

Conseil de
l'orge du
Canada



Barley
Council of
Canada



2020 » Annual Report



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>> Working together to enhance the long-term profitability and sustainable growth of Canada's barley industry

The Barley Council of Canada (BCC), established in 2013, with a mission of “working together to enhance the long-term profitability and sustainable growth of Canada’s barley industry”, continues to evolve. The organizational changes identified during the 2019 strategic review, have been successfully implemented over the past year.

BCC’s partnership with Cereals Canada is well-established, with leadership by Cereals Canada on behalf of barley in the areas of market access issues and communications. Along with taking on these responsibilities it was a very busy year for Cereals Canada as it concluded plans to merge with Canadian International Grains Institute (cigi). I congratulate them on this outcome and wish the expanded Cereals Canada much success as it moves forward. Our partnership remains in place and has been extended for another year as we continue to explore what the future for our two organizations looks like.

Our enhanced collaborations with Brewing and Malting Barley Research Institute (BMBRI) in the area of barley research and with Canadian Malting Barley Technical Centre (CMBTC) in the area of market development are also working very well and becoming stronger all the time.

BCC remains the administrator of the National Barley Cluster on behalf of the consortium of industry funders. Kara Barnes, our Director of Grower & Industry Programs, continues to have primary responsibility for this program. BCC continued to administer the feed barley Agri-Marketing Program (AMP) and also remained involved in the Keep It Clean campaign, which is coordinated on behalf of wheat, barley and oat by Cereals Canada. This past year BCC continued its membership in the Canada Grains Council, Canadian Agri-Food Trade Alliance (CAFTA), and Canadian Roundtable for Sustainable Beef (CRSB).



The 2019/20 crop year was another strong one for barley production and exports. Barley production saw a 3% increase over the 2018/19 crop year (which was 19% higher than the year before), continuing a multi-year increase in overall barley production. Barley exports were at 98% of those in 2018/19 and continue to be important for the sector in addition to the domestic feed and malt markets. International markets continue to shift, which increases the importance of continued efforts to increase and diversify export opportunities.

The COVID-19 pandemic has impacted everyone and every sector. Fortunately, the work being done by BCC has not been derailed. Given the national scope of the membership as well as the geographical diversity of the organizations we work with, it was already routine for many interactions and communications to take place virtually. We all miss the opportunities to meet in person since the March lockdowns, and certainly look forward to their resumption, but continue to meet and keep up to date online.

A special thank you to both Erin Armstrong and Kara Barnes during these difficult times, with the Covid-19 restrictions. Their determination and perseverance, along with excellent work ethics, were able to develop a process that allowed the workings of the BCC to continue safely. I want to end by thanking the past and present boards of BCC for all their experience, expertise and hard work as we collectively continue to find the best way forward for the benefit of the barley industry in Canada.

Zenneth Faye
Chair, BCC Board of Directors

Message from the Executive Director of the Barley Council of Canada

With a full year now under my belt at Barley Council of Canada (BCC), it is interesting to look back at the ground we've covered since August 2019. BCC was beginning to implement changes agreed to by the board of directors and the members coming out of a strategic review process. The strategic review was a result of the outcome of Canadian Barley Roundtable discussions, which considered all aspects of the wide range of organizations serving the barley value chain.

BCC's partnership with Cereals Canada launched on August 1, 2019 under the terms of a Memorandum of Understanding (MOU) and a Service Level Agreement (SLA). It has developed nicely as each organization has become more familiar with the other. I had the privilege of periodically working out of the Cereals Canada office for the first six months of my time with BCC, which provided an excellent opportunity to get to know Cam Dahl, CEO, and his staff better, as well as the organization in more general terms. The MOU and SLA have been extended for another year after approval by the boards of directors of both organizations. During this extension, various options for the future of the partnership will continue to be evaluated, with a recommendation going to the boards of directors before the end of 2020.

Under the SLA, Cereals Canada is the lead on market access issues for barley as well as wheat. Cereals Canada hosts the Cereals Market Access Committee (aka MRL Assessment Committee) (MAC) which applies the Canada Grains Council's Domestic MRL Policy to all cereals. BCC has three members, drawn from BCC member organizations, on the MAC, with Kara Barnes, Director of Grower and Industry Programs, and me participating as observers. Two new products proposed for use on barley have been assessed by the MAC so far in 2020. These assessments brought to light some barley-specific considerations which need to be taken into account. Working closely with Victoria Linden, Director of Research at Cereals Canada and Chair of the MAC, we continue to all work towards incorporating these considerations into future reviews.

