviewed the Audited Financial Statements for the year ending July 31, 2019.

**MOTION #4:** That the SMDC audited financial statements for the year ending July 31, 2019 be approved as presented.  
Baine Fritzler/Garry Johnson/Carried

### 4. Approval of the Budget

Mitzel reviewed the 2020-2021 budget.

**MOTION #5:** To approve the SMDC budget for 2020-2021 as presented.  
Dean Haack/Jack Myles/Carried

**MOTION #6:** That SMDC appoint Twigg & Company as auditor for the year ending July 31, 2020.  
Dean Haack/Ivan Costley/Carried

### 5. State of the Industry

Marleau highlighted elements from the Message from the Chair and the Management Report that were included in the 2020 Annual Report.



Gratitude was expressed to Kevin Hursh, Pete Desai, Dorothy Murrell, previous board members, researchers within Agriculture Canada, Mustard21, and agricultural businesses for their service to the mustard industry.

**MOTION #7:** To approve the State of the Industry Report as presented.

Derek Dewar/Ivan Costley/Carried

## 6. Resolutions

Markus Caswell proposed the following resolution:

Whereas the SMDC relies upon the services of Rick Mitzel and Adele Buettner for its operation and

Whereas the services provided by Rick Mitzel and Adele Buettner are top-notch;

**Be it resolved that** the SMDC board and growers show their appreciation to Rick Mitzel and Adele Buettner for their time and talents.

Ivan Costley proposed the following resolution:

Whereas farmers currently possess the right to save seed; Whereas Agriculture Canada has had a long-standing commitment to plant research and varietal development;

Whereas the Government of Canada is proposing to off-load varietal research onto the private sector;

Whereas this off-loading would increase costs to farmers by way of implementation of trailing or endpoint royalties;

Whereas this initiative denies producers' right to save seed at a considerable cost to the producer and

Whereas this initiative creates a profit centre for private plant breeding companies with no commitment to plant research;

**Therefore, be it resolved that** the Saskatchewan Mustard Development Commission take a firm stand of opposing end point

and/or trailing royalties beyond the farm gate.

**And be it further resolved that** the Saskatchewan Mustard Development Commission along with concerned farm organizations present a common front opposing this Government of Canada (Agriculture Canada) initiative.

Ivan Costley/Garrett Brown/Carried

Eight producers voted in favour of the resolution and one voted in opposition. Baine Fritzler requested that his opposition be noted.

## 7. New Business

No new business.

## 8. Adjournment

**MOTION #8:** To adjourn the SMDC January 16, 2020 Annual Business Meeting.

Dean Haack



**SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION**

**Financial Statements**

**For the Year Ended July 31, 2020**



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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The financial statements of Saskatchewan Mustard Development Commission have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Saskatchewan Mustard Development Commission's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the board of directors' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the board of directors, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the board of directors by Lingard + Dreger LLP, in accordance with Canadian accounting standards for not-for-profit organizations.



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Management



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Management

December 15, 2020






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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of Saskatchewan Mustard Development Commission

### Opinion

We have audited the financial statements of Saskatchewan Mustard Development Commission (the Commission), which comprise the statement of financial position as at July 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditor's Report to the Board of Directors of Saskatchewan Mustard Development Commission *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission 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.

*Lingard + Dreger*

Chartered Professional Accountants

Saskatoon, Saskatchewan  
December 15, 2020




SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION  
Statement of Financial Position  
July 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 139,330	\$ 136,848
Short-term investments (Note 3)	359,680	246,493
Short-term internally restricted investments (Note 3)	148,114	-
Accounts receivable (Note 4)	48,685	55,533
Prepaid expenses	668	100,712
	696,477	539,586
<b>LONG-TERM INVESTMENTS (Note 3)</b>	<b>64,296</b>	<b>219,405</b>
<b>INTERNALLY RESTRICTED INVESTMENTS (Note 3)</b>	<b>296,489</b>	<b>434,171</b>
	<b>\$ 1,057,262</b>	<b>\$ 1,193,162</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 15,043	\$ 22,237
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	<b>597,616</b>	<b>736,754</b>
<b>INTERNALLY RESTRICTED</b>	<b>444,603</b>	<b>434,171</b>
	<b>1,042,219</b>	<b>1,170,925</b>
	<b>\$ 1,057,262</b>	<b>\$ 1,193,162</b>

COMMITMENTS (Notes 9, 10)

ON BEHALF OF THE BOARD

 Director  
 Director

See notes to the financial statements



**SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION**  
**Statement of Operations**  
**For the Year Ended July 31, 2020**

