


Conseil de  
l'orge du  
Canada



Barley  
Council of  
Canada

2018 » Annual Report



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## » About Us

Incorporated in 2013, the Barley Council of Canada (BCC) is a collaborative initiative led by barley farmers and industry members. The BCC works with its members to ensure the long-term profitability and sustainable growth of the Canadian barley industry. The Council serves as a national leader for the barley industry by co-ordinating all links in the value chain to create a unified voice for barley.

**The BCC's focus areas are:**

- > Organizational Capacity
- > Research & Innovation
- > Market Access
- > Market Development
- > Sector Engagement



## Membership Structure

- Regular members (voting): Firms, corporations and organizations that are actively involved in the Canadian barley industry and interested in furthering the objectives of the BCC
- Associate members (non-voting): Any other individuals, firms, corporations and organizations interested in furthering the objectives of the BCC

### The board structure provides for:

- Elected representation across the value chain from producers to end users
- Equal representation of producers and barley industry representatives
  - Seven board members representing producers from across Canada
  - Seven board members representing each link in the value chain: maltsters, brewers, feed industry representatives, grain handlers and exporters, researchers, and seed and life science companies

## Funding Structure

The funding for the organization is divided into two areas: core revenue and expenses, and program revenue and expenses.

- Core funding for the base operations of the BCC comes from annual membership fees for regular and associate members. This provides a base of predictable, stable funding to operate the organization. The BCC board sets membership fees for each part of the value chain annually.
- Program funding for specific projects and initiatives is provided through additional contributions by producer groups, industry groups, individual companies and/or government. This includes research projects, market development programs and targeted outreach initiatives.

The following annual report provides an update regarding the BCC's focus areas, work and projects, as well as the financial statements from August 1, 2017 to July 31, 2018.



## » Chair's Report

Dear stakeholders,

Thank you for taking time to read this report. Enclosed you will find a detailed summation of what we have accomplished over the past fiscal year. I am confident that you will be more optimistic than ever about the future of our Canadian barley industry after seeing what we have done on your behalf.

*This has been an eventful year for the Barley Council of Canada. While we have had some challenges, we are beginning to see the fruits of labour that had initially begun with our strategic planning session in Winnipeg in 2016. Starting with that meeting, we have spent the past two years creating a detailed work plan and executing it on behalf of our members and value chain.*

As your chair, I believe it is important that we recognize that our organization has had some challenges over the past year with respect to information flow and communicating our successes. While we have accomplished a great deal, we have not always been able to report that back to our valued members. Beginning with this report today, I am certain that this has changed, and you will begin to hear a lot more from us regarding what we are doing for you – the barley value chain.

While the purpose of an annual report is to look back, I believe that this year's edition should also get you excited about what is ahead for the BCC. In the past year, we have started work on establishing a reliable, sustainable funding model with our application to become a Promotion Research Agency. We have also submitted an application with our national partners to fund the next National Barley Research Cluster and continued to build up the food barley side with our industry-renowned GoBarley campaign.

Perhaps most exciting of all, we have spent the past year establishing a foothold in the Chinese feed barley market. By telling our story, building relationships, and communicating the value of our higher-protein feed barley, we have achieved some solid successes

in this burgeoning marketplace. These will continue in 2018/19 as we turn our successes into solid business outcomes for the barley value chain.

As always, I cannot emphasize enough that the success of the BCC depends on strong leadership and the barley value chain working together to promote our industry. On behalf of the BCC board of directors, I would like to thank Phil and Kara for their hard work over the past year. These two have put their blood, sweat and tears into making the BCC work for its members. I have witnessed, time and time again, their dedication and hard work that they put into establishing a profitable and sustainable of barley industry and I am very proud of them. They have represented us well.

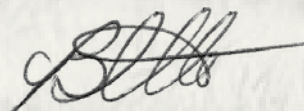
I would like to thank Syeda Khurram, BCC CFO and director of human resources for managing our finances and making sure our bills are paid on time. Also, I would like to welcome Cole Christensen to the team. Cole has been helping us with communications and stakeholder relations, and we are pleased to have him on board.

