

ANNUAL REPORT 2016 - 17



Alberta Wheat
COMMISSION



Table of Contents

Introduction

CHAIRMAN’S REPORT	04
GENERAL MANAGER’S MESSAGE	06
OUR VALUES	08
BOARD OF DIRECTORS	10
TAKING A STEP BACK INTO AWC’S HISTORY	12

Research

A FIVE YEAR REVIEW	14
RESEARCH PROGRAM HIGHLIGHTS	16

Markets

PROGRAMS	20
AWC’S ADVOCACY FOR RAIL REFORM	22
TIMELINE OF TRANSPORTATION REFORM	24
PRICE AND DATA QUOTES	26
NEW CROP MISSIONS	28
TRADE AGREEMENTS	30
CANADIAN GRAIN COMMISSION SURPLUS	31

Policy and Government Relations

HIGHLIGHTS	32
FINANCIAL POLICIES	34
BUILDING A CULTURE OF FARM SAFETY	36
SUSTAINABILITY	37
FUSARIUM POLICY	38

Communications and Events

HIGHLIGHTS	40
LIFE’S SIMPLE INGREDIENT	42
EDUCATIONAL EVENTS AROUND THE PROVINCE	44
EXTENSION	46
DEVELOPING FURTURE LEADERS	48

Finance and Human Resources

ACCOUNTABILITY AND TRANSPARENCY TO ALBERTA’S WHEAT FARMERS	52
FINANCIAL STATEMENTS	54

Chairman's Report

I'M PROUD OF THE DEDICATED INDIVIDUALS WHO HAVE WORKED TOGETHER TO MAKE AWC THE RESPECTED AND EFFECTIVE ORGANIZATION THAT IT IS TODAY.

I can't believe it's been five years! We've come from being a fledgling entity to a powerhouse organization in a very short time. But then, when I think about the team of directors, staff and regional representatives who've worked together diligently and effectively, this is not surprising.

In our first strategic planning session we listed all the "dream big stretch goals" that we hoped to see the Alberta Wheat Commission (AWC) achieve. At the time, things like making AWC the "go to organization in agriculture" seemed out of reach, especially for such a new organization. I'm proud of the dedicated individuals who have worked together to make AWC the respected and effective organization that it is today. The Team Alberta initiatives that we're a part of have given Alberta farmers a strong voice with our political decision makers. Federal and provincial governments, as well as our industry partners, have come to know that they can rely on AWC as a reliable, objective leader in our industry. We aren't afraid to advocate for what's best for farmers and we diligently and unabashedly work toward making our industry better for everyone. When the government proposes legislation that affects our members, AWC is there to advocate on farmers behalf, whether it's lobbying on Bill 6 in Alberta, or testifying before the federal transportation Bill C-49 parliamentary committee in Ottawa.

It has been my honour and privilege to have served, and I'd like to thank the directors of AWC, who have put their trust in me to lead the organization as chair these past two years, as well as the regional representatives who have served on committees, and have helped connect us to the members we serve. None of this would have been possible without the hard work of our general manager Tom Steve, and our dedicated staff team who do such a great job of taking the initiative on so many issues that have helped to set AWC apart as an exceptional organization. I'm proud of all that AWC has accomplished over the past five years, and I'm going to miss being a director and chair of an organization that is able to get things done on behalf of farmers. I'm confident that AWC will continue to meet new challenges to help ensure that the wheat farmers of Alberta can remain profitable and viable into the future.

Thank you all so much for allowing me to have been part of the Alberta Wheat Commission.



Kevin Auch, AWC Chair



General Manager's Message

STRIVING TO BE THE BEST WE CAN BE

When I joined the Alberta Wheat Commission (AWC) in 2014 the board of directors had adopted a vision to be the most effective and respected farm organization in the world. My first reaction was, "how do they expect us to do that?" After all, AWC was a two-year old provincial organization with mostly new staff in a landscape dominated by many national and international players.

And yet, in many ways that bold statement has come to define the culture at AWC. In everything we do we strive to be the best and usually the first. We strive to be the leader and are usually the group to step up and say, "We'll do that."

In this year's annual report we are taking some time to reflect on AWC's first five years of service to Alberta wheat producers. We've come a long way since our official launch on August 1, 2012 thanks to the vision, hard work and dedication of the board of directors, regional representatives and staff.

Here are just a few examples of how AWC has established itself as a leader both provincially and nationally.

- AWC has been one of the leading farm organizations in Canada to push for reforms to the grain transportation system, resulting in the introduction of Bill C-49.
- AWC was the first provincial all-wheat commission to be established and create a research portfolio that is now at \$2.5 million per year and growing.
- We established Canada's first public, private, producer (4P) wheat breeding program in collaboration with CANTERRA SEEDS and Agriculture and Agri-Food Canada (AAFC).

- We were a founding member of Cereals Canada and the first farm organization to send producers on New Crop Missions to international markets.
- We were the catalyst in the formation of Team Alberta – a respected policy voice for Alberta farmers – with our partners at Alberta Barley, Alberta Canola and Alberta Pulse Growers.
- We were the driving force in establishing the AgCoalition in partnership with Alberta's crop and livestock groups in response to Bill 6.
- AWC developed a Fusarium Head Blight Risk Tool for Alberta farmers in partnership with the Alberta Government and a grain pricing website (www.pdqinfo.ca) that benefits all farmers in Western Canada.
- We led the creation and organization of Canada's 1st and 2nd National Environmental Farm Plan Summits.
- We created Life's Simple Ingredient, Canada's first producer-funded consumer campaign focusing on promoting wheat-based food products.
- We created the Advancing Ag Future Leaders' Program – the first crop-sector mentorship program of its kind in collaboration with Alberta Barley.
- In 2017 AWC was the first farm organization in Canada to meet with federal finance officials and the Prime Minister's Office on the proposed tax changes affecting incorporated farms and played a lead role in successfully lobbying the government to drop plans to eliminate deferred cash tickets.

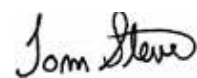
- In our start-up year, AWC had total expenses of \$1.119 million. By 2016-17 our budgeted expenses had grown to \$5.23 million, with research projects topping the list at roughly \$2 million. In the current fiscal year our annual budget will exceed \$6 million.
- We have developed sound financial policies and a proprietary in-house levy collection system that has resulted in significant cost savings for producers.

Our founding board Chair was Kent Erickson, who recruited me from Saskatchewan. I owe a tremendous debt of gratitude to Kent and the board for giving me this career-changing opportunity.

The key to a great organization is great people and that is certainly true at AWC. Over the years we've recruited a team that is second to none and while some have moved on to new challenges in the ag industry, I will always consider them part of the AWC team and the successes we've had.

The same holds true for our directors — past and present — who've given us the tools to succeed. I would like to thank my outgoing Board Chair Kevin Auch and directors Greg Porozni and Gerry Good for their outstanding service to Alberta farmers.

I believe our accomplishments in the first five years of AWC are due in large part to the board setting the bar high — like that bold vision about being the best in the world. They have inspired us to be the best we can possibly be.



Tom Steve
Alberta Wheat Commission, General Manager



WE STRIVE TO BE THE LEADER
AND ARE USUALLY THE GROUP
TO STEP UP AND SAY, "WE'LL
DO THAT."

Our Values



Our Mission

To increase the long-term profitability of wheat and Alberta wheat producers through innovative research, market development, policy development, communications and extension.



Our Vision

To be the premier producer organization in advancing producers' interests in the Canadian wheat industry.



Position Statement

The Alberta Wheat Commission will be a leader in the Canadian wheat industry. We will be the catalyst for wheat research and innovation and create an environment for investment in wheat. We will collaborate with industry to strengthen market opportunities. We will be the go-to organization for government to garner policy advice. We will lead the Alberta wheat industry forward.

