



**Alberta
Barley**

ANNUAL REPORT 2017



UNLOCKING
THE POTENTIAL
OF BARLEY

UNLOCKING POTENTIAL AND INCREASING PROFITABILITY FOR ALBERTA BARLEY FARMERS



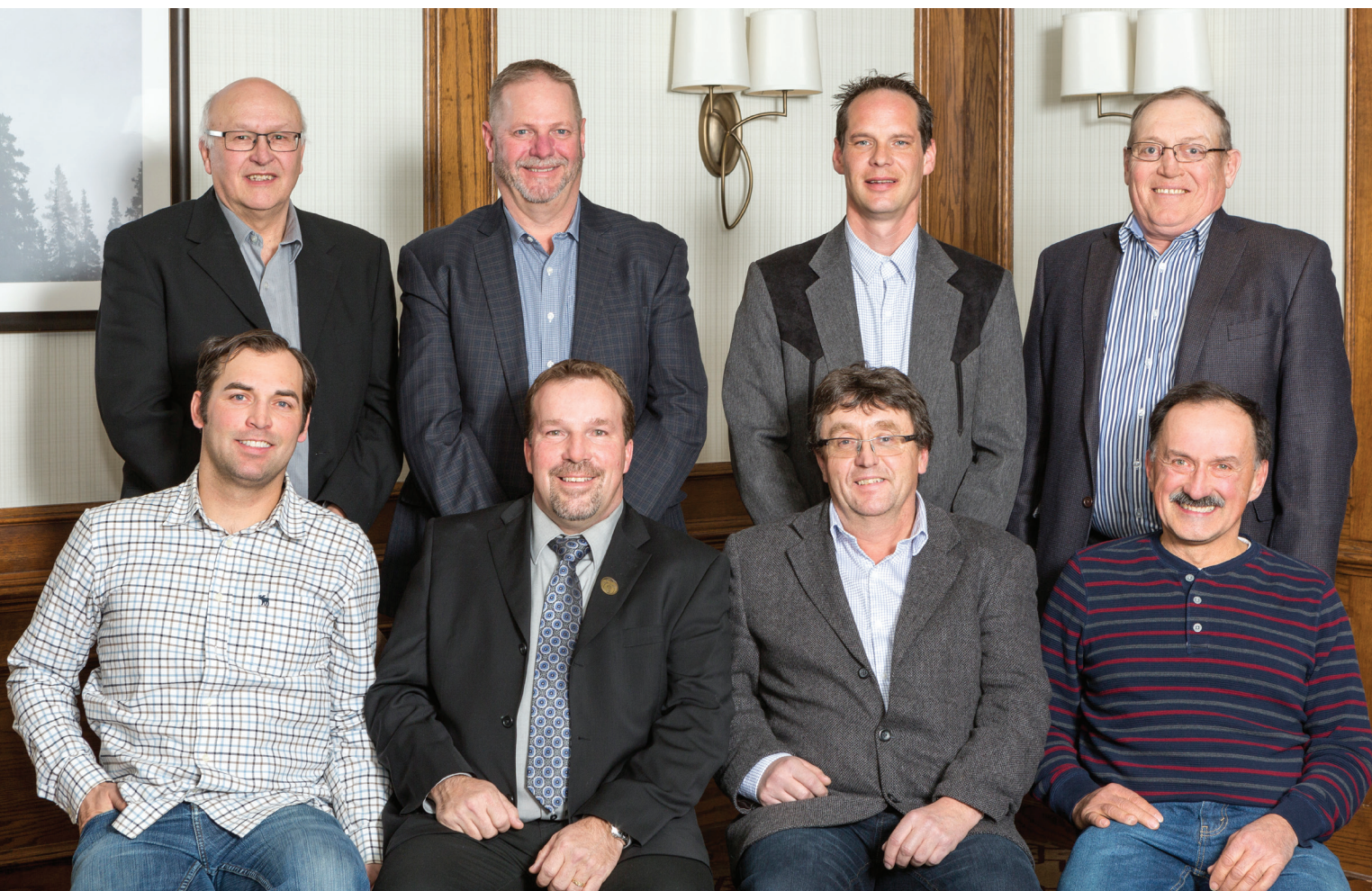
A vertical photograph on the left side of the page shows a person from behind, walking away from the viewer across a field of dry, golden-brown grass. The person is wearing a red t-shirt, tan overalls, a dark cap, and work gloves. The background is a clear blue sky and a distant horizon.

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THE FY 2017 ALBERTA BARLEY BOARD OF DIRECTORS



Alberta Barley Board of Directors; Top: Region 4 Director-at-Large Terry James, Region 2 Director Jeff Nielsen, Region 5 Director-at-Large Shane Debock, Region 5 Director Bryan Adam. Bottom: Region 2 Director-at-Large Brian Sewell, Chair and Region 3 Director Jason Lenz, Region 6 Director Ed Tollefson, Region 4 Director Neil Gorda. Not pictured: Vice-Chairman and Region 1 Director David Bishop

ALBERTA BARLEY DELEGATES

Region 1

Brad Berger, Nanton
Glenn Logan, Lomond
Brian Otto, Warner
Greg Stamp, Enchant
Brian Witdouch, Iron Springs

Region 2

Jamie Christie, Trochu
Wade Christie, Trochu
David Eaton, Oyen

Region 3

Shawn Gorr, Linden
Doug McBain, Cremona
Doug Miller, Acme
Doug Robertson, Carstairs
Kenton Ziegler, Beiseker
Roy Newman, Blackie

Region 4

Kevin Bender, Bentley
Harold Haugen, Loughheed
Wade McAllister, Red Deer County

Region 5

Trevor Petersen, Penhold
Brad Wiese, Bentley
Dick Wymenga, Leslieville

Region 6

Clint Jacula, Derwent
Charlie Leskiw, St. Paul
Brian McGonigal, St. Paul
John Wozniak Jr., St. Paul
Gordon Tuck, Vegreville
Bernie Klammer, Vegreville

Region 7

Darrel Hennig, Stony Plain
Peter Smerychynski, Westlock
Ken Wagner, Duffield

Region 8

Ron Heck, Fairview
Brent Konstapel, Spirit River
Gerald Finster, Valleyview

DIRECTORS BY REGION



CHAIR

Region 3 Director

Jason Lenz

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VICE-CHAIR

Region 1 Director

Dave Bishop

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Region 2 Director

Jeff Nielsen

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Region 2 Director-at-Large

Brian Sewell

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Region 4 Director

Neil Gorda

ngorda@barleydirector.com



Region 4 Director-at-Large

Terry James

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Region 5 Director

Bryan Adam

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Region 5 Director-at-Large

Shane DeBock

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Region 6 Director

Ed Tollefson

tollefsoned@gmail.com



Chair's Message

It's a tremendous pleasure to address all of our 11,000 members as your board chair. Our grassroots farmer-led organization has been operating on behalf of Alberta Barley's farmers for 26 proud years.

I am so proud to be a part of this organization and all the great people who work so passionately on our behalf. The work being done has one objective: to increase our long-term profitability. We continue to see research, market development and policy as the key areas in which to invest members levy dollars. We are very fortunate to have engaged, intelligent managers lead these departments. While it's so important this work gets done, it would all be for naught if we didn't tell what's happening at the front lines and that's where our communications, marketing and events team excels with producing regular newsletters and attending key events. Finally, and just as important as anything else, our finance department continues to excel with a high level of integrity and professionalism.

While we have just gone through a somewhat normal harvest, the 2016/17 crop year was one of extremes and likely one many of us will always remember. One of the silver linings was that we developed a direct line with our provincial government during the dire situation. While it did take time for our voice to be heard, I believe that the government will use this example in the future to listen to our industry when we are expressing concern over pressing issues.

While we keep a keen eye on our provincial production, it's also important to remember where our barley goes. To that end, we've embarked on a barley market study for the first time ever. The information will be highly useful as we learn where our barley is consistently going, but also where growth markets and opportunities are for our members. We are keenly aware through our national body, the Barley Council of Canada, that China has a definite renewed interest in Alberta barley. We have a unique advantage over Australian barley, where the Chinese of-



ten source, due to the fact that our barley is harvested with the awns removed, but Australia's does not. This is an irritant for Chinese buyers—and their livestock—and certainly an opportunity for us. They have visited Alberta and learned about our higher protein and quality barley. We will continue to work collaboratively with the BCC to develop markets such as China.