	Budget (Note 7) 2020	2020	2019
<b>REVENUE</b>			
Producer check-offs (Note 8)			
Fees	\$ 380,000	\$ 328,658	\$ 389,301
Refunds	(13,000)	(4,632)	(8,739)
Net	367,000	324,026	380,562
Interest	14,000	18,992	18,724
Agriculture Marketing Program (AMP) funding	43,872	35,116	39,791
ADOPT program	20,000	8,800	36,880
Miscellaneous	1,000	27	19
	445,872	386,961	475,976
<b>EXPENSES</b>			
Market development	90,000	71,733	84,867
Administration contracts (Note 10)	96,000	86,984	92,583
Research contributions Mustard 21 Canada Inc. (Note 9)	200,000	217,000	200,000
Board of directors	29,000	21,803	31,031
Communications	20,000	20,881	36,099
General and administration	39,300	43,861	47,034
Annual meeting	10,000	9,405	9,733
Election	7,000	-	5,551
ADOPT expenses	20,000	44,000	-
	511,300	515,667	506,898
<b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR</b>	\$ (65,428)	\$ (128,706)	\$ (30,922)

See notes to the financial statements

Statement of Changes in Net Assets  
For the Year Ended July 31, 2020

	Unrestricted	Internally restricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 736,754	\$ 434,171	\$ 1,170,925	\$ 1,201,847
Deficiency of revenue over expenses	(139,138)	10,432	(128,706)	(30,922)
NET ASSETS - END OF YEAR	\$ 597,616	\$ 444,603	\$ 1,042,219	\$ 1,170,925

See notes to the financial statements



**SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION**

**Statement of Cash Flows**

**For the Year Ended July 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses for the year	\$ (128,706)	\$ (30,922)
Changes in non-cash working capital:		
Accounts receivable	6,848	(12,680)
Accounts payable and accrued liabilities	(7,194)	3,279
Prepaid expenses	100,044	(47,423)
Loan to Mustard 21 Canada Inc.	-	60,000
	99,698	3,176
Cash flow used by operating activities	(29,008)	(27,746)
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of investments	408,147	805,771
Purchase of investments	(361,633)	(789,184)
Reinvested interest	(15,024)	(14,287)
Cash flow from investing activities	31,490	2,300
<b>INCREASE (DECREASE) IN CASH FLOW</b>	2,482	(25,446)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	136,848	162,294
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 139,330	\$ 136,848
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash	\$ 139,330	\$ 136,848

See notes to the financial statements

**SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION**  
**Notes to the Financial Statements**  
**For the Year Ended July 31, 2020**

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**1. AUTHORITY**

The Saskatchewan Mustard Development Commission ("the Commission") was established on October 3, 2003, pursuant to The Saskatchewan Mustard Development Plan Regulations ("Regulations"), under the authority of The Agri-Food Act, 2004. The purpose of the Commission is to assist in growing the mustard industry through research, communications and market development programs. The activities of the Commission are funded primarily by a check-off fee charged on mustard sales from mustard production in Saskatchewan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies.

**Cash and cash equivalents**

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

**Revenue recognition**

Producer check-off fees are recognized upon receipt of the Buyer's report. Refunds are recognized when refund applications are received from producers and the requested refund has been agreed to check-off fee records.

The Commission 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.

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

**Research and development projects**

Expenses are recognized when projects are approved and the recipient has met eligibility criteria. Funds advanced to recipients prior to eligibility criteria being met are recorded as advances. The Commission receives reimbursement from Agriculture and Agri-Food Canada for eligible costs incurred for certain projects.

**Income taxes**

The Commission qualifies as a tax exempt organization under section 149 of the *Income Tax Act*.

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* 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 date of the financial statements and reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates include, but are not limited to, the valuation of deferred contributions, and accruals for certain revenues and expenses.

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**SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION**  
**Notes to the Financial Statements**  
**For the Year Ended July 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Administration contract expense**

Administration contract expense is a fee charged by the Agriculture Council of Saskatchewan Inc. ("ACS"), to the Commission for administering the check-off fee program. The fee includes a charge for time spent by ACS staff and a share of ACS's overhead costs. The expense is recognized as the service is received.

**Financial instruments**

The Commission initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets subsequently measured at amortized cost include cash, and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. The fair value of the cash, accounts receivable, and accounts payable and accrued liabilities approximates their carrying value due to their short-term nature.

**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.

**Internally generated intangible assets**

The development costs related to internally generated intangible assets are expensed as incurred.

