



Conseil de  
l'orge du  
Canada



Barley  
Council of  
Canada

# 2021 Annual Report



Conseil de  
l'orge du  
Canada



Barley  
Council of  
Canada

Board of Directors	1
Chair's Message	2
National Barley Research Cluster	4
Financial Statements	5

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# Table of Contents

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**Zenneth Faye, Chair**

SaskBarley

**Neil Campbell, Vice-chair**

PEI Grain Elevators

**Jeff Harrison, Treasurer**

Grain Farmers of Ontario

**Luke Chapman**

Beer Canada

**Gina Feist**

Brewing & Malting Barley Research Institute

**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

Western Barley Growers Association

Atlantic Grains Council

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## **Board of Directors**

August 2020 - July 2021

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An annual report offers a look in the rear-view mirror. That said, it is important to look around as one moves forward and refer to a map to ensure one's taking the best route.

As a collaborative, national organization, the Barley Council of Canada (BCC) represents the entire barley value chain. It is an honour to work with individuals, representing producers, and industry who are committed to the long-term profitability and sustainable growth of Canada's barley industry.

When the Council was formed in 2013, it had the vision to provide "a focused, national approach that enhances the barley industry through cooperation, collaboration, and innovation." In 2020/21, BCC experienced a few bumps in the road, yet it remained focused on providing value to all stake-holders. It also experienced some trade milestones that are reflected in positive statistics.

According to the USDA, the global barley industry reached a trade volume of 36.1 million tonnes in 2020/21. China was responsible for importing 12 million tonnes which is over 2 million tonnes more than its previous import record. The malting and brewing industries were responsible for approximately 30% of the barley imported by China; however, there was also an increase in their feed barley imports.

Previous work by BCC under Agriculture and Agri-Food Canada's Agri-Marketing Program focused significant market development work to enhance barley exports to China. Canada exported over 3.7 million tonnes of barley to China, representing the largest program in almost thirty years. This included a record-breaking 1.6 million tonnes of malting barley and 2.1 million tonnes of feed barley. One of the key goals of BCC is to establish the premium brand of Canadian barley. Another is to maintain barley as a significant component

## Message from the Chair of the Board of Directors Zenneth Faye

of feed rations for international markets, as well as the Canadian livestock industry.

According to a report released in 2018 by The Conference Board of Canada, the beer economy was responsible for injecting \$13.6 billion into Canada's gross domestic product. It also generated over \$5.7 billion in taxes and revenues to federal, provincial, and municipal government sectors. Furthermore, the barley value chain supported approximately 149,000 Canadian jobs with an estimated labour income of \$5.3 billion.

At the heart of so much that makes Canadian barley successful is a national commitment to research. The National Barley Cluster supported twelve research projects from across Canada. The over-arching Canadian Agricultural Partnership (CAP) represents a five-year, \$3 billion government commitment to the agriculture and agri-food sector. As the administrators of the Cluster, BCC is responsible for the \$10.2 million dedicated directly to the barley value chain.

2021 saw the conclusion of BCC's two-year Memorandum of Understanding and Service Level Agreement with Cereals Canada (CC) pertaining mainly to market access and the Keep It Clean program. BCC and CC will continue to collaborate on areas of common interest.

Market access that is impacted by Maximum Residue Levels (MRLs) was also a key point of focus for the work done by the Canadian Malting Barley Technical Centre (CMBTC), the Brewing and Malting Barley Research Institute (BMBRI), and Cereals Canada on behalf of BCC.

In the past year, BCC underwent some changes in personnel and opened the new year with a change in management and location. Kara Barnes, Director of Grower and Industry Relations, also held the role of Cluster Coordinator from its inception and continued to oversee the research projects until the end of July 2021. We acknowledge and thank her for her contribution to BCC and wish her well in her new endeavours. BCC also recognizes the work of Erin Armstrong who served as Executive Director until the end of December 2020.

Peter Watts, Jill McDonald, and Syeda Khurram assumed responsibility for the management of the organization, in addition to their demanding careers, for January through July of 2021 and we truly appreciate their efforts. The board of directors and management team has contracted AgriBiz Communications of Saskatoon to perform the roles and responsibilities of the executive director and financial management of both the National Barley Cluster and BCC operations, as of August 1, 2021, and the office relocated accordingly.

I personally want to thank all the BCC members, board members, and the management team for their commitment and dedication to making a stronger Canadian barley industry. The board's goal for the upcoming year is to focus its priorities and demonstrate merit and efficiencies to all the stakeholders by collaborating with other organizations and solidifying the Barley Council of Canada's role as the national voice for barley in Canada.





