

ANNUAL REPORT

2021-2022



SASK MUSTARD

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

Annual General Meeting

Thursday, January 12, 2023

World Trade Centre, Hall E | Saskatoon, SK

MANDATE

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

VISION

Investing in the future for mustard grower profitability.

MISSION

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

2021-2022 BOARD & STAFF

Derek Dewar

Chair
Hazlet SK

Moriah Andrews

Vice-Chair
Hazlet, SK

Dean Haack

Treasurer
Gravelbourg SK

Baine Fritzler

Govan, SK

Norm Hall

Wynyard, SK

Bill Wilson

Kincaid, SK

Executive Director

Rick Mitzel
Saskatoon, SK
306-914-5164
rick@saskmustard.com

Sask Mustard Office
TLC Management Group
Tanya Craddock, Office Manager
Box 37026 North Park PO
Saskatoon, SK S7K 8J2
T: 306-975-6629
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



It is refreshing to once again come together as we cautiously emerge from the social constraints of the Covid pandemic. The Annual Meetings for the past two years have been conducted with the miracle of zoom communication. Holding this year's annual meeting with a combination of meeting in person, as well as by zoom, called a "hybrid", will be another new experience. We hope that this event will provide you with helpful information.

As the moisture challenges of the past two years have brought about a supply issue; a corresponding price increase has provided producers with some balance to production costs. With conditions for the coming

2023 months yet unknown, we can hope this winters snow fall will be an indication of improved precipitation throughout the coming summer.

To briefly recap some of the highlights of Sask. Mustard in 2022: Mustard price increases have contributed significantly to a positive level of checkoff funding. The commission has been working hard to direct funding in the best interests of mustard producers.

Checkoff dollars cover only a part of research costs. A major portion are sourced through Ag. Canada's Canada Agriculture Partnership (CAP) program. Our staff and research team have been in close contact with personal associated with the new CAP program. Scheduled to commence in April 2023. CAP has now become the Sustainable Canadian Agricultural Partnership (SCAP) program.

Sask. Mustard has completed the current 3 year fertilizer and seeding rate demonstrations. This program is under revision for 2023. We thank Cory Jacob, Provincial Specialist in Oilseeds for his assistance in designing the new project.

Maintaining a full 6-member board is a challenge, as mustard is one of the minor crops with fewer producers with time available to contribute. With that, I welcome our second female member, Kirsten Theacker from Milden, to the board of directors.

Having achieved the allowable 3, back- to- back 3-year terms, my role with Sask. Mustard is ending. The dedicated board, the energetic staff and research people, also ground work laid by many predecessors and others associated with the value chain gives me confidence that progress will continue. Sincerely, it has been a pleasure working with everyone whom I have met over the past 9 years. Thankyou.

Especially, I thank my wife Phyllis for her indispensable support and computer assistance; including all family members who helped me find the time to make a modest contribution to the mustard industry.

All the best in 2023,

A handwritten signature in black ink that reads 'Derek Dewar'.

Derek Dewar



AGM AGENDA

THURSDAY, JANUARY 12, 2023

World Trade Centre, Hall E | Saskatoon, SK

8:50 a.m.

8:30 a.m.	Registration
8:50 a.m.	Chairman's Address
9:00 a.m.	Production of high-quality torrefied coal-like biofuel pellets via co-pelletization of agricultural and forest residues Dr. Ajay Dalai, The university of Saskatchewan
9:30 a.m.	Results of the seeding rate and nitrogen rate work in AAC Brown 18 Cory Jacobs, Saskatchewan Ministry of Agriculture
10:00 a.m.	New mustard varieties with improved yields Dr. Bifang Cheng, Mustard Breeder, AAFC
10:30 a.m.	Break
11:00 a.m.	Mustard research projects for 2023 and beyond and updated on seed varieties Rick Mitzel, Mustard 21 Canada Inc.
12:00 p.m.	Lunch
1:00 p.m.	Annual Business Meeting
1:45 p.m.	Mustard Market Outlook Chuck Penner, Leftfield Commodities *could be earlier or later depending on the length of the annual business meeting

ANNUAL BUSINESS MEETING AGENDA

THURSDAY, JANUARY 12, 2023

World Trade Centre, Hall E | Saskatoon, SK

1:00 p.m.