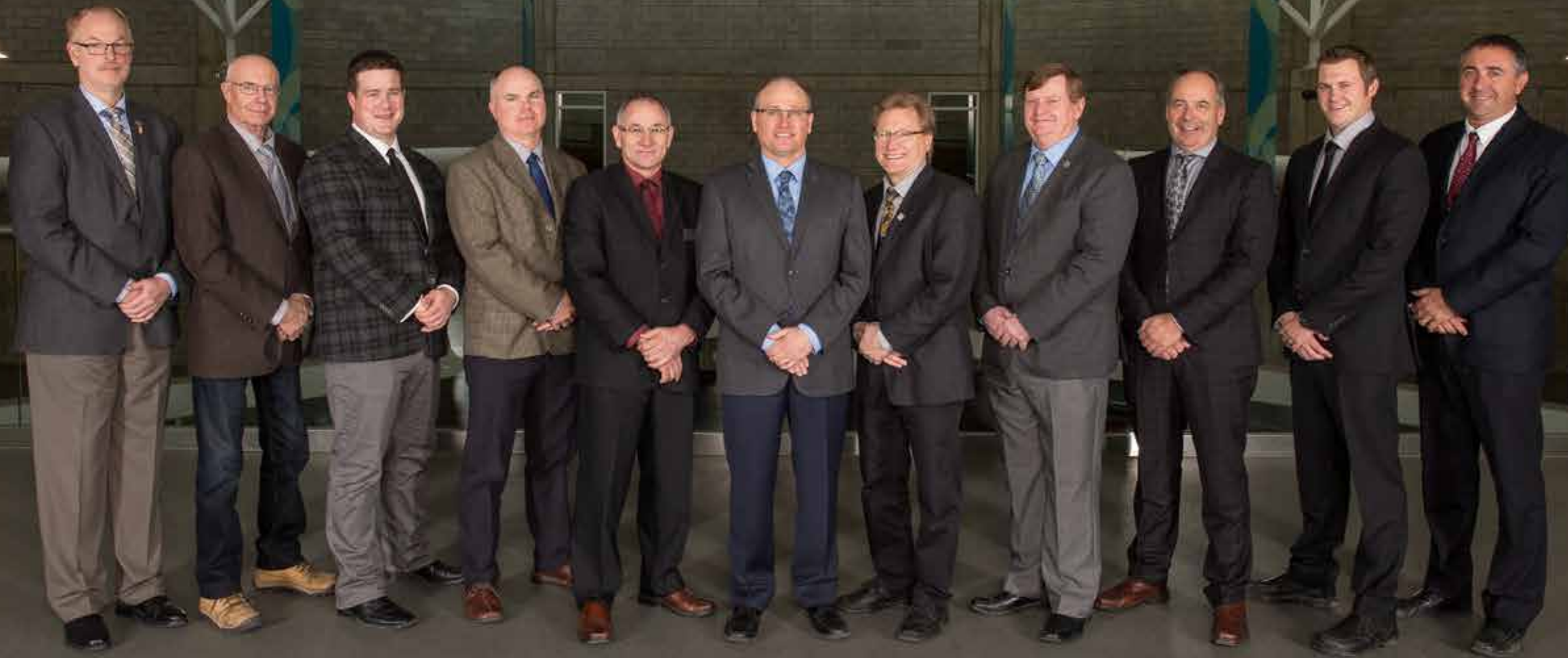


Strategic Priorities

1. Investing in research and development projects that maximize crop performance and foster sustainability.
2. Strengthening grower access to key wheat markets by focusing on end use demand.
3. Supporting and delivering extension and education initiatives that provide our members with tools to improve their operations.
4. Building partnerships and advancing initiatives that will strengthen the producer's voice on policy issues at the provincial and national level.
5. Communicating and sharing knowledge about the Alberta Wheat Commission and the wheat industry among producers and stakeholders.
6. Developing strong leaders for a progressive and vibrant wheat industry.



Board of Directors



From left to right: Trevor Petersen, Gerry Good, Warren Sekulic, Jason Saunders, John Wozniak, Kevin Auch, Terry Young, Gary Stanford, Greg Porozni, Cole Siegle, Kevin Bender



BOARD OF DIRECTORS

REGION 1

Jason Saunders, Taber
Gary Stanford, Magrath

REGION 2

Kevin Auch, Board Chair,
Carmangay
Gerry Good, Carstairs

REGION 3

Terry Young, Lacombe
Trevor Petersen, Red Deer
County

REGION 4

Greg Porozni, Mundare
John Wozniak, St. Paul

REGION 5

Warren Sekulic, Rycroft
Cole Siegle, Clyde

Director-at-Large and
Vice-Chair
Kevin Bender, Sylvan Lake

REGIONAL REPRESENTATIVES

REGION 1

Arthur Eckert, Duchess
Jacob Kodde, Coaldale
Dave Bishop, Barons

REGION 2

Justin Bell, Rosebud
Matt Sawyer, Acme
Jay Schultz, Standard

REGION 3

Michael Ammeter, Sylvan
Lake
Jason Lenz, Bentley
Kent Erickson, Irma

REGION 4

Kendall Freed, Vegreville
D'Arcy Hilgartner,
Camrose
Todd Hames, Marwayne

REGION 5

David Bartlett, Fairview
Don Borduzak, Legal
Otto Rottier, Westlock

Taking a step back into AWC's history: an era of change

In the years before the Alberta Wheat Commission (AWC) was formed, the province's wheat industry was at a crossroads. Although a politically polarizing issue, many farmers were becoming increasingly frustrated with the single desk. The Alberta Soft Wheat Commission (ASWC) and Alberta Winter Wheat Commission (AWWC) were doing good work to keep acres up and ensure farmers were well represented with these two classes. But with financial resources slim and spread between two organizations, it was a challenge to have the influence over farm policy and market development, and provide the ideal level of research investment needed to truly advance the industry.

But leadership in both of these organizations was forward thinking, and in 2010 talks began about the prospect of rolling these organizations into an all-wheat commission that would also include durum and hard red spring wheat. The thinking was that if these two commissions could pool their resources and leverage all additional wheat classes, an all-wheat commission would have the financial resources and influence needed to stabilize the wheat industry and foster increased profitability for farmers.

In 2011, a motion was made at both the ASWC and AWWC annual general meetings to move ahead with the formation of the Alberta Wheat Commission. Farmers at both meetings were keenly supportive and the motion passed.

A steering committee was formed with the end goal of launching the all-wheat commission. Its first task was to create a refundable check-off model and a strategic plan that illustrated how the check-off would be invested. Once the draft plan was prepared, the steering committee set out to consult with farmers across the province and in turn, demonstrate producer support to the provincial government.

It was from this farmer input that the Alberta Wheat Commission's current program areas of research, market development, policy and communications were born. Today, AWC maintains a similar financial structure reflecting the results of that very first consultation.

As the work toward building the all-wheat commission progressed, farmers were hearing rumblings that the federal government was considering dismantling the Canadian Wheat Board (CWB) and making the shift to the open market. In November 2011, Gerry Ritz, the federal agriculture minister at the time, announced his intent to move forward with this plan. With this news, steering committee members made it their goal to speed up their process and launch the new Alberta Wheat Commission and start collecting the check-off on August 1, 2012 – the same day that Minister Ritz had earmarked as the end of the single desk.

The Alberta Wheat Commission met its goal and launched on August 1, 2012. And while the first year was difficult in the sense that the commission was in start-up mode, it quickly matured thanks to the strong leadership from its first board of directors and management team. Since that time, AWC's programs have gained momentum. This year's annual report is a reflection of our five years in operation. It helps to tell the story of how AWC grew from an idea stemming from two progressive organizations, and a few dedicated farmers who saw an era of change and the potential for an organization that could lead the wheat industry forward.

"I was on the Alberta Winter Wheat Commission when this was all happening, and we wanted to have a much bigger influence on provincial and national policy and also wanted to make bigger investments in research. But we barely had the financial resources to drive up to Edmonton for meetings so we knew something had to give. The idea was that if we could pool resources as an all wheat commission, we could really start to create change."

– Gary Stanford is a founding and current AWC board member and past director of the Alberta Winter Wheat Commission.

"We had been working toward the launch of an all-wheat commission since the motion was made at the winter wheat AGM in November 2010. But a year later, Gerry Ritz announced his intent to dismantle the wheat board. This was great news but because of this, we knew we had to speed up our process. It became our goal to launch the Alberta Wheat Commission by August 1, 2012 so that we would be fully prepared to fill any of the gaps that would be left from the wheat board."

– Kent Erickson was part of the steering committee and was voted in as AWC's inaugural chair on its founding board of directors. Erickson stepped off the board in 2016 and has since stayed involved as a regional representative. Erickson was also a board member on the Alberta Winter Wheat Producers Commission.

"The Alberta Soft Wheat Producers Commission and the Alberta Winter Wheat Producers Commission were in a similar boat. We were both representing very small acreages and only one segment each of Alberta's wheat industry. When we looked at the bigger picture, we knew that adding hard red spring wheat and durum would create a commission that would have the funds to strengthen our industry."

– Lynn Jacobson was part of the steering committee and was also a founding board member of the Alberta Wheat Commission. Jacobson was also a director with the Alberta Soft Wheat Commission.

"There were philosophical differences amongst members of the producer steering committee, but they never lost sight of the benefits of a commission that could represent all wheat producers and all wheat classes grown in the province. They always kept their focus on the end game – producer profitability. Once AWC was up and running, it amazed me how quickly the board and staff were able to set strategic priorities for the commission and execute initiatives consistent with those priorities."

– Carman Read was hired by the steering committee as a consultant to help develop the Alberta Wheat Commission's strategic plan and funding model. Read is a principal with C & N Partners Inc.

"As a board member with the Alberta Soft Wheat Producers Commission, I joined the steering committee that launched AWC. It was my role to go out and present our plan to producers in my area, and my colleagues were doing similar work in other areas of the province. We wanted to make sure producers were on-board with what we were doing and to give them a chance to give input. Ultimately what we wanted was a commission that had diverse views, areas and interests, but that could ultimately represent the majority of active wheat producers."

"I was really proud to have people like Kent Erickson and Lynn Jacobson represent me when AWC first got up and running. Lynn came from my organization and my area, and Kent showed incredible leadership as the first chair of the organization. I owe them a great deal of gratitude."

– Peter Pepneck was a member of the steering committee that launched the Alberta Wheat Commission and is a former Alberta Soft Wheat Commission board member.

"I accepted the opportunity to be involved in the founding board of the new Alberta Wheat Commission. I did this knowing that good governance was the key to a well-functioning organization. I brought lessons learned from numerous organizations, including the CWB, to the table. An engaged board of directors, a well thought out strategic plan and empowered management and staff were the critical parts of this new organization's success. Alberta wheat farmers are beneficiaries of the focus and activities of AWC and everyone involved in this organization — from the Board of Directors through to staff — recognizes this in everything they do. Now having completed my terms at the board table, I can stand back and say to all the wheat farmers that I believe they are getting good value for their money."