To continue on with our core goal of serving Alberta Barley members, a unanimous decision was made by our directors and delegates at our 2017 AGM to increase our service levy to \$1.20. Our commitment to research, market development, policy, finance and communications remains the top priority and our levy rate is reflective of a different business climate. With a new rate in place, our ability to re-invest and leverage farmer dollars through collaborative matching government programs will increase.

We as a board are confident that this rate will allow core programming to continue and for us to participate in new opportunities that will further raise Alberta Barley's profile.

I certainly need to thank our dedicated and engaged board of directors for their guidance as I gained a new experience in leading our team and for allowing me to serve as your chair. It is a humbling honour and a privilege. Wherever I go, I always have great news to share about Alberta Barley and the hard work of its staff who put in long days at the office so we can do what we do best—grow the best barley in the world.

Jason Lenz, Chair



General Manager's Message

I am pleased to provide my first report to Alberta Barley members as your interim general manager. As I write this, I have only been in the position for a few weeks, and have been spending much of my time re-connecting with colleagues and friends in the barley industry.

My appointment by the Board of Directors in late September 2017 marked the beginning of a four-month trial period to determine the feasibility of amalgamating the management teams of Alberta Barley and the Alberta Wheat Commission (AWC). I also serve as General Manager of AWC.

The move is aimed at streamlining the commissions' already collaborative working relationship and increasing efficiencies that will better serve Alberta's wheat and barley farmers.

Alberta Barley and AWC have been sharing office space as well as accounting and administrative staff since 2013, making this project a logical next step. For the past few years we have also worked closely on regional meetings and other events such as Making the Grade and Farmtech. And, we collaborate on policy issues with our colleagues at the other major crop commissions – Alberta Canola and Alberta Pulse – as part of Team Alberta.

During the trial period we will be strengthening relationships among wheat, barley and shared staff while working together to serve our farmer members during our busiest time of the year. Our ultimate goal is to establish one team serving the two commissions and I'm confident we will succeed.

As cereal crops, barley and wheat have much in common – and we plan to leverage those common interests as much as possible in providing the highest level of service to our levy-paying members.

Following the trial in early 2018, the two boards will determine whether to formalize an integrated management structure operating under one general manager and reporting to both boards. We look forward to reporting on our results and



sharing next steps with farmers.

On a personal note, I'm honoured by the confidence the board of Alberta Barley has shown in me in pursuing this exciting new direction. Since joining AWC in 2014 I have enjoyed a strong working relationship with staff and directors of Alberta Barley.

I'm also aware of the rich history and accomplishments of the Alberta Barley Commission since its inception in 1991 and look forward to building a strong future for the barley industry and barley producers in Alberta.

If you have any questions or would like to chat, please do not hesitate to call or email at any time. I can be reached at 403.219.7900 or via email at tsteve@albertabarley.com.

Tom Steve, interim general manager



Communications & Marketing

Alberta Barley's communications and marketing team underpins all the work done by the different departments within the organization. Whether in person, through the mail or online, Alberta Barley's communications and marketing team works hard to keep Alberta Barley farmers in the know about their industry.

The communications and marketing committee consists of region five director and committee chair Bryan Adam, region one delegate Brian Witdouch, region two director-at-large Brian Sewell, region three delegates Trevor Petersen and Dick Wymenga, region four delegates Clint Jacula and Gordon Tuck as well as region six delegate Brent Konstapel. Communications Coordinator Ellen Cottee is the staff lead. The committee meets four to six times per year to provide input and oversight on communications materials and initiatives as well as supply feedback to staff on additional areas where communications and marketing efforts can be expanded.

ALBERTA BARLEY ONLINE

Our website, albertabarley.com, continues to serve as the one-stop shop for everything related to barley in Alberta and beyond. New content is posted on a continual basis including press releases, research updates, barley blogs, market and industry news as well as upcoming events.

During FYE 2017, our website traffic increased traction once again, averaging about 2,500 visitors per month, up from 1,800 a year prior.

Our Twitter presence continues to climb, one tweet at a time. With a following of just over 6,100, Alberta Barley's digital footprint added 900 new followers over the last year, about three new people per day, on average.

Each month, our two eNewsletters are digitally distributed—one for directors and delegates and the other to the general farming and consumer population—to keep people aware of what's going on at Alberta Barley and to continue to build public trust. Our general eNewsletter added another 720 names to its list, most of whom directly signed up after speaking to Alberta Barley directors, delegates and staff at events. Our Open Rate and Click Rate of 25.9 and 4.2 per cent, respectively, are both above the industry average for agricultural eNewsletters.



Alberta Barley's producer eNewsletter





RESEARCH EXTENSION

Alberta Barley created two new research brochures to help keep its members informed on the work the commission is doing on their behalf. One brochure has a focus on top research projects through Growing Forward 2 while the second brochure provides best management practices to mitigate losses in the field related to disease and pests. This information is available online as well as in-person at trade shows where Alberta Barley exhibits free of charge.

With so many high-calibre research projects being conducted through the federal government's AgriInnovation Program, Alberta Barley decided to capture a number of projects through video. With 15 videos related to unique barley-related research, the 60-second clips feature the lead scientist on their project. The video has the scientist answer the most important question: How will this research help barley farmers? The clips will be edited with closed captioning and rolled out online on our social networks as well as the specific project page that corresponds with each video at albertabarley.com/research.



Alberta Barley's two new research brochures focus on Growing Forward 2 projects and disease management.

MEDIA RELATIONS

Alberta Barley's communications works collaboratively with the media every week on news items and stories that affect the industry and our farmer members. During FYE 2017, our top five media hits were Alberta Barley's levy increase, investment in the Crop Development Centre in Saskatoon, SK, the launch of the AdvancingAg mentorship program, unharvested acres in Alberta and amendments to the federal transportation act. As always, our farmer directors are our main spokespeople. Alberta Barley's philosophy is that farmers should speak to farmers about issues that affect their livelihoods. For this reason, our chair Jason Lenz and vice-chair David Bishop often provide official comments for Alberta Barley on a host of topics, as opposed to staff.



Alberta Barley's communications staff regularly liaise with the media to allow our farmers' voices to be heard on a wide variety of topics regularly throughout the year.

ON THE RADIO

Alberta Barley took to the airwaves twice this past fiscal year. We began promoting our fall regional meetings and PSAs for public safety to farmers across Alberta. Ads were broadcast on popular rural bandwidths at key times during the farming season to best connect with listeners. The team's PSAs were so well received that they were eventually nominated for industry excellence from the Canadian-Agri Marketing Association's awards committee.



MARKET DEVELOPMENT

With the creation of Combine to Craft (C2C), Alberta Barley's initiative to promote craft beer and spirits using provincially grown malting barley, the communications team has been involved in promoting the campaign through all avenues. C2C officially launched at the 2017 inaugural Alberta Small Brewers Association's conference in Red Deer, AB. From there, it's been a steady uptick in interest and participation. You can even find Alberta Barley's logo on Tool Shed beer cans, which lets consumers know that every time they enjoy their beverage, they are consuming 100 per cent Alberta barley.

C2C has partnered with malting barley farmers and brewers from around the province in order to promote Alberta's world class malting barley. Field signs have been erected in front of malt barley fields on rural highways to show Albertans what they are looking at, build consumer awareness and drive engagement.



Alberta Barley farmers Joe and John Hammill stand in front of their Combine to Craft sign at their Penhold farm. The new program initiative is building consumer awareness of Alberta's excellent malting barley and outlines the importance of the crop from Combine to Craft.



GrainsWest

GrainsWest is the quarterly print publication of Alberta Barley and the Alberta Wheat Commission. Three of the four issues focus on grain farming, policy and research developments to help farmers and their operations. A fourth issue is marketed toward consumers to educate them about modern farming practices and the agriculture sector as a whole.

