

2021-2022 Annual Report

Sask **mil**k





Our Vision

A healthy sustainable dairy industry

Our Mission

To lead and grow the dairy industry through innovation,
advocacy and quality

Board of Directors 2021-2022



Matthew Flaman
Chair
Box 40
Vibank, SK
S0G 4Y0



Gordon Ell
Vice Chair
Box 58
Kronau, SK
S0G 2T0



Blaine McLeod
2nd Vice Chair
Box 383
Caronport, SK
S0H 0S0



Albert Leyenhorst
Vice Chair
Box 327
Dalmeny, SK
S0K 1E0



Brian Lindenbach
(to Dec. 2021)
Box 192
Balgonie, SK
S0G 0E0



Jessica Lovich
Box 39
Balgonie, SK
S0G 0E0



Tom Mackenzie
R.R. #1
Zehner, SK
S0G 5K0



Jake Mitchell
(from Dec. 2021)
PO BOX 510
Delisle, SK
S0L 0P0



Anthony Nienhuis
Box 111 RR#4
Saskatoon, SK
S7K 3J7



Leonard Wipf
Box 130
Kenaston, SK
S0G 2N0

Staff

Peter Brown
General Manager

Jenn Buehler
Administrative Coordinator

Julie Ell
Communications
Coordinator

Tina Leverton
Manager, Field Services

Anita Medl
Marketing Manager

Doug Miller
Manager Finance & IT
Services

Chris Pinno
Manager, Quality &
Environment

Joy Smith
Manager, Policy &
Communications

Bev Solie
Quota Management
Officer

Darlene Weighill
Financial Officer

Chelsea Wilcoxon
Marketing Assistant

Chair Report

It is my pleasure to report to you the work our board has undertaken this past year.

Nationally

It has been identified that there is a need for more processing at various plant capacities in Canada. We are in the early stages of creating a national plan to address this. All provinces are aware of this need, therefore, we have full participation in the planning stage. Driven by consumers, the product mix is everchanging, so the processing needs must change with it. Therefore, the issue is being actively worked on as a national strategy.

Work continues with pricing models to identify the added cost for western dairy farmers beyond the farmgate. We also continue to work on pricing classes to make them more modern and easier to understand while trying to be more transparent with all groups involved.

Western Milk Pool

As producers are aware, a Western Milk Pool transformation is in full swing. We are in the process of formalizing the work that has been done at this level for years. The next step of implementation is where the real work begins and consultations with producers will help shape how it functions going forward. With markets evolving and the added threat of imports, it is imperative that as a western group we align resources to improve upon the work we do. The new look for the WMP will create the ability to better serve all producers in the west. This transformation will all be able to happen while we respect the provincial legislations and respect the fact that our quota is allocated by our respective provinces. The enhanced WMP has long term and forward-looking goals. As a board we are very comfortable and proud of the direction we are going in the WMP.

Here at home

As always work continues with local policy and regulations as part of our annual work plan. We continue to evolve our policies to serve our producers as a whole. We have a strategic plan in place that has well defined “Indicators of Success” to ensure we are on the right track moving forward! The board very much appreciates input from our members on the issues that affect us all.

It has been my pleasure to serve as Chair of the SaskMilk board of directors this past year. I would like to acknowledge the board for all their contributions this year. Vice Chair Gordon Ell, Second Vice Chair Blaine McLeod, Albert Leyenhorst, Jessica Lovich, Tom Mackenzie, Jacob Mitchell, Anthony Nienhuis, and Leonard Wipf.

Furthermore, I would like to thank Peter Brown and his team of staff for their tireless work implementing the policies that have been set forth.

Respectfully,

Matthew Flaman

General Manager's Report

In the Fall of 2021, we were very fortunate to bring on two new field services staff. By now most, if not all, of you will have met Tina Leverton, Field Services Manager and Chris Pinno, Quality and Environment Manager.

The SaskMilk office has moved into a new normal after the worst of the pandemic. Staff now work some days from their home office and some days from the SaskMilk location. This is similar to other milk board offices in the west. We have made it a point for all staff to be in the office on Thursday to allow for the important face-to-face interactions that are key for a high-performance team.

Beyond the usual day-to-day tasks of the SaskMilk office, there has been much work done this year relating to the Western Milk Pool and its transition into a true governing board/organization. The 5 General Managers in the west began work last Fall in focussing on how we could move the WMP strategic plan priorities forward considering our provincial structures and regulations. It soon became clear that to make real progress a stronger role by the WMP would be needed. To this end, the Board Chairs and Directors met last January under the guidance of a facilitator to begin the discussion. A follow-up meeting was held in March to further the concepts prioritized in the January meeting. In these meetings over 50 priority projects or activities were identified. This list was further prioritized into 13 areas of focus. In July of 2022, the Board Chairs agreed to create a WMP Board and to move forward with the WMP transformation initiative focussing at first on the 13 priorities and later moving to others. A new vision for the WMP was also created during these meetings: "We drive excellence in dairy". Since then, many meetings have been held both at the staff and board levels to gain understanding of the impacts of this change, refine the path forward, and garner commitment from all. Work has begun on a governance structure for the WMP Board via a two-day workshop planned for September.

Producers should not see significant changes to service during the WMP transformation, but benefits will accrue gradually over time. Staff in Western Canada will be shifting their focus to serving 1360 producers rather than just those in their province. This will take time. Staff in the west will be experiencing the transformation along with producers.

The number one WMP priority project is Dairy Innovation West (DIW), a milk concentration plant to be built in central Alberta. This initiative is a key to lowering transportation costs on interprovincially transported milk. Considerable progress continued to be made on this project during the dairy year. Because of the complicated ownership by the Boards in 4 provinces with varying regulations, it has been crucial that good attention be paid to the legal, accounting and tax structures to support DIW. This work has been done (and continues to be) as the final touches are put in place for financing approval. Two corporations will be involved in DIW. A 'for-profit' corporation to hold the land buildings, and a 'not-for-profit' corporation involved in the operations.

The staff at SaskMilk are proud to be part of the Western Canadian dairy industry and look forward to continuing to work collaboratively with producers in Saskatchewan and the west.

Peter Brown



Dairy Farmers of Canada Annual Report 2021-2022

On the following pages you will find a report from our DFC President, Pierre Lampron, and a summary of DFC strategic activities on behalf of all producer members in Canada. DFC continues to be a strong lobby voice with government and that robust presence is a result of a consistent and singular message delivered to government. The pressure and challenges of producing milk in Canada continue to be significant. Astronomically rising production costs, the presence of so called alternatives in the marketplace, and consumers declining purchasing power have all put a significant strain on our members' financial viability. DFC must continue to be an effective lobby voice as we unite to support and strengthen our organization.