– Henry Vos was one of AWC's founding board members and served two terms with the commission.



RESEARCH

A FIVE-YEAR REVIEW

Before AWC was launched in 2012, the steering committee that led the commission through these early days consulted with farmers about how best to invest their check-off dollars. Survey results reported an overwhelming need to focus the greatest investment into research aimed at developing premium wheat varieties and agronomy. Since that time, AWC has always prioritized the research portfolio as its greatest annual investment. Looking ahead, our research program has matured significantly with an established portfolio of projects that close gaps in priority areas and build capacity throughout our research community. And we've proudly launched historic partnerships and collaborations that demonstrate our commitment to working with stakeholder partners to further strengthen the research environment. The following showcases some of the highlights of our research program since its launch in 2012.



\$2.5 million
Invested annually with
47 projects actively on-going.



Investment in projects aimed at developing premium wheat varieties and strengthening agronomy.



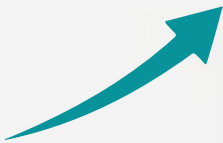
Historic 4P Partnership worth over \$3.5 million launched in 2015 between AWC, Agriculture and Agri-Food Canada and CANTERRA SEEDS Ltd.



Scholarships launched at every post secondary institution in Alberta that offers agriculture research-related programming.



2017 SR&ED credit reached 20 percent.



4P will strengthen the CPSR wheat breeding program at Lethbridge Research Centre



Canadian Wheat Research Coalition launched in 2017 – a collaborative initiative between AWC, Saskatchewan Wheat Development Commission and Manitoba Wheat and Barley Growers Association.



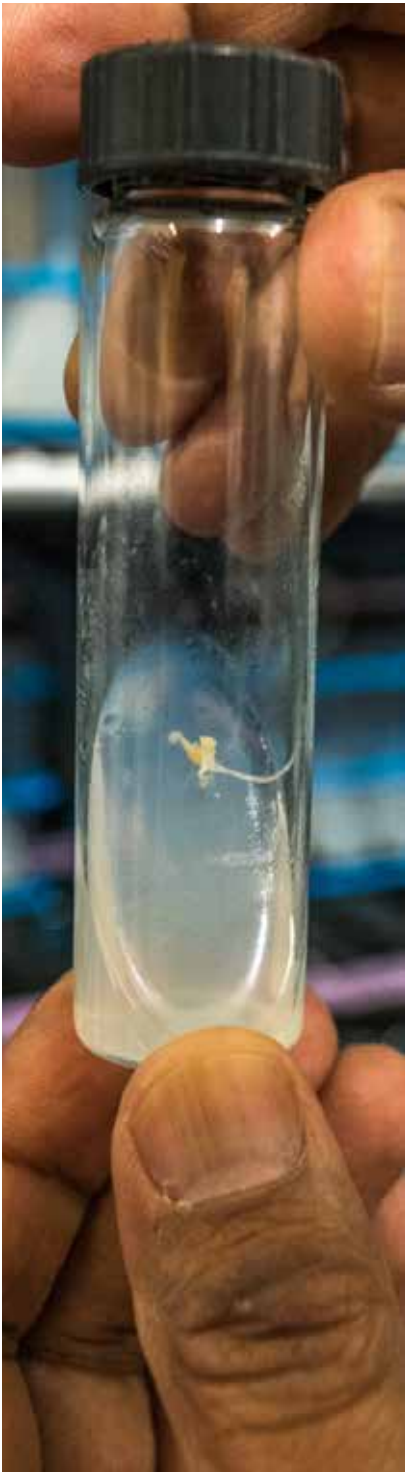
\$7.5 million
committed to-date



\$1.3 million
AWC is investing \$1.3 million over five years in the National Wheat Improvement Program (Canadian National Wheat Cluster).

‘Spotlight on Research’
publication highlights major projects annually.

2017 Research Program Highlights



CANADIAN WHEAT RESEARCH COALITION

2017 was a landmark year for AWC’s research program with the formation of the Canadian Wheat Research Coalition (CWRC), a collaborative initiative with Saskatchewan Wheat Development Commission (SaskWheat) and Manitoba Wheat and Barley Growers Association



(MWBG). This federal, not-for-profit corporation will facilitate long-term investments aimed at improving profitability and competitiveness for western Canadian wheat farmers.

The CWRC will facilitate a collaborative approach to producer funding of regional and national research projects in variety development and agronomy including the renewed Canadian National Wheat Cluster and core wheat breeding agreements with Agriculture and Agri-Food Canada (AAFC) and universities. Additional regional projects will also be considered for CWRC funding. The three wheat commissions are serving as the founding members on the farmer-led board of directors. AWC director Terry Young is serving as the inaugural board chair, alongside SaskWheat board member Laura Reiter as vice-chair and MWBGA board member Cale Jefferies as secretary and treasurer. The board structure allows for additional producer or private sector groups to join as organizational members, providing a platform for the CWRC to pursue new public, private, producer partnerships (4Ps). The CWRC is administered by a host commission, which will rotate every three years starting with SaskWheat.

The formation of the CWRC directly followed the commissions’ increased responsibility in funding core wheat breeding agreements and the national wheat cluster, coinciding with the end of the Western Canadian Deduction (WCD) on

July 31, 2017. Under the previous structure the Western Grains Research Foundation (WGRF) led these research initiatives through WCD funding. The CWRC will continue to engage WGRF as a key player through this transition.

CANADIAN WHEAT RESEARCH PRIORITIES REPORT

The Wheat Research Task Group was launched with the goal of developing a five-year vision for coordinated research and investment priorities across Canada. Co-chaired by Cereals Canada and Agriculture and Agri-Food Canada (AAFC), this group included the entire value chain including AWC and our provincial wheat commission counterparts, the Canadian International Grains Institute (Cigi), members of the research community, seed companies, exporters and processors. Results of this work are available in the Canadian Wheat Research Priorities report available at www.cerealscanada.ca.

RENEWED CANADIAN NATIONAL WHEAT CLUSTER

AWC has been actively participating in planning for the renewed Canadian National Wheat Cluster, a collaborative funding arrangement aimed at providing enhanced wheat varieties and agronomic innovations to Canadian farmers. The current Wheat Cluster (officially known as the National Wheat Improvement Program) will expire on March 31, 2018. The renewed Wheat Cluster set priorities that align with Agriculture and Agri-Food Canada’s Canadian Agricultural Partnership (CAP) program, which will replace Growing Forward 2 on April 1, 2018. These priorities include variety and germplasm development across Canadian wheat classes and wheat-specific agronomy. With alignment in place, the renewed Wheat Cluster submitted an application to CAP for matched funding in the fall of 2017 based on letters of intent (LOIs) received from the research community. In-turn, the Wheat Cluster will invest the combined funding to successful research projects in April 2018.

AWC — Funded Research In 2016-17

GENETICS AND “OMICS”



Dr. Nora Foroud – AAFC Lethbridge
Agriculture Funding Consortium:
Expansion of in-vitro selection to develop FHB and leaf spot resistant wheat and barley

AWC investment: \$120,000.00
additional funding from Alberta Innovates Bio Solutions, SWDC

Pierre Hucl – University of Saskatchewan
Agriculture Development Fund:
Assessment and deployment of a new dwarfing gene in red spring wheat

AWC investment: \$60,000.00
additional funding from SWDC

Jamie Larsen – AAFC Lethbridge
Agriculture Funding Consortium:
Evaluation and Breeding of Winter Durum Wheat for Southern Alberta

AWC investment: \$69,000.00
additional funding from WGRF

Reem Aboukhaddour – AAFC Lethbridge
Agriculture Funding Consortium:
Identifying resistance to tan spot disease in winter and durum wheat

AWC investment: \$137,500.00
additional funding from SWDC

Francois Eudes – AAFC Lethbridge
Alberta Wheat Commission: Selection for NIF gene delivery into mitochondrial genomes

AWC investment: \$75,000.00
additional funding from SWDC

CROP ESTABLISHMENT AND GROWTH



Gopalan Selvaraj – National Research Council (CWA)
Agriculture Development Fund:
Optimization of root development and photosynthesis parameters for yield increase/protection

AWC investment: \$60,000.00
additional funding from SWDC

Graham Collier – University of Alberta
Alberta Wheat Commission: Best management practices to support the adoption of an ultra-early wheat seeding system across broad-acres in Western Canada.

