



ANNUAL REPORT
2016-17

ABOUT US

The Saskatchewan Barley Development Commission (SaskBarley) was established in 2013 and is led by a producer-elected Board of Directors from across Saskatchewan. SaskBarley's purpose is to increase the production and value of barley for both the producer and consumer.

VISION STATEMENT

To ensure barley is a long term, profitable and internationally competitive crop choice for Saskatchewan producers.

MISSION STATEMENT

To identify, develop and support research, market development, and extension initiatives that ensure the long-term profitability and sustainability of barley for Saskatchewan producers.

GUIDING PRINCIPLES

- Being accountable to registered producers
- Developing and maintaining collaborative relationships with organizations that share common objectives
- Identifying and leveraging available resources
- Communicating best management practices for barley production
- Advocating on behalf of registered producers
- Maintaining and enhancing Canada's brand for quality
- Demonstrating transparency and good governance



Back row, left to right: Cam Goff, Zenneth Faye, Allen Kuhlmann, Keith Rueve
Front row, left to right: Jason Skotheim, Brent Johnson

BOARD

Jason Skotheim, Chair

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Brent Johnson, Vice-Chair

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STAFF

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Executive Director**

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CHAIR'S MESSAGE

When SaskBarley was first established nearly five years ago now, the mandate and purpose of the organization was set: to ensure that barley production is promoted with Saskatchewan producers, thereby increasing production and value for both the producer and consumer.

In 2014, SaskBarley developed a strategic plan to help guide the decision making and direction of the commission and to help us, the Board, ensure we are being transparent to you, the producers who fund the organization through your check-off dollars.

Since then, the goals and objectives set out in that plan have not changed. That plan is available on our website and you'll find its principles listed throughout this report.

That plan is also what guides our Board. Throughout 2016/17, we strove to make decisions and investments that aligned with our overall goals and once again, it was another year of building momentum for this industry.

We have had very little change to our Directors since the first elected Board took office in 2014, and this is significant. As our Directors gain more experience in their roles, they also become more engaged with their specific areas of interest and better equipped to make informed decisions and bring new ideas to the table. We are grateful to have such a committed and passionate Board at SaskBarley.

Over the past year, we have further aimed to make strong connections within the barley and agriculture industry. At every Board meeting we aim to bring in an industry expert, researcher, consultant or partner commission, so that we can learn from them and discuss ideas for partnerships and leveraging investments. We also make an effort to go out and visit other industry stakeholders as much as possible, so that we gain a richer understanding of the industry and areas where we may make progress in our initiatives.

Over the past year, we have also increased our investments in our three priority areas – research, market development and advocacy and advisory projects. We have committed long-term funding to barley variety development programs and specific projects that aim to address agronomic and marketing issues for the Saskatchewan barley industry. We have also strategically invested in projects that leverage funds from other contributors, to ensure your check-off dollars are getting the most bang for their buck. We feel the investments we are making now will contribute to the growth and long-term benefits for the industry. You can learn more about the specifics of these investments throughout this report.

One of our major accomplishments over the past year was taking over the administration of the Western Canadian Deduction (WCD) check-off, a transition that became official on Aug. 1, 2017. We had been planning for this several years, and we are happy to announce it was a seamless changeover. Going forward, this change will allow for increased efficiency and effectiveness of check-off

administration and stronger and more direct representation for Saskatchewan barley producers. It will also mean long-term stability for market development and public research programs that have and continue to serve producers well. We will also continue funding programs that the WCD supported, including core barley breeding and research programs administered through the Western Grains Research Foundation and market development through the Canadian Malting Barley Technical Centre. This support will continue as long as these initiatives provide value to Saskatchewan barley producers.

Since our job as SaskBarley Directors is also to represent you, the producer, we always value your opinions and input on issues that

matter to our industry. You have several outlets to make your voice heard. You can attend our annual general meeting, held each January in Saskatoon; you can run for our Board and/or make an informed vote in our elections (the most recent one took place this past fall); and you can always contact any of us directly – our contact information is available on our website and on Pg. 3 of this report.

