

2022-2023 Annual Report

Sask**milk**





Our Vision

A healthy sustainable dairy industry

Our Mission

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

Board of Directors 2022-2023



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Julie Ell (On leave)
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Cailyn Jones (term)
Policy Administrator

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

I am pleased to report to you the activities your Board has been working towards in the last year.

Nationally

Nationally, a lot of work has been done to create a plan for the future. Much of this work is centered around a goal to increase processing capacity across the country. With a limited capacity available for future growth, we need to finalize a plan for investments in our industry. As announced earlier in the year, there has been funding through CUSMA compensation for additional processing capacity in “Solid Non-Fat”. We are also looking at ways to create a national strategy to fill all milk markets going forward. I look forward to later this year and into early 2024 to see some of these plans come to fruition. Additionally, we are having discussions to create equity among all producers in this country. To do this, many things will be considered including revenue and costs to producers beyond the farmgate.

Western Milk Pool

We have worked our way to a point where we are ready to see some things take shape in the Western Milk Pool. The Board of Directors for the WMP has been established and the first decision was to name Henry Holtmann as chair. Next, we were pleased to introduce Nolan Berg as the first CEO. Nolan has been hard at work assembling teams that will look after the various projects and workload going forward. Although it will take time, we are working to bring policies and procedures together in harmony across the WMP. This will be carried out in a procedure that will never miss a step with the day-to-day interactions with producers. At the WMP level, we are very aware of the provincial legislation that each province works under, and our operations will be within those parameters.

In Saskatchewan

Here at home the Board has been working towards modernizing our decision-making process through a renewed governance model that allows directors to focus on critiquing and creating policy.

With this in mind, we are always looking at and trying to keep all policies current and up to date. Policies are routinely reviewed throughout the year and are revamped as necessary to better serve the needs of producers.

A current example of this is the Dairy Entrant Assistance Program (DEAP). On this project, staff has looked to various producers in the form of a focus group for advice, along with direction from the Board to bring this project forward. We will see a revised New Entrant Program roll out in the next few months. It has been my pleasure to serve as the of the Chair the SaskMilk Board. It is important to recognize the directors of the Board; Gordon Ell as Vice Chair, Albert Leyenhorst as Second Vice Chair, Jessica Lovich, Blaine McLeod, Anthony Nienhuis, Merlis Weibe and Leonard Wipf. Additionally, I would like thank Jacob Mitchell for his service to the Board.

At this time, I want to acknowledge our GM, Peter Brown and his staff who help us work towards our goals and needs of producers.

Respectfully,
Matthew Flaman
Chair

General Manager's Report

Important work on transitioning to a Western Milk Pool (WMP) model continued this past year. In the spring of 2023, the WMP held its first official board meeting. This Board is made up of representatives of each of the milk marketing boards in Western Canada including a representative from the BCDA. The new WMP Vision, Mission, Guiding Behaviours and Strategic Plan came into effect also at that time. 'Better Together for Canadian Dairy' will be the vision that guides us into the future. Thinking bigger and finding the win-win based on decisions made with well-researched facts will be our way of operating. We are excited to move forward knowing that this approach can and will serve producers better.

We had a strong focus on milk quality this past year. Our progressive penalty program was adjusted in May to align with the agreed-upon WMP standard. We know this caused adjustments for some but have seen steady improvement in overall quality results. Our farm inspections/visits also continued this year allowing us a vital direct connection with producers.

Dairy Innovation West (DIW), the milk concentration plant planned for Blackfalds, Alberta, moved forward significantly this past year. Maneuvering through the complex regulatory and borrowing environment created challenges for us, but we are now into the construction phase. Land leveling was completed in the summer of 2023 with building construction underway in the fall. We are very pleased to work collaboratively on this project with Pacific Process (General Contractor), Vitalus Nutrition Inc. (plant operator and pre-construction management) and Farm Credit Canada (financer). This plant is scheduled to be completed and operating by the spring of 2025.

This past year has been a challenging one in many ways for our producers. The staff at the SaskMilk office understand this and continue to work hard to keep the right balance between implementing Board policies and showing flexibility when possible. Inflation, drought, and soft markets have all come together to create a perfect storm for the industry. We are in this together... let's stick together to move through it.

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



WMP CEO Message



NOLAN BERG

What connects our past, our present, and our future? Our vision. Our mission. And our people. As the new CEO of the Western Milk Pool (WMP), I am proud to be part of an organization that has such relevant strategic direction that inspires the future while providing practical guidance in the present.

Since joining the WMP I have seen these principles in action daily, informing organizational design, its strategy and, as we progress, its execution. I've worked closely with each of our provinces and their teams, and I already see collaboration and innovation growing in everything we do. Our guiding behaviours focus us on thinking bigger and seeking the win-win through fact-based decisions. The combination of our great people with our brilliantly simple strategic direction provides the foundation for the WMP to realize its vision.

As I look at how far WMP has already come, I am excited to be part of working Better Together not only for the west but for all of Canadian dairy and its producers.

Thank you for trusting me to take the helm and seeing us into the future of the Western Milk Pool.

Nolan Berg
CEO

WMP BOARD *Chair*



HENRY HOLTMANN

For 26 years our western provinces have collectively been working towards the Western Milk Pool (WMP) as we know it today. In 1997, we saw the original agreement signed by what were the Alberta Dairy Control Board, British Columbia Milk Marketing Board, Saskatchewan Milk Control Board, Manitoba Milk Producers, and the Canadian Dairy Commission.

Ten years after that, in 2007, I was originally elected to the Dairy Farmers of Manitoba board and have seen much progress and change to the WMP during my tenure. My latest appointment, becoming chair in 2023, I believe came as part of one of our greatest successes to date - finalizing our strategic plan and our board. Having this provincial alignment and shared vision has helped our board to make decisions as a whole, moving forward important transformation governance as well as projects like Dairy Innovation West (DIW). Since I first made the DIW project announcement in 2019, it has been exciting to be part of the progress and to be able to see shovels in the ground this year.