To that end, your DFC board has continued to work on effective governance and good strides have been made. At every board meeting we have a governance expert who monitors and evaluates our performance as a board. He will contribute to discussions when asked and works hard behind the scenes to ensure we remain focused on policy and not on matters that are operational in nature. I look forward to his continued involvement at our board table as we strive to be more effective and efficient as an organization.

DFC continues to use virtual meetings where appropriate but the return to in person meetings has brought a welcome change to our regular board meetings. Over the last three years there has been a significant turnover at the board table and new voices have continued to bring renewal. The opportunity to connect face to face will build trust and relationship that I know will lead to more effective decision making.

I encourage you to read the full report and would welcome any questions that would come forward. It continues to be my pleasure to represent Saskatchewan and I want to be sure I represent the interests of Saskatchewan and all producers in Canada.

Blaine McLeod

DFC 2021-22 (continued)

Message from the President of DFC

As you will see below, it has been another successful year for your national association.

Despite the progress we have made, challenges remain – some familiar, some new. Evolving consumer preferences, rising production costs, and increased competition in the marketplace are just some of the issues DFC is working to address.

Then there is the environment and our role in the sustainable food system of the future. The experts tell us that the extreme weather patterns experienced over the past year are just the tip of the iceberg, putting the future of our livelihoods at risk if we do not act.

This past year, DFC announced a goal of attaining net-zero emissions on dairy farms by 2050. This is the natural next step for dairy farmers – since we have been engaged in sustainability for generations, long before it was popular, many of the initiatives that will make this a reality are already underway.

Meanwhile, DFC is ensuring that ordinary Canadians, decision-makers, and dairy stakeholders alike understand how far we have come – and showing them that we are only getting started.

How? By telling more of your stories. Shining a light on your high standards of practice under proAction and associating values like sustainability, animal care, quality, food safety with DFC's iconic Blue Cow logo.

When people ask me what it takes to be a dairy farmer, I suggest that it takes a very special kind of person.

That is why I am so proud to represent the dairy farmers on some 10,000 farms helping to keep Canada strong. Not only is milk an important part of a healthy balanced diet, but our work supports more than 178,000 jobs and generates \$2.9 billion in economic activity all across the nation. As I enter the final year in my role as your President, I am proud of the work we have achieved throughout my tenure. I look forward to another productive year supporting you.

Sincerely,

Pierre Lampron

President

Dairy Farmers of Canada

DFC 2021-22 (continued)

Strategic Objectives

DFC has continued working to align our structure and operations to the strategic priority areas as identified by the board.

The organization pursued five strategic priorities in 2021:

- **Marketing to Millennials and Gen-Z**
 - Regaining the relevancy of dairy by marketing to millennials and gen-z consumers
- **Sustainability**
 - Developing and executing on a long-term sustainability strategy that is meaningful in the eyes of the public
- **Market Development**
 - A market development strategy to mitigate some of the lost market share from recent trade deals
- **Partnerships**
 - Developing key partnerships and business relationships with third-party stakeholders, like processors, retailers, foodservice, and industry
- **Sector Strategy**
 - An offensive strategy to neutralize negative claims against dairy

The reputation of dairy farmers continues to be strong and millennial support for the consumption of dairy has increased steadily since 2019.

Working Towards a More Sustainable Future

In February 2022, DFC unveiled a goal to reach net-zero greenhouse gas (GHG) emissions from farm-level dairy production by the year 2050. “Net-zero” means achieving an overall balance between GHG emissions and removals. The idea is to reduce emissions at the farm level as much as possible and offset the remainder with carbon sinks or credits, bringing total emissions to ‘net zero.’

Why pursue this goal?

- Consumers are increasingly concerned about the role livestock agriculture plays in climate change.
- In turn, processors and retailers are increasingly mindful of how their products are being sourced – many are developing their own sustainability codes.
- Governments at all levels are looking closely at climate solutions, from waste and recycling to emissions and more. The federal government, for instance, has set net-zero targets for the country for 2050. Industries seen as laggards rather than leaders face the prospect of stiffer regulation.
- Dairy farmers, meanwhile, have a concerted interest in the long-term health and viability of their farms.

In working towards a net-zero future, actions will be driven and shaped by farmers as a one-size fits all approach would not be practical. A *Farmer Sustainability Advisory Group* has been created involving producers from across the country to provide their input and guidance. At the national level, DFC is also working with farming organizations, research institutions, sustainability groups, food industry partners and governments to help reduce our overall footprint.

DFC further solidified the sector's long-standing commitment to environmental stewardship with the launch of the *Here for Tomorrow* Partnerships Program. The *Here for Tomorrow* program supports a range of innovative projects being undertaken by our partners in different regions across Canada. These projects include pilot programs to create new recycling opportunities and initiatives to restore and nurture wetlands and forests to promote biodiversity. DFC's partners include Tree Canada, Cleanfarms and Ducks Unlimited Canada and the various partnerships were highlighted in DFC's marketing campaigns.

Connecting With Our Consumers: DFC Marketing Initiatives

DFC's marketing activities emphasize the forward-thinking values and practices embodied by farmers in producing high-quality Canadian milk. DFC is continuously building upon and leveraging the strength of the Blue Cow logo and the proAction® program.

▪ #CanadianComfort (August 2021)

- In partnership with the Chicken Farmers of Canada, Turkey Farmers of Canada, Egg Farmers of Canada, and Canadian Hatching Egg Producers, the #CanadianComfort digital campaign returned through August 2021, promoting the value of high-quality, local agricultural products from right here at home.

▪ Reverscipes (September 2021)

- DFC chef ambassadors Eric Chong and Paul Toussaint took consumers from the finished meal back to the source of their quality ingredients – the farm – and busted milk myths along the way. At the heart of the campaign stood DFC's Blue Cow Logo, reminding young millennials and Gen-Z of our farmers' commitment to animal care, continued progress in lowering carbon emissions, and the high standards of Canadian Dairy Farmers.

▪ Happy Holi-Dairy (December 2021)

- This digital campaign offered a take on awkward conversations that young Canadians may have experienced with relatives during the holiday season, this campaign showed how to make holiday moments better by redirecting discussions to interesting facts with the help of young, relatable dairy farmers about Canadian dairy. This helped to debunk myths young consumers have about dairy.

▪ #ChooseCanadianDairy (December 2021)

- This year-end campaign encouraged Canadians to look for the Blue Cow logo and buy Canadian when stocking up on entertaining essentials.

DFC 2021-22 (continued)

▪ **Hey Dairy Farmer - Sustainability Partnership (January 2022)**

- DFC launched complementary campaigns on sustainability, leveraging core pillar messaging further driving meaning to the Blue Cow logo and building on the strong reputation of Canadian dairy farmers. This 360° campaign leveraged real Canadian dairy farmers in debunking myths and demonstrating how dairy farmers are pioneering on environment initiatives with innovative industry practices.