Thank you all for your contributions towards the future of our industry and for another great year. I look forward to seeing many of you throughout the next year and wish you all a successful new year.

Jason Skotheim, Chair





EXECUTIVE DIRECTOR'S MESSAGE

First of all, I have to thank our Board members for all their hard work over the past year. It's clear to me that they are all passionate about making meaningful contributions to the barley industry and I am grateful for the work they do.

Second, a big thank you to all of you for your continued support of SaskBarley. Without you, none of the work we do would be possible.

I am once again proud to report that we've made a lot of progress over the past year towards achieving our long-term goals and fulfilling the mandate of the organization – to sustainably grow our industry.

One of our top priorities at SaskBarley is investing in research that will improve barley varieties for production in Saskatchewan and for end-use markets, and establish best management practices for Saskatchewan producers. Over the past year, we invested over \$265,000 into current research activities that our Board has carefully vetted to meet these goals. This is an increase from last year's investments and by 2020, when we assume all responsibility for the Western Canadian Deduction programs, our annual research budget will be over \$1 million per year. One highlight from this year was our commitment to fund the national Barley Cluster program at a level of \$1.4 million over five years. These funds, along with those from other agriculture organizations, have previously been matched by government dollars at a rate of 3:1. For specifics on these research investment, flip to Pg. 7.

Advocacy was also top of mind for us this year, as Western Canadian agriculture deals with issues involving rail transportation, a potential carbon tax and ongoing concerns from consumers over how their food is produced. SaskBarley has been continually working with partner organizations to address these issues and we took part in many productive initiatives this year. I am happy to report that we are seeing some headway on all these issues, and we will continue to remain focused on them going forward. For more specifics on the work we did in this area, flip to Pg. 9.

Finally, we continue to support work in the area of market development. In the past year, we have continued our support of our Canadian organizations that take the lead on market development projects, including the Barley Council of Canada (BCC) and the Canadian Malting Barley Technical

Centre (CMBTC). For an update on market development activities and BCC's work throughout 2016/17, flip to Pg. 9-10.

SaskBarley also benefits from its strong ties within the Saskatchewan agriculture industry. This year we celebrate the fifth year of our annual CropSphere conference, of which we are once again a co-host along with partner groups Sask Wheat, SaskOats, SaskFlax, SaskPulse and SaskCanola. We hope to see you all at CropSphere 2018, January 9&10 in Saskatoon, as we have once again put a lot of careful consideration into the program. We have also included several valuable sessions specific to barley.

We always welcome your feedback on the work we do and the issues that affect barley production in the province. And once again, on behalf of SaskBarley, thank you all for your support over the past year. We look forward to another successful year.

Jill McDonald, Executive Director

RESEARCH

Program goals

- Increase yield gains and agronomic efficiencies
- Enhance desirable market quality characteristics
- Establish best management practices

Program objectives

- Assess and quantify barley research capacity (in both variety development and agronomy) to fill gaps in information
- Explore future barley research and development paths
- Leverage SaskBarley funds with other organizations to maximize research opportunities and potential

In 2016/17 SaskBarley invested in research and programs that aim to meet our strategic goals.

Agriculture & Agri-Food Canada barley cluster

May 2018 – April 2023

SaskBarley investment: \$1.4 million over five years

We committed \$280,000/year over five years to the second phase of the barley cluster program, a federal program that aims to grow the barley industry by investing in barley research and development activities that bring innovation to the sector and help industry bring the results of research and development to market through adoption/commercialization.

We are currently in the process of formalizing the next phase of the agreement with our funding partners, which include the Alberta Barley Commission, the Brewing and Malting Barley Research Institute (BMBRI), the Manitoba Wheat and Barley Growers Association and the Western Grains Research Foundation (WGRF).