**3. INVESTMENTS**

		2020		2019
	Maturity	Market Value	Yield	
<b>Unrestricted</b>				
Mutual funds		\$ 50,020		\$ -
Term deposits	<one year	309,660	1.10% - 2.25%	246,493
		359,680		246,493
Term deposits	1-2 years	64,296	2.15%	219,405
		\$ 423,976		\$ 465,898
<b>Internally restricted</b>				
Term deposits	>one year	\$ 148,114	2.35%	\$ -
		148,114		-
Term deposits	2-3 years	296,489	2.40% - 2.45%	434,171
		\$ 444,603		\$ 434,171

**SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION**  
**Notes to the Financial Statements**  
**For the Year Ended July 31, 2020**

**4. ACCOUNTS RECEIVABLE**

	2020	2019
Levies receivable	\$ 42,577	\$ 40,999
Grants receivable	1,568	14,534
Other receivables	4,540	-
	<b>\$ 48,685</b>	<b>\$ 55,533</b>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2020	2019
Trade payables	\$ 5,187	\$ 13,781
Levy refunds payable	3,584	2,684
Accrued liabilities	6,272	5,772
	<b>\$ 15,043</b>	<b>\$ 22,237</b>

**6. INTERNALLY RESTRICTED NET ASSETS**

The Commission has internally restricted net assets for completion of certain projects and to refund the check-off fees to producers in the event of disestablishment of the Commission. Management requires the Board of Directors approval to use the money from these restricted assets.

**7. BUDGET**

The Board approved the modified 2019/2020 fiscal year budget at the meeting on January 16, 2019. The budget figures included in the accompanying financial statements are unaudited.

**8. PRODUCER CHECK-OFF FEES**

Under the Regulations, each buyer of mustard is required to remit to the Commission a check-off fee of 0.5% of the gross value of mustard marketed upon final settlement to producers. Producers can request a refund of check-off fees paid from August 1 to January 31 by submitting a refund application by February 28. Producers can request a refund of check-off paid from February 1 to July 31 by submitting a refund application by August 31.

**9. RESEARCH CONTRIBUTIONS AND RELATED PARTY TRANSACTIONS WITH MUSTARD 21 CANADA INC.**

On May 28, 2009 Mustard 21 Canada Inc., a related party, was incorporated to continue the research activities that began as the Mustard 21 Project which was administered by Saskatchewan Mustard Development Commission.

On December 6, 2017 the Commission committed to contribute \$200,000 annually to Canadian Agricultural Partnership Program administered by Mustard 21 Canada Inc. In the current year, an additional \$17,000 of research contributions was approved and paid to Mustard 21.



**SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION****Notes to the Financial Statements****For the Year Ended July 31, 2020**

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**10. ADMINISTRATION CONTRACTS**

The Agriculture Council of Saskatchewan Inc. charged the Commission \$9,091 (2019 - \$9,528) for administering the check-off fee program and the business activities of the Commission of which \$1,630 (2019 - \$859) is included in accounts payable. During the year the Commission entered into a contract with ACS for administering the check-off fee program and the business activities of the commission. The Commission agreed to pay a minimum of \$9,899 for levy collection activities for the period August 1, 2019 to July 31, 2020.

The Commission entered into a contract with AgriBiz Communications Corp. for management services and rent. The contract began on September 1, 2019 and will continue for twenty-four months with the option to renew by any or all parties.

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**11. FINANCIAL INSTRUMENTS**

The Commission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Commission's risk exposure and concentration as of July 31, 2020.

**Credit risk**

The Commission is exposed to credit risk from potential non-payment of accounts receivable. Most of the accounts receivable were collected after year-end.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Commission manages exposure through its normal operating and financing activities. The Commission is exposed to interest rate on its fixed income investments.

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# Payee List 2019-2020

**Personal Services (Threshold \$2,500)**

**Honorariums**

Costley, I.	1,840
Dewar, D.	4,910
Haack, D.	3,200
Myles, J	2,100
Marleau, R.	1,450
Fritzler, B	800

**Reimbursement for Expenses**

Costley, I.	216
Dewar, D.	3,479
Haack, D	1,987
Myles, J	866
Marleau, R.	623
Fritzler, B	333

**Total Personal Services 21,804**

**Research and Development (Threshold \$5,000)**

Mustard 21 Canada Inc.	217,000
Wheatland Conservation Area Inc	44,000
Misc. expenses under \$5000	1,500
	<b>262,500</b>

**Extension (Threshold \$5,000)**

AgriBiz Communications Corp	111,910
BlueSky Ideas	27,030
Saskatoon Fastprint	7,668
Prairieland Park	5,237
Misc. payments under \$20,000	26,394
	<b>178,239</b>