Call to order and Opening Remarks

Approval of the Agenda

Approval of the Minutes

Financial Review

Max Lingard, Lingard + Dreger

Approval of the Budget

Annual Report 2021-2022 and Proposed Activities 2022-2023

Resolutions

New Business

Adjourn Meeting



ANNUAL BUSINESS MEETING

MOTIONS TO PRESENTED

- That the Agenda be approved as presented.
- That the minutes of the January 13, 2022 meeting be approved as presented.
- To appoint an Audit Chair.
- That the SMDC audited financial statements for the year ending July 31, 2022 be approved as presented.
- That the SMDC Budget for 2022/2023 be approved as presented.
- That SMDC appoint Lingard + Dreger as auditor for the year ending July 31, 2023.
- To adjourn the January 12, 2023 Annual Business Meeting.





Annual Business Meeting Minutes January 13, 2022

Chair Derek Dewar called the meeting to order at 9:02 a.m.

Chair Dewar provided opening remarks, directions for voting for registered producers and introduced the board and staff.

1. Approval of the Agenda

MOTION #1: That the 2022 Sask Mustard Annual Business Meeting agenda be approved as presented.

Moriah Andrews/Dean Haack/Carried

2. Approval of Minutes of the January 11, 2021 Annual Business Meeting

MOTION #2: That the minutes of the January 11, 2021 annual meeting be approved as presented.

Baine Fritzler/Garrett Brown/Carried

3. Financial Review

MOTION #3: To appoint Dean Haack as Audit Chair.

Ivan Costley/Markus Caswell/Carried

Max Lingard with Lingard + Dreger reviewed the Audited Financial Statements for the year ending July 31, 2021.

MOTION # 4: That the SMDC audited financial statements for the year ending July 31, 2021 be approved as presented.

Dean Haack/Bain Fritzler/Carried

4. Approval of the Budget

Mitzel reviewed the 2020-2021 budget and advised that Sask Mustard is in a good financial position.

MOTION #5: That the SMDC budget for the 2020-2021 fiscal year be approved as presented.

Jack Myles/Ivan Costley/Carried

MOTION #6: That SMDC appoint Lingard + Dreger as auditor for the year ending July 31, 2021.

Baine Fritzler/Markus Caswell/Carried

5. Annual Report and Proposed Activities

Rick Mitzel gave an overview of the Mustard 21 research projects and mustard new uses and thanked the organizations who have provided financial support for the research projects.

6. Resolutions

No resolutions were received.

7. New Business

No new business was identified.

8. Adjournment

MOTION #8: To adjourn the SMDC January 13, 2022 Annual Business Meeting.

Bill Wilson

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

Financial Statements

For the Year Ended July 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 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 directors, the engagement or re-appointment of the external auditors.

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



Management



Management

December 19, 2022

INDEPENDENT AUDITOR'S REPORT

To the Directors of Saskatchewan Mustard Development Commission

Qualified 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, 2022, 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, 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 the Commission as at July 31, 2022, 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 Qualified Opinion

The Commission collects a levy from Saskatchewan producers through buyers of mustard, the completeness of which is not susceptible to satisfactory audit verification. It was not practical for us to verify whether all buyers of mustard produced in Saskatchewan have collected and remitted the required levy to the Commission. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Commission. 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 the year ended July 31, 2022, current assets as at July 31, 2022 and July 31, 2021, and net assets at both the beginning and end of the July 31, 2022 and July 31, 2021 years.

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 qualified audit 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.