Last, but certainly not least, I would like to thank my executive team—Zenneth Faye, Luke Harford, Jim

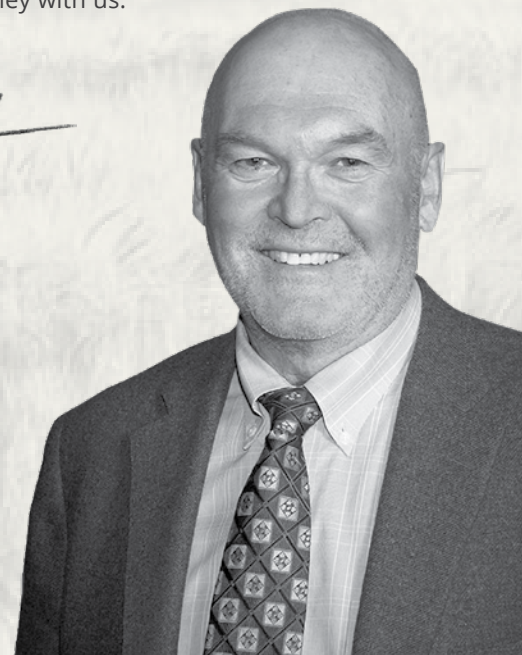
Smolik and Bryan Adam—for their advice and direction over the last year. These guys have their own responsibilities and commitments, but they always made sure that they put aside valuable hours to help guide the BCC forward. I am so grateful for their leadership, friendship, and council.

Exciting days are ahead. Thank you for being on this journey with us.

Regards,



Brian Otto  
Chair, BCC



# » President's Report

Dear stakeholders,

I would like to start this message by saying thank you for your support. As I look back on the last twelve months, I am reminded of the Vince Lombardi quote, "Success demands singleness of purpose."

The Barley Council of Canada has and will continue to succeed due to our ambitious and devoted team of staff, board of directors, and members. This is why I am always so optimistic about the future of our organization and our industry. All of the work that we have put in to achieving our mission will result in our success.

In 2017/18, I was fortunate to be able to travel around quite a bit promoting our world-class barley. During these trade missions, I was so grateful to be part of an organization that is recognized as Canada's national voice for our industry. Without the buy-in of our value chain, including the provincial barley and producer commissions, Canada's brewers and malt industry, feed and livestock industry, some grain exporting companies and the barley research and seed communities, we would not be where we are today.

As you go through this accounting of the past fiscal year, you will see that the foundation has been laid for

the future of the BCC. This all began with our board of directors' request to make sure that our strategic focus areas dovetailed with our mission statement: To ensure long-term profitability and sustainable growth of Canada's barley industry.

By achieving this singleness of purpose, we were able to realize a more efficient direction for the BCC that aligned with our members goals. This direction from our board included establishing our key focus areas: Organizational Capacity, Research and Innovation, Market Access / Market Development, Education, and Sector Engagement. These are the strategic focus areas that have and will continue to drive the BCC initiatives. In these following pages, you will see that this important work is well on its way.

Speaking of strategy, the 2017/18 fiscal year was all about a proactive strategy aimed at bringing our world-class barley and value-added products to market. Our top target market for this was China, where we have capitalized on momentum from years' past towards progress in reaching their feed industry. We did this by establishing relationships with feed mills and companies in China, communicating the value of our world-class barley and the higher protein that it offers, and partnering with potential customers to turn our hard work into action and profit for the Canadian barley value chain.



However, none of this could be done without achieving market access for Canadian barley. As a Council, this was another particular point of emphasis in 2017/18. Working with our partners in the industry, the BCC was able to leverage our network to achieve some key successes in the area of free trade agreements – particularly when it came to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Another area that we made huge strides in 2017/18 was organizational capacity. As you will read more about, the BCC applied in October 2017 to become a Canadian Barley Promotion and Research Agency (PRA or “National Agency”). The reason we did this is very simple. To balance the investment in Canadian barley’s research funding and market development (domestically and internationally) between all members of the value chain. As we strive for a sustainable future, the BCC board of directors is steadfast in their belief that this is the best way forward. We will be communicating the results of our application as soon as they come available.