The other key area covered by the SLA is communications. BCC's website is in the process of being updated and given a new look under the direction of Brenna Mahoney, Director of Communications and Stakeholder Relations for Cereals Canada. She also oversees the development of communication pieces on barley-related issues as needed; and leads the Keep It Clean Cereals Campaign, in which BCC remains an active partner.

In addition to the formal partnership with Cereals Canada, BCC is also working more closely with Brewing and Malting Barley Research Institute (BMBRI) and Canadian Malting Barley Technical Centre (CMBTC) in their respective focus areas. Research initiatives are led by BMBRI with BCC working closely with their executive director, Gina Feist. BCC is also working very closely with Peter Watts, Managing Director of CMBTC, on market development initiatives.

BCC's existing feed barley Agri-Marketing Program (AMP), for example, is increasingly being coordinated with CMBTC's malting barley AMP, to maximize the use of resources and outreach. The intent is to merge the two AMPs during the next round of applications in early 2021.

No report covering the first seven months of 2020 would be complete without commenting on the impact of the COVID-19 pandemic. This has changed the way we all work as we've switched since March from in-person meetings and associated travel to virtual meetings via Zoom and a host of other online platforms. In terms of working with my Alberta-based BCC colleagues, I was very fortunate to get to spend time in Calgary with Kara, Syeda Khurram, CFO, and Irene Lano, Financial Controller, prior to the cancellation of all travel. Getting to know them through working periodically in the Alberta Barley office made our collective switch to virtual interactions happen very smoothly. Likewise, I very much appreciate the opportunities I had pre-March to meet in person with BCC members and directors, and to get to know Zenneth Faye, the chair of, and my closest contact on, the BCC board. We all look forward to being able to resume in-person meetings once it's safe to do so.

As agriculture, our sector, and our pandemic world all continue to evolve, I look forward to continuing to work with the BCC team, members, board of directors, and the broader barley value chain to ensure barley remains a viable and profitable crop for Canadian farmers and end-users both domestic and international.

Erin Armstrong
Executive Director





>> Board of Directors *(August 2019 – July 2020)*

Neil Campbell – Atlantic Grains Council, Vice Chair

Luke Chapman – Beer Canada

Phil de Kemp – Malting Industry Association of Canada

Zenneth Faye – SaskBarley, Chair

Gina Feist – Brewing and Malting Barley Research Institute

Jeff Harrison – Grain Farmers of Ontario

Brent Konstapel – Alberta Barley

Rauri Qually – Manitoba Crop Alliance

Peter Watts – Canadian malting Barley Technical Centre

Members not represented on the Board of Directors

Producteurs de Grains du Québec

Staff

Erin Armstrong – *Executive Director*

Kara Barnes – *Director of Grower and Industry Programs*



>> National Barley Research Cluster

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. A 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 production.

The Barley Council of Canada is the recipient and administrator of the \$10.2 million National Barley Cluster under the Federal Government's CAP AgriScience Program on behalf of barley industry funders. Barley Cluster funders include: Saskatchewan Barley Development Commission, Alberta Barley Commission, Western Grains Research Foundation (WGRF), Brewing and Malting Barley Research Institute (BMBRI), Grain Farmers of Ontario, Producteurs de grains du Quebec, SeCan, Manitoba Wheat and Barley Growers Association, and Atlantic Grains Council.

The multi-year research activities of the National Barley Cluster continued to make meaningful progress towards their objectives through the second year of the program. The year started with the release of the first cluster publication, "Building Better Barley 2019," in August. This magazine explains the Barley Cluster activities and highlights the importance of the work in the researchers own words.

In February, the first in a series of research videos was presented to attendees of the Canadian Barley Symposium. The video features barley breeders, plant pathologists and geneticists sharing where they fit into and how they collaborate to develop new barley varieties.

In March 2020, the National Barley Cluster began to feel the impacts of the COVID-19 pandemic. New health and safety measures limited access to many research labs and field sites, which delayed or cancelled some seeding, lab experiments and testing. Despite these unprecedented challenges the research partners, their institutions, and AAFC worked hard to adapted to the new conditions and to adjust expectations when change wasn't possible. Administration of the Barley Cluster was also more complex due to the impacts of COVID-19, primarily in the requirement of additional reporting and communication with researchers, program administrators and other national research clusters.

More details of the National Barley Cluster can be found at www.barleycanada.com/research/.



Canadian Barley Symposium

On February 24 and 25, BCC and BMBRI successfully co-hosted, along with key organizers the Canadian Malting Barley Technical Centre (CMTBC) and Agriculture and Agri-Food Canada (AAFC), the joint 9th Canadian Barley Symposium (CBS) and 24th BMBRI Triennial Meeting in Winnipeg, Manitoba. The two-day event provided Canadian-focused research updates to 125 attendees from across the barley value chain. Attendees from across the country had opportunities to network and catch-up with their colleagues throughout the event. The next CBS is tentatively scheduled for 2022/2023.