COMMITTEE

The GrainsWest Publications Society (GWPS) operates as an autonomous, incorporated body, registered through the provincial government. GrainsWest has two sub-committees within its corporate structure—one business and one editorial. Alberta Barley chair and region three director Jason Lenz is the current president of the business committee.

Both committees are composed of directors from both Alberta Barley (region five director Bryan Adam, Jason Lenz and Jeff Nielsen) and the Alberta Wheat Commission (Greg Porozni, Cole Siegle and John Wozniak). *GrainsWest* staff include associate editor Ian Doig and sales and design lead Tommy Wilson. Alberta Wheat/Barley Commission general manager Tom Steve continues to serve as publisher. Doig serves as the GWPS secretary and Alberta Wheat/Barley CFO and director of human resources Syeda Khurram is the Society's treasurer.



PARTNERSHIPS

Our annual consumer issue, which serves as an Agriculture 101 to urbanites, was a clear success from a partnership perspective and reader engagement metrics. The issue was once again inserted into Calgary's *City Palate* and Edmonton's *The Tomato* magazine. With more than 55,000 urban readers picking up *GrainsWest*, they had a chance to learn about important issues related to primary agriculture such as the true cost of inputs in order to produce one bushel of a crop, how to develop a career in agriculture, debunking food myths and rural Internet. As well, the issue looked at the history of Canadian wheat to coincide with Canada 150, agribusiness entrepreneurs and the rise of bread making.

GrainsWest partnered with eight different agricultural groups in order to provide additional educational content to readers. The magazine's pages reflected a focus on primary production and crop sustainability to give consumers a greater understanding of conventional agriculture and continue to build public trust for our industry at large.



GrainsWest's annual consumer issue is distributed to more than 55,000 readers in Calgary and Edmonton. This year, we partnered with eight agriculture groups in order to help them get their messages out to consumers.



ISSUES

Our three agronomic focused issues covered off vitally important topics such as the province's new carbon tax, agribusiness mergers, Fusarium head blight management, research funding's future, international trade, consumer trends and farmer mental health.



Neighbours in need

Awareness of mental health issues in farming communities is on the rise, but finding help is not always easy

BY ANDREW BARNES • ILLUSTRATION BY JENNIFER BARRETT

DPRESSION, MENTAL ILLNESS, PEOPLE INTERNAL. The University of Guelph recently conducted an anonymous survey to determine the frequency of mental health issues among producers in Canada. More than half of the 1,000 respondents reported experiencing mental health issues, with 10 per cent reporting a diagnosis of a mental health condition. The survey also found that 10 per cent of respondents reported experiencing a mental health crisis in the past year, and 10 per cent reported experiencing a mental health crisis in the past five years. The survey also found that 10 per cent of respondents reported experiencing a mental health crisis in the past year, and 10 per cent reported experiencing a mental health crisis in the past five years.

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INDUSTRY AWARDS

GrainsWest was recognized for its excellence in publishing with two awards from the Canadian Farm Writers' Federation. Former editor Trevor Bacque won gold for best press column in the March 2017 issue of *GrainsWest* on the subject of trade negotiations. He argued Canada must aggressively pursue bilateral agreements following the dissolution of the TPP. Regular contributor Natalie Noble won bronze in the feature-writing category for her in-depth look at the Svalbard Global Seed Vault in Norway in the March 2017 issue of *GrainsWest*. The Vault is key piece of global agricultural infrastructure that contains more than 20 million seeds representing more than 900,000 samples.



EDITOR'S MESSAGE

BY TREVOR BACQUE

Trade-off

WITH TPP DEAD, BILATERAL TRADE AGREEMENTS ARE CANADA'S LOGICAL NEXT STEP



Canada can't afford to do nothing while the international trade environment continues to shift all around us.

A YEAR AGO, IF ANYONE ASKED ME when I thought would win the 2016 U.S. presidential election and whether the Trans-Pacific Partnership (TPP) would receive the green light from each of its 12 signatories, I'd be hard pressed to say anything other than "Clinton" and "yes." Well, like can change in a year, can it? Today, Donald Trump governs the U.S. and his first executive order was to kill the TPP. May I have a mulligan, please? Next up on the do list for America's new president is renegotiating the terms of what he has called "the worst trade deal maybe ever signed anywhere." NAFTA, or the North American Free Trade Agreement, negotiated by Brian Mulroney, George H.W. Bush and Carlos

After fewer than 100 days, Republican president, Canada forced into a precarious position happened to agriculture? Not the TPP deal? And if NAFTA is a gutting, is any long-term deal between our two nations, say, nobody thought Trump was but his actions during his first in office have proven that to campaign promise is too on administration to pursue. Every single day, Canada trade about \$1 billion in goods north across our shared border. If we have any stable export market, we'll be at supply glut of countless products to find a home elsewhere. export-driven nation—this is no secret. We need to stop waiting around for other countries to dictate our trade fortunes, merely hoping that when the dust settles



Feature



BY NATALIE NOBLE • PHOTOS COURTESY OF MAZEN AL-SABAH AND GLOBAL CROP DIVERSITY TRUST

THERE IS NOTHING LIKE the feeling of fall on the Prairies. The vibrant colours and sweet scents of another successful harvest before winter creeps in inspire festive get-togethers that are a farming tradition more than 10,000 years old. As we get set to give thanks this year, it's fascinating to consider exactly where this year's harvest originated. Thomas Payne, head of the Gene Bank at the International Maize and Wheat Improvement Center (CIMMYT) based in Mexico City, thinks about this history a lot—he's employed a 40-year career contributing to its preservation.

The crop varieties we hold in the gene bank are the result of legacies that thousands of farmers have been weaving with," he said. "From the times crops were first developed, each year men and women would have to sow the

crops, tend to it, defend neighbours, pests, the climate, and then even to harvest the seed. "After harvest, they imagine there were pre which the crop was n the farmers' families, to intentionally retain and not eat it, even if might be starving, in This happened year a years. The seed that gene bank is a result management of gen This enormous c generations of growers is a precious resource, as was recognized in 2003 by the Food and Agriculture Organization of the United Nations' International



sources The Treaty Conservation among its



Policy & Market Development

Policy is a key priority of Alberta Barley. We ensure that our members' positions on crucial issues are heard. Throughout FYE 2017, Alberta Barley bolstered its participation—individually and within Team Alberta (comprised of Alberta Barley, the Alberta Wheat Commission, Alberta Pulse Growers and the Alberta Canola Producers Commission)—in outreach initiatives directed to both the federal and provincial governments through the work of market development and policy manager Shannon Sereda.



Alberta's agriculture minister Oneil Carlier (centre) stopped by the Alberta Barley booth during Stampede as we engaged with him and thousands of others throughout the 10-day festival, educating them all on the importance of barley to Alberta's economy.

The policy committee works to determine priorities and positions on policy issues on which we can have a positive impact.

The Alberta Barley policy committee consists of directors and delegates. Led by Alberta Barley chair Jason Lenz, the committee members include: Dave Bishop, Ron Heck, Terry James, Bernie Klammer, Doug Robertson, Brian Sewell and Kenton Ziegler. Shannon Sereda is the policy committee staff lead.

ADDITIONAL MEMBERSHIPS

- Agri-Environmental Partnership of Alberta
- Neil Gorda and Shannon Sereda
- Crop Sector Working Group
- Neil Gorda and Shannon Sereda
- Grain Growers of Canada
- Shannon Sereda



Team Alberta members, take a break with Senator Mercer, in Ottawa, ON, during their annual lobbying trip. The trip has proven to be highly successful for Alberta Barley by combining efforts with the other three major crop commissions in Alberta. Throughout the annual trip, Team Alberta meets with MPs and high-ranking bureaucrats to keep them engaged and informed on pressing issues in Alberta. Dave Bishop, Warren Sekulic, Nevin Rosaasen, Senator Mercer and Karla Bergstrom

FYE 2017 was a critical year politically for the Alberta cropping sector with a number of unparalleled policy related announcements, proposals and negotiations.

The 2017 federal budget recognized, for perhaps the first time in decades, the capacity of the agricultural sector as an economic powerhouse. We saw the historic announcement of Bill C-49, the *Transportation Modernization Act*, that the potential to drastically improve rail service for the grain sector, if passed.