In the current phase of the cluster (2013-2017), Agriculture and Agri-Food Canada matched the barley industry's investment into this research at a ratio of 3:1, contributing \$8 million.

Strategies for management of feed & malt barley

April 2017 – February 2018

SaskBarley investment: \$26,120

This research looks at best management strategies for feed and malt barley and aims to demonstrate how nitrogen management for malt and feed grade barley differ when seeded in early or late May. It will also provide an economic analysis for feed and malt barley scenarios, including scenarios where malt barley varieties are sold as feed.

Optimizing ruminal fermentation using silage and cereal grain inclusion strategies for backgrounding and finishing steers

April 2017 – March 2019

SaskBarley investment: \$21,000

This research aims to improve the use of barley and corn as silage and grain by providing data comparing the performance for growing and finishing steers. The project will also assess the digestibility of barley and evaluate how silage type and cereal grain type influence nutrient intake, ruminal digestibility, and total tract digestibility for backgrounding and finishing phases.

Germplasm and variety development of barley for Western Canada

June 2017 – July 2018

SaskBarley investment: \$10,000

We invested in Alberta Barley's Field Crop Development Centre breeding program, which aims to create high yielding and high quality barley varieties for grain, forage and malt use.

Screening new Canadian malting barley varieties for dimethyl sulfide and its precursor

July 2017-December 2018

SaskBarley investment: \$25,000

This research will screen promising new lines of malting barley in Western Canadian breeding programs for dimethyl sulfide (DMS), a sulfur compound produced during fermentation of beer that has the aroma of cooked or creamed corn, and its precursor s-methylmethionine (DMSP). This work will help ensure that selected lines do not have to be abandoned at later stages of commercial development due to the discovery of high levels of DMS or DMSP.

Studying beer flavour contributed by barley varieties

July 2017-December 2018

SaskBarley investment: \$5,000

This research aims to better understand the flavour profile of different malting barley varieties and to identify underlying compounds that are linked to positive (or negative) flavours and aromas, with the long-term objective of breeding for flavour as a quality attribute.

Studying the effects of fusarium on malt quality and DON formation during the malting process

July 2017-December 2018

SaskBarley investment: \$15,000

This research will aim to identify the different species of fusarium on barley kernels to understand their impact on malting and brewing. It will seek to determine how to prevent or mitigate DON formation during the malting process and how to prevent or reduce gushing potential of the malt produced from barley infected by fusarium.

ONGOING RESEARCH INVESTMENTS

Core breeding agreement with the Crop Development Centre and Western Grains Research Foundation

January 2015-December 2019

SaskBarley investment: \$90,000 per year

This ongoing research, funded in partnership with the Western Grains Research Foundation and carried out through the University of Saskatchewan's Crop Development Centre, focuses on breeding new malt, hulless and general purpose barley varieties with improved agronomics, physical grain quality, disease resistance, and end-use market attributes.

Control of Japanese brome in barley

May 2016 – December 2018

SaskBarley investment: \$55,172

Japanese brome is an agricultural weed that poses an increasing risk to Saskatchewan barley producers, as it is increasingly being found in the province. This research aims to address the fact that currently there are no chemical control measures registered for the weed in barley crops.



ADVOCACY AND ADVISORY

Program objective:

- Ensure that barley producers' interests are articulated and advanced

In 2016/17 SaskBarley was an active advocate for Saskatchewan barley producers in a number of areas.

Transportation:

SaskBarley has been a vocal advocate for Saskatchewan barley producers in discussions around the Canada Transportation Act and changes to rail transportation regulations. Throughout 2016/17, we continued to work in partnership with the Agricultural Producers Association of Saskatchewan and Sask Wheat to respond to government announcements on the subject and

to form a delegation that travelled to Ottawa in spring 2017 to meet with Federal Government officials on the topic of transportation.

