

CHARTING OUR  
DIGITAL FUTURE.



ANNUAL REPORT  
2017 - 18



## In memory of Craig Hartl January 4, 1992 - January 28, 2018

Craig Hartl was a Journeyman Electrician who worked at PAMI. He was popular among the staff for his fun-loving, outgoing personality and was always willing to lend a helping hand.

Craig died unexpectedly in January. The staff at PAMI dedicates this Annual Report in his honour.

# Letters of Transmittal



**Honourable Lyle Stewart**  
*Minister of Agriculture*  
*Government of Saskatchewan*



**Honourable Ralph Eichler**  
*Minister of Agriculture*  
*Government of Manitoba*



July 27, 2018

The Honourable W. Thomas Molloy  
Lieutenant Governor  
Province of Saskatchewan

Your Honour:

I have the honour to submit the annual report of the Prairie Agricultural Machinery Institute for the year ended March 31, 2018. It includes the financial statements audited by the Provincial Auditor.

Respectfully submitted,

Honourable Lyle Stewart  
Minister of Agriculture  
Government of Saskatchewan



July 27, 2018

Honourable Lyle Stewart  
Minister of Agriculture  
Government of Saskatchewan

Honourable Ralph Eichler  
Minister of Agriculture  
Government of Manitoba

It is my honour to present the annual report of the Prairie Agricultural Machinery Institute for the year ended March 31, 2018.

Resepctfully submitted,

Tim Oleksyn  
Chair, Board of Directors  
Prairie Agricultural Machinery Institute

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On April 6, 2018, the community of Humboldt was hit by the tragedy of the Broncos’ bus crash, which claimed the lives of 16 players and personnel. The PAMI staff and board grieved alongside our city, province, nation and the world. It is with fondness that we remember and honour these members of our community. [#humboldtstrong](#)



# Chairman's Message

This year we completed the transition of the Western Beef Development Centre (WBDC) to the University of Saskatchewan and it is a time to celebrate the accomplishments of its talented staff. WBDC linked the science and research to the land with a focus on sustainability and profitability; it connected the researchers to the producers and delivered practical information right to the ranch gate.

As staff and committee members migrate to the Livestock and Forage Centre of Excellence (LFCE), there is also change amidst the PAMI board. I will miss the thoughtful contributions of Bryan Hadland, who had an ear for listening and a wisdom for learning. We welcome Jared Nelson, Mark Pickard, Bill Baker and Bill Greuel, who were recruited for their business, government and technological savvy.

In our strategic plan, PAMI looks to provide leadership in navigating the intricacies of today's technologies. We want technology to work for and serve the producer 100 per cent of the time. The Canadian Prairies sometimes serve as a testing ground for equipment manufacturers. We want to position PAMI to help forge the connectivity between equipment and to translate the growing amounts of data into meaningful information. As we serve agriculture, we also look for application in other industries.

The scale of farming is increasing. We have come a long way from the technologies my grandfather and father used. A key symbol is the large storage bins. I am amazed by modern producers' capacity to fill them using new harvesting approaches. PAMI has learned a lot about conditioning the grain and keeping it safe using the Grain Innovation Facility. I congratulate the board members and our partners for their roles in helping this important work come together.

There are many people on whom PAMI's success relies. I appreciate our dialogue with Ministers Lyle Stewart and Ralph Eichler. They keep their doors open for brainstorming and information sharing and have backed us as we've made necessary changes within our organization. And finally, thank you to the Corporate Management Team of PAMI who kept up the enthusiasm and who facilitated the smooth transfer of WBDC. They took extra care to get things right while they still had stewardship of the organization and as a result, we are well-positioned for the future of beef and forage research.



Tim Oleksyn



# President's Message

In the past year, we have made significant progress toward self-sustaining revenues amidst meaningful movement toward the strategic future of the organization. Revenues for fee-for-service work have increased and internally we are driving client value by management efficiency. We are using enterprise resource management to engage employees across the Saskatchewan and Manitoba organizations.

Across PAMI and WESTEST and the sectors we serve, we face the emergence of digital technologies and so we are positioning ourselves to blaze the trail. We begin by developing our own core of expertise that can branch out to serve our customer groups. Sensors, software and firmware are a vital component to our strategic future.

Developments in bins are leading to producers storing grain on a scale up to 20 times the volume of the past. There is significant risk to storage on that scale but we are conducting research to understand and help minimize spoilage and loss.

Climate change is another important focus and there are two components to address. PAMI has long been engaged in the effort to reduce the environmental impacts of agriculture. The other key activity is adaptation. Climate change brings opportunities to introduce new crops to the prairie's traditional farm land. Not only are we trying to understand how to maximize efficient production but we must also study the diseases and pests that accompany these new crops.

This winter was a time when our community and our organization faced tragic loss and took time to grieve the passing of a colleague and friend, Craig Hartl, and also the 16 members of our community who were killed in the Humboldt Broncos bus crash. I am so impressed by the way the PAMI staff came together in mourning but also picked each other up to move forward. We remember but we are resilient. We go forward with a new sense of confidence in our place in the world.



David Gullacher



# About PAMI

PAMI researches, designs, builds and tests machinery, machinery components and machinery processes. Our scientific research approach, coupled with our hands-on lab, shop and in-field design and testing, promises practical solutions to real-world problems. We are scientists, engineers, agronomists and journeypersons. Many of us have a background in farming and continue to be involved in production today.

Together with our associate, WESTEST, and our research division of the Applied Bioenergy Centre, we tackle issues with our partners from across Western Canada and around the globe. While our success continues in agriculture, we have solved countless issues in scores of markets. We've helped farmers increase crop yields to feed a growing world. We've protected soldiers' lives with advancements in equipment. We've helped small business owners improve their products and inventions. And we are just getting started.

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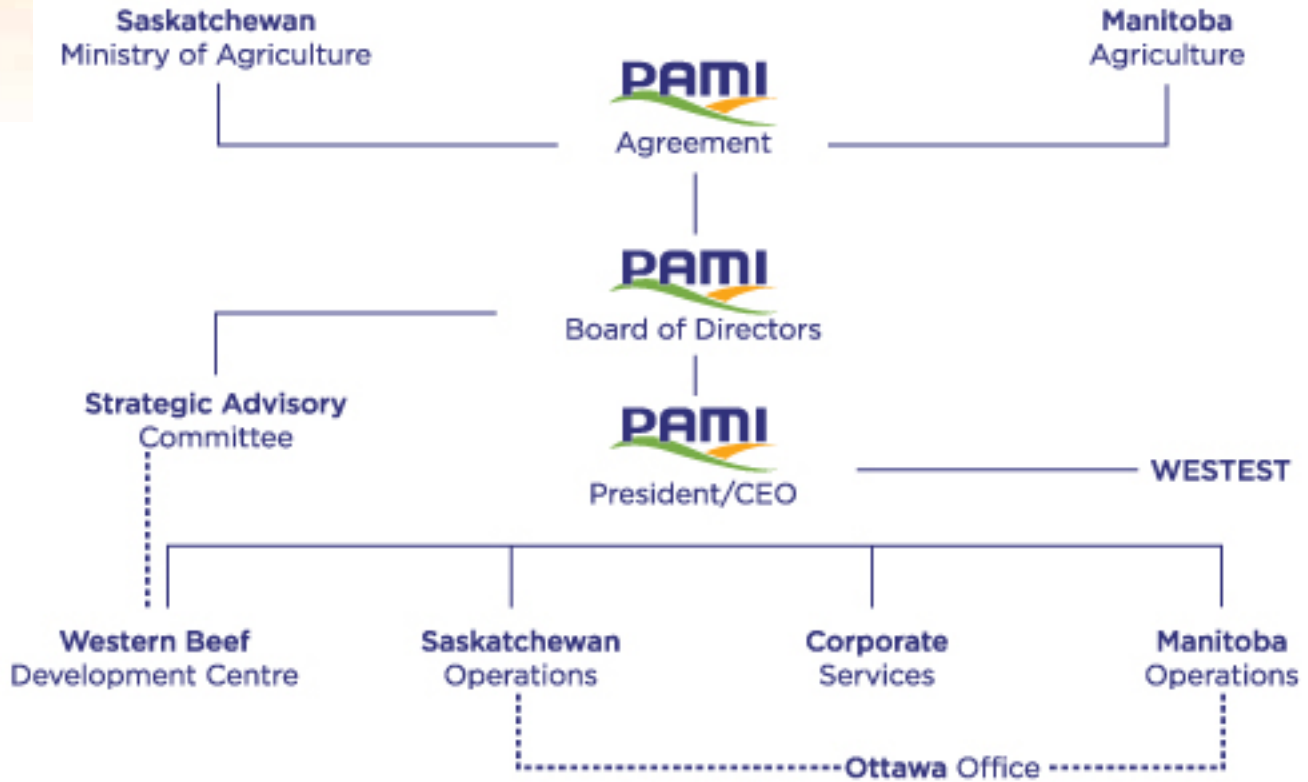
## Board of Directors