**Supplier Payments (Threshold \$20,000)**

Hursh Consulting & Communications	6,930
Survivor AgVentures	21,875
Misc. payments under \$20,000	13,588
	<b>42,393</b>

**Other Payments (Threshold \$20,000)**

Refunds	-	4,632
Misc. payments under \$20,000		9,091
		<b>4,459</b>

**509,395**



# Budget 2020-2021

## REVENUE

AMP FUNDING	2,500.00
PROJECT INCOME - OTHER	
CHECK OFF INCOME	340,000.00
COOKBOOK SALES	
ADOPT PROJECTS	44,000.00
INVESTMENT/INTEREST INCOME	8,000.00
MISCELLANEOUS INCOME	1,000.00
REFUNDS	- 12,000.00

<b>TOTAL REVENUE</b>	<b>383,500.00</b>
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## EXPENSES

ADOPT PROJECTS	44,000.00
RESEARCH PROJECTS	
	<b>44,000.00</b>

## Market Development

CULINARY/MARKETING PROJECTS (INCLUDES AMP)	5,000.00
MARKET DEVELOPMENT	20,000.00
	<b>25,000.00</b>

## Research

MUSTARD 21	200,000.00
	<b>200,000.00</b>

## Industry Communications

ANNUAL MEETING	10,000.00
MEETINGS, SHOWS, FIELD DAYS	3,000.00
NEWSLETTER	8,000.00
SPONSORSHIPS	1,750.00
WEBSITE	3,000.00
	<b>25,750.00</b>

## Director Per Diem and Expenses

DIRECTOR EXPENSES	8,000.00
DIRECTOR PER DIEM	12,000.00
	<b>20,000.00</b>

## Administration

AUDIT AND ACCOUNTING FEES	5,500.00
BANK SERVICE CHARGES	750.00
BOARD MEETING EXPENSE	500.00
ELECTION	7,000.00
INSURANCE	1,250.00
LEGAL FEES	2,000.00
MEMBERSHIPS/SUBSCRIPTIONS	-
MISCELLANEOUS EXPENSES	200.00
OFFICE EXPENSE	5,000.00
RENT	7,500.00
SERVICE CONTRACT - BOOKKEEPING	13,500.00
SERVICE CONTRACT - LEVY CENTRAL	10,000.00
SERVICE CONTRACT - MANAGEMENT	79,000.00
STAFF TRAVEL	2,000.00
	<b>134,200.00</b>

<b>Total Expenses</b>	<b>448,950.00</b>
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<b>Net earnings (loss) for period</b>	<b>- 65,450.00</b>
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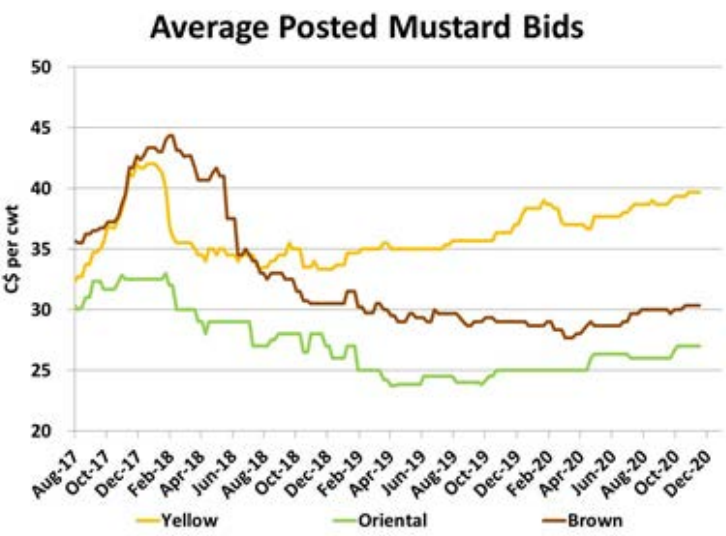
# Mustard Market Report

## Chuck Penner, LeftField Commodity Research

Prices for most crops tend to strengthen seasonally after harvest but so far in 2020/21, performance for a number of grains, oilseeds and special crops has been even better than usual, including some hitting multiyear highs. In this type of environment, mustard has been getting less attention but bids have been quietly working their way higher. While it hasn't exactly been a screaming rally, prices for all three classes are now their highest in quite a few months, with the strongest performance in yellow mustard.

Based on official crop estimates, mustard prices should be doing even better but there are a few other things going on. First of all, it seems that StatsCan's estimate of seeded acres is far too low. Our best guess at this point is a 2020 mustard crop of 124,000 tonnes, 10,000 less than last year. This is based on StatsCan's last yield estimate of 911 lb/acre, which also lines up with the Sask Ag crop report at 923 lb/acre. In its December production estimates, StatsCan should provide more clarity to the Outlook.