▪ **I'm in – Net Zero by 2050 (July 2022)**

- This campaign promoted our new ambitious industry target to reach net zero greenhouse gas emissions (GHG) by 2050. This campaign highlighted important sustainable strategies that farmers within Canada have been utilizing to reach this goal. This includes how farmers use renewable energy, recycle plastics, monitor their soils health, retain water and enhanced their farms biodiversity with the help of Dairy Farmer's of Canada quality assurance program, proAction®.

In 2021-22, DFC's marketing campaigns generated 653 million impressions with a combined total reach of 50.4 million people according to third-party IMI research. In the lead up to Earth Day in spring of 2022, we unveiled, the world's first virtual "cow-fluencer" on TikTok with a mission to spread the word about sustainability, animal care, and commitment to high standards on Canadian dairy farms. Reaching Canadians on the fastest growing social media platform and communicating the truth about dairy farming, Daisy is working to shift the dairy perceptions of millennials and Gen-Zs.

The Blue Cow Logo: A Symbol of Quality

More than 8,500 SKUS now feature the Blue Cow Logo which is one of the top 3 most influential and trusted food logos according to cohesion strategies. Major restaurant chains that actively use the Blue Cow logo include Tim Hortons, Dairy Queen, Domino's Pizza and more! DFC also works with a range of partners in the retail sector to drive the Blue Cow messaging at the final step on the path to purchase. Many of our marketing campaigns have an in-store component, and we team up with retailers on special point-of-sale advertising, signage, flyers and loyalty program promotions that feature the Blue Cow. No matter the format, DFC goes the extra mile to link our practices with our brand partners to close the sale and drive incremental volume.

Behind The Blue Cow Logo

One of the core principles of proAction® is a commitment to continuous improvement, ensuring the program reflects the latest available research, technology, feedback from farmers and input from experts. A new proAction® Reference Manual and Workbook were introduced in July 2021, replacing the previous versions published in 2019 to help farmers to implement the program on their farms.

In November 2021, The National Farm Animal Care Council (NFACC) and DFC launched the public comment period for the draft update to the Code of Practice for the Care and Handling of Dairy Cattle. The public comment period, which closed in January 2022, allowed all stakeholders to provide their input on the proposed updates to the 2009 Code. Eight webinars were held with farmers and industry stakeholders to inform them of the Code. These efforts contributed to a record number of comments being submitted to NFACC. The final updated Code of Practice is expected to be released in 2022. Additionally, a new suite of farmer training tools was published on cull cows, animal care, biosecurity, environment, and traceability and are available at www.dairyfarmers.ca/proaction/resources/overview.

A Tireless Advocate for Canadian Dairy Farmers

As a part of DFC's annual lobby week, dairy farmers from across the country held nearly 120 meetings with ministers, MPs, Senators and staff from all parties in the House of Commons. DFC's advocacy this year focused on international trade, sustainability, and the healthy eating strategy. Parliamentarians were supportive of DFC's asks and keenly interested in dairy farmers' focus on sustainability and the need for programming supporting the implementation and introduction of green technology on farms.

From February 2-3, more than 350 dairy farmers and stakeholders gathered virtually for DFC's Annual Policy Conference (APC). Guest speakers presented expertise on relevant and timely topics such as sustainability, market outlook, political insight and issues affecting the Canadian dairy sector. Participation in this conference is extremely valuable as the input helps to create the future of our sector.

The DFC Annual General Meeting was held in Ottawa on July 13 and 14. DFC board members and provincial general managers were invited to attend in person, while other attendees gathered virtually in a fully hybrid edition of the event. We heard from DFC's executive team as well as guest speakers on a range of important issues affecting the future of dairy, including sustainability, the economic climate, and the political environment.

Communications and Issues Management

DFC tracks a diverse range of issues with an eye towards anticipating the social and political ramifications of topics. Climate change, environment, animal care and interest in non-traditional diets are among the preoccupations monitored by DFC on a regular basis. This foresight helps DFC respond to emerging issues and demonstrate that farmers and consumers share the same values around things like quality, food safety, animal care and environmental sustainability.

On June 1, DFC took part in Global Dairy Platform's World Milk Day. DFC compiled a video of photos submitted by real dairy farmers showcasing their passion for the milk they produce. We also encouraged politicians to join us in "raising a glass of milk" in support of dairy, and more than 50 politicians at the municipal, provincial, and federal level and from most major parties took part. DFC's social media campaign alone was estimated to have generated more than seven million impressions, while the global campaign achieved more than 1 billion impressions.

DFC 2021-22 (continued)

DFC is proud to sponsor the Canadian Podcow podcast, launched in November 2021. This podcast is made by Canadian dairy farmers for dairy producers, the broader dairy community, and their friends where guest experts provide analysis and offer their perspectives on issues relevant to our community. DFC also sponsors the French edition called “Entre Deux Traités.” Both are available for download wherever you get your podcasts.

Research

After extensive consultations, DFC has developed a new five-year National Dairy Research Strategy, released in the fall of 2021, to guide the organization’s investments in science. The strategy outlines research needs and priorities, establishing targeted outcomes and key research objectives for the next five years. This strategy will form the basis of upcoming calls for proposals to the Canadian scientific community. Targeted outcomes and research priorities are dairy farm sustainability, animal health, care, and welfare, and dairy in human nutrition and health. For more information on dairy research including a list of all projects in progress and key outcomes from completed and ongoing projects, read the 2021-22 Research Highlights at www.dairyfarmersofcanada.ca/en/dairy-research.

For more information, DFC’s complete Annual Report is available at www.dairyfarmersofcanada.ca.

Research Report

The dairy cow is an amazing animal and this continues to be shown in new ways. With a rumen that is able to turn by-product into a nutritious product like milk, the importance of the dairy cow and their health cannot be overstated. With the recent weather in our province, the use of otherwise unsuitable grain products for animal feed has been a reality. On our own farm, chopping and baling written off grain has been necessary for the past two years. Initially feeling as though this was a loss, and how unfortunate that two years saw grain be chopped and baled, I am grateful that these crops were able to be used by our cows. The crops were poor crops that were not suitable for grain. While it is a shame that we went to all that work on the fields, which could have had a good return if we had ample moisture, the reality is that we did not. Conversely, when you put those yields through a cow as feed the revenue per acre does improve substantially and you end up with a high value product which there is a demand for versus trying to sell light grain. I am thankful that we have cattle as an option as are our neighboring grain producers. Additionally, even grain that is used for food consumption creates by product waste which is utilized by livestock for feed.

In the world we live in climate change is a buzz word. Livestock, particularly ruminants, are perceived wrongly by some people. If one strictly looks at carbon dioxide or methane production, the reality is that both fossil fuels and or feeding ruminants could be perceived as bad because both are emitters. However, in that regard, they are vastly different since methane has a very short life. From a carbon capture point of view we are seeing that growing



Research Report (continued)

forages is very positive and from a soil health point of view having forage crops growing all year long is also viewed as very positive. With all these points in mind I would say that livestock are very good for our environment. They were there from the beginning and are part of the whole nutrient circle. Without them we would see an unbelievable amount of waste and miss a substantial amount of nutrients in our diets. We need to refute these wrongful claims which are directed at the livestock industry. We need information to address this from an approach based on science.