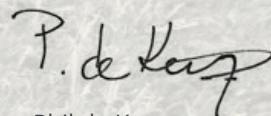
While we are proud of what we have done this year, we are also aware that there are things to be improved upon. The BCC has not always communicated effectively about our important files that we have been working on, nor have we always provided our members with what they need to know about the BCC’s inner workings.

While we have been no stranger to limited resources, we know that we can do better. We will do better. Starting with this annual report, the BCC is moving into a new era of communication, information, and education. Thank you for your patience with us on this journey.

On behalf of our staff members; myself, Kara Barnes, and Cole Christensen, I would like to thank you all for reading this report and for your investment in the future of the Canadian barley industry.

We will always work tirelessly on your behalf.

Sincerely,



Phil de Kemp  
President



## » Executive Committee

Chair



Brian Otto  
Past president,  
Western Barley  
Growers  
Association

Vice-chair



Jim Smolik  
Head of Canada  
Corporate Affairs,  
Cargill

Treasurer



Luke Harford  
President,  
Beer Canada

Secretary



Zenneth Faye  
Director,  
Saskatchewan  
Barley Development  
Commission

**Committee Member**



Bryan Adam  
Director,  
Alberta Barley

### Overview

The Executive Committee is composed of the chair, vice-chair, treasurer and secretary, as well as a representative from Alberta Barley—the BCC's primary funding organization.

This committee is responsible for reviewing and providing guidance on key organization and operational matters. Working closely with the Executive Director, the committee oversees the BCC's communication, finance and policy initiatives. This includes budgeting, accounting, membership, policy development and external communications.

## » Organizational Capacity

### Balanced Budget

The Barley Council of Canada relies on funds contributed from our members in order to be viable and to advocate for the long-term profitability and sustainable growth of Canada's barley industry. As stewards of these funds, the BCC ensures that they are used in the most effective way possible and go towards the initiatives that benefit the Canadian barley industry first-and-foremost. As part of this organizational capacity, we are proud to say that the BCC achieved a balanced budget for fiscal year 2018 despite a 20 per cent reduction in revenues.

## Program Administration

The AgriMarketing Program (AMP) is a five-year (2013-2018), \$341-million, cost-shared funding program under Agriculture and Agri-Food Canada's (AAFC) Growing Forward 2 programs. The AMP was designed to help farmers and food processors compete in domestic and international markets and take advantage of market opportunities.

The BCC was proud to receive and deliver the following elements of the AMP that benefit the bottom line for Canada's barley industry. These programs include the AMP project, MD-127: Developing a market for Canadian feed barley into China, 2016-2018. During the fiscal year, the BCC executed the project, submitted the reports for the activities and received a 50 per cent reimbursement payment for \$32,500 in matching funds from AAFC.

We also administered and carried out, on behalf of the Alberta Barley Commission, the AMP project, MD-86: Developing Food Markets for Canadian Barley – Phase 2, 2015-2018, and submitted the reports and reimbursement claim for 50:50 matching funds to AAFC. This included a mid-year amendment to AAFC for budget reduction.

The Canadian Agricultural Partnership (CAP) is a five-year (2018-2023), \$3-billion investment by federal, provincial and territorial governments to strengthen the agriculture and agri-food sector. One priority area of CAP is to enhance the competitiveness of the sector by advancing its science and innovation capacity, and adoption of innovative products and practices, with particular weight on sustainable and clean growth.

As part of the new CAP AgriMarketing Program (AMP), the BCC prepared and submitted the application, Developing a Market for Higher Protein Canadian Feed Barley into China, for 50:50 matching funds from AAFC. The three-year (2018-2021) project proposal was \$421,740 for market development initiatives including incoming and outgoing missions from/to China, expert animal nutrition and feed formulation support, education of potential customers, and seminars, conferences, etc. in China. More information on this program will be available in the future on our website and in member communications.