As a producer myself, I am proud to have been part of the WMP as we move to working more efficiently and effectively on behalf of our producers for the benefit of the entire industry. I am pleased to welcome Nolan Berg to his position as CEO and am already enjoying working alongside him as he strives to move both the WMP and the industry forward.

Henry Holtmann
Chair

**MARCH 1
1997**

Original agreement to form the Western Milk Pool signed by the Alberta Dairy Control Board, British Columbia Milk Marketing Board, Saskatchewan Milk Control Board, Manitoba Milk Producers, and the Canadian Dairy Commission.

**NOVEMBER 20
2019**

Announced that a new dairy concentration facility, Dairy Innovation West (DIW), will be built in Alberta. DIW will be owned by the Western Milk Pool members and will be operated by Vitalus Nutrition Inc.

**SEPTEMBER 9
2022**

Announcement made that all five western provincial boards unanimously agreed to support a new modernized governance model for working together.



**JULY 23
2009**

The Canadian Dairy Commission receives the Serecon study commissioned to 'identify ways of improving the effectiveness of milk allocation to processors within the Western Milk Pool (WMP) and the milk transportation system, potentially leading to greater cooperation and systemic efficiencies amongst the WMP members'.



**MAY 25
2022**

Engaged Lactanet to provide proAction validation services.



WMP TIMELINE

APRIL 26 2023

WMP board is formed. Members are drawn from the dairy associations of all four provinces, and include:

- Stuart Boeve – Alberta Milk
- Janice Comeau – BC Milk (Vice Chair)
- Matthew Flaman – SaskMilk
- Gerrit Haarman – Alberta Milk (Secretary)
- Henry Holtmann – Dairy Farmers of Manitoba (Chair)
- Albert Leyenhorst – SaskMilk
- Holger Schwichtenberg – BC Dairy
- Jeremy Wiebe – BC Milk
- David Wiens – Dairy Farmers of Manitoba

AUGUST 1 2023

DIW construction commenced with ground breaking.

FEBRUARY 22 2023

Updated strategic plan is announced:

VISION

- Better Together for Canadian Dairy

MISSION

- Inspiring, innovating, and collaborating to build a healthy Canadian dairy industry

GUIDING BEHAVIOURS

- Think bigger
- Win-win
- Fact-based

KEY RESULT AREAS

- Transformation
- National Relationships
- Processing and Processor Relationships
- Producer Engagement

MAY 29 2023

Announced the appointment of Nolan Berg BSc. Ag., MBA, P.Ag. as the new Chief Executive Officer (CEO) for the WMP.





Dairy Farmers of Canada Annual Report 2022-2023

Dairy Farmers of Canada (DFC) is collaborating with SaskMilk and other stakeholders to advocate for a thriving dairy sector while maximizing the value we bring to dairy farmers across the country.

DFC is proud to report that, because of our combined dedication, we have seen many accomplishments over the past year. Here are some key highlights from 2022-2023:

Advocacy, Policy & Trade

DFC has been working hard on Parliament Hill to defend the interests of our dairy sector. Along with our fellow supply-managed sectors, we successfully lobbied for full and fair compensation for the impacts of the Canada-United States-Mexico Agreement (CUSMA), which resulted in \$1.2 billion being distributed to dairy farmers through the Dairy Direct Payment Program, beginning at the end of this year. DFC will continue to advocate that any future trade deal negotiated by Canada should be done without granting any more domestic dairy market access to its trading partners.

DFC also advocated for the Dairy Innovation and Investment Fund to be included in the federal 2023 Budget during our Annual Policy Conference and Lobby Day in March. As a result of these efforts, then-Minister Bibeau announced an allocation of \$333 million to support research and development of new products based on solids non-fat (SNF).

DFC was pleased to see another important Lobby Day ask included in the federal Budget: a Foot-and-Mouth Disease (FMD) vaccine bank. The federal Budget proposed to provide \$57.5 million over five years, starting in 2024, with \$5.6-million ongoing, to the Canadian Food Inspection Agency (CFIA) to establish a FMD vaccine bank for Canada, and to develop FMD response plans. The government will seek a cost sharing arrangement with provinces and territories.

DFC 2022-23 (continued)

proAction® & Animal Care

Under DFC's quality assurance program, proAction, dairy farmers show consumers, in a transparent and demonstrable way, how they adhere to some of the most stringent standards in the world. One of the core principles of proAction is a commitment to continuous improvement, ensuring the program reflects current research and technology as well as feedback from farmers and input from experts. In March 2023, the National Farm Animal Care Council and DFC jointly published the updated *Code of Practice for the Care and Handling of Dairy Cattle*. The final document includes important requirements for animal care to ensure that dairy farmers' practices remain scientifically informed, practical, and relevant to societal expectations for responsible farm animal care. These updates will be reflected in proAction's Animal Care module starting in the fall of 2025. The new Code comes into effect as of April 1st, 2024.

Sustainability

Last year, as part of our overall Sustainability Strategy, DFC unveiled a goal to reach net-zero greenhouse gas emissions from farm-level dairy production by the year 2050. To support dairy farmers on their path to net zero, DFC released the *Net Zero by 2050 Best Management Practices Guide to Mitigate Emissions on Dairy Farms* this March, developed in consultation with experts to help farmers identify and implement best management practices (BMPs) that make the most sense for their farms. This informative guide is designed to help with future farm planning. The 44-page downloadable booklet is available on DFC's Farmer Resources Hub and provides an overview of 30 on-farm practices identified in current research that outline opportunities for reducing emissions, increasing carbon sequestration, and improving overall environmental sustainability. The BMP Guide can be found at dairyfarmersofcanada.ca/en/farmer-resources.

Another key element of our Sustainability Strategy includes leveraging the strength of partnerships. In this spirit, DFC has joined forces with several other forward-thinking organizations to further solidify the dairy sector's long-standing commitment to environmental stewardship and responsible farming practices. Our Here for Tomorrow Partnerships Program supports a range of innovative projects being undertaken in various regions across Canada. These projects include pilot programs to create new recycling opportunities, as well as initiatives to restore and nurture wetlands and forests to promote biodiversity.