Trade and market access has taken centre stage with the US triggering NAFTA renegotiations and modernization, the fall and resurrection of the Trans Pacific Partnership 11, and the exploratory talks on bilateral relations with China and Japan.

Two major tax reforms were announced that stand to have considerable impact on your farm management.

Further, federal Agriculture and Agri-Food Minister Lawrence MacAulay announced his intention to create a Food Policy for Canada and the Pest Management Regulatory Agency undertook reviews of critical crop protection products that have threatened the tools imperative to Alberta farms operations.

Alberta Barley, on behalf of our 11,000 farmer members, was engaged on these issues to keep you informed. We have continuously consulted with our director and delegates to develop positions and advocate and communicate with the appropriate government officials on your behalf as we attempt to mitigate impacts on your farm.

Provincially, farmers witnessed extreme levels of precipitation this year, leading to unprecedented harvest conditions, with historically high levels of unharvested acres. We participated as part of a

government led working group to try to expedite insurance claims processing through regular communications. We saw the introduction of the provincial carbon tax and the preliminary unveiling of the next agricultural policy framework, the *Canadian Agricultural Partnership (CAP)*, the successor program to *Growing Forward 2*.

Alberta Barley worked collaboratively to gain an understanding of the implication of the carbon tax on your farms and to inform the distribution of dollars under the CAP, based on the priorities of our members. Working collaboratively in both our sector and industry at large has been key to giving our members a cohesive voice when interfacing with government.

TEAM ALBERTA

Alberta Barley, through Team Alberta, worked in conjunction with our commodity partners to conduct a number of outreach initiatives provincially and federally.



Our annual federal outreach trip to Ottawa in April was a success. Our team was well received by government officials, as such, we planned to conduct a secondary outreach trip to build on strengthening relationships and to continue to build momentum on key issues related to competitiveness in our sector: trade, transportation, sustainability and research.

Provincially, we furthered our government relations with the current government by hosting such events as an MLA harvest tour in late September, Chops and Crops in November, our partnership on the Agri-Environmental Partnership of Alberta (AEPA) and an outreach in May to discuss issues related primarily to climate change policy.

SUSTAINABILITY

Sustainable agricultural practices continue to remain an important area of attention for Alberta Barley. Understanding and staying on top of sustainable sourcing demands and the readiness of our farmers to respond is imperative to ensure that we maintain competitiveness and market access. Alberta Barley has contributed to work in this area largely in conjunction with the Alberta Farm Sustainability Extension (AFSE) working group, comprised of our fellow Alberta crop commissions and provincial government representatives. Building on the findings of survey work conducted by Ipsos, activities included:

- Extension work conducted by Jolene Noble, extension coordinator for the AFSE working group
- Initial development of an on-farm sustainability self-assessment tool available in early 2018.

Further, Alberta Barley has continued to be advocates for the Environmental Farm Plan at the provincial level. This will be integrated and harmonized nationally through support for the National Environmental Farm Plan Summit.



Chops & Crops, an annual policy event hosted in Edmonton, AB brings members of government and producer commissions together for a night of open conversation around agriculture.



Jessica Littlewood, MLA for Fort Saskatchewan-Vegreville and Shaye Anderson, MLA for Leduc-Beaumont pose for a picture while attending Alberta Barley's farm tour this past September.

MARKET DEVELOPMENT

Market development is a core program of Alberta Barley. Building on the success of FYE 2016, FYE 2017 saw market development and policy manager Shannon Sereda undertake the development of western Canadian barley market development strategy for both domestic and international markets. As well, considerable work has gone into leveraging the profile of barley in the Alberta craft beer market through the new Combine to Craft initiative.

The Market Development committee is co-chaired by Alberta Barley directors Dave Bishop and Jeff Nielsen.

The Alberta Barley market development committee focuses on opportunities for new markets for malting and feed barley. The committee consists of directors and delegates that include: Bryan Adam, Shane DeBock, Harold Haugen, Glenn Logan, Wade McAllister, Doug McBain, Roy Newman, Trevor Petersen, John Wozniak and Kenton Ziegler.

ADDITIONAL MEMBERSHIPS

Barley Council of Canada
• Bryan Adam and Shannon Sereda
Canada Grains Council
• Jason Lenz
Grain Growers of Canada's trade and marketing committee
• Shannon Sereda

WESTERN CANADIAN BARLEY MARKET DEVELOPMENT STRATEGY

In FYE 2017, Alberta Barley took the lead in developing a proposal to secure funding through ACIDF to work toward the development of a western Canadian market development strategy.

In light of the opportunity for western Canadian barley farmers to capture higher value markets domestically and internationally, Alberta Barley has sought to bring together all members of the entire barley value chain—feed, food and malt—to develop a markets-based strategy that will position the sector for growth and drive more value from farmer to end-user. The project will seek comprehensive engagement from our end-users domestically and globally to answer three key questions: Where are we now? Where are we going? Lastly, how do we get there?

To answer the question 'Where are we now?' Alberta Barley engaged Euromonitor to conduct an independent study to identify trends in the global barley market for food, feed and malt, specifically in our five key markets of Japan, the US, Saudi Arabia, Mexico and China.

Bjornson & Associates have worked

with the top buyers of barley from both Alberta and Saskatchewan to develop an industry overview of the state of the domestic market, confirm views from Canadian barley merchandisers and traders about export potential and challenges, as well as facilitate the discussion on where the industry needs to go and how it can get there.

With respect to questions of 'Where are we going?' and 'How we do we get there?', this will be the role of the strategic advisory committee and our task forces which are made up of key stakeholders across the western Canadian barley value chain. These people have been asked to convene for strategic sessions to discuss and verify the results of the studies and help set the direction for our sector over the coming years.

This work aims to provide an action plan for the barley sector providing direction for overcoming our key challenges in order to best seize the opportunities across our sector to enhance the value of our barley and encourage growth.

The final results of the study will be released at the Prairie Barley Summit, Dec. 6-7 in Banff, AB.



COMBINE TO CRAFT

In March 2017, Alberta Barley launched the Combine to Craft initiative in response to the growing movement in the Alberta Craft beverage sector.

Alberta's malting barley value chain is unique, with world-class maltsters, distillers and brewers working together while Alberta farmers grow the premium ingredient – what we believe to be the best barley in the world.

The objective of Combine to Craft is to connect the value chain from farmer to consumer. We tell the story of our high-quality barley, from Combine to Craft and also highlight the modern agricultural operations and the sustainable practices of our members.

Our kick-off took place at the Alberta Small Brewers Association's inaugural conference and has been gaining momentum ever since. We have been building partnerships between brewers, farmers and maltsters to bring together the story of our barley and highlight its unique value proposition: that we are uniquely positioned with prime growing conditions, world class maltsters and a strong secondary feed market for barley which allows us to grow the world's best, highest quality barley. Our aim is to connect with consumers, particularly in Alberta, to encourage them to look for the Alberta Barley logo on a can or bottle as a sign of Alberta pride and premium Alberta barley as an ingredient in their favourite beer or spirit. The next stage of the project will be to continue to work on corporate partnerships and eventually share this story beyond our Alberta borders with other Canadian consumers.