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 a focus 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 Canadian 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 Québec, SeCan, Manitoba Wheat and Barley Growers Association, and Atlantic Grains Council.



The COVID-19 pandemic has had far-reaching impacts, including on the Barley Cluster. Some activities fell behind schedule due to restricted access to facilities, cancellations of trials, and delays in field evaluations and laboratory work. Despite the many delays and challenges caused by the ongoing pandemic restrictions, research scientists and their institutions were able to find alternate solutions and innovative ways to work around these issues and make significant progress towards their objectives, with amended timelines and budgets in place. For example, the use of winter nurseries was increased for the testing of early generation materials and a greater use of genomic tools assisted in reaching the research goals for 2020-21. Fortunately, the 2020 crop season was considered favorable and the weather did not impede the research.

In-person events were not an option in 2020 and virtual meetings and conferences became commonplace. Knowledge and Technology Transfer activities were adapted as well to include more digital and virtual formats to effectively communicate the Barley Cluster research. More details of the National Barley Cluster can be found at [www.barleycanada.com/research/](http://www.barleycanada.com/research/).

## National Barley Cluster Research

### Shelley Lagasse



# Financial Statements

Conseil de  
l'orge du  
Canada



Barley  
Council of  
Canada

**Barley Council of Canada**  
**Financial Statements**  
*July 31, 2021*



## Management's Responsibility

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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.

e-Signed by Zenneth Faye  
2022-01-19 13:14:59:59 MST

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Zenneth Faye, Chair

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, 2021, 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, 2021, 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 19, 2022

*MNP LLP*

Chartered Professional Accountants

# Barley Council of Canada Statement of Financial Position

As at July 31, 2021

	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash	183,847	120,617
Restricted cash - CAP Cluster (Note 8)	820,115	167,200
Accounts receivable (Note 6), (Note 7)	70,212	116,802
Marketable securities (Note 5)	-	5,000
Prepaid expenses and deposits	1,040	869
	1,075,214	410,488
<b>Internally restricted cash (Note 4)</b>	<b>8,464</b>	<b>8,464</b>
	1,083,678	418,952
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 7)	63,044	62,575
Deferred contributions (Note 8)	820,115	167,200
	883,159	229,775
<b>Significant event (Note 3)</b>		
<b>Net Assets</b>		
Unrestricted	192,055	180,713
Internally restricted (Note 4)	8,464	8,464
	200,519	189,177
	1,083,678	418,952

## Approved on behalf of the Board

e-Signed by Jeff Harrison  
2022-01-19 19:01:19 MST

Director

e-Signed by Zenneth Faye  
2022-01-19 13:14:13 MST

Director

The accompanying notes are an integral part of these financial statements



**Barley Council of Canada**  
**Statement of Operations**  
*For the year ended July 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
CAP Cluster revenue <i>(Note 8)</i>	<b>885,418</b>	1,384,288
Producer membership <i>(Note 7)</i>	<b>222,375</b>	257,834
Industry membership	<b>26,000</b>	51,000
Agrimarketing program revenue	<b>11,946</b>	5,227
Interest	<b>105</b>	-
Barley symposium revenue	<b>-</b>	25,635
	<b>1,145,844</b>	1,723,984
<b>Expenses</b>		
CAP Cluster expenses <i>(Note 8)</i>	<b>845,418</b>	1,344,288
Program expenses	<b>65,000</b>	19,122
Management fees <i>(Note 7)</i>	<b>59,480</b>	30,894
Bad debts	<b>30,000</b>	-
CAP Cluster administrative costs <i>(Note 7), (Note 8)</i>	<b>40,000</b>	40,000
Memberships and subscriptions	<b>32,938</b>	53,619
Agrimarketing program costs <i>(Note 9)</i>	<b>21,720</b>	5,808
Professional fees	<b>12,731</b>	2,756
Contracted services	<b>11,592</b>	66,394
Communication expenses	<b>10,312</b>	59,646
Office expenses	<b>1,617</b>	386
Insurance	<b>1,387</b>	1,300
Telephone	<b>1,342</b>	1,221
Bank charges and interest	<b>965</b>	989
Travel	<b>-</b>	14,240
Conferences	<b>-</b>	3,462
Barley symposium expenses	<b>-</b>	34,161
	<b>1,134,502</b>	1,678,286
<b>Excess of revenue over expenses</b>	<b>11,342</b>	45,698