Current partners include Agriculture in the Classroom Canada, ALUS, Bioenterprise, Cleanfarms, Ducks Unlimited Canada, and Tree Canada. Learn more about our work with these leading organizations, and discover more about DFC's sustainability efforts, on our Sustainability Hub at dairyfarmersofcanada.ca/en/sustainability.

DFC 2022-23 (continued)

Marketing & Business Stakeholder Relations (BSR)

Through multi-platform promotional activities, DFC works to enhance awareness of our Blue Cow Logo, which stands for the stringent standards followed on Canadian farms under proAction. One of the most trusted brand images in the country, the Blue Cow Logo is recognized by 86% of Canadians and can be found on over 8,700 products. Through our marketing campaigns, DFC aims to further the awareness of the Blue Cow, while highlighting the efforts Canadian dairy farmers are taking to farm sustainably.

In June, DFC was honoured with two World Dairy Innovation Awards at the Global Dairy Congress in London, England, for our “Net Zero by 2050 – We’re In” campaign. Centered on how real dairy farmers are working to reach our net zero objective, the “We’re In” campaign won in both the CSR/Sustainability Initiative category and the Marketing Campaign category. By highlighting farmers’ innovative practices, we showed Canadians how our industry is dedicated to a greener future for everyone. These marketing accolades would not be possible without our dairy farmers and their hard work.


Other successful marketing campaigns over the past year built upon the strength of “We’re In” by shining further light on the sustainability practices of Canadian dairy farmers. We focused campaigns on regenerative agriculture and energy management, in particular.

This fiscal year was also a virtual success as DFC launched a new digital property, “Daisy” the cow influencer on TikTok. This always-on tool is used to share dairy content with young audiences in a style that both reflects their cultural values and fits in on their favourite platform. Through evergreen content, Daisy has been able to build a direct relationship with this young audience and proudly -communicate the benefits of Canadian dairy and the contribution of Canadian dairy farmers.

We expanded our digital reach and leveraged the success of Daisy through a gaming experience by creating digestible “edutainment” about sustainable dairy practices. Five custom-built video games -focused on different aspects of DFC’s net-zero commitment that turned dairy farming into dairy fun. To support these games, we developed a custom gaming hub on DFC’s website at dairyfarmersofcanada.ca/en/tomorrow/minigames.

National Nutrition

DFC’s national nutrition team continued to engage Canadian university students, dietitians – and those they serve – on the role of dairy products in a healthy, sustainable diet. Designed to appeal to the interests and needs of future food and nutrition professionals, DFC’s virtual farm tours provide a unique opportunity for nutritional sciences and dietetic post-secondary students to gain a firsthand understanding of current dairy farming practices and efforts to improve sustainability practices. Over the past year, eight virtual farm tours were conducted at universities across Canada,



reaching over 500 participants. Students were able to better appreciate that dairy farmers in Canada care about their animals and the environment, see a low impact of milk production on the environment, and address concerns they may hear about artificial growth hormones or antibiotic residues after the tour.

In March, DFC leveraged the high credibility of Dietitians of Canada through our sponsorship of Nutrition Month to reach Canadian dietitians and consumers. The 2023 campaign had a strong focus on healthy sustainable diets with the tagline “Unlock the Potential of Food for Simple Nutritious, Sustainable Meals,” continuing to build and reinforce third-party support for milk products and their importance within a healthful, sustainable diet. A consumer-directed social media campaign and influencer strategy reinforced key healthy, sustainable, nutrition messages and encouraged visits to DFC’s consumer-facing nutrition website, [Whatyoueat.ca](#). In addition, more than half of dietitians in Canada visited DFC’s health professional website, resulting in extensive resource downloads and orders.

In May, an exhibit was held by DFC at the Canadian Nutrition Society’s 2023 Annual Conference and the Dietitians of Canada’s national conference, sharing sustainable nutrition information and resources with research and health professional delegates. Also during the past year, DFC presented a three-part webinar series in collaboration with the Canadian Nutrition Society (CNS) on Cardiometabolic Health & Risk Reduction, attracting over 2,100 health professionals. A series of podcasts, created by the CNS and sponsored by Dairy Farmers of Canada reinforced the role of dairy in the prevention and management of cardiometabolic diseases. An independent survey of attendees found that over 85% improved their knowledge on the role of dairy products in reducing cardiometabolic risk and 93% said they would integrate what they had learned into their practice.

Research & Innovation

The Canadian dairy sector has always been a global leader in research and innovation, and DFC has invested millions over the past quarter century to foster innovation, increase farm efficiency and sustainability, enhance animal health and care practices, improve milk quality, and strengthen the understanding of the role of dairy in human nutrition and health. Over the past year we supported 43 ongoing research projects and worked with 30 research institutions, 126 scientists, and 115 students at the graduate and doctoral levels, with over 1,000 dairy farms collaborating.

DFC’s 2022-2027 National Dairy Research Strategy was developed through extensive consultations and guides our organization’s investments in science. The strategy outlines research needs and priorities, establishing targeted outcomes and research priorities for the next five years. This strategy forms the basis of calls for proposals to the Canadian scientific community. Targeted outcomes and research priorities are identified under three areas: dairy farm sustainability; animal health, care and welfare; and dairy in human nutrition and health.

DFC 2022-23 (continued)

SaskMilk Regional Services Agreement

SaskMilk signed on for the full Nutrition Education Program from DFC in 2023, which was informed by the 2021-22 pilot and the July 2022 Saskatchewan Teacher's Needs Assessment. From the needs assessment, teachers identified their priorities as ones that apply Canada's Food Guide and that are designed and built by Registered Dietitians (RD). Recruitment and strategic planning began in late 2022 for 2023-2025. Successful recruitment of a Saskatchewan RD allowed for the province's Teach Nutrition program to launch in January 2023.

Leveraging DFC's existing Teach Nutrition programming from other regions has allowed for great success in reaching early planning goals such as:

- Prioritize elementary schools by early 2023;
- Have resources for all grades from Alberta, Manitoba or other DFC regional teams by the end of 2023; and
- Have staff to support programming and deliver workshops locally.

Teach Nutrition programming improves teachers' skills and confidence in delivering classes in nutrition education including dairy, which help students come away with improved impressions and attitudes towards dairy farming. As teachers engage with this programming, it will result in increases in perception and impression of DFC and dairy farming overall.