Tim Oleksyn, Chair and Saskatchewan Producer  
Bill Zettler, Vice-Chair and Manitoba Producer  
Jared Nelson, Saskatchewan Producer  
Boris Michaleski, Manitoba Producer  
Mark Pickard, SK Ag Businessman  
Bill Baker, SK Ag Businessman  
William Greuel, Representative of the Saskatchewan Ministry  
of Agriculture  
Leloni Scott, Representative of Manitoba Agriculture

Corporate Management Team  
David Gullacher, President & CEO  
David Yee, VP of Saskatchewan Operations  
Harvey Chorney, VP of Manitoba Operations  
Joanne Forer, VP of Finance and Administration  
James Wassermann, Manager of Western Beef Development Centre



# Organizational Structure



## Vision

Innovative solutions for agriculture and beyond.

## Mission

To ensure agricultural sustainability and profitability through research, innovation, adaptation, and knowledge transfer. We partner with and serve a broad range of clients to achieve our mission.



# PAMI By The Numbers

Funding from fee-for-service projects: 86%



Projects related to agriculture: 56%



Ag research projects: \$3.6 million



Ag development projects: \$1.4 million



Leverage of Base Grant \$3.27:1

(Every \$1 of government base grant is levered with \$3.27 of contract funding from industry of public research funds.)



## 2018-19: A Look Ahead

### Goals

#### 1. Support agriculture's future; its changing complexity, scale, and environment

- Adopting digital technologies
- Increasing scale of grain/product storage
- Mitigating climate change
- Adapting to climate change

#### 2. Sustainability of the PAMI business model

- Building revenue streams
- Supporting the existing client base

#### 3. Align culture and values with our clients and stakeholders

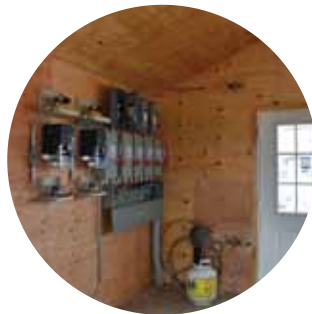
- Maintaining client-centred focus
- Extending PAMI's voice, presence and message



*testing straight cut canola*

# 2017-18 Operations Highlights

## Grain Innovation Facility



*electrical installations  
inside the instrumentation  
building*

The Portage la Prairie facility of PAMI is expanding to include a Grain Innovation Facility that includes two 25,000-bushel bins. The addition allows researchers to study the factors that contribute to grain loss during storage and mitigate them. Previously, on-farm storage was studied on a scale of 1,500-bushel bins but as storage expands, there is significant financial risk to amassing grain in volumes 15 times the size.

Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative, supported the initial facility development and additional government funding provided the installation of electrical power, conveying equipment, hoppers and instrumentation. Work will test various fan types and different crops; it will incorporate other components of grain handling and conditioning. The ability to monitor grain temperature, moisture content and other characteristics will help reduce loss. The testing services will benefit both producers and manufacturers.

## Combine Optimization Tool



Developed by PAMI, the Canola Council of Canada released a web-based application to help producers with combine adjustments during harvest and maximize yield. The combine optimization tool was a natural extension from the Combine Seed Loss Guide revamped in 2016 and supports any make and model of combine. The tool can be found at [canolacalculator.ca](http://canolacalculator.ca) alongside calculators for target plant density and seeding rates. The end goal is to help canola producers achieve an average yield of 52 bu/ac by 2025.

### **TIPS FOR CALCULATING COMBINE LOSS**

- Disengage the chopper and spreader to drop the residue in a windrow
- Insert a loss pan under the combine while harvesting at a steady rate
- Separate the dust, chaff and straw from the grain in the loss pan
- Count the grain in the pan to determine the bushel-per-acre loss
- Calculate loss for every crop every year

Reducing losses can be as simple as making combine adjustments or slowing down.