It is imperative that we continue doing research. We need to continue to make our cows more efficient. We do this by learning more details in terms of how the rumen works, genetics, as well as animal care. I do not believe any professor would say that they understand all the intricate functions at the molecular level completely. We need to keep finding ways to minimize waste in fields, in our barns, and in the processing of our products. We need to continue to develop new high value nutritious products from one of nature's best foods. There will always be areas where we will be able to improve but we need the information. The work of researchers in the past has led to the efficiencies we are achieving today. Hopefully the research we do today will do the same to position us well for the future.

The SaskMilk research committee consists of five producers. They are: Jay Olyniuk, James Pruijm, Leonard Wipf, Jake Mitchell and myself. Joy Smith and Chris Pinno are on the committee as supporting staff. I thank the team for the work they have done, especially for the numerous hours spent reviewing research proposals. A special thank you to James Pruijm as he is moving on to other pursuits in our industry. We wish you the best.

Some of our team has gone on two field trips in our province to prepare for a research proposal regarding dairy beef which you will hear more about this year. Thank you to the dairy and beef producers which helped with this. Our team gained a lot of thought provoking information from these trips and most importantly questions which we need answers for through research.

Albert Leyenhorst

SaskMilk Current Research Approved for Funding

Natural Sciences and Engineering Research Council of Canada (NSERC) Industrial Research Chair research (in partnership with other western milk boards and/or DFC):

- Dr. Michael Steele, U of Guelph – Dairy Nutrition (nutrition, gut physiology, cell biology, microbiology, molecular biology, developmental biology, weaning, metabolism, ruminant management)
- Dr. Dan Weary and Dr. Nina Von Keyserlingk, UBC – Animal Welfare (Calf and Heifer Rearing, Cow health and lameness, Housing facilities and management)
- Dr. Herman Barkema, U of C – Infectious Diseases in Dairy Cattle
- Dr. Jeroen De Buck, U of C – Investigating Solutions for Three Major Production Limiting Infectious Diseases of Dairy Cattle: Mastitis, Digital Dermatitis and Johne's disease

- Dr. Anne Laarman, U of Alberta – Dairy Nutrition (Nutrition, Molecular biology, gut physiology, Developmental biology, Ruminant management, Cell biology, Weaning, Metabolism)
- Dr. Peiqiang Yu, U of S - Develop New Strategies to Utilize Newly Developed Blend Protein Pellet in High Production Dairy Cows to Maximum Economic Return and Benefit to Feed and Livestock Industries

Other research, in partnership with ADF, other provincial commodity boards, and external partners that have been approved by SaskMilk:

- Dr. Meena Sarkahar, U of S – Treatment of Mastitis Infectious in Dairy Cattle- investigation developing novel phytochemical based hybrid antimicrobial agents that can be safely administered to dairy cattle for treating mastitis
- Dr. Bill Billitegu, U of S – Feed Processing to Reduce Ergot Toxicity
- Dr. Ahmad Al-Dissi, U of S – Should Livestock Diet be Tested for the Levels of the Epimers of Ergot Alkaloids?
- Dr. Peiqiang Yu, U of S – Alternative feedstuffs for dairy cattle; whole crop faba bean silage
- Dr. Greg Penner, U of S – Feeding strategies for transition cows in VMS
- Rayner Facility, U of S – Cow comfort assessment: deep bedding vs mattresses in VMS freestall facility
- Rayner Facility, U of S – Cow comfort- not just for farmers; qualitative assessment of school groups visiting the Rayner Centre
- Dr. Wendy Wilkins, Ministry of Agriculture – Salmonella Dublin Surveillance program in Saskatchewan
- Dr. Henry Soita, U of S – Comprehensive evaluation of the effect of extended-term delivery of local anesthetic on mitigating the pain caused by castration
- Dr. Henry Soita, U of S – Nutritional evaluation of new forage barley and oat varieties as silage sources for high-producing dairy cows
- Dr. Herman Barkema and Anne-Marieke Smid - Accelerating Agricultural Innovations: Improving knowledge transfer and translation success for dairy producers and the Canadian public
- Dr. Timothy Mutsvangwa, U of S - The Impact of Foliar Fungicide Application on Barley Silage Quality and Performance of Lactating Dairy Cows
- Dr. Wolfgang Köster, U of S, VIDO - Salmonella Dublin Vaccine for Cattle
- Dr. Greg Penner, U of S – Reducing Barriers that currently prevent precision feeding of dairy cattle milked with automated milking systems
- Dr. Eduardo Cobo, University of Calgary – Colostrum non-IgG biomolecules as determinants of gut wellness in calves
- Dr. Burim Ametaj, University of Alberta – Non-antibiotic Approaches to Control Mastitis in Dairy Cows

Marketing, Nutrition, & Education Report

The School Milk Program

- The School Milk Program over the last two years had seen a decrease in registrations due to Covid and Covid restrictions. The School Milk Program, in most schools across the province are volunteer run and with restrictions, including visitors in schools - impacted numbers dramatically. Registration numbers stayed consistent between 189 – 200 as we had some schools rescind after restrictions were put back in place or lifted, and then signed back up. We saw a slight increase in March-July of 2022 as restrictions again lifted and some schools resumed the program. As of July 2022, we had 205 registrations.
- Starting in February, we also introduced our School Milk and Pizza Parties, as an incentive to schools to either resume or sign up for the School Milk Program, with the focus on keeping the program top of mind.
- 2022 was the year for new and exciting incentives! We were happy to introduce some favourite new items including our COW Pens (that moo and light up) and our Fun Putty! We looked forward to coming back full force, with new and exciting items for the kids and teachers to enjoy!



Events

- Events started off in August 2021 with our GX94 and CKRM Country Cookout contests. 8 weeks of cookouts in both the Yorkton and Southern Saskatchewan areas, with each winner receiving SaskMilk swag with a private dinner provided by Pegs Kitchen (or KFC in Yorkton) and live entertainment by local country music entertainers. We visited in total 12 farms with over 300 farmers and their families across the province.
- SaskMilk took part in “Trick or Treat with REAL”, where we distributed Milk2Go in a COVID-19 friendly Halloween experience at Mosaic Stadium on Saturday, October 31, 2020, to 1,500 trick-or-treaters.



- We attended International Whisky Night at the Conexus Arts Center in November showcasing an Irish Potato and Whisky Soup and our famous Whisky Milk Punch. Even with mask restrictions and capacity regulations in place due to Covid, we were a standout at the event with innovative Whisky pairings.