(continues)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Saskatoon, Saskatchewan
December 19, 2022

Lingard + Dreger

Chartered Professional Accountants



SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION
Statement of Financial Position
As at July 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 345,427	\$ 109,564
Short-term investments (Note 3)	432,506	320,653
Short-term internally restricted investments (Note 3)	307,540	151,754
Accounts receivable (Note 4)	93,837	47,173
Prepaid expenses	815	815
	1,180,125	629,959
LONG-TERM INVESTMENTS (Note 3)	-	108,258
INTERNALLY RESTRICTED INVESTMENTS (Note 3)	155,544	302,602
	\$ 1,335,669	\$ 1,040,819
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 46,671	\$ 20,277
NET ASSETS		
UNRESTRICTED	825,914	566,186
INTERNALLY RESTRICTED (Note 6)	463,084	454,356
	1,288,998	1,020,542
	\$ 1,335,669	\$ 1,040,819

COMMITMENTS (Notes 8, 9)

APPROVED 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, 2022

	Budget (Note 11) 2022	2022	2021
REVENUE			
Producer check-offs (Note 7)			
Fees	\$ 325,000	\$ 575,381	\$ 321,928
Refunds	(12,000)	(18,017)	(7,377)
	313,000	557,364	314,551
Interest	6,000	12,826	14,896
Agriculture Marketing Program (AMP) funding	-	-	5,249
	319,000	570,190	334,696
EXPENSES			
Research contributions Mustard 21 Canada Inc. (Note 8)	200,000	150,000	200,000
Administration contracts (Note 9)	72,000	69,707	77,903
Communications	14,000	31,567	27,709
General and administration	27,150	27,072	28,559
Board of directors	25,000	18,192	9,759
Market development	-	3,506	10,639
Annual meeting	10,000	855	1,634
Election	7,000	835	170
	355,150	301,734	356,373
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (36,150)	\$ 268,456	\$ (21,677)

See notes to the financial statements

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION
Statement of Changes in Net Assets
For the Year Ended July 31, 2022

	Unrestricted	Internally restricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 566,186	\$ 454,356	\$ 1,020,542	\$ 1,042,219
Excess of revenue over expenses	268,456	-	268,456	(21,677)
Transfers <i>(Note 6)</i>	(8,728)	8,728	-	-
NET ASSETS - END OF YEAR	\$ 825,914	\$ 463,084	\$ 1,288,998	\$ 1,020,542

See notes to the financial statements

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION
Statement of Cash Flows
For the Year Ended July 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 268,456	\$ (21,677)
Changes in non-cash working capital:		
Accounts receivable	(46,664)	1,512
Accounts payable and accrued liabilities	26,394	5,236
Prepaid expenses	-	(147)
	(20,270)	6,601
Cash flow from (used by) operating activities	248,186	(15,076)
INVESTING ACTIVITIES		
Proceeds on disposal of investments	544,844	118,088
Purchase of investments	(544,980)	(118,000)
Reinvested interest	(12,187)	(14,778)
Cash flow used by investing activities	(12,323)	(14,690)
INCREASE (DECREASE) IN CASH FLOW	235,863	(29,766)
CASH - BEGINNING OF YEAR	109,564	139,330
CASH - END OF YEAR	\$ 345,427	\$ 109,564
CASH CONSISTS OF:		
Cash	\$ 345,427	\$ 109,564

See notes to the financial statements

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION
Notes to Financial Statements
For the Year Ended July 31, 2022

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.

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 revenue is recognized as earned on a time proportion basis.

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*.

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SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION
Notes to Financial Statements
For the Year Ended July 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION
Notes to Financial Statements
For the Year Ended July 31, 2022

3. INVESTMENTS

	Maturity	2022	Yield	2021
Unrestricted				
Mutual funds		\$ 117,223		\$ 50,149
Term deposits	<one year	315,283	0.83% - 1.35%	270,504
		432,506		320,653
Term deposits	-	-	-	108,258
		\$ 432,506		\$ 428,911
Internally restricted				
Term deposits	<one year	\$ 307,540	0.55% - 2.45%	\$ 151,754
		307,540		151,754
Term deposits	>one year	155,544	2.90%	302,602
		\$ 463,084		\$ 454,356

4. ACCOUNTS RECEIVABLE

	2022	2021
Levies receivable	\$ 93,837	\$ 47,173

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables	\$ 20,330	\$ 12,406
Levy refunds payable	18,849	1,599
Accrued liabilities	7,492	6,272
	\$ 46,671	\$ 20,277

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. The Commission increased the internally restricted net assets by \$8,728 (2021 - \$9,753) as a result of interest earned on the internally restricted investments.