AWC investment: \$165,000.00



INTEGRATED PEST MANAGEMENT



Steven Shirlcliffe – University of Saskatchewan
Agriculture Development Fund: In-crop weed clipping for weed control

AWC investment: \$75,000.00
additional funding from SWDC

Haley Catton – AAFC Lethbridge
Agriculture Funding Consortium:
Managing wireworms in southern Alberta wheat fields with crop rotation and beneficial insects

AWC investment: \$104,475.00
additional funding from WGRF

Breanne Tidemann – AAFC Lacombe
Agriculture Funding Consortium:
harrington seed destructor evaluation at field scale in Alberta

AWC investment: \$150,000.00
additional funding from SWDC, ACPC, WGRF

Julia Leeson – AAFC Lethbridge
Agriculture Funding Consortium: 2017 Alberta weed survey

AWC investment: \$50,000.00
additional funding from WGRF, ACPC, APG

- | | |
|--------------|---|
| AAFC: | Agriculture and Agri-Food Canada |
| SWDC: | Saskatchewan Wheat Development Commission |
| WGRF: | Western Grains Research Foundation |
| ACPC: | Alberta Canola Producers Commission |
| APG: | Alberta Pulse Growers |

2017 Research Program Highlights



NEW INTEGRATED CROP AGRONOMY CLUSTER FORMED

This year, a new cross-commodity agronomy cluster was initiated to encourage more investment in agronomy-focused innovation. Formed by cropping groups across Canada and chaired by WGRF, the new Integrated Crop Agronomy Cluster (ICAC) will take a whole farm approach to regional and national needs and long-term sustainability innovation including soil, water, air and economics. Similar to the Wheat Cluster operating model, the new Integrated Crop Agronomy Cluster (ICAC) applied to AAFC's CAP program for matched research funding in the fall of 2017 and will in-turn invest in successful research proposals in April 2018.

REGIONAL VARIETY TRIALS

AWC invests \$33,000 annually into regional variety trials (RVTs) performed by Applied Research Associations (ARAs) across Alberta. RVTs result in region-specific insights into variety performance — a value proposition aimed at strengthened on-farm decision-making. This year, AWC began providing in-kind support by assuming the role of financial administrator on behalf of Alberta Regional Variety Advisory Committee (ARVAC). This trial data is compiled and used to generate the Alberta Seed Guide.

SR&ED

Each year, AWC's farmer members are eligible to receive a Scientific Research & Experimental Development (SR&ED) credit for their investment in AWC-funded wheat research. The 2017 SR&ED credit was valued at 20 per cent, reflecting the commission's investment in research and development projects that meet the criteria laid out by the Canada Revenue Agency (CRA) over the 2016-17 year.

MARKETS

As Alberta’s wheat farmers are hard at work growing the food that sustains us, AWC supports this work by ensuring that farmers build and maintain market access to our global customers. We do this alongside our industry partners through our membership in Cereals Canada, and through groups like the MRL Task Force and the Ag Transport Coalition. It’s our job to be in the know as new market opportunities arise, and to tackle trade barriers that affect successful exports.

But it’s taken us time to build this program and create the capacity to be involved in every opportunity that supports growth. When AWC first got up and running five years ago, one of the first tasks of our markets program was to support the new crop missions that were previously led by the Canadian Wheat Board. AWC knew this gap had to be filled right away, especially since the U.S. Wheat Associates have always maintained relationships with similar global customers to Canada. In that first year, Grain Growers of Canada administered a grant from Agriculture and Agri-Food Canada to

continue this work, and collaborated with the Canadian International Grains Institute (Cigi) and the Canadian Grain Commission (CGC) to showcase the new crop and help maintain Canada’s reputation for the high quality grain we are known for. Now led by Cereals Canada, new crop missions have grown into a hallmark initiative that involves collaboration from the entire value chain with continued annual participation from AWC directors.

Five years later, our markets program has expanded into industry leading initiatives such as creating better price transparency through the PDQ grain pricing website (www.pdqinfo.ca) , advocating for trade deals that will create better market opportunities, and working to ensure Canada’s transportation system is able to move each year’s harvest to our customers in a timely fashion. Read more about the major market development initiatives AWC has led and collaborated on this year including the 2016-17 new crop missions.

AWC ADVOCATES FOR FAIR MARKET VALUE FOR GRAIN

In 2017, the Canadian Grain Commission (CGC) launched an initiative to modernize the current grain grading system aimed at ensuring Canadian wheat continues to meet the needs of our international customers. This modernization process is still ongoing and is expected to continue through 2019. Throughout this process, AWC has taken a leadership role in advocating for a market-based system uses on measurable specifications to ensure farmers receive fair market value for the grain they produce. The majority of wheat in the world today is sold to end use customers based on measurable specifications, such as falling number, while grain companies pay farmers based on a visual grading system that doesn’t always reflect the true value of the product.

OUR ROLE IN ADVOCATING ON BEHALF OF FARMERS

- AWC is part of a subcommittee representing producers, grain handlers, exporters and end users to provide advice to the CGC as their modernization project progresses.
- Prior to joining the subcommittee, AWC provided a

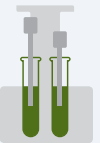
submission to the CGC advocating for more spec-based buying. The submission can be reviewed on www.albertawheat.com

- AWC continues to remind farmers to know all the factors affecting the quality of their wheat and to get a second opinion if they’re not satisfied with visual test results. Lab testing offers objective, internationally recognized methods to find the true value of your grain.

Lab tests can accurately determine Deoxynivalenol (DON) levels – also known as vomitoxin – in parts per million.



Falling number tests are an internationally accepted measurement test for sprout damage.



AWC'S ADVOCACY FOR RAIL REFORM

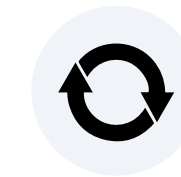


2017 was a landmark year for railway reform in Canada, culminating with the federal government's introduction of the Transportation Modernization Act – historic legislation that promises to provide long-term solutions to Canada's grain transportation issues that have challenged farmers for decades.

Leading up to this point, AWC pressed hard for a more competitive and reliable rail system in Canada. We have consistently reminded the federal government that we need mechanisms in place to ensure we avoid a repeat of the transportation backlog experienced during the winter of 2013-14 that cost prairie farmers billions of dollars in lost revenue and compromised Canada's reputation as a reliable supplier of grain. The following marks some of this year's key highlights of AWC's advocacy work aimed at creating a more responsive, competitive and accountable railway system in Canada.

Visit www.albertawheat.com for a comprehensive look at our advocacy work on the transportation file through our federal government submissions and news releases.

AWC has been advocating for two major changes aimed at increasing railway competition and accountability:



1. Reciprocal penalties, meaning that a significant monetary penalty would be imposed on the railways – as well as grain companies – if either party were to cause a delay on shipping contracts and,



2. improved measures to increase the utilization of interswitching between rail lines. This would afford shippers more choices in rail movement, and result in increased reliability of grain movement for farmers.

AWC invests \$79,000 annually in the Ag Transport Coalition which provides a daily and weekly reporting service indicating timeliness of weekly railcar supply and order fulfillment along with other key performance indicators across the rail network. Farmers can subscribe to receive weekly updates at www.agtransportcoalition.com



TIMELINE OF TRANSPORTATION REFORM

Feb 2016

Following the federal government’s release of the Emerson Report, commissioned to review the current transportation system as a way to look at long-term solutions to grain transportation problems, AWC is one of the first groups in Canada to express concerns that the report was lacking in recommendations to address imbalance in railway power on behalf of the agriculture industry.

Sept 2016

As part of Team Alberta, AWC meets with the provincial transport and agriculture ministers to deliver farmer-focused messaging addressing the imbalance of accountability and market power in Canada’s grain transportation system. The meeting took place prior to a final consultation meeting of federal provincial territorial (FTP) transport ministers, a key step in concluding the Canada Transportation Act review.

Nov 2016

The federal government announces it will implement legislation that will establish reciprocal penalties in service level agreements – a historic step forward for the grain industry and a major success for AWC. **(see pg. 23).**

May 2017

AWC is pleased to see that the federal government has introduced the Transportation Modernization Act (Bill C-49) which includes reciprocal penalties between railways and shipping companies, a maximum revenue entitlement on grain shipments, and improved reporting of rail operations to the Canadian Transportation Agency.

Sept 2017

AWC Chair, Kevin Auch, appears before the House of Commons Standing Committee on Transport, Infrastructure and Communities to urge the quick passing of Bill C-49 and to recommend amendments to the legislation to improve the effectiveness of long haul interswitching.

Nov 2017

Bill C-49 passes in the House of Commons. AWC encourages the Senate to act quickly in passing the bill to ensure the 2017 harvest is able to move without delay.





Price and Data Quotes (PDQ) is the only source of daily pricing that includes basis for three classes of wheat, as well as canola and yellow peas. This AWC-led online tool compiles pricing information into regional price averages across nine zones using daily price information from more than 90 per cent of the grain elevators in Western Canada. PDQ also provides basis levels, futures market closing prices, local weather, and foreign exchange rates. Visit pdqinfo.ca to learn more.

MRL TASK FORCE

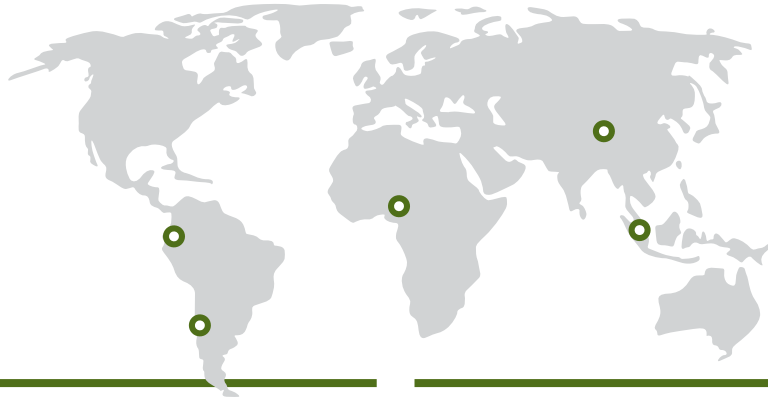
Maximum residue limits (MRLs) is one of the major issues with the potential to affect successful Canadian grain exports. The key issue is that not all countries currently approve crop protection products at the same time. This means that Canadian grain containing traces of products that do not yet have a maximum residue limit in certain markets could be refused for import, as this scenario results in the MRL defaulting to zero.