Mid-Year 2023 Highlights:

- Q1 (Jan-Mar), Q2 (Apr-June) planning and priorities focused on:
 - Building out Saskatchewan's Teachnutrition.ca;
 - Creating programs, resources and articles;
 - Launching new website (all Teach Nutrition regions);
 - Auditing regional resources for Saskatchewan adaptation and adding resources to portfolio for download or print orders.
- By the numbers:
 - Web traffic report to-date includes 580 users and 970 sessions;
 - Printed resources orders included 75 classroom kits with 1,846 students reached;
 - Digital program and classroom activities included 318 downloads with 5,800 students reached.

To learn more about DFC's activities overall, download our 2022-2023 Annual Report at dairyfarmersofcanada.ca/en/dairy-in-canada/annual-report.

***It is our pleasure to represent dairy farmers
and we look forward to another successful year!***

Research Report

Dairy research is still as important as ever. Dairy is under a lot of pressure economically due to a number of different factors which I do not have to mention. What should be mentioned though, is that research is not one of the areas where we should be supporting less. In Saskatchewan, we have a research budget of sixty thousand which the board is charged with investing in projects they deem to be the most prudent. They can be related to any area of our industry for animal health perspective, new technology ideas, feed and nutrition, mental health, carbon footprint, and now even multi commodity. I add this because of all the information coming forward regarding beef on dairy.

I am astounded by how fast this initiative has been gaining traction and it is such a good news story for our dairy sector. It is possible because of research in the past in the sexed semen arena. For those of us who have been heavily involved in the breeding of good cattle, we can all relate to or remember the days when we were very thankful that we received a heifer calf from a good cow, or those days when we were saddened by receiving a bull calf from what we thought was a good mating only to have our hopes dashed. How great it is now to be able to select the females now which we want to build our herd from and only have to take a slight drop in conception rate. Yes, that may be a cost and result in a slightly higher DIM for the herd but remember that it only affects the



Research Report (continued)

better cows and they tend to be more profitable even with a higher DIM but think of the cost saving in raising all those heifers from the poorer cows which we no longer incur. Further to that, how much superior and efficient are all the calves which we now have on the beef side. So maybe still the same total number of calves, but superior heifers on the one side, and superior beef on the other. If ever I have seen a win-win, this is it.

On another note, an area which is gaining a lot of traction is sustainability. This has a lot of different aspects to it which you are all of aware of. DFC and our governments are very much in support of this. Animal health, environmental stewardship, economic efficiency, carbon footprint, genetics, etc. all fit in this category. This is now probably the area where most of the research dollars will be going. I know some of you believe this whole climate change discussion is not something which we should even be talking about but I would disagree. Again, think back in terms of farming practices. Thirty years ago standard practice in prairies was to cultivate, some maybe even plow, disc, harrow. seed, maybe harrow again and pack. Think of the costs incurred, fossil fuels burned, etc. to achieve what we thought were good results. Now what some do is maybe harrow, and then seed and look how much lower the costs and how much greater the results, especially in dry years. All this to say if one is able to reduce a carbon footprint there probably is a corresponding cost saving. The sustainability initiatives that have potential to save costs are very worthy of researching.

Included in this report are the projects we are currently supporting. I would like to thank the research committee, Leonard Wipf, Derek Westeringh, Joy Smith, and Chris Pinno for their work especially in reviewing all the applications and again offer to anyone who is interested to contact any of us if you want to be involved.

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. 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 has been approved by SaskMilk:

- 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
- Dr. Karen Schwartzkopf-Genswein, University of Guelph - Benchmarking western Canadian dairy-beef calf management practices and their impacts on calf health and economics: Phase 1
- Dr. Jose Perez-Casal, U of S/VIDO - Development of an effective multivalent vaccine to control footrot in cattle
- Dr. Antonio Facciolo, U of S - Development of injectable and oral vaccines for Johne's disease in Cattle
- Dr. Greg Penner, U of S - Post-weaning management for beef x dairy cross calves in western Canada: Phase 2
- Dr. Peiqiang Yu, U of S - Use of Newly Developed Blend Protein Pellet on Rumen Parameters and Milk Fat in Dairy Cows

Marketing, Nutrition, & Education Report

The School Milk Program

- The School Milk Program has finally seen an increase in numbers for schools registering for the year. The past few had seen a decrease in registrations due to Covid and Covid restrictions. The School Milk Program is volunteer based in most schools across the province and restricting visitors in schools impacted numbers dramatically. Now that schools are “back to normal”, registration numbers increased from 200 to over 250 and climbing.



- Our school milk and pizza parties have been a huge success and have helped with our registration numbers. This was used as an incentive for schools to either resume or sign up for the School Milk Program, with the focus on keeping the program top of mind.
- We keep adding new and exciting incentive items each year to the school milk boxes! Some new items added this year were our hopscotch sets, new and improved backpacks, and cow poppers.



Events

- Events started off in August 2022 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, a private dinner and live entertainment by local country music entertainers. We visited a total of 12 farms with over 300 farmers and their families across the province.



- SaskMilk Participated in The Queen City EX as a Major Sponsor of the Sunday Pancake breakfast, which supports the Regina Food Bank. Over 8,000 free breakfasts were provided.



- In Saskatoon we participated in the Saskatoon Ex sponsoring Kidville and participating in the mascot parade. Our DairyAnna had a chance to ride some rides and enjoy the event!

- In November, we attended International Whisky Night at the Conexus Arts Center, showcasing a Whisky Milk Paralyzer and our new 20ft Inflatable COW. We are always a standout at the event with innovative Whisky pairings.



- Canadian Western Agribition (CWA) was back this year with a bang! We were the first partner of their new Splash Sponsorship which was introduced to encourage an urban demographic to CWA. This year we partnered to help bring in two Yellowstone actors, Ian Boen and Denim Richards. Our paralyzers are always a hit at Agribition!



- We were back in schools for World Milk Day on June 1st and hosted our own event at the SaskMilk office. We helped bring the community to us by providing free milk and cookies and hosting a BBQ to help support the Regina Food Bank! We donated over \$600 for the 3-hour event.