combine to CRAFT

An initiative by

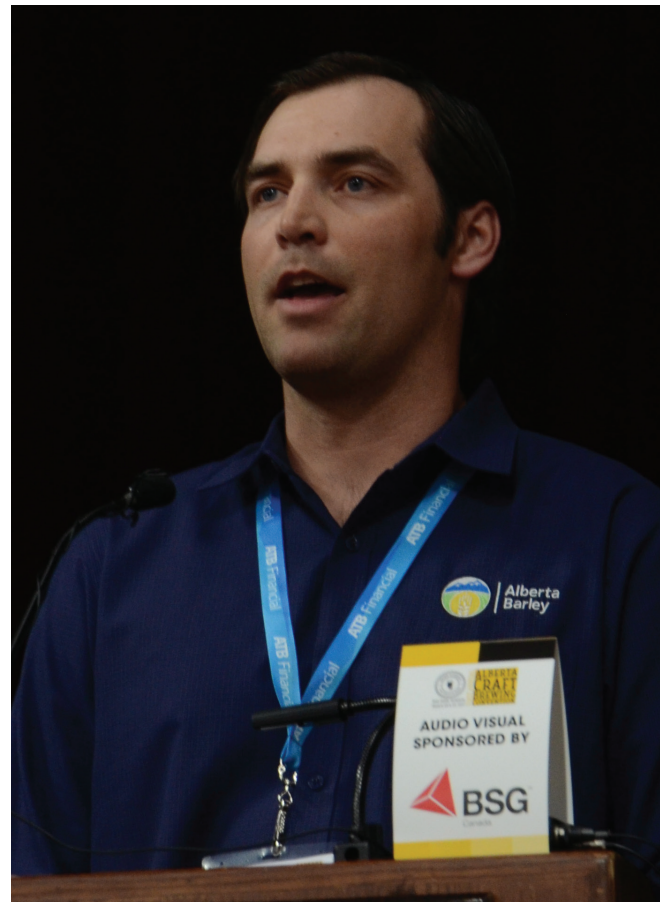


**Alberta
Barley**

VISIT **combine to CRAFT**.com



Market Development and Policy Manager Shannon Sereda at the Alberta Small Brewers Association inaugural conference in Red Deer, AB.



Board director Brian Sewell presents on Combine to Craft at the Alberta Small Brewers Association conference.



Communications staff Ellen Cottee and Teresa Falk at the Alberta Barley booth. Throughout the year, staff travel throughout Alberta promoting Alberta Barley, its end uses and its importance to Alberta's economy.



Research



Alberta Barley chair Jason Lenz, left, and Research Manager David Simbo at Lenz Farms this during seeding.

Research is Alberta Barley's number one investment priority with about 25 per cent of annual funding going into research to improve the quality and quantity of barley produced. Our goal remains the same each year: give farmers the tools they need to succeed by helping fund practical research that will benefit farmers. We see increases in farmer profitability because of the hard work of barley researchers, breeders and scientists. Alberta Barley is proud to be an organization that contributes resources to such critical research.



Dr. Flavio Capattini, head of research at the Lacombe Field Crop Development Centre, makes a presentation on barley agronomy during its annual field day.

A mix of farmers and industry advisors make up Alberta Barley's research committee.

The committee is chaired by region four director-at-large Terry James. The following are the additional committee members: Farmers Jason Lenz, Shane DeBock, Shawn Gorr, Charlie Leskiw and Brad Wiese. The industry advisors are provincial government employees Bill Chapman, Krista Kotylak and Clair Langlois; Alan Hall of the Alberta Crop Industry Development Fund, Karin Schmid of the Alberta Beef Producers and Rich Joy of Canada Malting. The staff lead is research manager David Simbo.

RESEARCH FUNDING

Through programs such as the AgrilInnovation Program (AIP), the Alberta Agriculture Funding Consortium and funding provided to research institutions such as the Field Crop Development Centre at Lacombe and the Crop Development Centre at the University of Saskatoon, Alberta Barley invests more than \$500,000 annually in research. The Lacombe FCDC is the largest barley breeding facility in all of Canada. These two institutions have contributed to some of the top malting and feed varieties over the last 10 years in Western Canada. Drs. Flavio Capettini (Lacombe, AB) and Aaron Beattie (Saskatoon, SK) are their organization's key program representatives and are a valuable resource to furthering the barley industry. Alberta Barley collaborates and remains in constant contact with both individuals and a host of other barley breeders and research scientists in other research centres to stay up-to-date on their research and findings. In turn, these results are shared with our farmer members.

When the federal government announced its *Growing Forward 2* cluster five years ago for a multi-million dollar commitment to the barley industry, it allowed Alberta Barley to participate at a new level of commitment and funding like never before. Due to Alberta Barley's funding, we have been able to help scientists, breeders and researchers by having funds matched in order to leverage our financial contributions to a more substantial level. Alberta Barley has supported 27 projects within the GF2 cluster.

We are pleased with the last five years, specifically FYE 2017 as final results from projects are submitted.

All farmers can see each individual project online and its result at albertabarley.com/research.

With the end of GF2 upcoming in spring 2018 and the beginning of the next five-year framework, the *Canadian Agricultural Program*, Alberta Barley has committed about \$985,000 to research funding over the five-year period. With government matching, the \$1 million will turn into



\$3 million and will allow for more in-depth research to be conducted, which could improve the barley industry in Alberta and beyond. It was an easy decision for the Alberta Barley board of directors to agree on this financial input due to the importance of barley-based research in Western Canada. For the next cluster, Alberta Barley will provide financial support for 10 projects, nine of which are based in Western Canada and one project that covers the entire country.

We have seen the benefit of localized research for decades and Alberta Barley is resolved to continue to give farmers the tools they need to succeed when it comes to varieties that are high-yielding, have continually increased disease resistance packages and focus on area specific qualities such as lodging and FHB resistance, and various blotches, smuts and rusts.

EXTENSION

In addition to funding research, Alberta Barley works actively to extend the results of applied research to farmers through funding and supporting agriculture events and field days organized by Applied Research Associations, as well as participating in conferences and symposiums. Representing Alberta Barley is a top priority to promote our commitment to research. David Simbo was present at numerous field days across Alberta throughout FYE 2017.



A test plot of CDC Fraser, one of the new and exciting malting barley varieties that will soon be available to Alberta farmers.



Kevin Sich of Rahr Malting at the annual Making the Grade conference at Olds College this past spring. Alberta Barley partners with the other three Alberta crop commissions to hold a one-day seminar on grain grading.

SUPPORT FOR NEW RESEARCHERS

Each year, Alberta Barley holds a research contest in conjunction with our annual general meeting in Banff, AB, each December. The three winners from FYE 2017 are:

FIRST

Raquel Huerta

University of Alberta

Subcritical fluid extraction of carbohydrates and phenolics from barley straw.

SECOND

Azadeh Yasari

University of Alberta

Application of antifungal unsaturated fatty acids to control phytopathogenic fungi.