7. 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.

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

Notes to Financial Statements

For the Year Ended July 31, 2022

8. 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 a maximum \$200,000 annually to the Canadian Agricultural Partnership Program administered by Mustard 21 Canada Inc.

9. ADMINISTRATION CONTRACTS

The Agriculture Council of Saskatchewan Inc. charged the Commission \$8,602 (2021 - \$7,994) for administering the check-off fee program and the business activities of the Commission of which \$850 (2021 - \$1,408) 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 \$7,001 for levy collection activities for the period August 1, 2022 to July 31, 2023.

The Commission entered into a contract with TLC Management Group for management services. The contract began on November 1, 2020 and will continue for twenty-four months with the option to renew by any or all parties.

The Commission also entered into a contract with Denise Winslow for bookkeeping services. The contract began on November 1, 2020 and will continue for twenty-four months with the option to renew by any or all parties.

10. 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, 2022.

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. As at July 31, 2022 the largest three customers accounted for 80.87% (2021 - 73.41%) of accounts receivable.

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.

11. BUDGET

The Board approved the 2021/2022 fiscal year budget at the meeting on September 22, 2021. The budget figures included in the accompanying financial statements are unaudited.



Max Lingard
B. Comm., MPAcc., CPA, CA
max.l@lingarddreger.ca

Brenden Dreger
CPA
brenden.d@lingarddreger.ca

Larry Safinuk
B. Comm., CPA, CA
larry.s@lingarddreger.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Saskatchewan Mustard Development Commission

We have audited Saskatchewan Mustard Development Commission's ("the Commission") control as of July 31, 2022, to express an opinion as to the effectiveness of its control related to the following objectives:

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

Management's Responsibility

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

Auditors' Responsibility

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

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

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

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INDEPENDENT AUDITORS' REPORT

Max Lingard
B. Comm., MPAcc., CPA, CA
max.l@lingarddreger.ca

Brenden Dreger
CPA
brenden.d@lingarddreger.ca

Larry Safinuk
B. Comm., CPA, CA
larry.s@lingarddreger.ca

To the Board of Directors of Saskatchewan Mustard Development Commission

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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 the Commission'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, the Commission's control was effective, in all material respects, to meet the objectives stated above as of July 31, 2022 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 the Commission, which comprise the statement of financial position as at July 31, 2022, 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 date December 19, 2022 which is the same date as the date of the report on the effectiveness of internal controls.

Lingard + Dreger

Saskatoon, Saskatchewan
December 19, 2022

Chartered Professional Accountants





Max Lingard
B. Comm., MPAcc., CPA, CA
max.l@lingarddreger.ca

Brenden Dreger
CPA
brenden.d@lingarddreger.ca

Larry Safinuk
B. Comm., CPA, CA
larry.s@lingarddreger.ca

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Board of Directors of Saskatchewan Mustard Development Commission

We have undertaken a reasonable assurance engagement of Saskatchewan Mustard Development Commission's compliance during the period August 1, 2021 to July 31, 2022, 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 Saskatchewan Mustard Development Plan Regulations
- Commission Orders No. 07/14 to 12/14

Management's Responsibility

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

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on Saskatchewan Mustard Development Commission'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.

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Max Lingard
B. Comm., MPAcc., CPA, CA
max.l@lingarddreger.ca

Brenden Dreger
CPA
brenden.d@lingarddreger.ca

Larry Safinuk
B. Comm., CPA, CA
larry.s@lingarddreger.ca

**INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON
COMPLIANCE**

To the Board of Directors of Saskatchewan Mustard Development Commission

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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 behavior.

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.

Qualified Conclusion

Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, Saskatchewan Mustard Development Commission has complied with the specified requirements established in the Agreements during the period of August 1, 2021 to July 31, 2022, in all significant respects. We do not provide a legal opinion on Saskatchewan Mustard Development Commission's compliance with the specified requirements.