## Effects of Tillage on Pulse Diseases

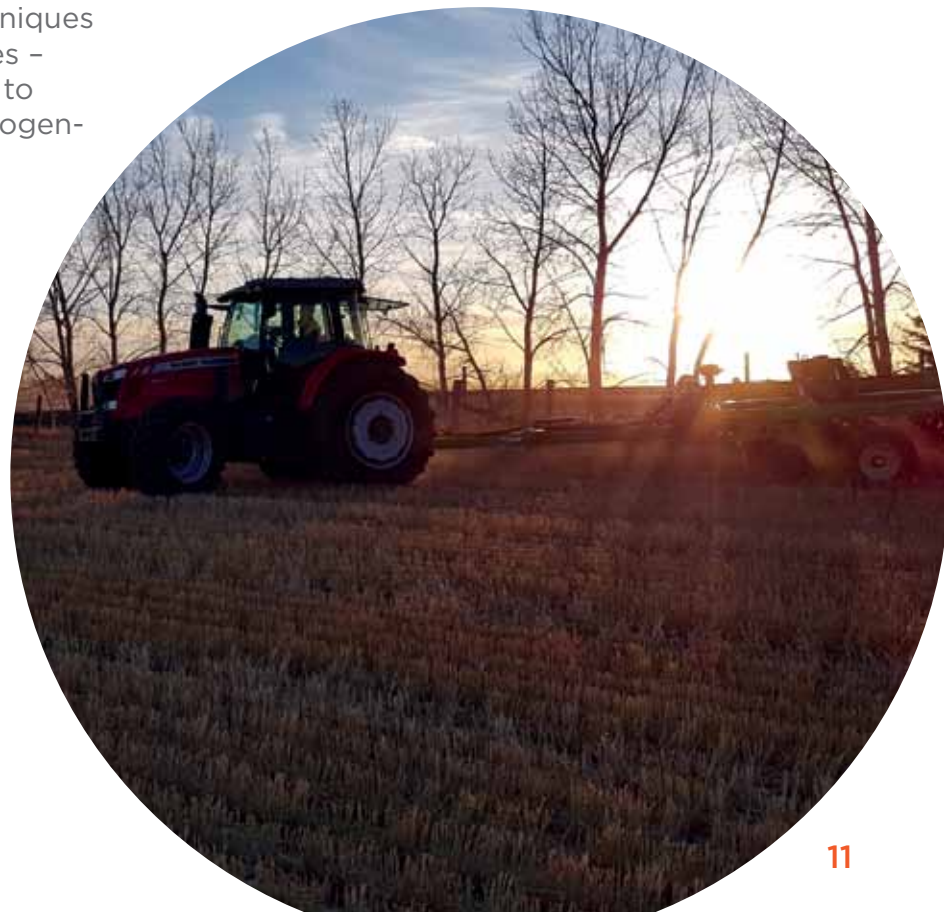


With support from the Agriculture Development Fund of the Saskatchewan Ministry of Agriculture, PAMI is exploring whether fall tillage can mitigate root rot establishment and improve pulse crop performance. Agricultural producers have moved away from tillage for the purposes of soil conservation, but a certain amount of tillage may be beneficial and necessary for production and management issues. Beginning in 2018, PAMI will embark on a three-year crop rotation research project testing conventional, vertical and no-tillage techniques on Saskatchewan's three main soil profiles – black, dark brown and brown. The aim is to minimize root rot and encourage the nitrogen-fixing benefits of pulses.

## Soybean Harvesting Efficiency



When combining soybeans, speed is an important factor in minimizing loss. With funding from Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative, PAMI looked for ways to boost the efficiency of soybean harvest. In addition to speed factors, researchers found that auger headers equipped with air reels are more efficient at picking up the crop.



## Straight-Cut Canola



*putting loss pans in standing canola for trials*

## Canola Storage



*bin sweep inside of the test bin*



PAMI took on two studies related to straight-cut canola in the past year. Both projects were supported by Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative in conjunction with Syngenta, BASF, Bayer and MacDon.

Using shatter-resistant canola, the researchers applied different treatments (Reglone®, Heat® and glyphosate combo, and straight glyphosate) and management practices (natural ripening and windrowing) and compared the cost of production and performance of each treatment when using straight-cut harvesting techniques.

The second project examined the physiology and respiration (i.e. suitability for storage) of the seed given the five treatments. A lab analysis evaluated samples for green seed, oil content, dockage, moisture and seed weight. More trials are needed to reach definitive conclusions. This work will help refine harvesting operations, which are critical to canola producers' strategic goals.

In PAMI's long-term research into canola storage, the past year's focus has been to examine aeration as the scale of grain bins increases. Canola is a dense crop to store, and researchers tested the effectiveness of fans as well as bin management techniques (i.e. fill levels and gravity spreading). This project received funding from Agriculture and Agri-Food Canada, the Canola Council of Canada, Alberta Canola, SaskCanola and the Manitoba Canola Growers.

### **CANOLA STORAGE TIPS**

- Grain must be cooled to at least 15°C
- Airflow rates of 0.1 to 0.2 cfm per bushel are sufficient for cooling, provided the ambient air is cooler than the grain
- As fall temperatures drop, cool grain further to 5° C or lower
- To address non-uniform grain layers, "turn" bins by emptying one bin into another

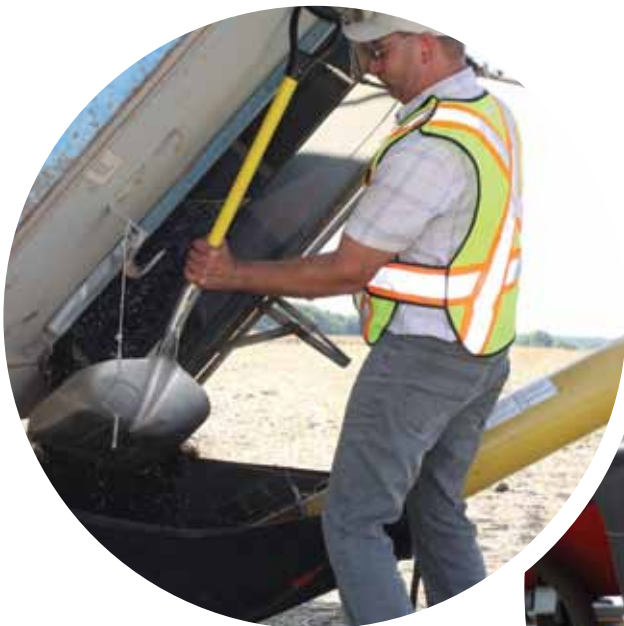


## Airflow Management and Flax Storage



PAMI researchers are at the midpoint of a study looking at aeration and natural air drying (NAD) to prevent spoilage. Early results overwhelmingly suggest that more airflow results in more thorough drying. Research involves 15-bus capacity bench-scale bins to assess a range of airflow rates between 0.1 and 2 cfm/bu; data collection involves moisture content, temperature and resistance to airflow.

The final report, which will be released in spring 2019, will have implications for storage of flax, lentils and peas. The study is funded by Saskatchewan's Agriculture Development Fund and SaskFlax.



## Airflow Rate Effects on Seed Delivery



*air seeder used in test*



*weighing a sample during the air seeder calibration*

With air seeders increasing in size, PAMI undertook a study to discover how airflow rates affect both the delivery of seed and the potential for seed coat damage. Supporting this project, which was carried out over summer and fall 2017, were Manitoba Pulse & Soybean Growers, Manitoba Wheat and Barley Growers Association and Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative.

The study looked at seeds of varying size and used popular 60-foot seeders operated at varying fan speeds. The results will help producers minimize seed damage, and maximize germination and crop potential by achieving the desired seeding rate.



## Corn Forage Agronomy



### *analyzing results of corn forage plots*

PAMI is at the midpoint of a three-year study that will result in agronomic recommendations for corn forage. Interest in corn forage is growing as a possible alternative to winter feeding in the beef industry. The goal is cost-of-production efficiencies where beef margins are tight and seed and fertilizer inputs are expensive. With support from Canada-Saskatchewan Growing Forward 2, a federal-provincial-territorial initiative, along with the Saskatchewan Cattlemen's Association, the study examines two different brands of corn using three different nitrogen fertilizer rates at each of six test sites across Saskatchewan. The final report will be released in April 2019.

## Harrington Seed Destroyer



Supported by the Saskatchewan Wheat Development Commission, Western Grains Research Foundation, Alberta Canola Producers' Commission and the Alberta Wheat Commission, PAMI has been testing an Australian machine to curb the propagation of Canadian weeds. The Harrington Seed Destroyer is pulled behind a combine, collecting and pulverizing chaff to destroy weed seeds that may grow in the following year's crop.

Agriculture and Agri-Food Canada is collecting the data and reporting the results. PAMI's role has been to operate and maintain the Harrington seed destroyer equipment.



## Natural Air Drying for Woody Biomass

PAMI has been evaluating forestry byproducts for their potential as an energy source, but it would seem that a certain amount of drying is required to improve product stability during storage. In 2017, PAMI designed and constructed a heating module for the existing testing facility to facilitate the evaluation of adding supplemental heat to natural air drying (NAD). The next NAD trials are planned for 2018 using bark with and without supplemental heat during the colder months. This project received funding from Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative, and was also supported by Manitoba Agriculture and CanmetEnergy.