New Marketing items

- The addition of a truck this year will help with events and also act as a mobile billboard for our organization.
- We added a new 20ft Bouncy house! To ensure we keep costs as low as possible at big events, we plan to use the bouncy house to create memories for kids and keeping SaskMilk top of mind.
- A 20Ft inflatable cow was added to our inventory to stand out at events as well. You will never miss us when you see her out and about, and she's been great for photo opportunities.
- We added 300 Inflatable cow costumes to attend events across the province! If staff can't be at an event, we are able to send these to be present and make an impact.
- Our new and improved DairyAnna! After 20 years she was in desperate need of a makeover, and she has now arrived and is attending events.



Marketing, Nutrition, & Education Report

(continued)

August:

August	2022 Fall Country Cookout
August	2022 Agriculture Teacher Expedition - AITC
August 3 – 7	Queen City Exhibition – Regina
August 9 – 14	Saskatoon Exhibition - Saskatoon
August 12 – 13	Shake the Lake Outdoor Music Festival – Regina
August 19 – 21	Rock 102 Show & Shine – Saskatoon
August 20	Praise in the Park - Regina

September:

September 9	Huskies Athletics – Husky Football - Saskatoon
September 17	MS Bike Tour – Waskesiu
September 23 – 24	U of S Vetavision - Saskatoon
September 29	Gratitude Dinner - Hospitals of Regina Foundation – Regina
September 29	Miyo-wiciwito-win - Regina
September 30	Huskies Athletics – Husky Football - Saskatoon

October:

October 1	Cultural Connections – India Night – Regina
October 1	Wine In Wascana – Regina
October 2	Hockey Sask- Saskatoon
October 5	Progressive Ag Safety Day – Humboldt
October 15	SHSAA Provincial Cross Country – Wapiti
October 15	Hockey Sask (Female) – Humboldt
October 16	Quest4CF - Saskatoon
October 21	Regina Teachers' Convention – Regina
October 27 – 30	Graham Tuer U15 Challenge
October 28 – 29	SHSAA Provincial Soccer – Yorkton, Moose Jaw, Martensville, Outlook and Lake Lenore

November:

November 3 – 5	Yorkton Harvest Showdown
November 4	Conexus Arts Centre Whisky Night - Regina
November 4 – 5	Saskatchewan Nurse Practitioner Conference – Saskatoon
November 4 – 5	SaskFit – Saskatoon
November 5	Hockey Sask - Midale
November 12	SHSAA Provincial Football Finals
November 12	Hockey Sask – Indian Head
November 12	Hockey Sask – Lumsden
November 12	Hockey Sask – Eston
November 13	Hockey Sask – Leader
November 15	National Philanthropy Day - Regina
November 18 – 19	SHSAA Provincial Girls Volleyball – Swift Current, Balgonie, Nipawin, Macklin, Gull Lake, and Rose Valley
November 19	Hockey Sask – Bienfait
November 19	Hockey Sask – Lashburn
November 19 & 20	Hague Royals U11 Hockey Tournament – Hague
November 19 & 20	Mauraders U15A Villains Hockey Tournament - Martensville
November 20	Hockey Sask – Rosetown
November 25 – 26	SHSAA Provincial Boys Volleyball – Meadow Lake, Assiniboia, Regina, Beechy
November 26	Hockey Sask – Arcola
November 26	Hockey Sask – Humboldt
November 26 & 27	Hockey Regina U15B Hockey Tournament - Regina
November 28 – Dec. 3	Agribition – Regina

December:

December	Care and Share Hot Holiday Lunch - Saskatoon
December 3	Astonished – Walk & Roll – Regina
December 3	Hockey Sask – Wolseley
December 4	Hockey Sask – Davidson
December 8	Blast from the Past, Adult Science Night - Regina
December 9 – 11	U15A Bantam Hockey Tournament - Regina
December 10	Hockey Sask – Luseland
December 10 - 11	Warman U13 Cougars Hockey Tournament – Warman
December 10 – 11	Pense Grand Coulee U11 B Hockey Tournament
December 11	Rattlers Youth Basketball Clinic – North Battleford
December 27	Saskatoon Blades Teddy Bear Toss - Saskatoon
December 27 – 30	U12 – U15 - U18 Provincial Curling Championship - Regina
December 27 – 30	U12 & U15 Triples Curling Cup - Regina
December 31	Noon Year's Eve – Science Centre - Regina

January:

January 6 – 7	Martensville U9B Maven Monarchs - Martensville
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January 6 – 8
January 13 – 15
January 13 – 15
January 15
January 16 – 23
January 21 – 23
January 27 – 29

U11 Imperials Hockey Tournament – Churchbridge
Martensville Maven Marlies U11B – Martensville
U13AA Regina Tigers and U13AA Regina Royals Hockey - Regina
Hockey Sask – Biggar
2023 Hockey Day in Saskatchewan - Provincial
U9 Imperials Hockey Tournament – Churchbridge
Dalmeny U11 Hockey Tournament - Dalmeny

February:

February 3
February 3 – 5
February 4
February 4
February 4
February 9
February 11 – 12
February 12 – 13
February 14 – 15
February 19 – 25
February 25
February 25
February 28

Country Hills Colony, Open Dairy House
U-Prairie Challenge – Saskatoon
U7 Imperials Hockey Tournament – Churchbridge
Warman U11 Jaguars Hockey Tournament – Warman
Warman U9 Jaguars Hockey Tournament - Rosthern
Girls in STEAM Conference – Regina
Regina Biathlon Club
U13 Warman Female Hockey Tournament - Wakaw
FCC Ag Summit – With Agriculture Ministry - Saskatoon
Saskatchewan Winter Games – Regina
U7 Hockey Tournament – Dalmeny
Buffalo Plains Ringette Association – Fort Qu'Appelle
Warman Wildcats U7 Leopards Hockey Tournament - Warman

March:

March
March 3 – 4
March 3 – 4
March 4
March 10
March 11 – 12
March 17
March 17
March 17 – 18
March 23 – 25
March 31