In an effort to maintain access to key export markets, AWC annually invests \$50,000 and participates as a member of the MRL task force — a group of industry participants responsible for reviewing and analyzing MRL issues to ensure that Canadian grain continues to be successfully exported to our international customers.

NEW CROP MISSIONS

Led by Cereals Canada, the Canadian Grain Commission (CGC) and the Canadian International Grains Institute (Cigi), AWC participates annually in new crop missions, an initiative aimed at promoting high quality Canadian wheat to our global customers. With missions in Asia, Latin America, Europe, Mid-East North Africa and West Africa – and one mission in Canada for domestic sales – Canada’s value chain collaboratively offers consistent messaging of responsible and sustainable production of high quality wheat that builds on our natural advantages like clean air, clean water and clean land. The new crop missions are one of the services that Canadian farmers provide to our customers, but are also an opportunity for customers to voice concerns directly with our value chain. The missions also serve as a forum that

Canada uses to work toward resolving potential trade barriers. For example, the 2017 mission in Italy served as an opportunity to express Canadian concerns surrounding the placement of country of origin labeling (COOL) and to clear up misinformation regarding the use of glyphosate. Working with our customers on issues like these help to ensure Canadian farmers are selling market-ready grain. The new crop missions also help shape initiatives like the wheat research priority-setting process led by Cereals Canada and Agriculture and Agri-Food Canada and messages delivered in the Keep it Clean – Cereals program, and can also send market signals for farmers. In 2016, AWC directors Gary Stanford, Trevor Petersen and Kevin Bender participated in the missions. AWC’s 2017 participants include Kevin Auch, Board Chair, Greg Porozni, Director, and Geoff Backman, Business Development and Markets Manager.



“In Ecuador, I was able to clear up concerns related to crop inputs by explaining that I only apply the bare minimum of products that are necessary to achieve the quality Canada is known for. Not only is it more economically viable to use only what’s needed, but it’s also more environmentally sustainable.” – **Trevor Petersen, AWC Board member**

“In Singapore, I learned that our customers favour Canada’s methods of sorting grain by gluten strength. I also explained our fumigation processes to alleviate concerns about pests since grain gains moisture during transit on the ocean as well as in humid countries.” – **Gary Stanford, AWC Director**



GARY STANFORD
AWC Director

“Our customers in China wanted to better understand how Canadian producers dry our grain as they had concerns about overheating. This gave me the opportunity to explain that producers follow strict requirements that entail drying at as low of a temperature as possible.” – **Gary Stanford**



TREVOR PETERSON
AWC Board Member

“After my presentation in Chile, a miller told me how important it is to them that we meet with them face-to-face. Not only do they highly value the relationship building, but it also helps them to better understand the quality parameters around this year’s crop which helps with their purchasing decisions.” – **Trevor Petersen**



KEVIN BENDER
AWC Vice-Chair

“One miller in Nigeria said Canadian wheat is so consistent he can just start the mill and go to sleep. He doesn’t have to worry about inadequacies or surprises.” – **Kevin Bender**

TRADE AGREEMENTS

As part of our market development work, AWC advocates for greater access to export markets through trade agreements. In the fall of 2017, AWC met with the Deputy Minister of Agriculture and Agri-food Canada Chris Forbes, as well as the Prime Minister’s Office, where we were able to bring our positions to the table.



NAFTA

The North American Free Trade Agreement (NAFTA) is the cornerstone of Canada’s trading relationships with the U.S. and Mexico and provides a framework for cross border commerce to occur. The U.S. and Mexico represent the largest and seventh largest export market for Canadian wheat respectively. Through meetings with the federal government, AWC advocated that maintaining access to those markets is crucial for Alberta’s farmers. AWC’s recommendations covered two key issues:

- 1. Canadian Grain Grading:** allow for American wheat sold into Canada to be graded with the same processes, provided the wheat is a registered variety in Canada. AWC recognizes that trade barriers put our export markets at risk and, with the limited volume of American wheat coming north across the border, this change won’t affect Canadian farmers and could be an advantageous negotiating tool.
- 2. Use of tariff systems in supply management:** As producers of wheat and other grains are dependant on export markets for their livelihood, AWC supported the reduction or removal of all tariff and non-tariff trade barriers on all agricultural commodities.

TPP 11

AWC is still committed to the Trans Pacific Partnership (TPP) — even without the U.S. — and continues to encourage the federal government to ratify this agreement as soon as possible. The TPP 11 still has the potential to add billions of dollars to Canadian agricultural exports since many of the countries included in this agreement are seeing rapid population and income growth and will therefore increase their imports of high-quality agriculture products. Canada’s participation in the TPP ensures that Canadian wheat producers have improved access to expanding markets in Southeast Asia and Central America. Remaining in the TPP also ensures that Canadian producers are not put at a disadvantage to Australia, a competitive export country also included in the TPP.

CETA

The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) was signed on October 30, 2016 and came into force on September 21, 2017. Leading up to the signing of this agreement, AWC advocated for it to come into effect since it will provide full access to EU markets for Canadian wheat and a number of additional grain exports. AWC believes CETA will be a huge boost for Canadian grain producers.

CANADIAN GRAIN COMMISSION SURPLUS

In March 2017, the Canadian Grain Commission (CGC) launched a consultation to address their accumulated surplus. Latest media reports estimate the surplus at more than \$121 million. The surplus was caused by under estimating the amount of outward inspection fees that would be charged on wheat export shipments. As part of the consultation process, the CGC provided stakeholders with a number of options on how to spend the excess income. Of the options presented, AWC recommended that the CGC return the surplus to farmers by reducing user fees over the next five-year cycle. This consultation ended in May 2017 and at the time of writing, AWC is awaiting results.

In a related consultation regarding outward inspections that were the original cause of the surplus, AWC pointed out that roughly 80 per cent of export shipments are being double inspected by the CGC and a private third party. This means that increasingly,

the CGC’s mandatory inspections and certificate final are becoming redundant, adding a layer of administration and cost, making Canada less efficient and competitive. As part of this second consultation, AWC recommended that the CGC shift to voluntary outward inspections to ensure a surplus does not accumulate in future years. AWC’s submissions to both consultations can be reviewed at www.albertawheat.com.



POLICY AND GOVERNMENT RELATIONS

AWC's policy and government relations department is about building solid partnerships to advance Canada's agriculture sector and foster cross commodity expansion and growth. AWC collaborates both with its fellow crop commissions through Team Alberta and through industry organizations on both a provincial and national scale. Over our five years in operation, AWC has built its reputation as an industry leader and a trusted source with governments. In our fifth year in operation, our nimble and responsive approach to policy led to a number of industry leading accomplishments. Some of this year's highlights include:

- Successfully lobbying the federal government to reverse its decision to do away with deferred cash tickets. AWC, along with our colleagues in Team Alberta, including Alberta Barley, Alberta Canola and Alberta Pulse Growers were the first farm leaders to meet with federal finance department officials in April of 2017 in Ottawa.
- Successfully lobbying the federal government to back away from proposed tax reforms that would have threatened the future of family farms by making intergenerational transfers less attractive than selling to large corporations. AWC was the first farm organization in Canada to meet with officials of the federal finance department in September 2017 to alert them of the devastating consequences the changes would have for incorporated family farms.
- Successfully lobbying for a more reliable and accountable grain transportation system through the introduction of the Transportation Modernization Act (Bill C-49), which includes provisions for reciprocal penalties, a mechanism to correct the imbalance in market power between railways and shippers.

A more in depth look at these highlights, and other major accomplishments through the 2016-17 year are included in this section.



TEAMALBERTA

Because our members grow more than just wheat, collaboration ensures their check-off investment in AWC yields the greatest possible return. AWC regularly works with Alberta Barley, Alberta Pulse Growers and Alberta Canola under our Team Alberta banner to advance policy issues both provincially and federally to create a more competitive landscape for farmers.

FINANCIAL POLICIES



CASH TICKET DEFERRAL

AWC took quick action and leadership when we learned that the federal budget released in March outlined the potential to eliminate deferred cash purchase tickets for grain sales. We took to Twitter to immediately notify farmers that this issue was on the table, and the following day, we were one of the first farm groups in Canada to issue a press release expressing our concern.

Our position

Throughout our work on this file, AWC outlined how this cash flow management tool allows farmers to balance income throughout the year and avoid excess swings in taxation levels, encouraging farmers to deliver into good market opportunities. We made it clear that this issue extends beyond the farm gate: farmers' income volatility will ripple throughout the rural economy affecting grain handlers, crop input retailers, machinery dealers and other businesses that sell products and services to farmers.