## Grain Entrapment Trailer



*demonstrating the BeGrainSafe trailer*

The BeGrainSafe Trailer was a design-build project undertaken by PAMI for the Canadian Agricultural Safety Association. It is used to demonstrate the hazards of being entrapped and engulfed in grain, serving as a regular component of firefighter and on-site producer training. Using an entrapped mannequin, trained personnel use grain rescue tubes and an auger to free the mannequin from the grain. Meanwhile, audio-visual equipment brings the rescue to the surrounding audience.

The BeGrainSafe trailer has been popular at events and tradeshow across Western Canada and into Ontario.



*working on the temporary fencing installation system*



*combine testing evaluating grain loss monitor sensitivity*

# Our Projects

Our operations highlights are but a small sample of the work PAMI provides to producer, industry and government groups. The list below, though still not extensive for the protection of our private clients, sheds light on the diversity of PAMI's services.



## PROJECT

## FUNDING PARTNER

Anaerobic digestion of manure for biogas heating at farms	U of R/Applied BioEnergy Centre
Biomass data compilation	Biomass Quality Network Canada
Boiler optimization	Biomass Energy Support Program
Canadian agricultural energy reduction and greenhouse gas emission opportunities	National Research Council of Canada
Cattle gate safety at handling sites	Saskatchewan Ministry of Agriculture
Cereal crop residue distribution on the following year's canola emergence and yield	SaskCanola, Saskatchewan Wheat Development Commission, Degelman Industries, Redekop Manufacturing
Compaction impacts on canola establishment	Canola Council of Canada, Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative
Converting a combine grain loss signal into a grain loss rate	Canadian Canola Council of Canada, Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative
Discrete element modeling of porosity distribution in grain bulks	Saskatchewan Wheat Development Commission
Excess moisture management	Manitoba Agriculture, Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative
Feedstock and logistics analysis for large-scale biomass utilization	U of S/Applied BioEnergy Centre
Flax retting study	Composite Innovation Centre/Applied Bioenergy Centre
Grain drying trials	Indian Head Agricultural Research Foundation
Harvesting hemp	Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative
Management of stored flaxseed and pulse crops	Canada-Saskatchewan Growing Forward 2, a federal-provincial-territorial initiative
Nova Scotia biomass calculator	Perennia Food and Agriculture Inc.
PEDv sampling	Manitoba Livestock Manure Management Initiative
Sisal twine study	Composite Innovation Centre/Applied BioEnergy Centre
Sod seeding forage legumes	Saskatchewan Leafcutters Association
Soil nitrogen content following alfalfa stand termination	Saskatchewan Leafcutters Association
Solid state digestion trials	Applied BioEnergy Centre
Supplemental heat evaluation	Manitoba Agriculture, Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative
Temporary technologies for in-field fencing of ruminants	Canada-Saskatchewan Growing Forward 2, a federal-provincial-territorial initiative
Tile drainage	Canada-Manitoba Growing Forward 2, a federal-provincial-territorial initiative



# A Celebration of the Western Beef Development Centre



WBDC's beginnings date back to 1964 when Reinhold and Frieda Termuende retired from

farming, leaving their land to the University of Saskatchewan for research purposes. In 1998, WBDC was formed as a partnership among the U of S, the province, and beef and forage research. It used the Termuende Ranch at Lanigan and the Pathlow Pasture near Melfort, SK.

On April 1, 2005, the *Prairie Agricultural Machinery Institute Act* was amended to allow PAMI to operate WBDC as a full research division. Thirteen years later to the day, WBDC transitioned out of PAMI to become the Livestock and Forage Centre of Excellence at the University of Saskatchewan.

The following is a list of some of WBDC's achievements while under the stewardship of PAMI:

- groomed leadership in the beef research community
- trained and mentored undergraduate and graduate students, researchers and extension personnel who have gone on to be leaders in the livestock and forage industries
- connected producers with information on the emerging techniques, varieties, tools and management practices; offered considerations for suitability for adoption and how to apply new ideas
- pioneered and advanced the research and the adoption of extensive winter feeding systems
- established leadership in forage research
- helped producers understand their costs and build more profitable operations
- improved awareness of environmental impacts and developed practical techniques for conservation

- developed feeding strategies for optimized cattle performance
- provided leadership in genetics research, vaccine trials, safety and biosecurity, cattle identification
- provided an environment where researchers and producers worked collaboratively and engaged in two-way conversation
- achieved objective where every project had real-world application

PAMI offers its sincere thanks to the research and operating staff and to the Strategic Advisory Committee members for their years of service to WBDC, and best wishes as they continue their work at the LFCE. PAMI also looks forward to continuing the relationship with the new Centre going forward.



*Termuende Ranch*

## Strategic Advisory Committee

Tim Oleksyn	Duane Thompson
Murray McGillivray	Brent Griffin
Ross Macdonald	Ryan Sommerfeld
Steve Pylot	Levi Hull
Dr. John McKinnon	Dr. John Campbell
Grant Zalinko	Tracy Evans
Glenn Friesen	Janice Bruynooghe

## WBDC's Outreach

Outreach was always an important focus of WBDC and thousands of producers have benefited through attendance at Beef Field Days, publications and information on social media. Over 20 students completed work for graduate and doctorate degrees and went on to serve government ministries in Canada and abroad, or to work in industry in leadership positions.

### A summary of WBDC's outreach:

20 field days with 4,000 producer and industry visitors overall



200 articles



60 abstracts



80 peer-reviewed scientific journal contributions and manuscripts



40 YouTube videos with over 167,000 views



400 undergraduate visits and student work-terms



Over 1-million animal-days of direct on-trial research using the breeding herd



# Applied BioEnergy Centre

PAMI is a North American leader in researching alternative uses for agricultural products, byproducts and biomass as environment-friendly energy resources and alternatives to petroleum and coal-based products. This applied research examines the most effective forms and technologies for processing biological materials for efficient energy extraction.

In 2007 PAMI established its Applied BioEnergy Centre with a mission to play a key role in developing and using bioenergy sources from Canadian Agricultural products.

In tandem with researching biological materials, PAMI explores and researches existing and potentially new mechanical technologies to determine the most effective equipment modifications and new designs to efficiently extract energy resources.



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## WESTEST

WESTEST is a state-of-the-art machinery and machinery-component testing facility that provides access to physical testing and product performance evaluation services. WESTEST was created in 1991 by Agricultural Manufacturers of Canada (majority shareholder), along with Manitoba Hydro, Saskatchewan Mining Association, CNH Global and John Deere. Today the operations of the company are managed by PAMI.

WESTEST has locations in Manitoba and Saskatchewan that specialize in development and product verification testing.

### WESTEST Board of Directors

Jason Abbott - Chair  
Leah Olson - Vice-Chair  
Al Marques  
Russ Klassen  
Craig Murray  
Grant Adolph  
Pamela Schwann  
Ben Voss



# Our People

Joanne Forer



This year marks the retirement of Joanne Forer, our Vice President of Finance and Administration. Joanne has been an effective and collaborative member PAMI's Corporate Management Team. A strategic thinker, she worked to align the organization's finance and administration toward the fulfillment of PAMI's strategic plan and client-centric focus.

Harry Burke



PAMI's Ottawa-based representative, Harry Burke retired in August 2017. He helped forge key relationships with the Department of National Defense, Canada Border Services Agency, the Royal Canadian Mounted Police and Natural Resources Canada. Harry represented PAMI with tenacity and professionalism in this region.