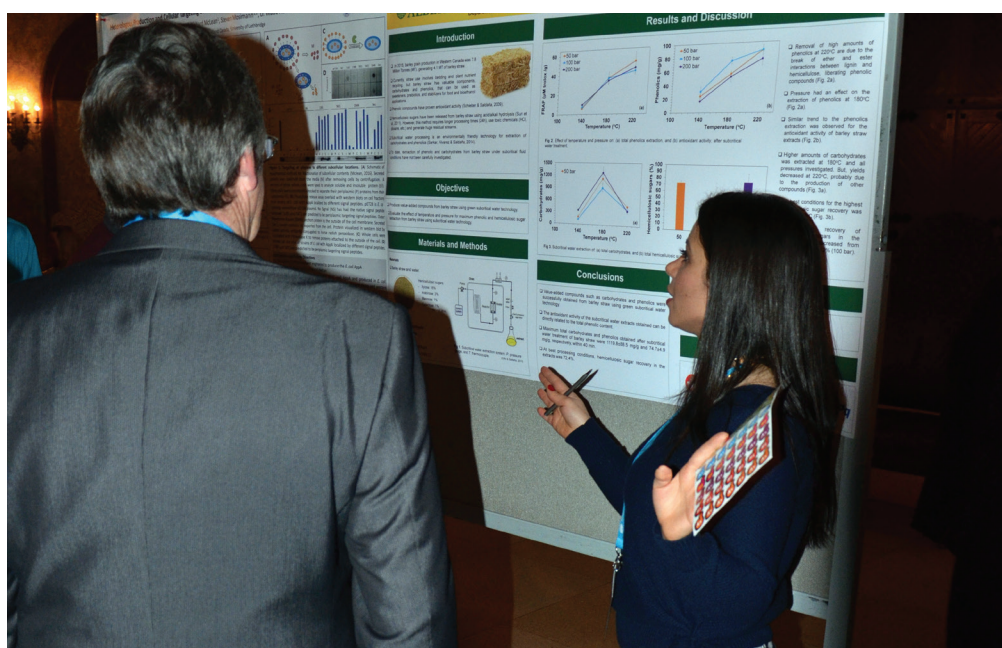
THIRD

Hee Eun Yang

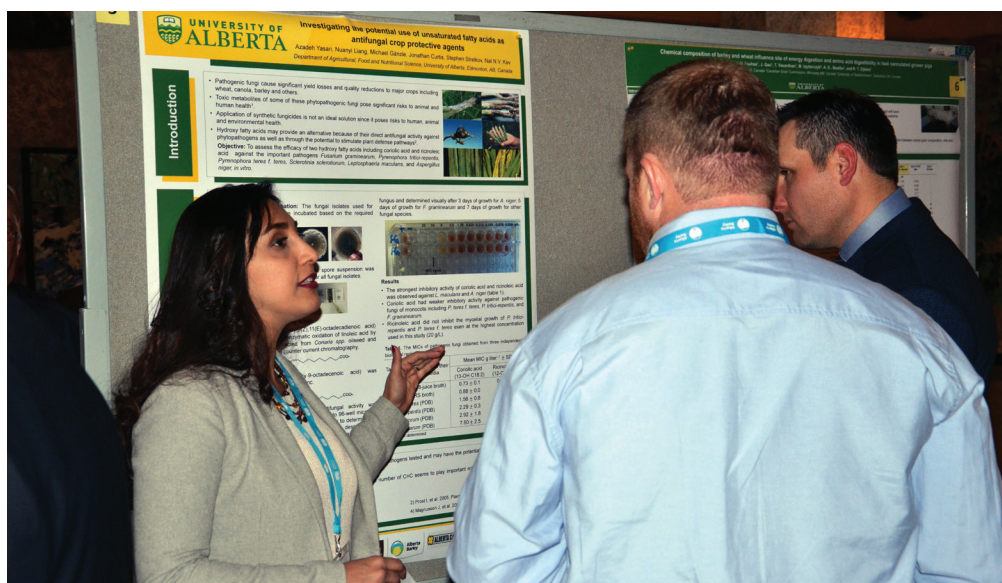
University of Saskatchewan

Comparison of digestion and particle-associated bacteria after in situ incubation of different barley varieties in the rumen of cattle.

Researchers explain their projects to Alberta Barley members at the during the annual general meeting held each year in Banff, AB. Farmers judge the research projects and award the students for their efforts during the gala dinner.



Raquel Huerta presents her first place research project to a group of session attendees.



Second place winner Azadeh Yasari chats to two judges about the findings of her project.



Events

Alberta Barley traverses the provincial landscape representing farmers throughout the year. Farmer-focused events are a great way to connect with producers, while education and consumer events are a key outreach tactic and opportunity to emphasize the importance of barley in Alberta. In FYE 2017, Alberta Barley attended more than 20 different industry events on behalf of its members, including:





Communications staff teach kids about the different types of barley and their unique end uses, including feed and food.



Dr. Kelly Turkington of the Lacombe Research and Development Centre speaks about pathology to an audience during the Lacombe Field Day findings of her project.



Right: Alberta Barley vice chair Dave Bishop discusses the role of farmers on the brewing industry at Science of the Six-Pack.

Below: Hosted by ATB Financial, Science of the Six-Pack is a chance to learn about Alberta's impressive brewing industry and sample home-grown products.



Teresa Falk with a group of engaged kids at Amazing Ag Days in Edmonton.



Alberta Barley craft beer panel at the Calgary International Beer Festival.



Alberta Barley Power Hour at FarmTech 2017 with Kevin Sich of Rahr Malting answering a question from the audience. More than 300 people came to learn about the craft beer industry and hear from farmers Wade McAllister, second from left, and Scott Keller, right, about agronomic tips and advice.



Finance & Human Resources

The levy dollars of Alberta Barley's 11,000 farmer members are what make our grassroots organization thrive. The prudent and transparent management of these funds is the number one responsibility of the finance staff, led by CFO and director of human resources Syeda Khurram. With an annual budget of more than \$2 million, transparency and accountability ensure that Alberta Barley maintains its unblemished financial record.



AUDIT AND FINANCE COMMITTEE

The audit and finance committee is composed of committee chair Ed Tollefson. The other members of the audit and finance committee include directors and delegates. They are Brad Berger, Neil Gorda, Ron Heck, Bernie Klammer, Doug Miller, Jeff Nielsen and Brian Witdouch. The staff lead is Syeda Khurram.

The finance committee meets regularly throughout the year to craft and manage the overall FYE budget. Each year, department managers create budgets and work collaboratively with the finance department to create team-oriented financial plans that will allow for the continuation of core programming and new developments to drive further success and return for Alberta Barley.

Alberta Barley's finance team continues to co-manage the Alberta Wheat Commission's levy dollars in an effort to minimize duplicate work and create financial efficiencies with check-off dollars.

Each year, chartered accounting firm MeyersNorrisPenney audits Alberta Barley. The FYE 2017 audit was concluded ahead of schedule with zero accounting errors. Because of our sound financial policies and value demonstrated to stakeholders through core programming, our refund rate continues to consistently remain between four and six per cent. Alberta Barley's commitment to regularly communicating with farmers and grain dealers has been the major factor in keeping our refund rates the lowest they have ever been.

WESTERN CANADIAN DEDUCTION

This past year fiscal year marked the end of the Western Wheat and Barley Check-Off program, also known as the Western Canadian Deduction. We successfully administered the program as the prescribed agent of the federal government. For five years, Alberta Barley undertook this great responsibility on behalf of the federal government. As an organization, at the time, with more than 20 years of check-off management, Alberta Barley was a natural choice for AAFC to select Alberta Barley as the body to manage the WCD.

Since Aug. 1, 2012, we diligently worked to disperse funding to the Western Grains Research Foundation, the Canadian International Grains Institute and the Canadian Malting Barley Technical Centre. We were pleased to be part of such a vital program that ultimately helps western Canadian farmers thrive and give partner-



ing groups the ability to fund research to drive returns at the farm gate.

SINGLE LEVY

In combination with the end of the Western Canadian Deduction, Alberta Barley transitioned into a consolidated levy in FYE 2017 of \$1.20. We communicated openly with our farmer members for months leading up to the switch and received unanimous support for our new levy rate at our annual general meeting in December 2016. Our ultimate goal is to continue to provide unmatched value to Alberta's barley farmers by funding vital research, market development and creating policy, and communicating it to our

membership—all of which is only possible with the generous financial contributions from our stakeholders.

HUMAN RESOURCES

In March of FYE 2017, we collaborated in governance training alongside the Alberta Wheat Commission. The conference-style seminar from the STRIVE! Group provided fresh insights into best practices when it comes to running commissions, boards and associations as well as appropriate interactions with staff, boards of directors and more. Professional development such as this help create a culture of excellence and success at Alberta Barley.



Financial Statements

MANAGEMENT'S RESPONSIBILITY

To the members of Alberta Barley Commission:

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 and ensuring that all information in the annual report is consistent with the statements. 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 Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Commission'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.

October 24, 2017

Director
Jason Lenz
Chair

Director
Dave Bishop
Vice-Chair

INDEPENDENT AUDITORS' REPORT

To the members of Alberta Barley Commission:

We have audited the accompanying financial statements of Alberta Barley Commission, which comprise the statement of financial position as at July 31, 2017, and the statements of operations, changes in net assets 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 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.

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 qualified audit opinion.

BASIS FOR QUALIFIED OPINION

In common with many similar organizations, the Commission derives revenue through "check off" fees received from barley producers, the completeness of which could not be satisfactorily verified during our audit. Accordingly, our verification of these revenues and related accounts receivable and deferred revenue was limited to the amounts recorded in the Commission's records and we were unable to determine whether any adjustments might be necessary to check-off fee revenue, excess of revenue over expenses, assets and net assets.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Alberta Barley Commission as at July 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

October 24, 2017
Calgary, Alberta

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, stylized font, with 'LLP' in a smaller, simpler font to the right.