Representing the farmer voice

- AWC and our counterparts in Team Alberta were the first farm group representatives to meet with the Federal Finance Department on this issue.
- AWC garnered media attention both locally and nationally, becoming a trusted spokesperson representing the agriculture industry.
- AWC developed a submission for the Federal Finance Department's consultation process that included inputs from farmers following our request for comments.

The result

In November 2017, the federal government announced that the cash ticket deferral option will remain in place. AWC's leadership and quick action on this file paved the way for additional farm groups to advocate a similar position, resulting in a positive outcome for farmers.

TAX FAIRNESS

Not long after the cash ticket deferral issue came to light, AWC learned that federal finance minister Bill Morneau had rolled out a series of proposed tax changes that had the potential to cause serious negative implications to incorporated family farms. Through a series of meetings with government officials, press releases and a policy submission, AWC voiced farmers' concerns that they were being unfairly targeted by tax policy supposedly aimed at closing loopholes on the wealthiest Canadians. AWC was concerned that the proposed changes were misaligned with the governments' commitment to grow the agriculture sector, including a goal to increase Canadian agri-food exports from \$55 billion to \$75 billion by 2025.

Our position

AWC outlined three major facets of farm management that could be made more difficult under the proposed changes:

1. Farm families' ability to pass down the operation to the next generation without incurring a massive tax bill and their ability to convert capital into income for the retiring farmer
2. Proposed changes to the treatment of passive income that would restrict the ability of farmers to save up funds in the corporation to purchase new equipment or farmland
3. The ability to spread income across contributing family members

AWC's leadership

- AWC met with Andrew Marsland, Assistant Deputy Minister of Finance in Ottawa, as well as the Prime Minister's Office and Deputy Minister Chris Forbes of Agriculture and Agri-Food Canada where we made a strong case that farmers were unfairly caught in this tax policy.
- With the complexity of this issue, AWC worked with tax experts from accounting firm KPMG to ensure farmers had access to the most relevant information to their operations. AWC commissioned KPMG to put together a Q&A document specific to incorporated family farms. We made this document available both on www.albertawheat.com as well as in the October edition of our newsletter, Wheat's Up.
- AWC provided a submission to the federal finance department with an in-depth analysis on how this issue would affect farmers. The submission can be viewed at www.albertawheat.com.
- As part of Team Alberta, AWC invited farmers to hear more insight from KPMG at the Alberta Crops Breakfast held during AgriTrade in November.

BUILDING A CULTURE OF FARM SAFETY

AGCOALITION

AWC was the catalyst in the formation of the AgCoaliton, a producer-led organization made up of more than 97 per cent of the agriculture industry, united by a common goal to foster a culture of farm and ranch safety in Alberta. Throughout its ongoing advocacy on the Enhanced Protection for Farm and Ranch Workers Act (Bill 6) file, the AgCoalition's 29 membership groups came together as a mechanism to engage with government on their Bill 6 consultation table process and to interface directly with the Agriculture & Forestry Ministry and the Labour Ministry. This work resulted in the fall 2017 launch of the industry-led safety society known as the AgSafe Alberta Society. This group will create a lasting contribution that will ultimately save lives, prevent harm, protect the environment and spare operators from tragic business losses.

AGSAFE ALBERTA

AWC is administering a Growing Forward 2 grant to target adult safety programming by developing farm and ranch safety materials, delivering educational resources, facilitating an improvement in farm safety awareness

and demonstrating a model of farm safety education that can be a foundation of a long-term, permanent structure.

The Alberta Farm and Ranch Safety Grant Working Group is carrying out this work, with groups representing both crops and livestock. The working group hired Donna Trottier as Farm and Ranch Safety Extension Coordinator to develop and carry out the group's strategic objectives. In doing so, the "AgSafe Alberta" brand was launched.

SERVICES AND RESOURCES NOW AVAILABLE AT WWW.AGSAFE.AB.CA

1. Instructor-led courses including a quickstart guide, introduction to risk assessment and hazard assessment course
2. On-farm safety services: farmers can book an advisor visit to help start their personalized farm safety program
3. Online courses aimed at risk and hazard assessment



SUSTAINABILITY

Sustainability continues to be one of AWC's focus areas, motivated by growing consumer desire to better understand where their food comes from and how it was produced. Our work gives farmers a platform to tell their story and demonstrate their commitment to sustainability and continuous improvement on their operations.

ALBERTA FARM SUSTAINABILITY EXTENSION WORKING GROUP

Team Alberta established the Alberta Farm Sustainability Extension Working Group (AFSE) in 2015 and hired a coordinator, Jolene Noble, to oversee work aimed at implementing extension programming to increase Alberta producers' awareness of on-farm sustainability. In 2017, this group began the work to create an online platform which provides Alberta farmers with access to resources that will help them to develop their individual continuous improvement plan while allowing them to track their progress against critical sustainability metrics.

NATIONAL ENVIRONMENTAL FARM PLAN SUMMIT

AWC is taking a leadership role alongside our industry partners as part of the steering committee in place to create a National Environmental Farm Plan (NEFP) – an outcomes-based standard that will harmonize the provincial and territorial Environmental Farm Plans from coast-to-coast. The purpose of this work is to better facilitate sustainable sourcing of Canadian agricultural products. To further synthesize this work, AWC founded the NEFP Summit to provide a forum for all members of Canada's agri-food value chain to ensure that regional practices are reflected in this uniquely Canada approach to sustainable agriculture.





FUSARIUM POLICY: THE INDUSTRY-LED FHB WORKING GROUP

In response to a resolution presented at our 2017 Annual General Meeting, AWC initiated the Fusarium Head Blight (FHB) Industry-Led Working Group which includes like-minded industry partners working collaboratively to advance fusarium policy in the province of Alberta. The FHB Working Group is advocating for progressive policy that better aligns with the current landscape since Fusarium graminearum (Fg), the most aggressive of the fusarium species that causes FHB, was added as a declared pest in 1999 to Alberta's Agricultural Pest Act. The zero tolerance policy was originally intended to slow the spread of Fg across Alberta — but was unsuccessful — as the province has seen a significant increase in Fg across the province originating from the east.

In 2014, this file became active when a private members bill was introduced proposing the establishment of a 0.5 per cent tolerance level in Alberta seed and livestock feed. The Bill sparked considerable debate and in the end, it died on the order paper and was not revisited by the provincial government until the industry-led FHB working group revived the file. In doing so, the working group met with Agriculture and Forestry Minister Oneil Carlier and Deputy Minister Bev Yee on August 30, 2017 where they encouraged Deputy Minister to honour a commitment to launch public consultations as soon as possible. The Deputy Minister agreed to move this initiative forward and the consultations took place in late October 2017 with AWC in attendance.

AWC recognizes that this issue is a growing concern for farmers and will continue to advocate through this process that the zero tolerance policy curtails advancement in disease management and mitigation.

PMRA

In November 2016, the Pest Management Regulatory Agency (PMRA) launched a re-evaluation of neonicotinoid insecticides including imidacloprid, as well as lambda-cyhalothrin (most commonly known as Matador). With this news, AWC was concerned the PMRA'S decision to re-evaluate these modern farming tools was not based on a rigorous review based on sound science. AWC felt it was a priority to defend farmers' access to these tools that improve efficiency and sustainability. This topic was highlighted during AWC's federal outreach mission in Ottawa in September 2017. AWC highlighted the following points when we met with key government representatives on this file:

- Farmers must have continued access to the crop protection products required to yield a successful crop. Losing these modern farming tools puts Canada's farmers at a competitive disadvantage, especially considering that the products in question are available to U.S. farmers.
- Canada's regulatory system is recognized globally for its predictable, science-based protocols. Failure to maintain this high standard could put Canada's credibility at risk with our international customers.

BUILDING A NATIONAL FOOD POLICY FOR CANADA

Canada's agriculture sector is keen to be engaged in the development of a national food policy. As such, AWC, along with a number of our industry partners including Cereals Canada, advocated for the establishment of a Food Policy Council to ensure that relevant stakeholders are engaged in an informed discussion going forward. These groups also request that the federal government reconsider its ambitious timeline with respect to the development and implementation of a policy to ensure robust and meaningful consultation with key stakeholders including Canada's agriculture sector.



UNHARVESTED ACRES

As part of Team Alberta, AWC took action when the unseasonably cold and wet fall of 2016 caused farmers to leave roughly a million acres unharvested across the province. With spring seeding looming in 2017 and many crops still too wet to harvest, Team Alberta held weekly calls with both the Agriculture Financial Services Corporation (AFSC) and Agriculture and Forestry (AF). During these conversations, Team Alberta pressed for quick action with crop inspections to ensure farmers could make timely decisions whether to destroy or harvest their crop to avoid two consecutive years of crop failure. These productive discussions resulted in improved inspection timing and more answers related to crop insurance for destroying crops. Throughout our course of action, AWC drew attention to issue through the media and ensured farmers had access to answers via www.albertawheat.com.