White Pony Lodge Inc. - Regina
SHSAA Regional Curling- Rosthern, Langham, Hanley
SHSAA Provincial Wrestling – Regina
Warman U11A Panthers Hockey Tournament - Waldheim
Queen City Volleyball Club 16U Elite Girls Volleyball - Regina
U12 – Triples Cup Curling Championship – Regina
Ag in the Classroom AGM - Saskatoon
Prince Albert and Area Teachers Association
SHSAA Regional Basketball
SHSAA Provincial Basketball – Hoopla – Prince Albert
Lung Sask Cabaret - Saskatoon

April:

April – May
April 13 – 15
April 20
April 20 – 23
April 22 – 23
April 21 – 22
April 27
April 27
April 28 – 29
April 29
April 30 – May 31

FCC Meals from the Farm - Provincial
4-H Spring Steer & Heifer Show – Yorkton
Lloyd Ex Ag Education - Lloydminster
SGI – The Best of the West – Saskatoon
Lloyd Ex – 4H Judging & Grooming - Lloydminster
Taste of Spring - Regina
Sun West Student Leadership Conference 2023 – Kindersley
Leboldus Community Wellness Carnival – Regina
U16 Royal Purple Queen City Volleyball Tournament - Regina
Pense Sports Celebrity Dinner & Auction - Pense
Gopher Attack Marathon - Regina

May:

May
May
May 4
May 6
May 11
May 13
May 13
May 13
May 18
May 26
May 27
May 28

Vikings Cricket – Regina
Valley Soccer Association
Saskatchewan Society of Nutrition Management - Saskatoon
SHSAA Regional Badminton
Mental Health and Wellness Conference - Rouleau
SHSAA Provincial Badminton – Unity
Ivan Amichand Memorial 5Km Run/Walk/Bike - Regina
Royal Road Race – Regina
2023 KidSport Corporate Challenge - Regina
Classical Music Maestros – Mr. Shankar & Mr. Ramdas - Regina
Victoria Club 100th Anniversary Celebration – Regina
Walk to Make Cystic Fibrosis History - Regina

June:

June
June 2-3
June 9
June 9 – 10
June 9 – 10
June 9 – 11
June 11
June 18

Pump Couture, Diabetes Canada -Saskatoon
SHSAA Provincial Track & Field – Saskatoon
ZOOGALA – Saskatoon
Broken Arrow Youth Ranch “Run the Ranch” – South Sask.
SHSAA Women in Sport Conference
Excel Athletika Track & Field Club Trials - Regina
Juvenile Diabetes Walk – Regina
Pump Couture Diabetes Canada – Saskatoon

July:

July 10 – 14
July 12 - 16
July 14 – 16

FCC Food Influencer Program - Provincial
Taste of Saskatchewan – Saskatoon
Excel Athletika Track & Field Club – Dual Meet - Regina

Production Report

As of July 2023, Saskatchewan had 147 dairy operations in the province.

The total milk shipped this dairy year was 288,969,794 litres. This is a decrease of -2,231,308 litres (0.77%) from the previous year. Butterfat production for the dairy year was 12,368,427 kilograms, a decrease from the previous year of 82,937 kilograms (0.68%).

The average milk composition was:

Butterfat 4.2802%
Protein 3.3014%
Other Solids 5.8762%

Average blend price:

All Milk \$94.78/hl
Butterfat \$22.09 /kg

Average Component Prices:

Butterfat \$18.786520
Protein \$2.870896
Solids \$0.806471

DY 2022/2023	Aug-22	Sept-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Litres Shipped	24,894,345	24,149,704	24,464,067	23,443,120	24,408,720	24,783,824	22,478,855	24,670,294	23,557,962	24,397,675	23,445,598	24,275,630
Avg Litres/day	803,043	804,990	789,163	781,437	787,378	799,478	802,816	795,816	785,265	787,022	781,520	783,085
Bfat Test kg/hl	4.0460	4.1044	4.3339	4.4247	4.4179	4.3758	4.3696	4.3606	4.3346	4.2518	4.1653	4.1876
Bfat Shipped kgs	1,007,224	991,207	1,060,240	1,037,277	1,078,365	1,084,484	982,235	1,075,769	1,021,148	1,037,332	976,571	1,016,575
Avg Bfat/day kgs	32,491	33,040	34,201	34,576	34,786	34,983	35,080	34,702	34,038	33,462	32,552	32,793
Lost Opportunity kgs	572	255	80	171	184	100	50	164	162	173	50	173
Total Over Quota kgs	326	30	0	47	515	529	391	633	356	684	30	7
SK Cumulative %	7.64	7.36	7.11	7.88	8.52	9.23	10.08	9.93	10.16	10.92	10.95	11.16
WMP Cumulative %	-2.50	-2.91	-2.94	-2.83	-2.45	-1.85	-1.11	-1.22	-0.91	-0.24	-0.16	-0.01
P5 Cumulative %	-0.83	-1.34	-1.38	-1.5	-0.99	-0.52	-0.08	0.08	0.56	1.27	1.33	2.21
P10 Cumulative %	-1.61	-2.05	-2.05	-2.07	-1.61	-1.12	-0.6	-0.53	-0.11	0.59	0.98	1.32



proAction® Report

July 2022 - August 2023

Starting in October 2022, Lactanet has been managing proAction Validators across the western provinces. Donna Asher was 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. As of October, the validator has been assessing corrective actions during the on-farm validations and all corrections have been submitted to the validator within 30 days of the visit. All self-declarations have also been approved through Lactanet.

Self-declarations 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. When comfortable accessing your NEAS account, there is access to view past validations, cattle assessments, access forms/SOPs, complete self-declarations and environmental summaries digitally.

Even though Lactanet is managing validators and self-declarations, feel free to contact SaskMilk with any proAction questions/concerns. In many cases, farms have had similar Corrective Actions coming up – outdated water test, missing SOPs, Annual Wash System Check, Cattle Health Declaration and Biosecurity Risk Assessment. Please reach out to me if you are looking for forms, SOP templates or need help with your proAction program.