Basis for Qualified Conclusion

In accordance with *The Saskatchewan Mustard Development Plan Regulations* refunds of levies paid between August 1st and January 31st are to be refunded to the producer no later than April 30th subject to the Commission receiving and verifying a written request from a producer.

During the performance of our procedures, we encountered two written and verified requests from producers of levies paid between August 1 and January 31 that were not refunded to the producers prior to April 30th in accordance with *The Saskatchewan Mustard Development Plan Regulations*. These refund requests were paid to the producers prior to October 31st.

Saskatoon, Saskatchewan
December 19, 2022

Lingard + Dreger

Chartered Professional Accountants



Proposed Budget 2022-2023

Revenue

AMP FUNDING	\$16,500
ADOPT PROJECTS	\$40,000
CHECK OFF INCOME	\$480,000
LEVY RECEIVABLES YEAR END	
INVESTMENT/INTEREST INCOME	\$6,000
MISCELLANEOUS INCOME	
REFUNDS	-\$25,000
SPONSORSHIP INCOME	
Total Revenue	\$517,500

Expenses

Market Development

Market Development AMP	\$33,000
Market Development - Chuck Penner/Spoiled Mustard	\$50,000
Culinary Marketing	
Total Market Development	\$83,000

Research

Adopt	\$42,000
MUSTARD 21 CANADA INC. -CAPP	\$150,000
Total Research	\$192,000

Communications

ANNUAL MEETING	\$10,000
MEETINGS, SHOWS, FIELD DAYS	\$3,000
NEW INITIATIVES - COMMUNICATIONS	
NEWSLETTER	\$3,000
SPONSORSHIPS	\$2,000
WEBSITE	\$7,000
TOTAL COMMUNICATIONS	\$25,000

Director Per Diem and Expenses

DIRECTOR EXPENSES	\$10,000
DIRECTOR PER DIEM	\$25,000
Total Per Diem & Expenses - Board	\$35,000

Administration

AUDIT AND ACCOUNTING FEES	\$7,000
BANK SERVICE CHARGES	\$700
BOARD MEETING EXPENSE	\$500
ELECTION	\$7,000
INSURANCE	\$1,500
LEGAL FEES	\$2,000
MEMBERSHIPS/SUBSCRIPTIONS	\$2,000
TELEPHONE	\$700
OFFICE EXPENSE	\$5,500
RENT	
SERVICE CONTRACT - BOOKKEEPING	\$10,000
SERVICE CONTRACT - LEVY CENTRAL	\$10,000
SERVICE CONTRACT - MANAGEMENT	\$62,500
STAFF TRAVEL	\$750
Total Administration	\$110,150

Total Expenses \$445,150

Net earnings (loss) for period \$72,350

Payee List

August 1, 2021 - July 31, 2022

Personal Services (Threshold \$2,500)

Honorariums

Andrews, Moriah	\$2,000
Dewar, D.	\$6,050
Haack, D.	\$5,680
Fritzler, B	\$550
Hall, Norm	\$1,200
Wilson, Bill	\$1,600

Reimbursement for Expenses

Dewar, D.	\$108
Fritzler, B	\$282
Haack, D.	\$307
Hall, Norm	\$415

Total Personal Services \$18,192

Research and Development (Threshold \$5,000)

Mustard 21 Canada Inc.	\$150,000
Misc. expenses under \$5000	-

Total Research and Development \$150,000

Extension (Threshold \$5,000)

BlueSky Ideas	\$24,768
Mooseworld	\$5,500
Misc. expenses under \$5000	\$5,660

Total Extension \$35,928

Supplier Payments (Threshold \$20,000)

Survivor AgVentures	\$24,150
TLC Management	\$37,841
Misc. payments under \$20,000	\$25,819

Total Supplier Payments \$87,810

Other Payments (Threshold \$20,000)

Refunds	\$18,017
Ag. Council for Saskatchewan	\$8,601
Misc. payments under \$20,000	