**PAMI congratulates Joanne and Harry on their retirements. Their contributions were valued. Joanne and Harry - you will be missed!**



*processing hemp with a reaper harvester*

## Management Report

To the Members of the Legislative Assembly of Saskatchewan:

Year Ended March 31, 2018

The accompanying financial statements are the responsibility of the management of the Prairie Agricultural Machinery Institute. They have been prepared in accordance with Canadian public sector accounting standards, using management's best estimates and judgments, where appropriate. Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and the accounting systems provide accurate and reliable financial information. The Board of Directors is responsible for ensuring that management's responsibilities are properly discharged to review and approve the financial statements. The Provincial Auditor of Saskatchewan has audited PAMI's financial statements in accordance with Canadian generally accepted auditing standards and her report follows.



David Gullacher  
President and Chief Executive Officer  
Prairie Agricultural Machinery Institute



Carol Bergermann  
Controller  
Prairie Agricultural Machinery Institute

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Prairie Agricultural Machinery Institute, which comprise the statement of financial position as at March 31, 2018, and the statement of operations and accumulated surplus, statement of remeasurement gains and losses, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, 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.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of Prairie Agricultural Machinery Institute as at March 31, 2018 and the results of its operations, its remeasurement gains and losses, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Judy Ferguson, FCPA, FCA  
Provincial Auditor

Regina, Saskatchewan  
July 10, 2018

**PRAIRIE AGRICULTURAL MACHINERY INSTITUTE  
FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2018**

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

STATEMENT OF FINANCIAL POSITION  
As at March 31

	<u>2018</u>	<u>2017</u>
<b>Financial Assets</b>		
Cash	\$ 129,723	\$ 685,091
Due from General Revenue Fund (Note 3)	386,939	1,463,374
Accounts receivable (Note 4)	<u>3,573,269</u>	<u>2,647,974</u>
	<b>4,089,931</b>	<b>4,796,439</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	1,349,918	1,106,741
Deferred revenue	<u>383,834</u>	<u>973,052</u>
	<b>1,733,752</b>	<b>2,079,793</b>
<b>Net Financial Assets (Statement 4)</b>	<b>2,356,179</b>	<b>2,716,646</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 1)	4,723,910	4,826,853
Prepaid expenses	409,813	297,455
Breeding herd (Note 6)	-	275,325
Inventory held for consumption (Note 7)	<u>-</u>	<u>315,053</u>
	<b>5,133,723</b>	<b>5,714,686</b>
<b>Accumulated Surplus (Note 8)</b>		
Accumulated operating surplus (Statement 2)	7,489,744	8,431,199
Accumulated remeasurement gains (Statement 3)	<u>158</u>	<u>133</u>
	<b>7,489,902</b>	<b>8,431,332</b>
	<b>\$ 7,489,902</b>	<b>\$ 8,431,332</b>

Contractual obligations (Note 13)

Contractual rights (Note 14)

(See accompanying notes and schedules to the financial statements)



**PRAIRIE AGRICULTURAL MACHINERY INSTITUTE**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
For the year ended March 31

	<u>Budget</u> (Note 12)	<u>2018</u>	<u>2017</u>
<b>Revenue</b>			
Provincial Transfers:			
Government of Saskatchewan Ministry of Agriculture - operating	\$ 1,223,000	\$ 1,223,000	\$ 1,223,000
Government of Manitoba Department of Agriculture, Food and Rural Development - operating	<u>333,000</u>	<u>333,000</u>	<u>333,000</u>
	1,556,000	1,556,000	1,556,000
Fee for service	10,464,860	8,650,561	7,672,434
Other income	288,900	883,649	298,062
Interest income	<u>8,000</u>	<u>19,586</u>	<u>12,130</u>
<b>Total revenues</b>	<b>12,317,760</b>	<b>11,109,796</b>	<b>9,538,626</b>
<b>Expenses</b>			
Saskatchewan Operations	7,124,196	6,966,296	6,159,395
Western Beef Development Centre	1,987,100	3,163,898	2,049,657
Manitoba Operations	1,790,164	1,715,334	1,534,986
Corporate Services	484,420	514,227	351,489
<b>Total expenses</b>	<u>11,385,880</u>	<u>12,359,755</u>	<u>10,095,527</u>
<b>Operating (deficit) surplus before capital grants</b>	<b>\$ 931,880</b>	<b>(1,249,959)</b>	<b>(556,901)</b>
Capital grants from Manitoba Agriculture Growing Forward 2	<u>-</u>	<u>308,504</u>	<u>-</u>
<b>Operating (deficit) surplus for the year (Schedule 2)</b>	<b><u>\$ 931,880</u></b>	<b><u>\$ (941,455)</u></b>	<b><u>\$ (556,901)</u></b>
Accumulated operating surplus, beginning of year		<u>8,431,199</u>	<u>8,988,100</u>
<b>Accumulated operating surplus, end of year (Statement 1)</b>		<b><u>\$ 7,489,744</u></b>	<b><u>\$ 8,431,199</u></b>

(See accompanying notes and schedules to financial statements)

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
For the year ended March 31

	2018	2017
Accumulated remeasurement gains, beginning of year	\$ 133	\$ 290
Unrealized gains attributable to foreign exchange	158	133
Amounts reclassified to the statement of operations	<u>(133)</u>	<u>(290)</u>
Net remeasurement gains (losses) for the year (Statement 4)	<u>25</u>	<u>(157)</u>
Accumulated remeasurement gains, end of year (Statement 1)	<u><u>\$ 158</u></u>	<u><u>\$ 133</u></u>

(See accompanying notes and schedules to the financial statements)

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the year ended March 31

	Budget (Note 12)	2018	2017
<b>Operating deficit (surplus) for the year (Statement 2)</b>	<b>\$ 931,880</b>	<b>\$ (941,455)</b>	<b>\$ (556,901)</b>
(Acquisition) of tangible capital assets	(510,000)	(617,491)	(426,098)
(Acquisition and transfer) of breeding herd	-	(112,088)	(88,069)
Amortization of tangible capital assets	367,032	374,732	348,151
Amortization of breeding herd	58,000	-	68,832
Proceeds of disposal of tangible capital assets	-	122,223	78
Proceeds of disposal of breeding herd	-	75,866	75,347
Net loss on the disposal of tangible capital assets	-	30,472	725
Net loss on write-offs of tangible capital assets	-	193,007	2,223
Net loss (gain) on the disposal of breeding herd	(17,000)	311,547	(15,417)
<b>Net consumption (acquisition) of tangible capital assets and breeding herd</b>	<b>(101,968)</b>	<b>378,268</b>	<b>(34,228)</b>
(Acquisition) of prepaid expenses	-	(112,358)	(19,887)
Use of inventory held for consumption	-	315,053	249
<b>Net consumption (acquisition) of other non-financial assets</b>	<b>-</b>	<b>202,695</b>	<b>(19,638)</b>
Net remeasurement gains (losses) for the year (Statement 3)		25	(157)
<b>Decrease in Net Financial Assets</b>		<b>(360,467)</b>	<b>(610,924)</b>
<b>Net Financial Assets, beginning of year</b>		<b>2,716,646</b>	<b>3,327,570</b>
<b>Net Financial Assets, end of year (Statement 1)</b>		<b>\$ 2,356,179</b>	<b>\$ 2,716,646</b>

(See accompanying notes and schedules to financial statements)