- The Canadian Western Agribition (CWA) was back this year but with restrictions in place! This did impact the number of visitors this event would normally see. We provided Happy Hour in the Watering Hole which saw Paralyzers, Brown Cows and Dilly

Bars on special to highlight dairy and fun ways to try dairy in everyday consumption. At our booth in Marketplace, we were able to hand out dairy dip samples, milk calendars and our jar recipe books with mason jars. Our friends at CKRM popped by for a friendly dairy eating competition which saw Cody and Gloria #gloco face off to eat cheese, cottage cheese and chug down some ice-cold milk to help promote our dairy farmers.

- SaskMilk was able to present the Teacher of the Year award with Z99 to Mrs. Dana Gibbs! Some of the great things students told us about Mrs. Dana Gibbs is she is known to her students by making connections with every student. She truly cares for everybody in the building and her positivity is known to make everyone’s day. She was also noted to make smoothies in her class with students out of her own pocket.



- World Milk Day on June 1st, got to see us back in schools and participating in a HUGE School Milk and Pizza Party. We served over 200 students and teachers and had our local celebrities Wheels and Cassidy from Z99 come out and help dish out some amazing local pizza! Staff were onsite to help serve and give out incentive items, while other media outlets picked up on the story and joined in on celebrating and promoting the day.



- Starting off summer events, we had an amazing time in Saskatoon at the Taste of Saskatchewan, a full week-long event where we got to showcase Maple Leaf 100% Canadian Dairy Ice Cream bars and samples of our promotion items. The weeklong event draws in over 100,000 people through the week.
- We conducted 37 in-person and Zoom workshops for SaskMilk School Sports Nutrition Program.



Although Covid did still impact events this year, we were still able to participate in and attend over 100 events! Always keeping that little blue cow logo, top of mind.

August:

- August 6 – 8 & 25 - 29 Saskatoon Exhibition – Saskatoon
- August 9 -13 Youth Cooking Camps at The Local Kitchen – Saskatoon
- August 20 – 22 & 25 - 29 Queen City Exhibition – Regina

September:

- September 12 Cal Murphy Memorial Golf Tournament – Deer Valley
- September Family Plumbing Fundraiser – Regina

October:

- October Ag-EXPerience - Prairie Land Park - Saskatoon
- October 2 Cultural Connections 'India Night' – Regina
- October 6 2021 Progressive Agriculture Safety Day – Humboldt

Marketing, Nutrition, & Education Report

(continued)

October 7	Glaslyn Central School - Cross Country Districts - Glaslyn
October 16	SHSAA Provincial Cross Country – Humboldt
October 17	Quest4CF – Cystic Fibrosis – Regina & Saskatoon
October 24	The Duke of Edinburgh’s International Award – Regina
October 29 – 30	SHSAA Provincial Soccer – Provincial Locations
October 30	Qu’Appelle Regional Fire Training Centre – Qu’Appelle
October 31	REAL Halloween (1500 children in attendance) - Regina

November:

November 6	Conexus Arts Centre – Whiskey Night - Regina
November 13	SHSAA Provincial Football – Provincial Locations
November 19 – 20	SHSAA Provincial Volleyball – Provincial Locations
November 19 – January 8	Knight Archer Winter Wonderland - Regina
November 22 - 27	Agribition – Regina
November 26 – 27	SHSAA Provincial Volleyball – Provincial Locations

December:

December 3 – 5	Yorkton U11 Hockey Tournament - Yorkton
December 16	Battlefords Agency Tribal Chiefs AGM – North Battleford

January:

January 15	Churchbridge Imperials U11 Hockey Tournament – Churchbridge
January 22	Churchbridge Imperials U9 Hockey Tournament - Churchbridge

February:

February 4 – 5	Lake Diefenbaker Thunder Hockey Tournament
February 4 – 13	Frost Winter Festival - Regina
February 5	Churchbridge Imperials U7 Hockey Tournament – Churchbridge
February 12 & 13	Warman Cougars/Lynx Hockey Tournament – Allan
February 20 - 26	Saskatchewan Winter Games – Regina
February 25 – 27	Queen City Gymnastics – Regina
February 25 – 26	Canora Minor Hockey Association Hockey Tournament
February 26	Warman U11 Bengals Hockey Tournament - Warman

March:

March 5 – 6	Kinsmen Foundation/Telemiracle 46
March 11 – 12	SHSAA Provincial Curling – Provincial Locations
March 11 – 13	Tavria Dance Festival
March 12	Schizophrenia Society of Saskatchewan – Regina
March 12	Drake Nokomis U9 Hockey Tournament
March 17	Regina Early Learning Centre – Small Hands Big Dreams - Regina
March 18 – 19	SHSAA Provincial Wrestling - Saskatoon
March 24 – 26	SHSAA Provincial Basketball – Hoopla – Regina
March 26	Queen City Volleyball Club U15 Tournament - Regina

April:

April	Creighton Dental Month – Creighton
April	La Ronge Dental Health Month

April 1 – 2	2022 Jersey Canada AGM - Manitou Springs
April 17	REAL Easter Brunch - Regina
April 22 – 24	Best in the West Curling Championship – Saskatoon
April 23	Juvenile Diabetes Research Foundation (JDRF)
April 23 – 24	4-H Beef Grooming and Open Judging – Lloydminster
April 24	CSC Gopher Attack Marathon
April 25 – 26	Awasis Interagency Education Conference 2022 - Saskatoon
April 29 – 30	Conexus Arts Centre – Taste of Spring – Regina
April 29 – May 1	SaskExpress Musical Theatre Studio - Regina

May:

May	2022 Spring Country Cookout
May – June	Regina Royals Softball
May – September	Viking Cricket Club – Regina
May 3	CKRM Country Cookout - Davin
May 5	U of R Presidents Luncheon – Regina
May 5	CKRM Country Cookout – Earl Grey
May 8	REAL Mother’s Day – Regina
May 10	CKRM Country Cookout – Moose Jaw
May 12	CKRM Country Cookout
May 14	SHSAA Provincial Badminton – Rosthern
May 14	Excel Athletica - Regina Spring Classic – Regina
May 17	CKRM Country Cookout
May 19	CKRM Country Cookout
May 20 – 23	Valley Soccer Association – U13
May 24	CKRM Country Cookout
May 25 – 26	Prince Albert Food Farm Sponsorship – Prince Albert
May 26	CKRM Country Cookout
May 28	Fantasy Food - Regina
May 28 – 29	Valley Soccer Association – U11
May 29	Cystic Fibrosis – Walk to Make CF History

June:

June 1	WORLD MILK DAY
June 2	FFC – Meals From the Farm - Saskatoon
June 3 – 4	SHSAA Provincial Track & Field – Regina
June 4	Valley Soccer Association – U9
June 10	ZooGala – Saskatoon
June 10 – 12	Valley Soccer Association – U18
June 12	Cal Murphy Memorial Golf Tournament
June 11	Valley Soccer Association – U7
June 11	Prince Albert Barveenok Ukrainian Dance Sponsorship
June 17 - 19	Valley Soccer Association – U15
June 21 – 23	Canada’s Farm Show - Regina
June 24	Christopher Lake School - Colour Me Fun Run 2022
June 24 – 26	Oungre Memorial Regional Park - Oungre

July:

July 4th	Saskatoon Prairieland Park - Junior Ag Showcase – Saskatoon
July 12 – 17	A Taste of Saskatchewan – Saskatoon
July 14 – 17th	Country Thunder – Craven
July 19 – 21	Ag in Motion - Saskatoon
July 29 – 31	Canadian Masters Championships Track and Field - Regina

Production Report

As of July 2022, Saskatchewan had 148 dairy operations in the province.