## Promotion and Research Agency

One of the top priorities for the 2018 fiscal year was our goal to seek a levy on imported/exported barley and malt in order to ensure a sustainable future for the organization – and, by extension, the Canadian barley industry.

On October 30, 2017, the BCC applied to become a Canadian Barley Promotion and Research Agency in order to create an equitable funding system that balances producer support with industry contributions from a proposed levy. In order to sustainably fund the Council's goals and activities, the levy was proposed at \$0.25 per tonne/barley and \$0.32 per tonne/malt to be paid by the industries that import and export these commodities in and out of Canada.

The primary goal of this application was to establish a sustainable funding source in order to focus on the following key areas:

- The promotion of food barley products to Canadian consumers
- Increased demand for Canadian food, malting, and feed barley, as well as malt, in key export markets

- The success of research and market development initiatives to maximize the potential of barley production and sales

As Canada's national voice for barley, the BCC is focused on supporting the barley industry and its members in a future-focused, secure, and sustainable way. Our board of directors and members determined that establishing the BCC as a PRA was the most effective way to do so.

Canada's exporters and importers have benefited greatly from the research and market development initiatives that producers, malt, and beer companies have invested in over decades. By sharing the investment among all members of the value chain, the BCC will achieve its mandate of market growth, research funding, and domestic development without impacting the revenues or authority of any provincial organizations.

Our application will be reviewed by the Farm Products Council of Canada (FPCC) and we hope to be able to appear before the Council to make our case sometime in mid 2019.



## » Research & Innovation

### National Barley Research Cluster

The Barley Council of Canada prioritizes research and innovation as one of our chief focuses. Last year, the Barley Council of Canada led the country's barley industry in coming together to submit an application to the Federal government's Canadian Agriculture Partnership (CAP) AgriScience Program to fund the next National Barley Research Cluster.

The Prairie's provincial barley commissions (AB, SK, MB), the Western Grains Research Foundation (WGRF) and the Brewing and Malting Barley Research Institute (BMBRI) all came together to support the application, along with the Canadian Field Crop Research Alliance (CFCRA), which includes the Grain Farmers of Ontario, Producteurs de grains du Quebec, Atlantic Grains Council and SeCan.

The research will aim to ensure that agronomic productivity and disease resistance improvements are achieved so that barley is a competitive cereal crop choice for producers in rotation with other major crops. It will also aim to ensure that processing quality traits are maintained or improved to satisfy the diverse and evolving end-use customer needs both domestically and internationally.

Focus areas of the National Barley Research Cluster application include: genetic improvements through new varieties with higher yields, better environmental performance, and specific end-use qualities; finding new sources of resistance and evaluating management strategies for Fusarium head blight and other crop diseases; maintaining the high quality of Canadian malting barley while understanding how it performs in the malting and brewing processes; exploring potential health benefits of barley as livestock feed beyond its role as an energy source; and continuing to identify and evaluate crop management strategies that advance the economic and environmental sustainability of the Canadian barley industry.

## » Market Access

The Barley Council of Canada is extremely aware of the importance that market access plays in ensuring a sustainable, profitable market for Canadian barley. This is why we leverage our partnerships with other organizations to advocate for free trade agreements that advance our aggressive export goals and guarantee markets for Canada's barley farmers, maltsters, and livestock producers.





## Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

We addressed this key matter by maintaining an active role as a board member on the Canadian Agri-Food Trade Alliance (CAFTA). Our primary focus in 2017-2018 was passing legislation and implementing the Comprehensive Progressive agreement for Trans-Pacific Partnership as quickly as possible.

As the third-largest producer of barley and second-largest exporter of malt in the world, the CPTPP represented a critical step towards achieving market access for our world-class barley and value-added products.