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

STATEMENT OF CASH FLOWS  
For the year ended March 31

	<u>2018</u>	<u>2017</u>
<b>Cash flows (used in) from operating activities:</b>		
Receipts from customers and others	\$ 7,976,484	\$ 7,440,177
Transfers from Government of Saskatchewan	1,223,000	1,223,000
Transfers from Government of Manitoba	333,000	333,000
Interest received	19,586	12,130
Payments to suppliers and employees	<u>(10,960,887)</u>	<u>(9,434,571)</u>
	<u>(1,408,817)</u>	<u>(426,264)</u>
<b>Cash flows (used in) from capital activities:</b>		
Purchase of tangible capital assets	(617,491)	(426,098)
Purchase and transfer of breeding herd	(112,088)	(88,069)
Proceeds from sale of tangible capital assets and breeding herd	<u>198,089</u>	<u>75,425</u>
	<u>(531,490)</u>	<u>(438,742)</u>
<b>Cash flows from financing activities:</b>		
Receipt of capital grants from Manitoba Agriculture Growing Forward 2	<u>308,504</u>	<u>-</u>
(Decrease) in cash position	(1,631,803)	(865,006)
Cash position, beginning of year	<u>2,148,465</u>	<u>3,013,471</u>
Cash position, end of year	<u>\$ 516,662</u>	<u>\$ 2,148,465</u>
<b>Comprised of:</b>		
Cash	\$ 129,723	\$ 685,091
Due from General Revenue Fund	<u>386,939</u>	<u>1,463,374</u>
	<u>\$ 516,662</u>	<u>\$ 2,148,465</u>

(See accompanying notes and schedules to the financial statements)

**PRAIRIE AGRICULTURAL MACHINERY INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2018**

**1. Status of Institute**

The Prairie Agricultural Machinery Institute (Institute) is a body corporate operating under *The Prairie Agricultural Machinery Institute Act, 1999*. Its primary purpose is to perform tests and conduct research on machinery, equipment and technologies used in the agriculture, food and other industries. The Institute's testing facilities are located in Humboldt and Lanigan, Saskatchewan and Portage la Prairie, Manitoba.

On wind-up, any net assets will be divided between the Governments of Saskatchewan and Manitoba in proportion to their respective share in the Institute's assets equivalent to the percentage of funding provided to date by each province.

The Institute's objective when managing its capital structure, which consists of net assets, is to ensure adequate funding exists to support its operations and growth strategies. Capital is managed through grant funding and a \$700,000 available line of credit. The Institute does not have any long-term debt.

The Institute relies on funding from the Governments of Saskatchewan and Manitoba and on two customers for continued fee for service revenue. These customers account for 48% (2017 – 43%) of its fee for service revenue and 20% (2017 – 15%) of accounts receivable.

**2. Significant accounting policies**

Pursuant to standards established by the Canadian public sector accounting board (PSAB), the Institute is classified as an 'other government organization'. These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are as follows:

a) Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Valuation allowances are used where considered necessary to reduce the amounts reported for financial assets to their net realizable value.

Cash consists of cash on hand, balances with financial institutions, and Due from General Revenue Fund.

Accounts receivable consist of receivables from customers (trade accounts) and other receivables. Receivables are recorded at cost less an allowance for doubtful accounts.

b) Non-financial assets

Non-financial assets are assets held for consumption in the provision of services. These assets do not normally provide resources to discharge the liabilities of the Institute unless they are sold. Tangible capital assets and other non-financial assets are accounted for as assets by the Institute because they can be used to provide services in future periods. Tangible capital assets are recorded at cost less accumulated amortization. Self-constructed assets are recorded at cost, including labour and materials. Amortization is recorded using methods and rates intended to amortize the cost of assets over their estimated useful life.

	<u>Method</u>	<u>Rate</u>
Buildings	declining balance	5%
Equipment, furniture, and vehicles	declining balance	10%
Computer equipment	declining balance	30%
Leasehold improvements	straight line	10%
Computer software	straight line	33%

Prepaid expenses are prepaid amounts for goods or services which will provide economic benefits in one or more future periods.

The breeding herd was recorded at cost less accumulated amortization. This asset was amortized at 20% declining balance.

Inventory held for consumption consisted of calves, bulls and feed. Calves were recorded at net realizable value. Bulls and feed were recorded at lower of cost and net realizable value. Net realizable value was the estimated selling price in the ordinary course of business.

c) Financial instruments

The Institute's financial instruments include cash, Due from General Revenue Fund, accounts receivable, accounts payable and accrued liabilities, and deferred revenue. These instruments are recorded at cost or amortized cost. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. Except as otherwise disclosed the Institute is not exposed to significant credit, currency, interest or liquidity risk arising from these financial instruments that may affect the amount, timing and certainty of future cash flows.

d) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists
- contamination exceeds the environmental standard
- the Institute is directly responsible or accepts responsibility
- the Institute expects that future economic benefits will be given up and
- a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operation, maintenance and monitoring.

e) Government transfers

Government transfers are the transfer of assets from government agencies and are not the result of any exchange transactions. There is no expectation to repay the amounts in the future or a financial return. Government transfers are recognized in the fiscal year in which events giving rise to the transfer occur, providing the transfer is authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

f) Revenue recognition

The Institute's operations are funded by the Government of Saskatchewan and the Government of Manitoba according to an agreement between the two provinces. Under Order in Council 1800/79, the Institute is not required to return the unused portion of the annual provincial transfers. The Institute recognizes provincial transfers when the transfer is authorized and eligibility criteria have been met by the Institute.

The Institute recognizes fee for service revenue when the related services are provided. It recognizes fee for service on contracts using the percentage of completion method. It records monies received prior to providing services as unearned revenue.

All other income is recognized when earned.

g) Basis of segmentation

The Institute has adopted the Canadian public sector accounting standards requiring financial information to be provided on a segmented basis. The Institute has been segmented by accountability center. Revenues that are directly related to the costs of the segment have been attributed to each segment.

The segments are as follows:

- **Corporate Services** provides for the administration of the Institute.
- **Saskatchewan Operations** is an applied research, design, development and testing segment. It serves the agricultural, industrial, transportation, military and other market sectors.
- **Manitoba Operations** is an applied research, design, development and testing segment. It serves the agricultural, industrial, transportation, military and other market sectors.
- **Western Beef Development Centre (WBDC)** applies and transfers beef research to improve profitability of the cow/calf sector of the beef industry.

h) Foreign currency translation

Monetary and non-monetary assets and liabilities prior to settlement that are denominated in foreign currencies are translated into Canadian dollars on the balance sheet date at the exchange rate in effect for that date and are recorded in the Statement of Remeasurement Gains and Losses. In the period of settlement, the cumulative amount of the remeasurement gains and losses are reversed in the Statement of Remeasurement Gains and Losses and an exchange gain or loss is recognized in the Statement of Operations and Accumulated Surplus. Revenue and expense transactions are translated at the approximate exchange rate in effect for that date and are included in the determination of net income for the year.

i) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts receivable includes fee for service revenue on contracts based on an estimate of the percentage of completion at the time of measurement. The measurement of materials and supplies are based on estimates of volume and quality. Amortization is based on the estimated useful lives of tangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

The degree of uncertainty associated with the measurement of estimated amounts recognized in the financial statements is not material.

j) New standards and amendments to standards

The following new standards and amendments to standards, effective for annual periods beginning on or after April 1, 2017, have been analyzed in preparing these financial statements:

- *PS 2200 Related Party Disclosures* – a standard defining related parties and establishing guidance on disclosure requirements for related party transactions.
- *PS 3210 Assets* - a standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.
- *PS 3320 Contingent Assets* - a standard defining and establishing guidance on disclosure requirements for contingent assets.
- *PS 3380 Contractual Rights* - a standard defining and establishing guidance on disclosure requirements for contractual rights.
- *PS 3420 Inter-entity Transactions* - a standard providing the recognition and measurement requirements for transactions between public sector entities.