The total milk shipped this dairy year was 291,201,102 litres. This is a decrease of 6,533,339 litres (2.19%) from the previous year. Butterfat production for the dairy year was 12,285,490 kilograms, a decrease from the previous year of 289,038 kilograms (2.30%).

The average milk composition was:

Butterfat 4.2162%
 Protein 3.2971%
 Other Solids 5.8555%

Average blend price:

All Milk \$87.78/hl
 Butterfat \$20.82 /kg

Average Component Prices:

Butterfat \$17.699174
 Protein \$2.662703
 Solids \$0.745834

DY 2021/2022	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
Litres Shipped	25,722,032	24,376,239	24,951,360	24,043,570	24,738,448	24,910,339	22,697,890	24,447,058	23,310,987	24,105,156	23,538,791	24,359,232
Avg Litres/day	829,743	812,541	804,883	801,452	798,014	803,559	810,639	788,615	777,033	777,174	784,626	785,782
Bfat Test kg/hl	4.1237	4.2243	4.3164	4.3394	4.3145	4.2467	4.2287	4.2381	4.2206	4.1770	4.1245	4.0769
Bfat Shipped kgs	1,060,091	1,029,716	1,077,000	1,043,347	1,067,648	1,057,865	959,825	1,036,299	983,864	1,006,347	970,863	992,625
Avg Bfat/day kgs	34,216	34,324	34,742	34,778	34,430	34,125	34,279	33,423	32,795	32,463	32,362	32,035
Lost Opportunity kgs	1,502	-	-	-	201	801	129	427	503	700	1,143	656
Total Over Quota kgs	528	369	2,599	1,353	2,648	2,514	2,456	5,861	2,222	1,384	152	152
SK Cumulative %	7.03	7.18	7.14	7.06	6.97	7.41	8.04	8.19	8.51	8.40	8.32	8.32
SK Quota fill for month %	102.14	102.46	103.71	103.82	102.78	101.67	102.13	99.58	97.71	96.72	96.96	95.98
SK 12-Month Rolling %	101.53	101.07	101.07	101.28	101.39	101.42	100.99	101.33	101.66	100.76	100.13	99.68
WMP Cumulative %	-0.25	-1.16	-1.45	-2.05	-2.53	-2.21	-1.78	-1.91	-1.20	-1.75	-1.77	-1.75
P5 Cumulative %	-0.42	-1.13	-1.40	-1.69	-1.79	-1.47	-1.38	-1.20	-0.63	-0.33	-0.27	-0.36
P10 Cumulative %	-0.62	-1.40	-1.68	-2.03	-2.25	-1.93	-1.76	-1.67	-1.69	-1.01	-0.98	-1.05



proAction[®] Report

August 2021 – July 2022

Saskatchewan producers and myself have been working hard to keep up with proAction requirements. We were behind as a province and have made good efforts toward getting up to date. Chris Pinno was trained as a proAction validator and has been doing some on farm validations when time permits. We have also hired two validators from Alberta to assist with validations in Saskatchewan. Many of you will have had the pleasure of meeting Marylene or Britt this past year.

In many cases, farms have had similar Corrective Actions arising. This includes: outdated water tests, missing SOPs, Annual Wash System Checks, Cattle Health Declarations and Biosecurity Risk Assessments. Please reach out to me if you are looking for forms, SOP templates or need help with your proAction program.

The next year will see changes with proAction in the province. Starting in October 2022, Lactanet will be managing proAction Validators across the western provinces. Donna Asher has been hired by Lactanet to be the Saskatchewan Validator. Many of you will be familiar with Donna. She brings a wealth of dairy and life experience to the Validator role. In October, the validator will be assessing corrective actions during the on-farm validations and all corrections will be submitted to the validator within 30 days of the visit. All self-declarations will also be approved through Lactanet. Self Declarations will need to be completed digitally through your NEAS account. All proAction registered farms have a NEAS account, if you need help to access it, please let me know. Once you are comfortable accessing your NEAS account, you can view past validations, cattle assessments, access forms/SOPs, complete self declarations and environmental summaries digitally.

I would take this time to remind all producers that maintaining your registration status with proAction is mandatory and there are penalties that will be applied for outstanding proAction and record keeping requirements. If you have any questions on the policies or the proAction program requirements, please let me know. While the validations and self declarations will be handled through Lactanet, I will be continuing to help farmers with their proAction program through training and consultation.

Tina Leverton



Financial Statements

Saskatchewan Milk Marketing Board

For the year ended July 31, 2022

Management's Responsibility for the Financial Statements

To the Board of Directors:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors are composed entirely of Directors who are neither management nor employees of Saskatchewan Milk Marketing Board ("SaskMilk"). The Board of Directors are responsible for overseeing management in the performance of its financial reporting responsibilities, and for recommending approval of the financial statements to the Board. The Board of Directors has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the SaskMilk's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

November 2, 2022



General Manager



Independent Auditor's Report

To the Board of Directors of SaskMilk Marketing Board:

Opinion

We have audited the financial statements of SaskMilk Marketing Board ("SaskMilk"), 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, the accompanying financial statements present fairly, in all material respects, the financial position of the SaskMilk as at July 31, 2022, and the results of its operations and its 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 SaskMilk 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 with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 SaskMilk'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 SaskMilk or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SaskMilk'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.

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 SaskMilk'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 SaskMilk'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 SaskMilk 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.