Total Other Payments \$26,618

Total Payments \$318,548

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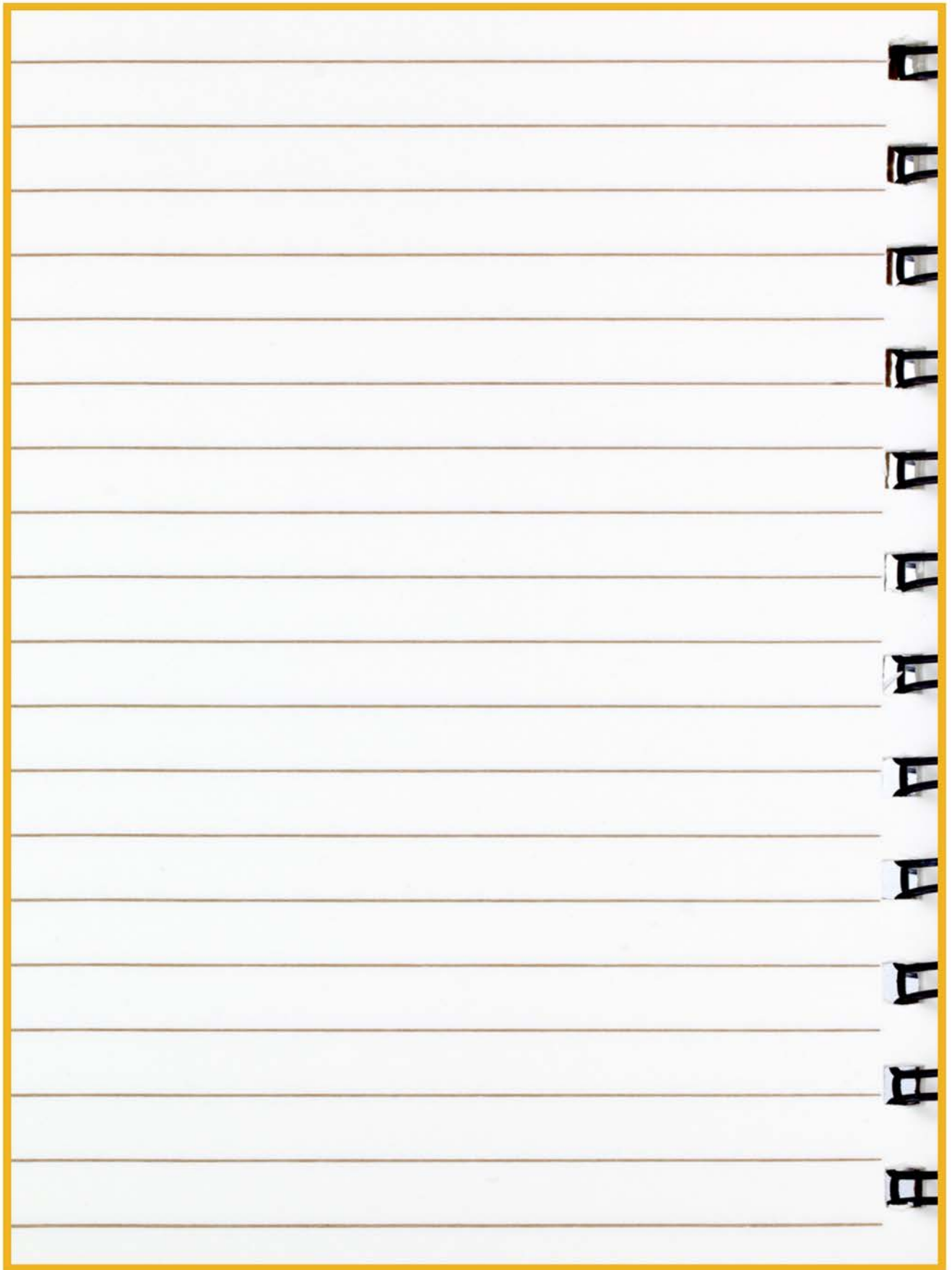
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SASK MUSTARD

SASKATCHEWAN MUSTARD DEVELOPMENT COMMISSION

Box 37026 North Park PO

Saskatoon, SK S7K 8J2

306-975-6629 | info@saskmustard.com

www.saskmustard.com | www.spreadthemustard.com