COMMUNICATIONS AND EVENTS

AWC’s communications program is in place to ensure farmers are informed of the initiatives we’re leading aimed at adding value to the farm gate. We do this through a variety of channels including Twitter, press releases, our quarterly newsletter, Wheat’s Up, and our in-house magazine, GrainsWest, which we share with Alberta Barley. Over the course of AWC’s five years in business, our communications program has proudly launched a number of innovative initiatives highlighted below:

- Life’s Simple Ingredient was launched in the spring of 2017 and has quickly become a major focus for our communications program. This consumer campaign takes a fresh and positive approach to promoting wheat consumption, celebrating the wholesomeness and versatility of wheat – our home-grown and well-loved ingredient.
- Wally’s World of Wheat was launched in 2016. This interactive tradeshow experience was designed to give elementary-aged children a hands-on understanding of wheat’s journey from field to fork. The spring and summer of 2017 marked our second year showcasing Wally’s World of Wheat on the elementary school field trip circuit, with a presence

at Calgary Stampede’s AgTivity in the City, Aggie Days Calgary and Lethbridge, Amazing Ag in Edmonton and City Slickers in Stony Plain.

- WheatWatch was launched in the spring of 2017. This online publication takes a timely approach to agronomic issues affecting farmers throughout the growing season with contributions from industry experts.
- A new website was launched in 2016 to house all of AWC’s initiatives and information in one place. Farmers are encouraged to visit www.albertawheat.com to learn more.
- Wheat’s Up newsletter delves into the most current wheat industry topics and is sent out to AWC’s 14,000 members quarterly.
- GrainsWest Magazine has grown into a well-respected agriculture industry publication. This year, we piloted an exclusively online magazine for the October edition aimed at providing cost savings and promoting our online presence.
- AWC sponsors Real Agriculture’s Wheat School, and an archive of resource videos are available on our website.



Life's
Simple
ingredient
.ca

Alberta Wheat



LIFE'S SIMPLE INGREDIENT

Launched in May 2017, AWC's Life's Simple Ingredient campaign encourages consumers to celebrate the wholesomeness and versatility of wheat as a healthy way to nourish our families. One of the hallmark features of the campaign is partnership development: AWC is working with end users such as local bakeries, and with influencers like chefs, bloggers and dietitians, that consumers look to as they make food-related decisions. Life's Simple Ingredient shares the story of wheat through content aimed at simplifying life and taking the time to enjoy family and the food that brings us together. In its short lifespan, the campaign has developed an ever-growing urban following, and through digital marketing and an in-person presence at local events, our goal is to continue building awareness and sharing the message of this home-grown ingredient.



Learn more about Life's Simple Ingredient at www.lifessimpleingredient.ca and follow our social channels on Instagram, Facebook and Twitter.

EDUCATIONAL EVENTS AROUND THE PROVINCE

AWC hosts several events that offer an educational opportunity for farmers. We plan events that align with current issues, challenges or opportunities on the farm and continuously refine events to ensure we are meeting farmers' needs. The following are the major highlights of AWC's busy event schedule this year:

- AWC hosted WheatStock this summer in partnership with Farming Smarter. This event took a rock-n-roll approach to wheat research: farmers and industry participants took in some of the work happening at the Lethbridge Research Station of Agriculture and Agri-Food Canada and were treated to a live band and field games.
- AWC hosted Making the Grade alongside Alberta Barley, Alberta Canola and Alberta Pulse Growers, a hands-on grain grading seminar aimed at giving farmers insight on how to get the best grade for their grain.
- In the winter of 2016, AWC hosted regional meetings across the province in collaboration with the Alberta canola and barley commissions. Rebranded as Next Level Farming in 2017, this year's round of meetings featured a new conference-style approach and were capped off with a keynote speaker from DOT Technologies – the company behind the world's first driverless tractor. AWC partnered with Alberta Barley and Alberta Pulse Growers on the 2017 Next Level Farming events.



AWC looks forward to presenting the first-ever Cereals Innovation Symposium in January 2018 – an event that will give farmers the opportunity to hear from some of Canada's best in agriculture science and technology. The Cereals Innovation Symposium is being hosted in collaboration with Alberta Barley, and both commissions are working closely with the province's Cereals Specialist, Clair Langlois.

AWC encourages farmers to stop by our booth and visit with staff, directors and regional representatives at Agri-Trade in Red Deer, AgExpo in Lethbridge, Peace Country Classic in Grande Prairie and FarmTech in Edmonton. As a host of FarmTech, our AGM also takes place at this event and is open to the general public.



Farmers can visit
www.albertawheat.com
 to learn more about these
 events and to register for
 upcoming events throughout
 the 2018 year.

EXTENSION

AWC INVESTMENT IN AREA RESEARCH ASSOCIATIONS

MANNING

NORTH PEACE APPLIED RESEARCH ASSOCIATION

\$1,500 (extension) + \$13,626 (demo)

- » **Extension:** crop walks, newsletters, soil health information
- » **Demo:** Field research studies designed to produce wheat in the North Peace Region with enhanced stewardship and profitability goals
- » Wheat variety trials for North Peace, Plant Growth Regulator evaluation, integration of soil health practices in Western Canada, crop rotations

FALHER

SMOKEY APPLIED RESEARCH AND DEMONSTRATION ASSOCIATION

\$11,500 (extension) + \$12,000 (demo)

- » **Extension:** crop walks, newsletters, field school, Falher trade show
- » **Demo:** SARDA Ag Research Variety Trials, Empowered for Farmers event

WESTLOCK

GATEWAY RESEARCH ORGANIZATION

\$1,500 (extension) + \$14,000 (demo)

- » **Extension:** Crop walks, field day
- » **Demo:** Optimizing nitrogen application rate for wheat-canola/wheat-pea-wheat rotation using urea and polymer coated urea (ESN)

FAIRVIEW

PEACE COUNTRY BEEF & FORAGE ASSOCIATION

\$7,954 (demo)

- » **Demo:** Comparison of yield and agronomic performance of wheat cultivars of CWRS and CPSR grown in the peace region

OYEN

CHINOOK APPLIED RESEARCH ASSOCIATION

\$1,500 (extension) + \$13,840 (demo)

- » **Extension:** Crop walks and cropping information for the special areas, soil health information
- » **Demo:** The effect of nitrogen placement on yield and protein quality in hard red spring wheat

BONNYVILLE

LAKELAND AGRICULTURAL RESEARCH ASSOCIATION

\$1,500 (extension)

- » **Extension:** Crop walks and tours

LETHBRIDGE

FARMING SMARTER

\$30,000 (extension)

- » Lethbridge conference, Cypress conference, Field School, WheatStock, crop tours, Next Level Farming, AWC Region 1

FORESTBURG

BATTLE RIVER RESEARCH GROUP

\$1,500 (extension)

- » **Extension:** Field days with agronomic information

FORT VERMILION

MACKENZIE APPLIED RESEARCH ASSOCIATION

\$1,500 (extension)

- » **Extension:** Agricultural fair and field tours



FHB RISK TOOL LAUNCHED THIS YEAR

During the 2017 growing season, AWC launched Alberta's Fusarium Head Blight (FHB) risk tool in partnership with Alberta Climate Information Service (ACIS), improving farmers' ability to make well-informed decisions related to FHB disease management. The risk tool was developed with expert support from researchers based at Agriculture and Forestry (AF) and Agriculture and Agri-Food Canada (AAFC).

This local disease infection risk tool is optimized for use on mobile devices, enabling farmers to remotely view hourly updates on FHB disease severity for their location. Risk is based on a seven-day history of rain, temperature and humidity. The tool also features a live updating provincial map of Alberta with the Disease Severity Index for every weather station as well an info tab containing best management practices. Farmers are encouraged to access the tool by visiting www.albertawheat.com.



WESTERN WINTER WHEAT INITIATIVE

AWC's annual \$20,000 investment in the Western Winter Wheat Initiative (WWWI) helps establish super sites across Alberta to showcase the benefits of incorporating winter wheat into a cropping rotation. WWWI partners with AWC to host numerous events at these sites where farmers can hear from experts about growing winter wheat and other crops in a profitable crop rotation. In 2016-17, the site locations at Rosalind, Nobleford and Redwater focused on variable management practices, as well as marketing options.

DEVELOPING FUTURE INDUSTRY LEADERS

SCHOLARSHIPS

Over AWC’s five years in operation, we have established a number of scholarships aimed at developing future industry leaders. These scholarships are available to post-secondary students in agriculture-related studies, as well as students with a demonstrated interest in entering a career in the agriculture industry.

UNIVERSITY OF ALBERTA

Graduate Award

Alberta Wheat Commission Graduate Research Scholarship in Crop Science
\$10,000

New in 2017: Undergraduate Awards

Alberta Wheat Commission Award in Sustainable Agriculture
Field of Study: Sustainable Agricultural Systems
\$1,000

Alberta Wheat Commission Award in Crop Science

Field of Study: Crop Science
\$1,000

New in 2017: Alberta Wheat Commission Award in Agricultural Economics

Field of study: Agricultural and Resource Economics or Agricultural/Food Business Management
\$1,000

MOUNT ROYAL UNIVERSITY

Alberta Wheat Commission Scholarship in Agriculture Policy Studies

Field of study: Bachelor of Arts, Policy Studies.
\$2,000

**Preference given to a policy studies student with a demonstrated interest in the agriculture sector.*

UNIVERSITY OF LETHBRIDGE

Alberta Wheat Commission Agronomy Scholarship
Field of study: Any degree program
\$1,000

**Preference given to a student interested in pursuing a career in the field of agriculture, agronomy or plant genetics.*

OLDS COLLEGE

Alberta Wheat Commission Agriculture Award

Field of study: Agriculture Management - Production Major
\$1,000

LAKELAND COLLEGE

Alberta Wheat Commission Scholarship in Crop Technology
\$1,000

LETHBRIDGE COLLEGE

Alberta Wheat Commission Scholarship in Agriculture Sciences (Plant and Soil Major)
\$1,000



DEVELOPING FUTURE INDUSTRY LEADERS



INTERNSHIPS

AWC applies annually to the Summer Temporary Employment Program (STEP) to receive funding to hire post-secondary students for internships. In 2017, AWC hired two students to support both the policy and government relations program and the research program. Thanks to Mount Royal student Sam Green and University of Manitoba Student Anne Tran for their work with AWC in the summer of 2017.