Chartered Professional Accountants



Statement of Financial Position

For the year ended July 31

		General Operating Fund		Restricted Fund		Total	
	Notes	2017	2016	2017	2016	2017	2016
Assets							
Current							
Cash		1,018,030	729,879	-	-	1,018,030	729,879
Restricted cash - Western Canadian Deduction	14	-	-	2,184,008	2,060,974	2,184,008	2,060,974
Short-term investments	4	529,175	-	-	-	529,175	-
Accounts receivable	5	653,507	668,408	603,938	461,302	1,257,445	1,129,710
Prepaid expenses		46,541	40,181	-	-	46,541	40,181
		2,247,253	1,438,468	2,787,946	2,522,276	5,035,199	3,960,744
Capital assets	6	122,112	147,249	47,194	57,073	169,306	204,322
Long-term investments	4	1,095,039	1,597,583	-	-	1,095,039	1,597,583
		3,464,404	3,183,300	2,835,140	2,579,349	6,299,544	5,762,649
Liabilities							
Current							
Accounts payable and accruals		939,845	781,111	-	-	939,845	781,111
Grant commitments	7	-	-	36,419	48,169	36,419	48,169
Deferred revenue	8	1,389,935	1,333,407	-	-	1,389,935	1,333,407
Deferred revenue - Market study	15	62,534	-	-	-	62,534	-
Deferred revenue - Shochu project		-	-	23,692	24,927	23,692	24,927
Deferred related to capital assets contributions	9	-	-	47,194	57,073	47,194	57,073
Funds held on behalf of Western Canadian Deduction	14	-	-	2,184,008	2,060,974	2,184,008	2,060,974
		2,392,314	2,114,518	2,291,313	2,191,143	4,683,627	4,305,661
Net Assets							
Restricted		-	-	543,827	388,206	543,827	388,206
Unrestricted		1,072,090	1,068,782	-	-	1,072,090	1,068,782
		1,072,090	1,068,782	543,827	388,206	1,615,917	1,456,988
		3,464,404	3,183,300	2,835,140	2,579,349	6,299,544	5,762,649
Commitments	11						
Contingencies	12						

Approved on behalf of the Board

Director
Jason Lenz
Chair

Director
Dave Bishop
Vice-Chair

The accompanying notes are an integral part of these financial statements

Statement of Operations

For the year ended July 31

		General Operating Fund		Restricted Fund		Total	
	Notes	2017	2016	2017	2016	2017	2016
Revenue							
Check-off fee revenue	8	2,347,332	2,305,638	-	-	2,347,332	2,305,638
Check-off refunds	8	(127,885)	(125,033)	-	-	(127,885)	(125,033)
Western Canadian Deduction administrative fees	14	604,107	642,903	-	-	604,107	642,903
Shochu project revenue	3	-	-	11,114	69,705	11,114	69,705
AgriMarketing Program revenue		61,353	222,498	-	-	61,353	222,498
AgriInnovation Program revenue		1,035,453	949,338	-	-	1,035,453	949,338
GrainsWest revenue		44,482	45,555	-	-	44,482	45,555
Sponsorships		67,968	46,061	-	-	67,968	46,061
Market study revenue	15	37,466	-	-	-	37,466	-
Miscellaneous income		8,289	3,733	-	-	8,289	3,733
		4,078,565	4,090,693	11,114	69,705	4,089,679	4,160,398
Operating Expenses							
Salaries, benefits, and contractors		432,493	527,758	-	-	432,493	527,758
Research expenses		281,980	337,363	150,000	125,000	431,980	462,363
Western Canadian Deduction expenses	14	434,282	388,861	-	-	434,282	388,861
Market development expenses		68,507	75,019	-	-	68,507	75,019
Market study expenses	15	37,466	-	-	-	37,466	-
General and administrative		328,468	370,323		-	328,468	370,323
Communication/Government relations		43,459	69,472	-	-	43,459	69,472
Shochu project expenses	3	-	-	1,235	79,826	1,235	79,826
Marketing and events		272,815	273,600	-	-	272,815	273,600
Policy development expenses		117,642	120,835	-	-	117,642	120,835
Directors fees and expenses		43,752	52,513	-	-	43,752	52,513
Professional fees - lawsuit	12	-	-	575	29,225	575	29,225
Staffing and recruiting		581	7,721	-	-	581	7,721
AgriMarketing Program expenses		124,154	327,057	-	-	124,154	327,057
AgriInnovation Program expenses		1,155,453	1,069,338	123,770	29,187	1,279,223	1,098,525
GrainsWest expenses		168,061	193,957	-	-	168,061	193,957
Barley Council of Canada Program Cost - GoBarley		-	15,750	-	-	-	15,750
		3,509,113	3,829,567	275,580	263,238	3,784,693	4,092,805
Excess (deficiency) of revenue over expenses before other items		569,452	261,126	(264,466)	(193,533)	304,986	67,593
Other items							
Interest income		27,556	26,635	-	-	27,556	26,635
Unrealized gain on investments		16,387	346	-	-	16,387	346
Barley Council of Canada contribution	10	(60,000)	(60,000)	(130,000)	(130,000)	(190,000)	(190,000)
		(16,057)	(33,019)	(130,000)	(130,000)	(146,057)	(163,019)
Excess (deficiency) of revenue over expenses		553,395	228,107	(394,466)	(323,533)	158,929	(95,426)

The accompanying notes are an integral part of these financial statements



Statement of Changes in Net Assets

For the year ended July 31

		Unrestricted	Restricted	2017
Net assets, beginning of year		1,068,782	388,206	1,456,988
Excess (deficiency) of revenue over expenses		553,395	(394,466)	158,929
Transfer to restricted funds (Note 15)		(550,087)	550,087	-
Net assets, end of year	3,000	1,072,090	543,827	1,615,917

		Unrestricted	Restricted	2016
Net assets, beginning of year		1,310,718	241,696	1,552,414
Excess (deficiency) of revenue over expenses		228,107	(323,533)	(95,426)
Transfer to restricted funds (Note 15)		(470,043)	470,043	-
Net assets, end of year	3,000	1,068,782	388,206	1,456,988

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

For the year ended July 31

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	158,929	(95,426)
Gain on investments	(16,387)	(346)
Amortization of capital assets	40,159	46,342
Amortization of deferred capital contributions	(9,879)	(9,879)
	172,822	(59,309)
Changes in working capital accounts		
Accounts receivable	(127,735)	81,683
Prepaid expenses	(6,360)	23,864
Accounts payable and accruals	158,734	(412,025)
Grant commitment	(11,750)	(114,189)
Deferred revenue	119,062	118,793
Deferred revenue Shochu project	(1,235)	(21,826)
	303,538	(383,009)
Financing		
Funds held on behalf of Western Canadian Deduction	123,034	(440,753)
	123,034	(440,753)
Investing		
Purchase of capital assets	(5,143)	(13,042)
Purchase of investments	(10,244)	(435,595)
Proceeds on sale of investments	-	733,202
Funds held in trust for Western Canadian Deduction	(120,034)	440,753
	(138,388)	725,318
Increase (decrease) in cash	288,151	(98,444)
Cash, beginning of year	729,879	828,323
Cash, end of year	1,018,030	729,879

The accompanying notes are an integral part of these financial statements



Notes to the financial statements

For the year ended July 31, 2016

1. INCORPORATION AND NATURE OF THE ORGANIZATION

The Alberta Barley Commission (the "Commission") is a non profit, producer funded commission formed on August 1, 1991 under the Province of Alberta's Marketing for Agricultural Products 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 Commission must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Commission's mandate is to give Alberta barley producers an organization for developing new markets and products for barley and for influencing the direction of research dedicated to barley production.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

REVENUE RECOGNITION

The Commission uses the deferral method of accounting for contributions. Restricted contributions related to grants are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Fund.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue in the Unrestricted Fund when earned.

FINANCIAL INSTRUMENTS

The Commission recognizes its financial instruments when the Commission 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 Handbook Section 3840 *Related Party Transactions*.

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

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

FINANCIAL ASSET IMPAIRMENT

The Commission assesses impairment of all its financial assets measured at cost or amortized cost. An impairment of financial assets carried at amortized cost is recognized in the 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 Commission 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 of revenue over expenses in the year the reversal occurs.

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 following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	20 %
Equipment for Shochu project	straight line	10 years
Furniture and fixtures	declining balance	20 %
Promotional equipment	declining balance	33 %

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Commission's capital assets related to the Shochu project. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

MEASUREMENT UNCERTAINTY

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 revenues 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.