Except for the additional disclosure for contractual rights in Note 14, the adoption of these standards and changes to these standards has had no material impact on the Institute's financial statements.

**3. Due from General Revenue Fund**

Due from General Revenue Fund is money held in a bank account included in the Government of Saskatchewan's Consolidated Offset Bank Concentration arrangement. The Institute receives interest on a quarterly basis from the General Revenue Fund calculated using the Government of Saskatchewan's thirty-day borrowing rate and the Institute's average daily bank account balance. For 2018, the average interest rate was .87% (2017 – .54%).

**4. Accounts receivable**

	<u>2018</u>	<u>2017</u>
Trade accounts receivable	\$3,179,015	\$2,638,757
Other	426,084	38,341
Allowance for doubtful accounts	<u>(31,830)</u>	<u>(29,124)</u>
Accounts receivable	<u>\$3,573,269</u>	<u>\$2,647,974</u>

Of the accounts receivable balance, approximately \$229,690 is over 60 days. The Institute expects to fully collect this balance.



**5. Accounts payable and accrued liabilities**

	2018	2017
Trade accounts payable	\$ 557,332	\$ 695,136
Wages and other personnel costs	403,035	295,819
Other	389,551	115,786
	<u>\$1,349,918</u>	<u>\$1,106,741</u>

**6. Breeding herd**

	2018	2017
<b>Cost</b>		
Opening balance	\$ 614,156	\$ 653,326
Additions and transfers	112,088	88,069
Disposals	(726,244)	(127,239)
Closing Balance	<u>\$ -</u>	<u>\$ 614,156</u>
<b>Accumulated Amortization</b>		
Opening balance	\$ 338,831	\$ 337,308
Amortization	-	68,832
Disposals	(338,831)	(67,309)
Closing Balance	<u>\$ -</u>	<u>\$ 338,831</u>
<b>Net Book Value</b>	<u>\$ -</u>	<u>\$ 275,325</u>

The breeding herd was donated to the University of Saskatchewan March 31, 2018. (See Note 15)

**7. Inventory held for consumption**

	2018	2017
Calves	\$ -	\$ 177,468
Feed	-	80,448
Bulls	-	57,137
	<u>\$ -</u>	<u>\$ 315,053</u>

Inventory consumed in 2018 was \$357,973 (2017 – \$24,314). The calf inventory was sold to the University of Saskatchewan at fair market value of \$264,415 at March 31, 2018. The feed inventory was sold March 31, 2018 at cost to the University of Saskatchewan for \$148,833. The bull inventory was donated March 31, 2018 to the University of Saskatchewan. (See Note 15)

**8. Accumulated Surplus**

Accumulated surplus represents the net financial assets and non-financial assets of the Institute.

Accumulated surplus is comprised of the following two amounts:

- Accumulated operating surplus from operations, which represents the accumulated balance of net surplus arising from operations of the Institute and allocations as detailed in the table below.
- Accumulated remeasurement gains and losses, which represents the unrealized gains and losses associated with foreign exchange.

Certain amounts of the accumulated operating surplus, as approved by the Board, have been designated for specific future purposes. These internally restricted amounts are included in the accumulated operating surplus presented in the Statement of Financial Position.

Accumulated operating surplus from operations is as follows:

	2017	Additions during the year	Reductions during the year	2018
Internally restricted surplus:				
Bio-energy and processing	\$1,201,003	\$ 9,895	\$(240,897)	\$ 970,001
Government funded capital	1,993,637	308,504	(322,067)	1,980,074
	3,194,640	318,399	(562,964)	2,950,075
Unrestricted surplus	5,236,559		(696,890)	4,539,669
<b>Accumulated operating surplus</b>	<b>\$8,431,199</b>	<b>\$318,399</b>	<b>\$(1,259,854)</b>	<b>\$7,489,744</b>

## 9. Related party transactions

This financial statement includes transactions with related parties. The Institute is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. The Institute is also related to all Manitoba Crown agencies because of the Government of Manitoba's participation in the operations of the Institute. In addition, the Institute is related to non-Crown enterprises that the Government of Saskatchewan or the Government of Manitoba jointly controls. Related parties also includes key management personnel of the Institute.

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. Those transactions and amounts outstanding at year-end are as follows:

<u>Financial statements category</u>	<u>2018</u>	<u>2017</u>
Fee for service revenue	\$2,158,173	\$2,414,975
Other operating expenses	956,355	807,791
Accounts receivable	1,615,669	792,599
Accounts payable and accrued liabilities	447,688	154,951
Unearned revenue	345,242	831,765

In addition, the Institute pays Saskatchewan and Manitoba provincial sales tax on its taxable purchases made in those provinces. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 10. Pensions

The Institute's employees participate in the Saskatchewan Public Employees Pension Plan, a multi-employer defined contribution pension plan. Pension benefits are based on accumulated contributions and investment earnings. The Institute's responsibility is limited to paying the required employer contributions of 6% of regular salaries. In 2018 the Institute made contributions of \$321,869 (2017 - \$300,697) which are funded from current operations.

## 11. Financial risk management

Risks have been identified and the Institute ensures that management monitors and controls them. The significant financial risks to which the Institute is exposed are:

## Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Institute is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Institute applies sound credit practices. The Institute incurred insignificant bad debt expense during the past five years.

## Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk is comprised of currency risk and interest rate risk.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Institute is exposed to currency risk on its cash, accounts receivable, and accounts payable. The Institute does not use any derivative financial instruments to alter the effects of this risk.

The Institute enters into transactions denominated in United States currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As at March 31, 2018 the following items are denominated in United States currency (CAD converted at \$1 USD - 1.2894 CAD (2017 – 1.331 CAD)):

	2018	2017
Cash	\$32,774	\$32,949
Accounts payable	9,234	8,456

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Institute's exposure to interest rate risk is limited to the line of credit and trade payables. The interest rate on this debt is variable; therefore, the Institute may face increasing interest costs in an increasing interest rate market.

## Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Institute's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Institute's financial obligations.

## 12. Budget

The budget for 2017/2018 was approved by the Board on April 10, 2017. The budget figures are presented for comparison purposes.

## 13. Contractual obligations

The Institute has committed to provide future services to several research and development projects. At March 31, 2018, the value of these services total \$81,422 (2017 – \$310,246).

Lease terms on vehicles and equipment range from 1 month to 5 years. In 2018, these lease costs totalled \$97,652 (2017 – \$98,272).

The Institute is required to make the following minimum payments on these leases:

2019	\$ 12,199
2020	9,706
2021	7,510
2022	4,207
2023 - 2027	1,676

Under contract with Western Canada Testing Inc. (WESTEST), the Institute manages and operates WESTEST under the direction of WESTEST's Board of Directors. WESTEST retains an equipment utilization fee on WESTEST projects with the balance of the project revenue due to the Institute. During the year, the Institute earned fee for service revenue of \$287,163 (2017 – \$280,267) from WESTEST. At year-end, accounts receivable includes \$175,953 (2017 – \$325,438) due from WESTEST.