Regina, Saskatchewan

November 2, 2022

MNP LLP

Chartered Professional Accountants

MNP

Saskatchewan Milk Marketing Board

Statement of Financial Position

As of July 31, 2022

	2022	2021
Assets		
Current		
Cash	\$4,089,362	\$1,102,037
Accounts receivable	12,700,900	12,436,264
GST receivable	10,777	19,297
Prepaid expenses	370,885	510,121
	17,171,924	14,067,719
Investments (Note 3)	1,508,020	1,606,304
Capital Assets (Note 4)	343,114	372,018
	\$19,023,058	\$16,046,041
Liabilities		
Current		
Accounts payable and accrued liabilities	\$14,802,513	\$12,648,771
PST Payable	975	-
	14,803,488	12,648,771
Internally Restricted Fund - Industry Development (Note 10)	818,033	966,606
General Fund	3,401,537	2,430,664
Net Assets	4,219,570	3,397,270
	\$19,023,058	\$16,046,041

Commitments (Note 6)

Subsequent event (Note 14)

Approved by the Board of Directors



Director



Director

See accompanying notes to the financial statements

Saskatchewan Milk Marketing Board

Statement of Changes in Net Assets

For the year ended July 31, 2022

	BUDGET (Note 11)	2022	2021
	(Unaudited)		
Revenue			
Milk sold to processors	\$260,330,664	\$253,843,682	\$252,471,148
Milk pools (Note 5)	(9,500,000)	7,345,295	(2,395,823)
Milk pool administration and fees (Note 12)	4,031,320	4,216,401	3,891,155
Promotion levy	4,470,000	4,372,167	4,286,130
Licence fees and miscellaneous	674,621	767,390	694,851
Milk quality penalties	560,000	626,674	173,128
Investments	50,000	57,057	27,551
Interest	16,800	53,627	18,588
Grants	-	2,661	83,668
	\$260,633,405	\$271,284,954	\$259,250,396
Expenses			
Milk purchased from producers	\$251,579,706	\$262,004,812	\$250,705,611
Administrative expense	2,528,341	2,797,883	2,518,496
DFC industrial levy and membership	1,816,880	1,608,707	1,720,153
Marketing, nutrition, and education activities	1,467,500	1,344,249	1,176,126
Salaries and benefits	1,437,169	1,493,900	1,450,251
Travel, sustenance, and vehicle expense	362,052	119,773	9,859
WMP Shared Costs	-	71,532	-
Dairy Innovation West (DIW)	200,000	44,191	445,406
School milk program	134,500	109,342	112,343
Honoraria	165,780	107,525	96,225
Rent	142,056	155,961	151,523
Amortization	160,000	147,344	145,588
Western promotion	25,000	88,531	3,397
Food Bank program	50,000	97,713	59,987
Legal	50,000	108,621	63,078
Cost of production study	-	-	9,732
	\$260,118,984	270,300,084	258,667,775
Excess of revenues over expenses before other items	514,421	984,870	582,621
Other Items			
Unrealized (loss) gain on market value of investments	-	(144,581)	164,023
Loss on disposal of capital assets	-	(17,989)	-
Excess of revenues over expenses	\$514,421	\$822,300	\$746,644
Strategic Reserves	(494,290)	-	-
Excess of revenues over expenses	\$20,131	\$822,300	\$746,644

See accompanying notes to the financial statements

Saskatchewan Milk Marketing Board

Statement of Changes in Net Assets

For the year ended July 31, 2022

	General Fund	Internally Restricted for Industry Development	2022	2021
Net assets, beginning of year	\$2,430,664	\$966,606	\$3,397,270	\$2,847,044
Excess of revenue over expenses	822,300	-	822,300	746,644
Transfer from Reserves	-	-	-	(196,418)
Interfund transfers (Note 10)	148,573	(148,573)	-	-
Net assets, end of year	\$3,401,537	\$818,033	\$4,219,570	\$3,397,270

Saskatchewan Milk Marketing Board

Statement of Cash Flows

For the year ended July 31, 2022

	2022	2021
Cash Flows from Operating Activities:		
Cash receipts from processors and fees	270,918,154	258,645,944
Interest received and investment income	110,684	46,138
Cash paid to producers	(261,387,309)	(249,942,552)
Cash paid to other suppliers	(4,972,875)	(6,778,295)
Cash paid to employees and board members	(1,493,900)	(1,450,251)
Cash flows from operating activities	3,174,754	520,984
Cash Flow from Investing Activities		
Purchase of tangible capital assets	(136,429)	(68,789)
Purchase of investments	(51,000)	(21,000)
Proceeds on disposal of investments	-	2,600
Cash flows from investing activities	(187,429)	(87,189)
Net increase in cash during the year	2,987,325	433,795
Cash position, beginning of year	1,102,037	668,242
Cash position, end of year	\$4,089,362	\$1,102,037

Saskatchewan Milk Marketing Board

Financial Statement Notes

For the year ended July 31, 2022

1. Incorporation

The Saskatchewan Milk Marketing Board (SaskMilk) is a producer marketing board established under the Agri Food Act effective October 1, 2010. The Board's general role and responsibility is to design and implement dairy policies and programs for the benefit of producers and other industry stakeholders.

In particular, the Board is responsible for:

- collection and purchase of producer milk;
- transport and sale of milk to distributors and processors;
- compensate producers through a multiple component pricing system and manage production levels in conjunction with the National and Regional Marketing Agreements; and
- collect and administer fees or levies required to operate the provincial milk pool, and to fund Board program activities (promotion and nutrition) of benefit to the industry.

The Board provides leadership to the Saskatchewan dairy industry in addressing provincial, regional, national, and international issues. It also promotes the interests of Saskatchewan producers at Western Milk Pool and Canadian Milk Supply Management Committee meetings.

Industry stakeholders' participation in policy and program consultations is facilitated primarily through semi-annual and annual producer meetings.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook – Accounting, as issued by the accounting Standards Board in Canada and include the following significant accounting policies:

a) Revenue Recognition

Revenue from the milk sold to the processors, milk pools, milk pool administration and fees, and promotion levy's are recognized when the milk is delivered to the processor.

b) Cash

Cash is comprised of monies on deposit with the bank.

2. Significant accounting policies (continued)

c) Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives.

Amortization expense is calculated using the straight line method at the following annual rates:

Leasehold Improvements	10 years
Milk Payment System	10 years
Handhelds	5 years
Office furniture and equipment	3-10 years

d) 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

e) Income taxes

SaskMilk is incorporated as a not-for-profit organization and is exempt from income taxes.

f) Financial Instruments

SaskMilk recognizes its financial instruments when they become party to contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. SaskMilk financial instruments consist of cash, accounts receivable, investments and accounts payable. SaskMilk has elected to record investments at fair value using quoted prices in an active market based on latest closing price. All other financial instruments are subsequently measured at amortized cost. Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred.

Saskatchewan Milk Marketing Board

Financial Statement Notes

For the year ended July 31, 2022

2. Significant accounting policies (continued)

g) Long-lived assets

Long lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

SaskMilk performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. The carrying amount of long-lived assets is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from their use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in earnings for the year.