As a direct result of the BCC having an office in Ottawa, over the past year we participated extensively in advocating with Ministers, Members of Parliament, Senate, PMOs office to re-engage and conclude a TPP agreement. The BCC's staff and members knocked on dozens of doors to make sure this important opportunity remained top of mind for our legislators.

Our president Phil de Kemp worked extensively with CAFTA throughout 2017/2018 to lobby the federal government to ensure Canada reengaged and concluded a revised Trans-Pacific Partnership trade agreement, which by then had morphed into the CPTPP. The momentum created by this lobbying helped

to engage all parties and we reached a successful first-step by seeing the CPTPP signed in Chile in March 2018.

The next goal was to be one of the first six signatories to the agreement, which we prioritized in April-June 2018. Through an aggressive lobbying and public relations campaign (which included media interviews and joint press releases), the BCC helped to get the federal government to table the legislation prior to the 2018 summer recess.

The legislation to ratify the CPTPP received Royal Assent through the Senate in October 2018.

We are proud of our organization's joint efforts with CAFTA and our export-focused partners. Our barley industry is poised to capitalize on this agreement with reduced or eliminated tariffs, mark-ups and country specific quotas for feed and food barley, malt, and processed beef and pork products. Approximately 300,000-400,000 tonnes of Canadian barley will be required to meet the CPTPP's anticipated demand, representing a major boost to the bottom line for Canada's barley farmers.



## » Market Development

With a market that is uniquely export-focused, the Barley Council of Canada has always given precedence to the promotion of barley for malt, feed and food consumption. Through this focus area, we are able to increase the demand for Canadian barley while also maximizing the opportunities and returns for members of the barley value chain.

The BCC's role is to identify market development opportunities, market intelligence needs and project funding opportunities as part of our overall strategic plan. In 2017/18, the BCC continued to build relationships within the burgeoning feed barley market in China.

### China

In terms of feed barley, continued strong interest from China for higher-protein Canadian barley prompted discussions with Chinese livestock industry representatives to ascertain the potential for future demand.

Over the past two years, the BCC has partnered with Beijing Wahmixin Bio-Tech Co. Ltd., an industry-leading company specializing in feed enzyme research and development, production, and application in China,



to advocate for the use of Canadian high-protein feed barley in China's feed mill industry.

In November 2017, BCC President Phil de Kemp traveled to Beijing as part of a delegation hosted by the Hon. Minister of Agriculture and Agri-Food Lawrence MacAuley. There we signed a Letter of Intent for Strategic Cooperation between the BCC and Wahmix to promote the sales of Canadian feed barley into China.

In April 2018, de Kemp returned to Beijing with Dr. Eduardo Beltranena, a well-known research and nutrition specialist from the University of Alberta and Government of Alberta, to participate in a number of seminars with major Chinese feed mill companies on how to use and incorporate Canadian barley in their livestock rations. A key objective that was achieved as a result of these meetings was the development of a practical, easy-to-use brochure for Chinese companies on the benefits of Canadian barley and how to easily use it in their poultry and swine rations. This brochure was a compilation of the key learnings that Dr. Beltraena and Dr. Rex Newkirk spoke about during these ground-breaking seminars. The brochure will be actively used by these companies and will be available for download and distribution on [barleycanada.com](http://barleycanada.com).

We are pleased to report that these initiatives have already begun to bear fruit. After the Wahmix group presented to our board in June 2018, the BCC hosted a follow-up trade mission with their representatives the following month. Through our collaborative spirit, we partnered with the Flax Council of Saskatchewan and Pulse Canada to give our Wahmix visitors a sense of the size and scope of Canadian farms and processing. This partnership resulted in the sharing of BCC's business development contacts with our fellow commodity groups for the purposes of building relationships with the Chinese delegation. The trip also consisted of a trip to Lethbridge, AB to meet with some of Agriculture and Agri-Food Canada's leading barley and beef researchers and visit Kasko Cattle Co. Ltd.'s feed lot to see our barley feed in practice.