This crop forecast would mean Canadian mustard supplies in 2020/21 would drop below 200,000 tonnes for the first time since 2008/09.



On the surface, that should be even friendlier for prices than a gradual trend higher, but things have changed over the past few years.

In the past, when Canada dominated the global mustard market, supply levels here would dictate prices in key markets like the US and Europe. While Canadian mustard still has a sizable influence, exports from the Black Sea region, and

in particular Russia, have taken on a larger role. Canada typically exports an average of 9,000-11,000 tonnes of mustard per month and in the last couple of years, Black Sea exports have been outdoing Canadian exports. Canada still has the US as its major buyer but Black Sea mustard is increasing its share of the European market, as well as shipping to buyers in Asia.



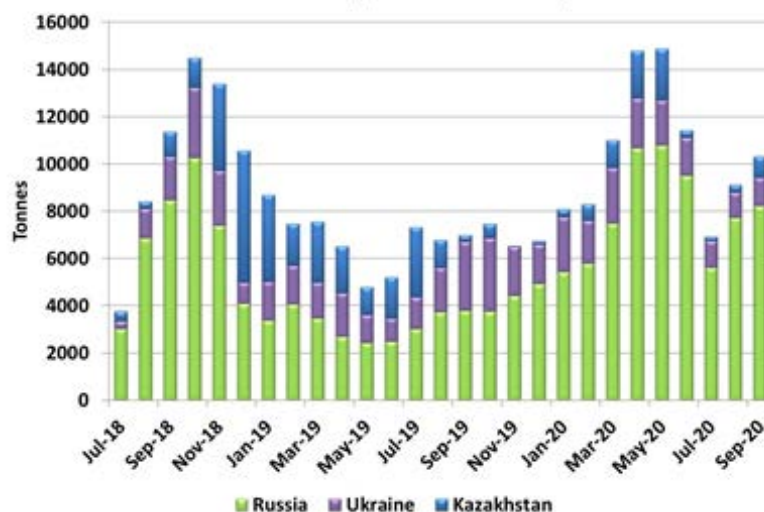


Russia ramped up its production of mustard in 2018 and even more in 2019, but reports are suggesting a decline in 2020 production. Even so, the Russian crop certainly hasn't dropped back to the levels seen three or more years ago. Competition from Russia may not be quite as heavy as it was in 2019/20 but won't fade away either.

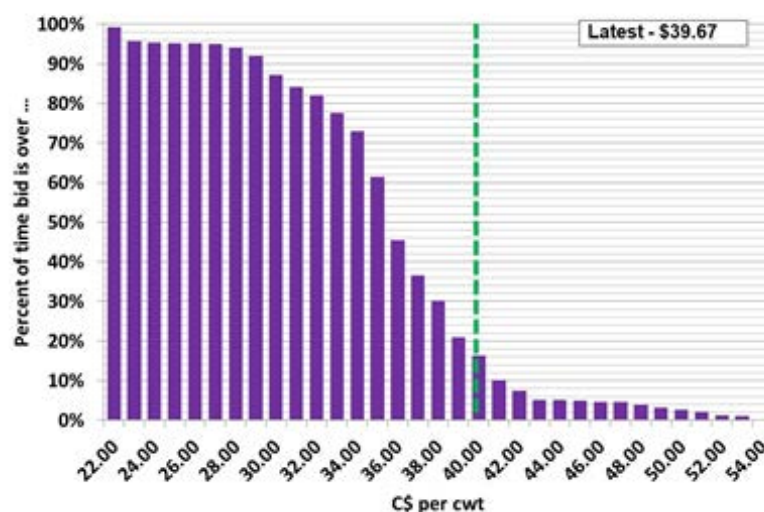
Canadian exports should be able to benefit from less Russian competition, and that will help draw down 2020/21 ending stocks, especially if the Canadian crop is indeed smaller. Even with a fairly subdued export program this year, Canadian stocks could drop below 40,000 tonnes for the first time since 2015/16 and that should provide some price support.

It's worth noting too that even though mustard bids haven't looked as positive as some other crops, bids aren't exactly horrible either. At least that's the case for yellow mustard, while brown and oriental still have some work to do. Over the last 10 years, yellow mustard bids have been over 40 cents per pound only 16% of the time. Even though yellow mustard bids still aren't at the old highs, current levels are fairly favourable.

### Selected Mthly Mustard Exports



### Yellow Mustard Price Distribution








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