National Barley Research Strategy

The Barley Council of Canada continues to support the Brewing and Malting Barley Research Institute (BMBRI) in the development of a National Barley Research Strategy. The strategy will provide an overview of Canadian barley research, highlight the priority areas and gaps in current research, identify barley breeders and researchers in Canada, provide information on funders and research calls across the country, and include an inventory of current barley research projects.

Focus areas for the Council included building the inventory of current barley research, and assisting in developing a producer survey to identify priority research areas for farmers. Preliminary discussions were held with key food barley researchers to discuss opportunities in both the research and market development areas.

The National Barley Research Strategy will be released to all stakeholders in early-2021. Intentions are for the Strategy to be a living document; meaning that the research inventory and research priorities will be regularly reviewed to ensure they stay up-to-date.



>> Agri-Marketing Program

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.

As part of the CAP AgriMarketing Program (AMP), the Barley Council of Canada receives fifty-percent matching funds for the three-year (2018-2021) project, “Developing a Market for Higher Protein Canadian Feed Barley.” The original focus of the project was to educate potential customers on the use of and promote sales of high protein Canadian feed barley in China.

Work on this AMP resumed this year under the Malting Barley Technical Centre’s (CMBTC) leadership, after having been put on-hold in fall 2019 while the Council was undergoing its strategic review and restructuring. Specifically, AMP funds supported CMBTC’s development of a high-level feed barley factsheet.

BCC and CMBTC jointly worked to revise the scope of the third and final year of the feed barley AMP in response to ongoing geo-political challenges. Proposed changes included focusing on other export markets in addition to China and reducing the overall budget of the AMP. In March, the COVID-19 pandemic began to have significant impacts on the AMP. Most notably, requiring a transition from in-personal to virtual programs and electronic communication as a result of international and domestic travel restrictions. All market development efforts were paused and are being reconfigured in order to still meet the deliverables of the feed barley AMP under a revised work plan.

Market Access

Responses to market access issues are coordinated by Cereals Canada on behalf of barley as well as other cereals. The Barley Council of Canada expanded its involvement in the Cereals Canada Market Access Committee (MAC) from one to three representatives in order to become more involved in and contribute to dealing with barley-specific issues.

In addition to the regulatory risk assessments done by the MAC on the application of the Domestic Maximum Residue Levels (MRL) Policy, there are an increasing number of market access issues in today’s world of market uncertainty and non-science-based decisions that need consideration. There were some challenges throughout the first product review process, including questions being raised for the first time about the impacts of residues on barley on its ability to make malt. Important lessons were learned from that first experience that improved the review process for the next chemistry intended for use on barley. However, there continue to be challenges to work through. Specifically, how to ensure that data on the non-regulatory (i.e. non-MRL) risks associated with the use of products on barley intended for malting is collected and evaluated, and how those risks are clearly and precisely communicated to the entire barley value chain. Going forward, a barley specific working group will be convened in parallel with the MAC, as needed, to review non-MRL barley performance data and ensure all parts of the value chain – producers, maltster and others – are included in the review process.

>> *Barley Council of Canada*
Financial Statements

July 31, 2020



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 not-for-profit 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 11, 2021

 **E-SIGNED by Erin Armstrong**

Erin Armstrong, Executive Director

Independent Auditor's Report

To the Members of Barley Council of Canada:

Opinion

We have audited the financial statements of Barley Council of Canada (the "Council"), which comprise the statement of financial position as at July 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at July 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta

January 11, 2021

MNP **LLP**

Chartered Professional Accountants

Barley Council of Canada
Statement of Financial Position
As at July 31, 2020

	2020	2019
Assets		
Current		
Cash	287,817	113,795
Accounts receivable (Note 5)	116,802	132,323
Marketable securities (Note 4)	5,000	5,000
Prepaid expenses and deposits	869	2,617
	410,488	253,735
Restricted cash (Note 3)	8,464	42,625
	418,952	296,360
Liabilities		
Current		
Accounts payable and accruals (Note 5)	62,575	71,883
Deferred contributions (Note 6)	167,200	80,998
	229,775	152,881
Net Assets		
Unrestricted	180,713	100,854
Internally restricted (Note 3)	8,464	42,625
	189,177	143,479
	418,952	296,360

Approved on behalf of the Board

E-SIGNED by Zenneth Faye

Director

E-SIGNED by Jeff Harrison

Director

Barley Council of Canada
Statement of Operations
For the year ended July 31, 2020