#### 14. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Institute's contractual rights arise because of contracts entered into for fee for service revenue. The following table summarizes the contractual rights of the Institute:

Contractual rights – Fee for Service Revenue	2019	2020	2021	2022 and thereafter	Total
Research & development	\$2,194,427	\$475,236	\$58,215	\$ -	\$2,727,878
Defence & security	761,688	-	-	-	761,688
Industry	148,455	-	-	-	148,455
	<u>\$3,104,570</u>	<u>\$475,236</u>	<u>\$58,215</u>	<u>\$ -</u>	<u>\$3,638,021</u>

#### 15. Cease operations of Western Beef Development Centre

The Institute entered into an agreement with the University of Saskatchewan (University) to transfer and/or sell all the Western Beef Development Centre (WBDC) assets operated by the Institute effective March 31, 2018. WBDC research will be incorporated into the University's centre of excellence, focused on beef cattle research and teaching, called the Livestock and Forage Centre of Excellence (LFCE) near Clavet, Saskatchewan. The University, the Institute, the Saskatchewan Ministry of Agriculture and affected beef cattle industry associations see considerable advantage in the University acquiring WBDC-related assets from the Institute and incorporating them into the University's LFCE.

WBDC assets previously given to the Institute or paid for by a third party were donated to the University's LFCE. The Institute will be compensated \$121,310 (net book value \$148,574) from the University for WBDC assets for which the Institute paid.

These transactions resulted in a donation in the amount of \$643,082 consisting of the following:

- the net book value of the breeding herd in the amount of \$339,523
- the net book value of the tangible capital assets in the amount of \$189,805
- for the tangible capital assets sold to the University, the amount of \$27,264 resulted from the difference between the net book value of \$148,574 and proceeds of \$121,310
- the bulls valued at cost of \$86,490

#### 16. Comparative Figures

Certain comparative figures have been restated to conform to current year's presentation.

**PRAIRIE AGRICULTURAL MACHINERY INSTITUTE**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**As at March 31**

	Asset Cost				Accumulated Amortization				Net Book Value 2018	Net Book Value 2017		
	Opening Balance	Additions	Disposals*	Write-downs**	Closing Balance	Opening Balance	Amortization	Disposals*			Write-downs**	Closing Balance
Land and improvements	\$ 279,841	\$ -	\$ -	\$ -	\$ 279,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,841	\$ 279,841
Buildings	5,386,076	217,008	-	-	5,603,084	109,567	-	-	-	3,521,296	2,081,788	1,974,347
Equipment and furniture	4,098,772	702,234	(220,626)	(430,086)	4,150,294	194,910	(100,283)	(266,902)	(266,902)	2,396,105	1,754,189	1,530,392
Vehicles	598,455	38,422	(24,711)	(47,462)	564,704	16,846	(17,280)	(27,206)	(27,206)	413,094	151,610	157,721
Computer equipment	415,916	-	(3,506)	(35,164)	377,246	18,073	(3,218)	(33,141)	(33,141)	335,076	42,170	62,554
Leasehold improvements	171,246	-	(50,722)	(74,047)	46,477	4,648	(26,089)	(66,503)	(66,503)	41,830	4,647	41,472
Computer software	110,091	53,855	-	-	163,946	84,617	30,688	-	-	115,305	48,641	25,474
Assets under construction	755,052	(394,028)	-	-	361,024	-	-	-	-	-	361,024	755,052
<b>Total</b>	<b>\$11,815,449</b>	<b>\$ 617,491</b>	<b>\$(299,565)</b>	<b>\$(586,759)</b>	<b>\$11,546,616</b>	<b>\$ 374,732</b>	<b>\$(146,870)</b>	<b>\$(393,752)</b>	<b>\$6,822,706</b>	<b>\$4,723,910</b>	<b>\$4,826,853</b>	

\*Disposals include the sale of the Western Beef Development Centre assets to the University of Saskatchewan March 31, 2018.

\*\*Write-downs include the Western Beef Development Centre assets donated to the University of Saskatchewan March 31, 2018.

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

SCHEDULE OF SEGMENT DISCLOSURE  
For the Year Ended March 31

	Corporate Services		Saskatchewan		Manitoba		Western Beef Development Centre		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenue</b>										
Provincial Transfers:										
Government of Saskatchewan										
Ministry of Agriculture	\$ 422,000	\$ 422,000	\$ 475,000	\$ 475,000	\$ -	\$ -	\$ 326,000	\$ 326,000	\$ 1,223,000	\$ 1,223,000
- operating										
Government of Manitoba	63,000	63,000			270,000	270,000			333,000	333,000
Department of Agriculture, Food and	485,000	485,000	475,000	475,000	270,000	270,000	326,000	326,000	1,556,000	1,556,000
Rural Development										
- operating										
Fee for service	-	-	6,151,951	5,289,135	1,214,566	1,073,496	1,284,044	1,309,803	8,650,561	7,672,434
Other income	-	1,484	20,967	61,027	6,412	6,730	856,270	228,821	883,649	298,062
Interest income	5,394	4,573	14,189	7,553	-	4	3	-	19,586	12,130
<b>Total Revenues</b>	<b>490,394</b>	<b>491,057</b>	<b>6,662,107</b>	<b>5,832,715</b>	<b>1,490,978</b>	<b>1,350,230</b>	<b>2,466,317</b>	<b>1,864,624</b>	<b>11,109,796</b>	<b>9,538,626</b>
<b>Expenses</b>										
Personnel	754,137	623,760	4,148,903	3,574,502	933,477	889,425	783,113	821,940	6,619,630	5,909,627
Fee for service direct costs	-	-	924,968	957,594	291,962	193,628	740,649	658,020	1,957,579	1,809,242
Administration	171,606	113,395	745,914	706,492	217,653	221,660	254,338	233,101	1,390,511	1,274,648
Operating	68,618	34,216	467,902	347,135	90,307	76,355	621,655	97,574	1,248,482	555,280
Administration fee (recovery)	(489,996)	(432,303)	349,039	299,957	70,335	60,307	70,622	72,039	-	-
Amortization	5,000	5,000	285,120	218,885	84,612	77,806	-	115,292	374,732	416,983
Lease - land and equipment	1,852	1,848	39,996	38,598	13,783	15,805	42,021	42,021	97,652	98,272
Donations WBDC transfer to U of S	-	-	-	-	-	-	643,082	-	643,082	-
Loss on disposal of assets	-	-	3,454	2,697	2,957	-	4,973	6,560	11,384	9,257
Honoraria	3,010	5,573	-	-	-	-	3,428	3,110	6,438	8,683
Bad debt	-	-	-	13,535	10,248	-	17	-	10,265	13,535
<b>Total expenses</b>	<b>514,227</b>	<b>351,489</b>	<b>6,966,296</b>	<b>6,159,395</b>	<b>1,715,334</b>	<b>1,534,986</b>	<b>3,163,898</b>	<b>2,049,657</b>	<b>12,359,755</b>	<b>10,095,527</b>
<b>Surplus (deficit) before capital grants</b>	<b>(23,833)</b>	<b>139,568</b>	<b>(304,189)</b>	<b>(326,680)</b>	<b>(224,356)</b>	<b>(184,756)</b>	<b>(697,581)</b>	<b>(185,033)</b>	<b>(1,249,959)</b>	<b>(556,901)</b>
Capital grants	-	-	308,504	308,504	308,504	308,504	-	-	308,504	-
<b>Surplus (deficit) for the year</b>	<b>(23,833)</b>	<b>\$ 139,568</b>	<b>\$ (304,189)</b>	<b>\$ (326,680)</b>	<b>\$ 84,148</b>	<b>\$ (184,756)</b>	<b>\$ (697,581)</b>	<b>\$ (185,033)</b>	<b>\$ (941,455)</b>	<b>\$ (556,901)</b>



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