Through these meetings, the BCC is confident that we have set in motion a lifelong relationship with Beijing Wahmix Bio-Tech Co. Ltd. and we know that we have begun to establish a foothold in what will be one of our most important markets going forward.

*Photo credit: BCC president Phil de Kemp and the Wahmix representatives visit antler valley farm as part of their June 2018 trade mission.*

## » Education

When it was established, one of the key focus areas for the Barley Council of Canada was educating the industry and consumers about the unique aspects of the barley industry. Over the past year, we continued this emphasis on industry cooperation and cross-sector collaboration in order to tell our story and communicate the needs of Canada's barley industry.





## Transportation

One of our key partnerships in 2017/18 was within the Crops Logistical Working Group (CLWG), who collaborated on how to address grain and rail transportation shortcomings. As a member of the CLWG and steward for Canada's barley industry, the BCC and the CLWG were able to successfully have meaningful transportation legislation passed that addressed the vast majority of the issues/concerns that most participants in the grain and handling industry identified.

## Industry Collaboration

The BCC has always valued industry cooperation and this past year was no different. We remain an active participant and board member in the newly-revitalized Canadian Grains Council. The BCC remains a steering committee member of the Canadian Roundtable for Sustainable Crops, and a member of Canadian Roundtable for Sustainable Beef – which we engage in to lead, develop and facilitate sustainability communication among the agriculture industry and with consumers and the public.

The BCC also has continued to be a funding partner for the Keep it Clean - Cereals Program alongside Cereals Canada and the Prairie Oat Growers Association. This program reminds producers to always read and adhere to crop input label instructions/recommendations as part of their farm best management practices via a website and extensive communications campaign.





Alberta Barley's three-year AgriMarketing Program funded project, "Developing Markets for Food Barley – Phase 2" came to an end on March 31, 2018.

This project was administered, in recent years, by the BCC on behalf of Alberta Barley. Over the past year, new material was added to the website ([gobarley.com](http://gobarley.com)), including information developed for the food manufacturing and culinary industries. Our section for health professionals was also updated to improve functionality. 19 new blog posts were created for [gobarley.com](http://gobarley.com), and our monthly newsletter with the latest recipes, recommendations, and barley tips continues to be distributed to our nearly 2,000 subscribers.

GoBarley recipes, materials, and messaging was seen or heard over three-million times through a variety of print, online and television media sources over the past year. This innovative program continued to ensure that consumers are incorporating food barley into their diet more and more!

## » Sector Engagement



Over the past year, the Barley Council of Canada recognized our shortcomings when it has come to sharing our success stories on behalf of the barley value chain. This is why 2017/18 has been about setting up an infrastructure where we can take meaningful steps towards communicating with our membership and the public.

To better reach our members, the BCC established a file sharing site on our server. This allowed us to put important documents and critical information directly into the hands of our members so that they have the best information possible when helping us to make decisions and drive our industry forward.

We have also made sure that the BCC moves towards full transparency with our dedicated membership. This included developing a summary of our year's initiatives (2017/18) and working directly with our membership on a workplan for the next year (2018-2019).

These are important steps in achieving full buy-in with our stakeholders. We are committed to re-emphasising direct communication with our board and funding members. An element of this was a membership newsletter which was developed in July 2018 and launched three months later. The BCC is committed to reaching our stakeholders in new and innovative ways. The groundwork for this was laid in 2017/18 and the work will continue going forward.





## » Finance

### Revenue

The BCC's revenue is generated through membership fees. This revenue funds the Council's projects and initiatives to foster long-term profitability and sustainable growth of Canada's barley industry. Core funding for the base operations of the BCC comes from annual membership fees for regular and associate members. This provides a stream of predictable, stable funding to operate the organization.

Regular membership fees for corporations and organizations that are involved in the commercial trade or processing of Canadian barley are set upon negotiations and contractual agreements. Corporations and organizations that are not actively involved in the commercial trade or processing of barley, but are interested in supporting the BCC, can qualify to be associate members and pay an associate membership fee of \$500 per year.