3. SHOCHU PROJECT

The Shochu Barley Commercialization project ("Shochu project") is funded by the Alberta Barley Commission, Sanwa Shurui Co., Ltd. and Alberta Crop Industry Development Fund (ACIDF). The purpose of this project is to develop a value chain with key farmers to supply this premium barley market with "Grown in Alberta" Shochu barley which consistently meets Shochu specifications for the end user.

As the funds received by the Commission were solely for this project, any funds not spent were segregated and reported as deferred revenue. When the appropriate expenditure is made, the corresponding amount is recognized as revenue in the same year in which the expense is made. Funding received for capital asset purchases is recorded as deferred capital contributions and amortized on the same basis as the related cost. During the year ended July 31, 2017 amortization on deferred capital contributions amounted to \$9,879 (2016 - \$9,879).

The remaining funds for this project are held in a separate bank account and the use of this cash is considered to be restricted in that it can only be used for this project. The Shochu project completion date was March 31, 2016, all deferred revenue relating to this project remains deferred pending agreement for its use.

4. INVESTMENTS

Investments include corporate bonds with yields to maturity between 2.15% and 5.75% (2016 - 2.15% and 5.75%) and maturity dates between September 26, 2017 and October 9, 2020 (2016 - September 26, 2017 and October 9, 2020). Investments are stated at their market value. It is the intention of the Board to hold all investments until maturity. Investments maturing within the next fiscal year have been reclassified as short term investments.

5. ACCOUNTS RECEIVABLE

	2017	2016
Check off fees receivable	371,475	388,036
Agri-Marketing Program	61,353	43,178
Agri-Innovation Program	542,585	418,124
Western Canadian Deduction	61,242	51,000
Alberta Wheat Commission	106,813	87,763
Barley Council of Canada	26,336	62,141
Other receivables	87,641	79,468
	1,257,445	1,129,710



Notes to the financial statements Contd.

For the year ended July 31, 2016

6. CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	180,528	120,299	60,229	69,219
Equipment for Shochu Project	98,791	51,597	47,194	57,073
Furniture and fixtures	173,663	114,567	59,096	73,870
Promotional equipment	23,985	21,198	2,787	4,160
	476,967	307,661	169,306	204,322

Amortization expenses of \$40,159 (2016 - \$46,342) is included in general and administrative expenses.

7. GRANT COMMITMENTS

When funding for a research grant is approved by the Commission, the full amount is recorded as an expense in operating expenses and accrued as a liability. Expenditures related to grants are then charged as a reduction to the grant liability. The amount shown as grants payable is the amount of funding allotted to various programs that is yet to be spent. The funds to cover these liabilities are in the Commission's cash, short-term investments and long-term investments accounts.

8. DEFERRED REVENUE

The Commission receives revenues in the form of check off per tonne when barley is delivered. The buyer of the barley then remits this check off fee to the Commission. As the Commission relies only on the buyers' remittances, the Commission cannot accurately determine its revenue until collected.

To estimate check off fees receivable, the Commission examines the remittances received early in the next year and determines which remittances are for barley purchased in the current year. This amount is then recorded as check off fees receivable.

As there is no reliable cost effective method of reasonably determining the amounts of additional remittances receivable, they are not recorded in these statements.

Check off fees received are recorded as deferred revenue until the charge is no longer eligible to be refunded to the producer

after the six month period of eligibility. Accordingly, these statements recognize as income only those fees received not eligible for refund. Fees that are still eligible for refund are recorded as deferred revenue.

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2017	2016
Balance, beginning of year	57,073	66,952
Less: Amounts recognized as Shochu project revenue during the year	(9,879)	(9,879)
Balance, end of year	47,194	57,073

10. BARLEY COUNCIL OF CANADA

Included in expenses in the statement of operations is \$190,000 (2016 - \$190,000) provided to Barley Council of Canada for operating purposes.

As at July 31, 2017, the Commission has \$26,336 (2016 - \$62,141) due from Barley Council of Canada included in accounts receivable.

11. COMMITMENTS

On September 1, 2015, the Commission occupied leased premises subject to minimum annual lease payments until the termination of the contract at August 31, 2020. The lease agreement is a joint agreement with the Alberta Wheat Commission which is responsible for one-half of the below payments:

2018	162,000
2019	162,000
2020	162,000
Thereafter, to August 31, 2020	22,500
	<hr/>
	508,500

12. CONTINGENCIES

The Commission is involved in a legal claim associated with the normal course of operations. It is not possible to predict the ultimate outcome of the claim or to estimate the loss, if any, which may result. During the prior year, the Commission settled a legal claim and incurred \$29,225 of professional fees.

13. FINANCIAL INSTRUMENTS

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

14. WESTERN CANADIAN DEDUCTION

Effective August 1, 2012, the Commission was charged with the responsibility for administering the Western Canadian Deduction, a levy charged on wheat and barley sold in Alberta, Manitoba, northern British Columbia, and Saskatchewan. The levy is to be distributed to recipient organizations, which are to be identified

under a Memorandum of Understanding with the Government of Canada. In order to compensate the Commission for costs associated with administering the levy, the Commission earns a 5% administration fee, which for the year ended July 31, 2017 amounted to \$604,107 (2016 - \$642,903). In order to administer the levy, the Commission operated separate bank accounts for the sole purpose of handling the receipts and disbursements as well as maintaining a guaranteed investment certificate. As July 31, 2017, these accounts had a balance of \$2,184,008 (2016 - \$2,060,974). During the year-ended July 31, 2017, the Commission expensed \$434,282 (2016 - \$388,861) of costs associated with the administration of the fund; included in this amount are salaries and benefits of \$331,289 (2016 - \$289,399).

15. MARKET STUDY PROJECT

The Market Study project is funded by the Commission and Alberta Crop Industry Development Fund (ACIDF). The purpose of this project is to seek opportunities and diversification in the Western Canadian barley sector. The Commission has initiated a process that seeks to bring together the entire barley value chain - feed, food, and malt to develop a market development strategy that will position the sector for growth and drive more value from farmer to end-user.

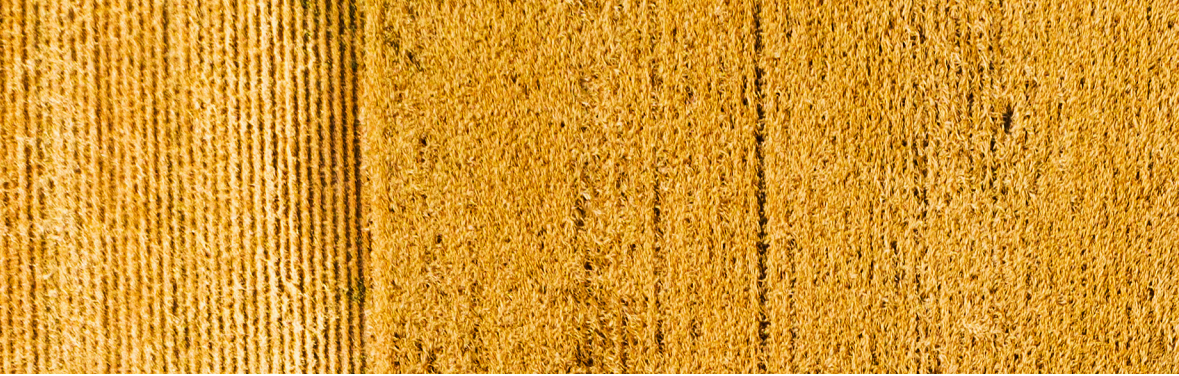
For the year ended July 31, 2017, the Commission received \$100,000 from Alberta Crop Industry Development Fund (ACIDF). As the funds received by the Commission were solely for this project, any funds not spent were segregated and reported as deferred revenue. When the appropriate expenditure is made, the corresponding amount is recognized as revenue in the same year in which the expense is made.

16. INTERFUND TRANSFERS

During the year, cash was transferred between the Unrestricted Fund and the Restricted Fund to meet the Commission's operating requirements.

17. COMPARATIVE FIGURES

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



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