In September 2023, a newly updated proAction Workbook and Reference Manual will be available. The notice of change and access to all updated proAction materials are available at <https://www.dairyfarmers.ca/proaction/resources/overview>.

One of the key updates in the notice of change is the required use of white NLID tags for all animals born on a dairy farm (animals dairy born, but destined for the beef market do not need to be double white NLID tagged, just a single white RFID tag is adequate).

Tina Leverton



Financial Statements

Saskatchewan Milk Marketing Board

For the year ended July 31, 2023

Management's Responsibility for the Financial Statements

To the Board of Directors:

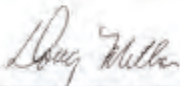
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the 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 3, 2023



Interim General Manager

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, 2023, 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, 2023, 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 3, 2023

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, stylized font, with 'LLP' in a smaller, simpler font to the right.

Chartered Professional Accountants

Saskatchewan Milk Marketing Board

Statement of Financial Position

As of July 31, 2023

	2023	2022
Assets		
Current		
Cash	\$2,763,402	\$4,089,362
Accounts receivable	14,263,955	12,700,900
GST receivable	40,716	10,777
Prepaid expenses	507,325	370,885
	17,575,398	17,171,924
Investments (Note 3)	1,264,833	1,508,020
Investments in Significantly Influenced Entity (Note 4)	130,216	-
Capital Assets (Note 5)	310,216	343,114
	\$19,280,663	\$19,023,058
Liabilities		
Current		
Accounts payable and accrued liabilities	\$15,414,943	\$14,802,513
PST Payable	-	975
	15,414,943	14,803,488
Internally Restricted Fund - Industry Development (Note 11)	554,827	818,033
General Fund	3,310,893	3,401,537
Net Assets	3,865,720	4,219,570
	\$19,280,663	\$19,023,058

Commitments (Note 7)

Approved by the Board of Directors



Director



Director

See accompanying notes to the financial statements

Saskatchewan Milk Marketing Board

Statement of Operations

For the 12 months ended July 31, 2023

	BUDGET (Note 12) (Unaudited)	2023	2022
Revenue			
Milk sold to processors	\$267,000,000	\$278,866,723	\$253,843,682
Milk pools (Note 6)	4,800,000	(2,252,936)	7,345,295
Milk pool administration and fees (Note 13)	5,237,222	4,999,143	4,216,401
Promotion levy	4,410,000	4,334,547	4,372,167
Licence fees and miscellaneous	732,187	873,912	767,390
Milk quality penalties	90,000	596,442	626,674
Interest	30,000	245,205	53,627
Investments	50,000	73,200	57,057
Grants	-	7,968	2,661
	\$282,349,409	\$287,744,204	\$271,284,954
Expenses			
Milk purchased from producers	\$272,874,083	\$277,587,900	\$262,004,812
Administrative expense	3,084,984	3,631,337	2,797,883
DFC industrial levy and membership	1,721,150	1,799,628	1,608,707
Marketing, nutrition, and education activities	1,568,600	1,766,049	1,344,249
Salaries and benefits	1,509,373	1,655,153	1,493,900
Travel, sustenance, and vehicle expense	367,054	282,600	119,773
WMP Shared Costs	258,000	304,972	71,532
Dairy Innovation West (DIW)	250,000	9,198	44,191
Honoraria	155,580	109,725	107,525
Amortization	145,000	161,035	147,344
Rent	152,481	177,461	155,961
School milk program	205,353	188,518	109,342
Legal	90,000	124,908	108,621
Food Bank program	93,100	88,651	97,713
Western promotion	95,000	83,401	88,531
	\$282,569,758	287,970,536	270,300,084
(Deficiency) excess of revenues over expenses before other items	(220,349)	(226,332)	984,870
Other Items			
Gain/(loss) on sale of investments		(27,555)	-
Unrealized gain (loss) on market value of investments	-	(3,319)	(144,581)
Earnings/(loss) from investment in significantly influenced entities		(96,644)	-
Gain/(loss) on disposal of capital assets (Note 4)		-	(17,989)
(Deficiency) excess of revenues over expenses	\$(220,349)	\$(353,850)	\$822,300
Strategic Reserves	(233,850)		
(Deficiency) excess of revenues over expenses	\$(454,199)	\$(353,850)	\$822,300

See accompanying notes to the financial statements

Saskatchewan Milk Marketing Board

Statement of Changes in Net Assets

For the 12 months ended July 31, 2023

	General Fund	Internally Restricted for Industry Development	2023	2022
Net assets, beginning of year	\$3,401,537	\$818,033	\$4,219,570	\$3,397,270
(Deficiency) excess) of revenue over expenses	(353,850)	-	(353,850)	822,300
Transfer from Reserves				
Interfund transfers (Note 11)	263,206	(263,206)	-	-
Net assets, end of year	\$3,310,893	\$554,827	\$3,865,720	\$4,219,570

See accompanying notes to the financial statements

Saskatchewan Milk Marketing Board

Statement of Cash Flows

For the 12 months ended July 31, 2023

	2023	2022
Cash Flows from Operating Activities:		
Cash receipts from processors and fees	285,832,805	270,918,154
Interest received and investment income	318,405	110,684
Cash paid to producers	(276,990,672)	(261,387,309)
Cash paid to other suppliers	(8,690,848)	(4,972,875)
Cash paid to employees and board members	(1,655,153)	(1,493,900)
Cash flows from operating activities	(1,185,463)	3,174,754
Cash Flow from Investing Activities		
Purchase of tangible capital assets	(128,137)	(136,429)
Purchase of investments	(226,860)	(51,000)
Proceeds on disposal of investments	214,500	-
Cash flows from investing activities	(140,497)	(187,429)
Net increase in cash during the year	(1,325,960)	2,987,325
Cash position, beginning of year	4,089,362	1,102,037
Cash position, end of year	\$2,763,402	\$4,089,362

Saskatchewan Milk Marketing Board

Financial Statement Notes

For the period ended July 31, 2023

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 levies 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 amortization at the following annual rates:

Leasehold Improvements	10 years
Milk Payment System	10 years
Handhelds	5 years
Office furniture and equipment	3-10 years
Vehicle	5 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 receivables 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 financial instruments when SaskMilk becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, SaskMilk may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. SaskMilk has made such an election during the year.