### FYE 2018 Audit

The FYE 2018 audit was completed successfully and in accordance with the high standards established by the Executive Committee. The results of the audit and the detailed financial statements for the BCC are included in the following pages.



## » Financial Statements

### Management's Responsibility

To the Members of Barley Council of Canada:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for notforprofit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Council. The Board is responsible for overseeing management in the performance of its financial

reporting responsibilities, and for approving the financial information. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Council's external auditors.

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

January 7, 2019

A handwritten signature in black ink, appearing to read 'P. de Kemp', written in a cursive style.

Phil de Kemp, President

# Independent Auditors' Report

## To the Members of Barley Council of Canada:

We have audited the accompanying financial statements of Barley Council of Canada, which comprise the statement of financial position as at July 31, 2018, and the statements of operations and changes in net assets (deficiency) and 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 accounting standards for notforprofit 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.

### *Auditors' 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 auditors' 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 audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barley Council of Canada as at July 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for notforprofit organizations.

Calgary, Alberta, January 7, 2019

**MNP LLP** Chartered Professional Accountants



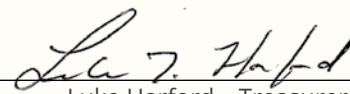
# Statement of Financial Position

As at July 31, 2018

	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	51,258	
Accounts receivable	55,793	18,513
Marketable securities	5,000	
Prepaid expenses and deposits	867	867
	112,918	19,380
<b>Capital assets (Note 3)</b>	10,479	15,640
	<b>123,397</b>	<b>35,020</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 2)	-	2,144
Accounts payable and accruals	58,582	39,868
	58,582	42,012
<b>Net Assets (Deficiency)</b>		
Unrestricted	64,815	(6,992)
	<b>123,397</b>	<b>35,020</b>

Approved on behalf of the Board

  
Brian Otto – Chair

  
Luke Harford – Treasurer

# Statement of Operations & Changes in Net Assets

*For the year ended July 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Producer membership	418,739	376,500
Sponsorship	28,003	96,406
Industry membership	61,000	66,000
	<b>507,742</b>	<b>538,906</b>
<b>Expenses</b>		
Salaries and benefits	202,706	225,537
Agrimarketing program costs (Note 5)	83,243	-
Memberships and subscriptions	47,455	57,400
Program expenses	36,093	52,404
Travel	30,746	46,142
Conferences	11,000	9,608
Professional fees	8,946	24,582
Amortization	5,161	7,703
Rent	2,469	29,624
Office expenses	2,107	14,339
Telephone	1,998	3,104
Communication expenses	1,878	957
Insurance	1,300	1,300
Bank charges and interest	833	446
Repairs and maintenance	-	452
Barley symposium expenses	-	78,181
	<b>435,935</b>	<b>551,779</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>71,807</b>	<b>(12,873)</b>
<b>Net assets (deficiency), beginning of year</b>	<b>(6,992)</b>	<b>5,881</b>
<b>Net assets (deficiency), end of year</b>	<b>64,815</b>	<b>(6,992)</b>

# Statement of Cash Flows

For the year ended July 31, 2018

	2018	2017
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	71,807	(12,873)
Amortization	5,161	7,703
	<b>76,968</b>	<b>(5,170)</b>
Changes in working capital accounts		
Accounts receivable	(37,280)	(7,950)
Prepaid expenses and deposits	-	633
Accounts payable and accruals	18,714	(44,773)
	<b>58,402</b>	<b>(57,260)</b>
<b>Investing</b>		
Purchase of marketable securities/portfolio investments	(5,000)	-
<b>Increase (decrease) in cash</b>	<b>53,402</b>	<b>(57,260)</b>
<b>(Bank indebtedness) cash, beginning of year</b>	<b>(2,144)</b>	<b>55,116</b>
<b>Cash (bank indebtedness), end of year</b>	<b>51,258</b>	<b>(2,144)</b>

# Notes to the Financial Statements – For the year ended July 31, 2018

## 1. Incorporation and nature of the organization

Barley Council of Canada (the “Council”) was incorporated effective March 28, 2013 under the authority of the Canada notforprofit Corporation Act. It is registered as a notforprofit organization and, thus, is exempt from income taxes under 149(1)(l) of the Income Tax Act (the “Act”). In order to maintain its status as a registered notforprofit organization under the Act, the Council must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Council’s mandate is to develop and implement a common vision that will enable longterm profitability and sustainable growth of the Canadian barley industry.