Carbon:

SaskBarley is a member of the Carbon Advisory Committee, a group that focuses on protecting Saskatchewan producers from negative repercussions of a federal carbon tax, by using scientifically sound arguments derived from decades of research that has been done in our province surrounding soil carbon. Other members of this group include the Saskatchewan Soil Conservation Association, Sask Wheat, Sask Pulse Growers, SaskCanola, SaskOats, SaskFlax, and Saskatchewan Agriculture.

Over the past year, the committee has further honed its messaging

and its reach, presenting its findings to several other organizations and government groups that are involved in carbon discussions.

Consumer advocacy:

In 2016/17, SaskBarley maintained its membership and Board position with Farm and Food Care Saskatchewan (FFC-SK), a group that aims to raise awareness and appreciation of agriculture in Saskatchewan. In summer 2017, SaskBarley also sponsored FFC-SK's Chef's Series exhibit at Taste of Saskatchewan, which featured top Saskatchewan chefs competing to prepare dishes featuring Saskatchewan-grown foods, including barley. More than 100,000 people attended the six-day event in Saskatoon.

MARKET DEVELOPMENT

Program objectives:

- Provide leadership toward the alignment of producer and all value chain interests to build an internationally-competitive team approach
- Facilitate sound analysis and understanding of market impacts
- Work with industry to develop a price discovery mechanism
- Assess and develop market potential in areas of food, feed and industrial uses

In 2016/17, SaskBarley invested in market development work that aims to meet its program objectives.

Market Development in Colombia, Peru, Ecuador & Chile

2017-18

SaskBarley investment: \$20,000

These four countries combined import approximately 450,000 tonnes of malting barley, and represent a huge opportunity for Canadian barley. This is why SaskBarley invested in a CMBTC project that aims to begin paving the way for long-term export demand in these four countries for Canadian barley. The project will engage with Bavaria, the major brewing company for these countries, and offer CMBTC technical services to process new Canadian malting barley varieties according to their processing methods.

Under this project, the CMBTC could also process crop samples of new varieties such as AAC Synergy, CDC Bow and AAC Connect, according to their malting and brewing protocols.

Throughout 2016/17, SaskBarley

also maintained its membership with the CMBTC, supporting the important work the organization does in market development for malting and brewing. For example, in the past year the CMBTC facilitated plant-scale brewing and malting trials in China, using new varieties AAC Synergy and CDC Bow. For more information about the important work the CMBTC facilitates, visit www.cmbtc.com.

SaskBarley also continues to invest in international market development through its partnership with the Barley Council of Canada (BCC). See an overview of BCC activities for 2016/17 on the following page.

BARLEY COUNCIL OF CANADA



SaskBarley is a member of the Barley Council of Canada (BCC), a national organization that works on behalf of the entire value chain to foster the long-term profitability and sustainable growth of Canada's barley industry.

There are 12 members on the BCC Board, with representation from industry and producers, including SaskBarley.

BCC works on a number of initiatives that benefit the entire value chain and in 2016/17 the organization made great strides to promote future sales of Canadian feed barley into China.

Over the course of the year, Phil de Kemp, Executive Director of BCC, and Dr. Rex Newkirk, Associate Professor and Research Chair with the University of Saskatchewan, traveled twice to China to promote the benefits of Canadian feed barley. Both missions were at the invitation of Beijing Wahmix Bio-Tech Co. Ltd. (Wahmix) – a company that specializes in feed enzyme research and development, production and application.

One of these trips involved a feed seminar, which highlighted the use of high-protein Canadian feed barley in hog and poultry rations. Feed mill representatives at the seminar were impressed to learn how Canadian feed barley, which typically has levels above 12% protein, far surpasses the protein levels of current Australian barley, which typically has levels between 8.5-9.5% protein. They also learned how Canadian barley can be used more cost effectively in feed formulations. As a result, they expressed an interest in touring Alberta and Saskatchewan farms, feed mills and research centres to learn more about the use and performance of Canadian feed barley.