2. Significant accounting policies (continued)

f) Financial Instruments (continued)

The Association subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

SaskMilk assesses impairment of all its financial assets measured at cost or amortized cost. SaskMilk groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

SaskMilk reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

SaskMilk reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Saskatchewan Milk Marketing Board

Financial Statement Notes

For the period ended July 31, 2023

2. Significant accounting policies (continued)

g) Investment in Significantly Influenced Entities

SaskMilk's investment in significantly influenced entities, are accounted for using the equity method. Accordingly, the investments are recorded at acquisition cost and is increased for SaskMilk's proportionate share of post acquisition earnings and decreased by post acquisition losses. This includes the investment in Dairy Innovation West Inc.

All significantly influenced entities are disclosed as related parties in note 14.

3. Investments

	2023	2022
Market Value		
Mutual Funds	\$1,255,214	\$1,500,521
Cash and cash equivalents	9,619	7,499
	\$1,264,833	\$1,508,020

4. Investment in Significantly Influenced Entities

SaskMilk holds the following significantly influenced investment:

	2023
Dairy Innovation West Inc. (12.26434% ownership interest)	
Original Cost	\$ 226,860
Opening share of equity (loss) in net assets (Deficit) since date of acquisition	-
Current year share of earnings (loss)	(96,644)
	\$ 130,216

5. Capital Assets

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Milk Pay System	\$935,272	\$801,561	\$133,711	\$185,814
Vehicle	66,699	9,340	57,359	-
Leasehold	6,970	1,394	5,576	6,273
Office furniture and equipment	106,891	67,294	39,597	36,013
Handhelds	243,359	169,386	73,973	115,014
	\$1,359,191	\$1,048,975	\$310,216	\$343,114

Saskatchewan Milk Marketing Board

Financial Statement Notes

For the period ended July 31, 2023

6. 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 paid contributions of \$2,252,936 to the milk pools (2022 – received contributions of \$7,345,295 from the milk pools).

7. Commitments

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

2024	\$150,403
2025 – 2027	\$157,823
2028 – 2031	\$161,533

8. 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 \$107,913 (2022 - \$101,569) to the plan, which is recorded as an expense.

9. 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.

9. 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.

10. Line of Credit

SaskMilk has access to a Conexus Credit Union line of credit to a maximum of \$750,000, bearing interest at prime minus 2%, secured by a general security agreement. The balance drawn on July 31, 2023, is \$nil (2022 - \$nil).

Saskatchewan Milk Marketing Board

Financial Statement Notes

For the period ended July 31, 2023

11. 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 2022-2023: 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).

12. 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 2022 – 2023 Budget was approved by the Board of Directors on July 8, 2022.

13. Milk pool administration and fees

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

	2023	2022
IDF revenue	\$2,856,499	\$2,014,027
SMMB assessment	1,908,396	1,893,641
CDC surplus refund	8,049	103,558
Fluid shrink	-	270,532
Component testing	280,063	20,284
Adjustments	(53,864)	(85,641)
	\$4,999,143	\$4,216,401

14. Related party information

DIW

The Board exercises significant influence over Dairy Innovation West Inc. ("DIW"). DIW was incorporated on April 30, 2020, and its members are SaskMilk, Dairy Industry Development Council, Alberta Milk and Dairy Farmers of Manitoba. As a member of DIW, SaskMilk is entitled to name a nominee for appointment to DIW's Board of Directors, and the Board's support is required in the process of electing 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. The Board holds economic interest in DIW to the extent that resources are transferred to DIW by means of member assessment fees, which are collected by DIW to achieve its stated purpose. The Alberta Agricultural Products Marketing Council has provided their support for the DIW project concept. DIW is incorporated under the Canada Not-for-profit Corporations Act and extra-provincially registered in Alberta, and is exempt from income tax. The Board's recorded transactions with DIW during the year consist of \$9,198 (2022 - \$44,191) of member assessment fees, which are included on the Statement of Operations.

The Board exercises significant influence over DIW Buildings & Land Corporation ("Landco"). Landco was incorporated on August 22, 2022, and its shareholders are the Board, Dairy Industry Development Council, Alberta Milk and Dairy Farmers of Manitoba. The Board's shareholdings are based on provincial quota shares of the Western Milk Pool provinces, with SaskMilk's relative percentage being 12.26434%. As a shareholder of Landco, the Board is entitled to name a nominee for appointment to Landco's Board of Directors, and the Board's support is required in the process of electing the Chair of Landco's Board of Directors. Landco's purpose is to hold and maintain capital assets necessary for the operation of a dairy concentration plant, which when constructed, will be leased to DIW. Landco is incorporated under the Canada Business Corporations Act and extra-provincially registered in Alberta. The Board accounts for Landco using the equity method. During the year, the Board purchased 45,372 class A common shares at a cost of \$226,860, and the Board's loss from Landco under the equity method was \$(96,644).

The Board expects to enter into a credit agreement with Farm Credit Canada ("FCC") for a construction loan in the amount of \$11,088,000 to support the construction of the dairy concentration plant to be owned by Landco. The total cost of construction is estimated to be \$67,787,753. The expected terms of the loan are a term of five years with a ten-year amortization period, bearing interest at FCC's variable mortgage rate minus 1.35%, with interest-only payments during construction, and monthly blended payments subsequent to construction. Security includes a full guarantee of the construction

14. Related party information (continued)

loan from DIW, a full guarantee of the construction loan from Landco, a first mortgage registered against land held by Landco, and a general security agreement over the assets of the Board. The Board anticipates that the current structure of the arrangement will result in the Board receiving preferred shares in Landco in exchange for the contribution 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.

WMP

SaskMilk, along with the other Western Milk Pool (“WMP”) provinces, has commenced a WMP transformation project to find efficiencies and increase value for our farmers, including harmonizing policies, sharing resources, and working together on key files. The cost of consultants, information technology development and other costs for the 2024 fiscal year is estimated at \$3,878,048 for the WMP, with SaskMilk’s share of the cost being \$405,384.



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