	2020	2019
Revenue		
CAP Cluster revenue	1,384,288	1,095,796
Producer membership	257,834	382,500
Industry membership	51,000	61,000
Barley symposium revenue	25,635	-
Agrimarketing program revenue	5,227	48,000
	1,723,984	1,587,296
Expenses		
CAP Cluster expenses	1,384,288	1,095,796
Salaries and contracted services	97,288	139,006
Communication expenses	59,646	19,371
Memberships and subscriptions	53,619	55,413
Barley symposium expenses	34,161	-
Program expenses	19,122	13,815
Travel	14,240	39,200
Agrimarketing program costs (Note 7)	5,808	59,069
Conferences	3,462	5,204
Professional fees	2,756	5,916
Insurance	1,300	1,300
Telephone	1,221	1,214
Bank charges and interest	989	1,515
Office expenses	386	6,068
BCC structural review	-	55,266
	1,678,286	1,498,153
Excess of revenue over expenses before other items	45,698	89,143
Other items		
Write-down of capital assets	-	(10,479)
Excess of revenue over expenses	45,698	78,664

Barley Council of Canada
Statement of Changes in Net Assets

For the year ended July 31, 2020

	<i>Unrestricted</i>	<i>Internally restricted</i>	2020	2019
Net assets, beginning of year	100,854	42,625	143,479	64,815
Excess of revenue over expenses	45,698	-	45,698	78,664
Use of internally restricted fund	34,161	(34,161)	-	-
Net assets, end of year	180,713	8,464	189,177	143,479

Barley Council of Canada
Statement of Cash Flows
For the year ended July 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	45,698	78,664
Write-down on capital assets	-	10,479
	45,698	89,143
Changes in working capital accounts		
Accounts receivable	15,521	(76,530)
Prepaid expenses and deposits	1,748	(1,750)
Accounts payable and accruals	(9,308)	13,301
Deferred contributions	86,202	80,998
Increase in cash	139,861	105,162
Cash, beginning of year	156,420	51,258
Cash, end of year	296,281	156,420
Cash resources are composed of:		
Cash	287,817	113,795
Restricted cash	8,464	42,625
	296,281	156,420

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 Not-For-Profit Corporation Act. It is registered as a not-for-profit 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 not-for-profit 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 long-term 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 not-for-profit organizations and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

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. The value of these contributions are not reflected in the financial statements.

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.

2. Significant accounting policies *(Continued from previous page)*

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 not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of 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.

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. Internally restricted net assets

During the year, the Council restricted \$8,464 (2019 - \$42,625) in cash which represents funds received in excess of expenses related to previous Barley Symposiums. These funds are restricted to be used for future symposiums.

4. Marketable securities

The Council has a \$5,000 GIC with RBC (2019 - \$5,000).

Barley Council of Canada
Notes to the Financial Statements
For the year ended July 31, 2020

5. Alberta Barley Commission

The Council receives staffing and administrative services from Alberta Barley Commission. During the year, \$5,000 (2019 - \$5,000) was reimbursed by the Council to Alberta Barley Commission for office services rendered.

As at July 31, 2020, the Council has \$28,074 due from Alberta Barley Commission included in accounts receivable and as at July 31, 2019 the Council had \$44,702 due to Alberta Barley Commission included in accounts payable and accruals.

6. Deferred contributions

Deferred contributions consist of contributions relating to the CAP Cluster Project under an agreement signed with the Minister of Agriculture and Agri-Food dated February 25, 2019. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2020	2019
Balance, beginning of year	80,998	-
Amount received during the year	1,470,490	1,176,794
Less: Amount recognized as revenue during the year	(1,384,288)	(1,095,796)
	167,200	80,998

7. Agrimarketing program costs

Market development expenses in the amount of \$5,808 (2019 - \$59,069) are costs related to an agreement signed November 29, 2017 between the Council and the federal Minister of Agriculture and Agri-Food 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.

8. Economic dependence

The Council's primary sources of recurring revenue are membership fees, of which \$125,909 (2019 - \$207,000) of membership fees were received from the Alberta Barley Commission and \$108,507 (2019 - \$145,000) from the Saskatchewan Barley Development Commission included in producer memberships on the statement of operations. Should the contributions be reduced or eliminated, the Council's ability to continue viable operations would be in question. Significant contributions of services from the Alberta Barley Commission and Saskatchewan Barley Development Commission, as well as other organizations, allow the Council to carry out its mandate. These contributions are not measurable, and, therefore, not reflected in these financial statements. As at the date of these financial statements management believes that the Council is able to continue as a going concern.

9. 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.

10. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown as to the extent of the impact the COVID-19 outbreak may have on the Council as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Council has been closely monitoring the outbreak of COVID-19 and is taking preventive measures dedicated to prioritizing the health of its staff.



» barleycanada.com

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