In response to this interest, BCC hosted a tour in July of this year for Chinese delegates from Wahmix and six of the major Chinese feed mill companies. Collectively, these six feed mill companies manufacture more than 10 million tonnes of feed annually for China's hog, poultry and duck industries. The tour also included a SaskBarley-sponsored

dinner in Saskatoon, during which SaskBarley Directors were able to discuss local barley production and answer questions from tour members.

The delegates were impressed by the tour and, in particular, the use, performance and cost advantages of high-protein feed barley. As a result, they expressed an interest in using 10-20% of Canadian feed barley in their rations, which would translate into potential imports of 1-2 million tonnes of Canadian barley per year.

Discussions are currently underway between Wahmix and a Canadian supplier to establish a commercial trading relationship. However, given the size of the import potential, Wahmix has asked BCC to work with Canada's barley industry to promote the use of a forward pricing contracting program for feed barley sales to China for the 2018/2019 crop year.

As a result of this market development work, more follow-up is being planned for 2017/18. BCC has been asked by Wahmix to help coordinate another feed mill and farm tour and in October 2017, representatives from eight other Wahmix feed clients visited Canada, along with the Secretary General of the feed associations in China's Shunde District and Guangdong Province.

In November, BCC representatives travelled to Beijing as part of a delegation hosted by the Minister of Agriculture and Agri-Food, Lawrence MacAuley. There, the BCC signed a letter of cooperation with Wahmix to establish a cooperative relationship to promote sales of Canadian feed barley into China.

SASKATCHEWAN BARLEY DEVELOPMENT COMMISSION



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"PwC" refers to PricewaterhouseCoopers LLP,
an Ontario limited liability partnership.

Financial Statements

December 18, 2017

Independent Auditor's Report

To the Board of Directors of Saskatchewan Barley Development Commission

We have audited the accompanying financial statements of Saskatchewan Barley Development Commission, which comprise the statement of financial position as at July 31, 2017 and the statements of operations and net assets and cash flows for the year then ended, and the related notes which comprise 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 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many similar not-for-profit organizations, Saskatchewan Barley Development Commission derives revenue from producer check-off fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of

Saskatchewan Barley Development Commission. Therefore, we were not able to determine whether any adjustments might be necessary to producer check-off fees, excess of revenue over expenditures and cash flows from operations for the years ended July 31, 2017 and 2016, current assets as at July 31, 2017 and 2016 and net assets as at August 1, 2016, July 31, 2017, August 1, 2015 and July 31, 2016. Our audit opinion on the financial statements for the year ended July 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Barley Development Commission as at July 31, 2017 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.

PricewaterhouseCoopers LLP

**Chartered Professional
Accountants**

Saskatchewan Barley Development Commission

Statement of Financial Position

As at July 31, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	855,137	1,000,861
Investments (note 3)	397,113	-
Accounts receivable	132,166	77,380
Prepaid expenses	221	85
	<u>1,384,637</u>	<u>1,078,326</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>65,205</u>	<u>32,807</u>
Net assets		
Unrestricted net assets	519,432	245,519
Internally restricted net assets (note 2)	800,000	800,000
	<u>1,319,432</u>	<u>1,045,519</u>
	<u>1,384,637</u>	<u>1,078,326</u>
Commitments (note 6)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Saskatchewan Barley Development Commission