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

**Barley Council of Canada**  
**Statement of Changes in Net Assets**  
*For the year ended July 31, 2021*

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>2021</i>	<i>2020</i>
<b>Net assets, beginning of year</b>	180,713	8,464	<b>189,177</b>	143,479
<b>Excess of revenue over expenses</b>	11,342	-	<b>11,342</b>	45,698
<b>Net assets, end of year</b>	<b>192,055</b>	<b>8,464</b>	<b>200,519</b>	189,177

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



**Barley Council of Canada**  
**Statement of Cash Flows**  
*For the year ended July 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	<b>11,342</b>	45,698
Bad debts	<b>30,000</b>	-
	<b>41,342</b>	45,698
Changes in working capital accounts		
Accounts receivable	<b>16,590</b>	15,521
Prepaid expenses and deposits	<b>(171)</b>	1,748
Accounts payable and accruals	<b>469</b>	(9,308)
Deferred contributions	<b>652,915</b>	86,202
	<b>711,145</b>	139,861
<b>Investing</b>		
Proceeds on disposal of marketable securities	<b>5,000</b>	-
<b>Increase in cash</b>	<b>716,145</b>	139,861
<b>Cash, beginning of year</b>	<b>296,281</b>	156,420
<b>Cash, end of year</b>	<b>1,012,426</b>	296,281
<b>Cash resources are composed of:</b>		
Cash	<b>183,847</b>	120,617
Restricted cash - CAP Cluster	<b>820,115</b>	167,200
Internally restricted cash	<b>8,464</b>	8,464
	<b>1,012,426</b>	296,281

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

**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) excess 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 (deficiency) excess 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 (deficiency) excess of revenue over expenses in the years in which they become known.

**3. Significant event**

During the previous year and continuing through the current year, the global outbreak of COVID-19 (coronavirus) continued to have 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.

**4. Internally restricted net assets**

At year end, the Council had a restricted balance of \$8,464 (2020 - \$8,464) 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.

**5. Marketable securities**

The Council has a \$nil GIC with RBC (2020 - \$5,000). The GIC was closed on June 12, 2021.



**Barley Council of Canada**  
**Notes to the Financial Statements**  
*For the year ended July 31, 2021*

**6. Accounts receivable**

	<b>2021</b>	<b>2020</b>
Accounts receivable	<b>100,212</b>	116,802
Allowance for doubtful accounts	<b>(30,000)</b>	-
	<b>70,212</b>	116,802

**7. Alberta Barley Commission**

Alberta Barley Commission paid their annual membership dues of \$95,489 (2020 - \$125,909) to the Council via paying the employee's salaries, Canada Revenue Agency remittances, health benefits and other related expenditures. These payments are included in producer membership in the statement of operations.

The Council received contract services and administrative services in the amount of \$59,480 (2020 - \$30,894) from Alberta Barley Commission. These expenditures are included in management fees in the statement of operations.

For the year ended July 31, 2021, the Council was charged for rent and finance services in the amount of \$40,000 (2020 - \$40,000) from Alberta Barley Commission for CAP Cluster Project related services. These expenditures are included in CAP Cluster administrative costs in the statement of operations.

As at July 31, 2021, the Council has \$nil (2020 - \$28,074) due from Alberta Barley Commission included in accounts receivable and as at July 31, 2021, the Council has \$16,403 (2020 - \$44,702) due to Alberta Barley Commission included in accounts payable and accruals.

**8. 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:

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	<b>167,200</b>	80,998
Amount received during the year	<b>1,538,333</b>	1,470,490
Less: Amount recognized as revenue during the year	<b>(885,418)</b>	(1,384,288)
	<b>820,115</b>	167,200

The Council was charged for rent in the amount of \$22,000 (2020 - \$22,000) and for financial services in the amount of \$18,000 (2020 - \$18,000) from Alberta Barley Commission. These expenditures are included in CAP Cluster administrative costs in the statement of operations.

**9. Agrimarketing program costs**

Market development expenses in the amount of \$21,720 (2020 - \$5,808) 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.

**10. Economic dependence**

The Council's primary sources of recurring revenue are membership fees, of which \$108,814 (2020 - \$108,507) of membership fees were received from the Saskatchewan Barley Development Commission and \$95,489 (2020 - \$125,909) from the Alberta Barley 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 from the Saskatchewan Barley Development Commission and Alberta Barley 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. Despite this, as at the date of these financial statements management believes that the Council is able to continue as a going concern.

**11. 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.

**12. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.