3. Investments

	2022	2021
Market Value		
Mutual Funds	\$1,500,521	\$1,602,715
Cash and cash equivalents	7,499	3,589
	\$1,508,020	\$1,606,304

4. Capital Assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Milk Payment System	\$897,614	\$711,800	\$185,814	\$232,496
Leasehold improvements	6,970	697	6,273	0
Office furniture and equipment	95,226	59,213	36,013	16,635
Handhelds	235,729	120,715	115,014	122,887
	\$1,235,539	\$892,424	\$343,114	\$372,018

5. Milk Pools

The Western Milk pool entered into a revenue and cost sharing agreement effective June 1, 2020 with Newfoundland and the P5 pool (consisting of the provinces of New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Ontario). The purpose of this agreement is to extend the pooling arrangements within each pool so that all revenue is pooled among the 10 provinces, as if the ten provinces constituted a single market. Based on each pool's monthly sales, the CDC either distributed revenue or required a contribution from the Western Milk Pool.

Based on each province's monthly utilization, CDC will either distribute a portion of, or require a contribution to, the Industrial and Special Class Pool and Western Milk Pool. Saskatchewan received contributions of \$7,345,295 from the milk pools (2021 – paid contributions of \$2,395,823 to the milk pools).

6. Commitments

SaskMilk has entered a 10-year lease for office space. The future minimum lease payments for the next five years are as follows:

2023	\$150,403
2024	\$150,403
2025	\$157,823
2026	\$157,823
2027	\$157,823

7. Pension plan

SaskMilk participates in the Public Employees' Pension Plan, a defined contribution or benefit plan. SaskMilk obligations to the Plan are limited to 8.60% of earnings for all employees for current services. During the year, SaskMilk contributed \$101,569 (2021 - \$97,948) to the plan, which is recorded as an expense.

8. Financial instruments

SaskMilk, as part of its operations, carries a number of financial instruments. It is management's opinion that SaskMilk is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

8. Financial instruments (continued)

a) Fair value

SaskMilk financial instruments consist of cash, investments, accounts receivable, and accounts payable. The carrying amount of the Organization's financial instruments approximates their fair value, due to their relatively short-term maturities. Investments are recorded at fair value based on prices quoted in an active market.

b) Credit risk

SaskMilk is subject to credit risk as the Board's milk sales are to a few processors.

SaskMilk is also exposed to credit risk in accounts receivable in the event that a customer fails to honour its obligations. Credit risk is managed with regular credit assessments and active collection activity. In the event that an account is deemed uncollectible, the account will be written off as a bad debt.

c) 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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. SaskMilk is exposed to interest rate risk primarily relating to its investments.

d) Foreign currency risk

Foreign currency risk arises from SaskMilk holding investments denominated in US currency. Fluctuations in the relative value of the Canadian dollar against the US currency can result in a positive or negative effect on the value of the investments. SaskMilk manages its foreign currency risk by limiting the investments in US funds.

9. Bank Indebtedness

SaskMilk has access to a Conexus Credit Union line of credit to a maximum of \$750,000, bearing interest at prime plus 1%, secured by a general security agreement. The balance drawn at July 31, 2022 is \$nil (2021 - \$nil).

Saskatchewan Milk Marketing Board

Financial Statement Notes

For the year ended July 31, 2022

10. Internally Restricted Fund

A portion of the Industry Development Fund (IDF) on Class 1 milk is designated for Internally Restricted Operations – Industry Development. The IDF is being pooled in the WMP for the following: Quality Bonus, Inhibitor Testing Reagent, Environmental Compliance, Milk Quality Testing, Milk Metering, and Administration. SaskMilk receives revenue for Milk Quality Testing, Milk Metering and Administration from the WMP and, for the present, is paying into the WMP for Quality Bonus, Inhibitor Testing Reagent and Environmental Compliance.

IDF Funds were used for the following programs in 2021-2022: Inhibitor Testing Reagent – paid to the Processor, Quality Milk Bonus – paid to the Producers, Environmental Compliance – portion used to reduce haulage charges to Producers, and Milk Quality Testing – payment for portion of component testing and testing supplies (i.e. sample bags, sample vials, and truck seals).

11. Budget

The budgeted figures provided in the statement of operations and changes in net assets are presented for information purposes only and are unaudited. The 2021 – 2022 Budget was approved by the Board of Directors on June 16, 2021.

12. Milk pool administration and fees

Included in the Milk pool administration and fees is the following:

	2022	2021
IDF revenue	\$2,014,027	\$1,623,554
SMMB assessment	1,893,641	1,928,615
CDC surplus refund	103,558	37,573
Fluid shrink	270,532	278,562
Component testing	20,284	20,735
Adjustments	(85,641)	2,116
	\$4,216,401	\$3,891,155

13. Related party information

SaskMilk is a member of Dairy Innovation West Inc. (DIW). SaskMilk has significant influence over DIW through its ability to name a nominee for appointment to DIW's Board of Directors and its ability to name a nominee for election of the Chair of DIW's Board of Directors.

DIW's purpose is to promote and facilitate the efficient transportation of milk and milk components by producers to the processors in western Canada by:

- Reducing the transportation costs of milk and milk components by establishing a dairy concentration plant to process raw milk by separating and concentrating the components for trans-shipment to other dairy plants.
- Ensuring that the concentration plan acts as a tolling station in the transportation of milk and milk components from producers to processors.
- Doing all such other things as are incidental and ancillary to the attainment of the foregoing purpose and the exercise of the power of the corporation.

DIW was incorporated under the Canada Not-for-profit Corporations Act on April 30, 2020 and is a non-profit organization under paragraph 149(1)(l) of the Income Tax Act.

During the year, SaskMilk paid DIW a total of \$44,191 (2021- \$445,406) for member assessment, costing and pricing review, and costs for processing a credit facility application.

14. Subsequent events

Subsequent to year-end, the Board entered into a non-binding letter of intent with Farm Credit Canada ("FCC") for a construction loan to support the construction of a milk concentration plant to be owned by a related party, DIW Buildings and Land Corporation ("Landco"). Landco was incorporated on August 22, 2022 and is owned by the Board, Dairy Investment Development Council, SaskMilk and Dairy Farmers of Manitoba, who are also principals in Dairy Innovation West Inc. ("DIW"), a not-for-profit entity formed to operate the milk concentration plant. The non-binding letter of intent anticipates a total construction loan of approximately \$61,000,000, with the Board's portion being approximately \$9,700,000. The terms of the loan per the letter of intent are a term of five years with a fifteen year amortization period, bearing interest at prime minus 0.35%, with interest only payments during construction, and monthly blended payments subsequent to construction. Security includes a full guarantee of Landco, and a first mortgage registered against land held by Landco, and a General Security Agreement over the assets of the Board. As of the date of the financial statements, the land related to this project is held by DIW, and will be transferred to Landco prior to the commencement of construction. The Board anticipates that the current structure of the arrangement will result in the Board receiving preferred shares in Landco in exchange for the contributions of the loan funds towards construction expenses, and that Landco will redeem those shares in amounts equal to the repayment of the construction loan by the Board to FCC.



Saskmilk

470 Maxwell Crescent, Phone: (306) 949-6999
Regina, SK Fax: (306) 949-2605
S4N 6L7 www.saskmilk.ca