Statement of Operations and Net Assets

For the year ended July 31, 2017

	Budget (unaudited) \$ (note 5)	2017 \$	2016 \$
Revenue			
Producer check-off fees	877,000	1,056,327	916,339
Refunds	(43,850)	(33,911)	(20,395)
	833,150	1,022,416	895,944
Grants	-	20,890	-
Interest income	4,095	5,769	5,616
Other	-	156	-
Change in fair value of investments	-	(11,469)	-
	837,245	1,037,762	901,560
Expenditures (note 4)			
Research			
Research projects (note 6)	220,000	258,829	192,586
Research administration	15,000	7,807	25,160
Operating			
Service contracts	126,400	124,319	133,731
Board of directors	86,000	62,998	46,682
General and administrative	40,300	33,351	41,818
Election	-	1,830	27,707
Market development	237,750	174,217	150,553
Communications and advocacy	99,500	100,498	54,118
	824,950	763,849	672,355
Excess of revenue over expenditures	12,295	273,913	229,205
Unrestricted net assets – Beginning of year	245,519	245,519	416,314
Transfer to internally restricted net assets	-	-	(400,000)
Unrestricted net assets – End of year	257,814	519,432	245,519

The accompanying notes are an integral part of these financial statements.

Saskatchewan Barley Development Commission

Statement of Cash Flows

For the year ended July 31, 2017

	2017	2016
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	273,913	229,205
Items not affecting cash		
Change in fair value of investments	11,469	-
Changes in non-cash working capital items		
Accounts receivable	(54,786)	(28,684)
Prepaid expenses	(136)	-
Accounts payable and accrued liabilities	32,398	(29,039)
	262,858	171,482
Investing activities		
Purchase of investments, net of redemptions	(408,582)	-
	(145,724)	171,482
Net change in cash and cash equivalents	(145,724)	171,482
Cash and cash equivalents – Beginning of year	1,000,861	829,379
Cash and cash equivalents – End of year	855,137	1,000,861
Cash and cash equivalents is comprised of		
Cash	249,725	256,703
Investment savings account	605,412	744,158
	855,137	1,000,861

The accompanying notes are an integral part of these financial statements.

Saskatchewan Barley Development Commission

Notes to Financial Statements

July 31, 2017

1. Nature of business

The Saskatchewan Barley Development Commission (the “commission” or “SBDC”) was established by provincial legislation on June 7, 2013. The activities of the commission are funded primarily by a levy on Saskatchewan produced barley, which is collected by buyers at the time of sale.

The mandate of the commission is to invest grower’s check-off dollars in research and market development initiatives that contribute to profitable and sustainable barley production in Saskatchewan.

2. Summary of significant accounting policies

a) Basis of presentation

These financial statements include the accounts of the commission and are presented in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

b) Use of estimates

The preparation of financial statements in conformity with ASNPO 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 amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

c) Revenue recognition

Producer check-off fees are recognized as product is sold from the producer to the buyer. Refunds are recognized using the accrual method based on actual requests submitted by producers for the crop year and are paid out subsequent to year-end by the commission.

The commission follows the deferral method of accounting for contributions, including grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for expenses of the current period are recognized as revenue in the current period and restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Investment income is recognized as it is earned. Contributions of materials and services are recognized only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the commission’s operations and would otherwise have been purchased.

Saskatchewan Barley Development Commission

Notes to Financial Statements

July 31, 2017

d) Internally restricted net assets

The commission has internally restricted net assets totaling \$800,000 in the event that the commission is disbanded or there are other unforeseen circumstances. Any income earned or changes in fair value arising from these assets are recognized in unrestricted net assets.

e) Financial instruments

The commission recognizes and measures its financial instruments as follows: cash, investments, accounts receivable, and accounts payable and accrued liabilities are initially recorded at their fair value adjusted by, in the case of a financial asset or financial liability that will not be measured subsequently at fair value, financing fees and transactions costs that are directly attributable to its origination, acquisition, issuance or assumption.

Subsequent to initial recognition, debt and equity instruments quoted in an active market are recorded at fair value, and equity instruments not quoted in an active market are recorded at cost less any reduction for impairment. All other financial instruments are recorded at amortized cost. Amortization is recorded on a straight-line basis.