## 2. Significant accounting policies

### *Basis of accounting*

The financial statements have been prepared in accordance with Canadian accounting standards for notforprofit organizations and include the following significant accounting policies:

### *Cash and cash equivalents*

Cash and cash equivalents include balances with banks. At July 31, 2017, the Council held \$40,696 on hand and

\$42,840 in outstanding cheques. Cheques issued in excess of cash on hand as at July 31, 2017 are recorded as bank indebtedness.

### *Revenue recognition*

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

### *Contributed materials and services*

The Council receives staffing and administrative services from an external entity.

### *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.



	Rate
Website design costs	33%
Equipment	33%

### ***Financial instruments***

The Council recognizes its financial instruments when the Council becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA 3840 Related Party Transactions.

At initial recognition, the Council may irrevocably elect to subsequently measure any financial instrument at fair value. The Council has not made such an election during the year.

The Council's financial assets and liabilities are subsequently measured at cost or amortized cost.

### ***Financial asset impairment***

The Council assesses impairment of all of its financial assets measured at cost or amortized cost. An impairment of financial assets carried at amortized cost

is recognized in the deficiency of revenue over expenses when the asset's carrying amount exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The Council reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. Where an impairment charge is subsequently reversed, the carrying amount of the financial asset is increased to the revised recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment charge been recognized in previous periods. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

### ***Measurement uncertainty (use of estimates)***

The preparation of financial statements in conformity with Canadian accounting standards for notforprofit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the years in which they become known.

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These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the years in which they become known.

### 3. Capital assets

	<b><i>Cost</i></b>	<b><i>Accumulated amortization</i></b>	<b><i>2018 Net book value</i></b>	<b><i>2017 Net book value</i></b>
Website design costs	<b>37,783</b>	<b>27,894</b>	<b>9,889</b>	14,759
Equipment	<b>2,894</b>	<b>2,304</b>	<b>590</b>	881
	<b>40,677</b>	<b>30,198</b>	<b>10,479</b>	15,640

#### **4. Alberta Barley Commission**

Included in membership revenue reported in the statement of operations is a contribution of \$207,000 (2017 \$190,000) and expense recoveries of \$36,329 (2017 \$nil) from Alberta Barley Commission.

The Council receives staffing and administrative services from Alberta Barley Commission. During the year, \$5,000 (2017 \$18,000) was reimbursed by the Council to Alberta Barley Commission for office services rendered. As at July 31, 2018, the Council has \$35,035 (2017 \$28,649) due to Alberta Barley Commission included in accounts payable.

#### **5. Agrimarketing program costs**

Market development expenses in the amount of \$83,243 are costs related to an agreement signed November 29, 2017 between the Council and the federal Minister of Agriculture and Agrifood with respect to developing a market for Canadian feed barley in China under the federal Agrimarketing program. Under the provisions of this agreement, eligible expenditures are equally shared between the Council and the federal government.

#### **6. Economic dependence**

The Council's primary sources of revenue are membership fees, of which \$207,000 (2017 \$190,000) of membership fees, \$36,329 (2017 \$nil) of expense recoveries and significant contributed services were received from the Alberta Barley Commission as well as \$145,000 (2017 \$145,000) from the Saskatchewan Barley Development Commission. Should the contributions be reduced or eliminated, the Council's ability to continue viable operations would be in question. As at the date of these financial statements management believes that the Council is able to continue as a going concern.

#### **7. Financial instruments**

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



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