Financial instruments measured at cost or amortized cost are tested for impairment at the end of each reporting period, when there are indications that the assets may be impaired. The carrying amount or group of assets shall be reduced through the use of an allowance account. The amount of the reduction shall be recognized as an impairment loss in net earnings. When the extent of impairment in a previously written-down asset or group of asset decreases, the previously recognized impairment loss shall be reversed to the extent of the improvements by adjusting the allowance account. The amount of the reversal shall be recognized in net earnings in the period the reversal occurs.

The commission does not consider itself to have significant exposure to credit risk or liquidity risk.

f) Foreign currency translation

At the transaction date, each asset, liability, revenue or expense arising from a foreign currency transaction of the company is translated into Canadian dollars using the exchange rate in effect at that date. At each balance sheet date, monetary items denominated in a foreign currency are adjusted to reflect the exchange rate in effect at the balance sheet date. Exchange gains or losses of the company that arise on translation or settlement of foreign currency-denominated monetary items are included in the determination of net income for the year.

3. Investments

	2017	2016
	\$	\$
Investments measured at fair value:		
Equity instruments quoted in an active market (cost 2017 - \$204,945; 2016 - \$nil)	199,376	-
Debt instruments quoted in an active market (cost 2017 - \$203,637; 2016 - \$nil)	197,737	-
	397,113	-

Saskatchewan Barley Development Commission

Notes to Financial Statements

July 31, 2017

	2017	2016
	\$	\$
Investment income (loss) consists of the following:		
Changes in fair value of investments	(11,469)	-

4. Related party transactions

During the year ended July 31, 2017 members of the commission's elected Board of Directors received payments for per diems and expenses of \$65,164 (2016 - \$60,817). All related party transactions are measured at carrying amounts.

5. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the commission's board of directors.

Saskatchewan Barley Development Commission

Notes to Financial Statements

July 31, 2017

6. Commitments

The total maximum commitment to projects awarded funding at July 31, 2017 is \$741,172 (2016 –\$655,172) of which \$258,829 of research expenditures were incurred during the year ended July 31, 2017 (2016 –\$192,586). The total anticipated maximum commitments for these research projects over the next five years are as follows:

	\$
July 31, 2018	206,293
2019	132,845
2020	70,948
2021	7,500
2022	-
	<hr/> 417,586 <hr/>

7. Financial instruments

Currency risk

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The commission is subject to the risk of foreign exchange fluctuations on certain amount held in foreign currencies and included on the balance sheet in their Canadian dollar equivalent.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the commission is exposed are currency risk, interest rate risk and other price risk related to investments.

LIST OF PAYEES

Saskatchewan Barley Development Commission Payee List

August 1, 2016 - July 31, 2017

Personal Services (Threshold \$2,500)

Board of Directors (all amounts included)

	Honorariums	Operating Expenses	Research	Market Development	Total
Faye, Zenneth	8,550	7,614	-	486	16,650
Goff, Cam	6,300	1,344	51	997	8,692
Johnson, Brent	5,500	994	966	3,649	11,109
Kuhlmann, Allen	3,900	2,865	1,680	674	9,119
Rueve, Keith	6,300	3,276	-	642	10,218
Skotheim, Jason	6,800	127	625	1,824	9,376

Research and Development

(Threshold \$5,000)

Brewing and Malting Barley Research Inst.					9,564
CMBTC					65,000
East Central Research Foundation					20,890
Government of Alberta					10,000
Mitacs Inc.					7,875
Saskatchewan Variety Performance Group					14,500
University of Saskatchewan					41,000
Western Grains Research Foundation					90,000

Extension (Threshold \$5,000)

Barley Council of Canada					145,000
CMBTC					5,250
Farm & Food Care Saskatchewan					10,500

Extension - Media and Communication

(Threshold \$5,000)

Blairmore Media Inc.					13,862
Canada Post Corporation					14,666
Delaney Seiferling Consulting					30,811

Supplier Payments (Threshold \$20,000)

101123132 Saskatchewan Ltd.					89,182
Agriculture Council of Saskatchewan					35,137

Other Payments (Threshold \$20,000)

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