FARMTECH PASS CONTEST FOR GRAD STUDENTS

AWC runs an annual contest to present five grad students with FarmTech passes to advance their professional development and networking opportunities. Grad students can participate by providing AWC with a short essay detailing how FarmTech will benefit them professionally.

CLASSROOM AGRICULTURE PROGRAM

AWC continues to work with our industry partners to educate Alberta's grade four students about agriculture in both city and rural schools via our membership in the Classroom Agriculture Program (CAP). AWC is on the CAP board and provides \$3,500 annually in membership fees.



ADVANCINGAG PROGRAM

June 2017 saw the official launch of the AdvancingAg Future Leaders Program, a collaborative initiative led by AWC and Alberta Barley aimed at inspiring future farm leaders and agriculture professionals through mentorship and leadership experiences.

AdvancingAg is a 12-month program that pairs mentees aged 18-35 with a mentor who is passionate about the ag industry, eager to share their experience and help shape the professional growth of a young agriculture industry professional. Mentees apply to the program and successful applicants are paired based on interests and career goals.

In its pilot year, AdvancingAg has eight mentee/mentor matches and aims to increase to 15 matches in its next cycle. Over the 12-month program, mentees will take in a meet and greet event, three-day leadership workshop and graduation. All mentees are provided a \$4000 budget to attend events, register for workshops and pay for travel to support their professional development during the program.

AdvancingAg
Future Leaders Program

AdvancingAg is sponsored by Dow AgroSciences and Meyers Norris Penny (MNP). AdvancingAg aims to operate on a cost-neutral basis through sponsorship by the start of the next 12-month cycle.

More about AdvancingAg including information on how to apply and our sponsorship package is available at www.advancingag.ca.



FINANCE/ HUMAN RESOURCES

ACCOUNTABILITY AND TRANSPARENCY TO ALBERTA'S WHEAT FARMERS

As a producer-funded organization, transparency and accountability in how we re-invest farmer dollars is our top priority. AWC's finance department supports all other program areas in ensuring that we are creating the best possible value for financial investments that align with our strategic priorities. In doing so, we operate with sound financial planning, risk management protocols, and strong cash flow and asset management. The finance department undergoes a yearly cost-benefit analysis of all program areas and initiatives to ensure cost allocation aligns with value-based results, as well as an annual audit conducted by Meyers Norris Penny, which was successfully completed again this year. AWC's finance team continues to operate under a collaborative model with Alberta Barley, Barley Council of Canada and GrainsWest, resulting in administrative cost savings for farmers.

In 2014, AWC's finance team made the move to an in-house levy collection system in collaboration with Alberta Barley, making use of our shared office staff and resources. Since that time, our in-house levy collection database has proven to be a more cost-effective use of farmer dollars by improving efficiency in collecting and reporting on the check-off.

REFUND RATE

Because of our sound financial policies and value demonstrated to stakeholders through core programming, our refund rate continues to consistently remain below five per cent.

NEW CHECK-OFF IMPLEMENTED

On August 1, 2017 AWC transitioned to a single wheat check-off of 1.09 per tonne, following the end of the Western Canadian Deduction (WCD). This change saves farmers nine-cents per tonne on all wheat sales from the \$1.18 farmers were previously paying through the combined AWC and WCD check-offs. Moving forward, AWC has assumed all funding obligations of the WCD, including core funding for the development of new wheat varieties as well as market support, and education and testing services provided by the Canadian International Grains Institute (Cigi) in Winnipeg.

GOVERNANCE TRAINING

This year, AWC organized governance training in conjunction with Alberta Barley. This seminar from the STRIVE! Group provided fresh insights into best practices and effective interactions between the board of directors and management.

PDQ FINANCIAL ADMINISTRATION

In 2015, AWC was awarded funding from Agriculture and Agri-Food Canada's AgriRisk Initiatives Program to fund PDQ, our web-based commodity pricing tool. Funding was concluded in 2017, and AWC's finance team diligently handled the close of this program. AWC is currently working on a sustainable funding model for PDQ.

MANAGEMENT’S RESPONSIBILITY

TO THE MEMBERS OF ALBERTA WHEAT 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

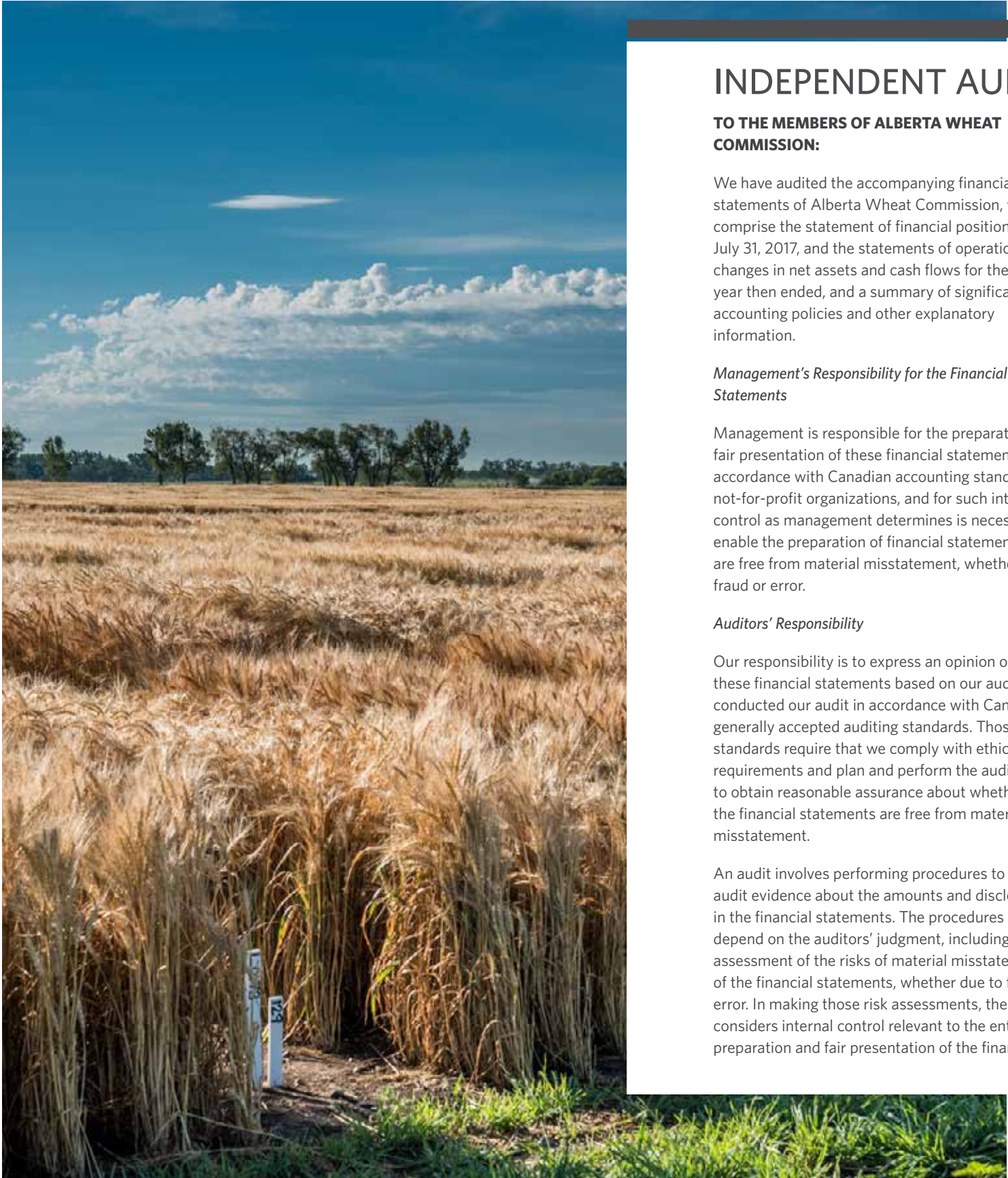
Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. 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.

November 7, 2017



Tom Steve, General Manager



INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF ALBERTA WHEAT COMMISSION:

We have audited the accompanying financial statements of Alberta Wheat 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 wheat producers, the completeness of which could not be satisfactorily verified during our audit. Accordingly, our verification of these revenues and related accounts receivable 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 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 Wheat 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.

Chartered Professional Accountants



Calgary, Alberta November 7, 2017

ALBERTA WHEAT COMMISSION

STATEMENT OF FINANCIAL POSITION

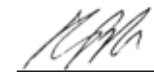
As at July 31	2017	2016
ASSETS		
Current		
Cash	4,033,561	2,150,590
Restricted cash (Note 7)	549,326	544,521
Accounts receivable (Note 3)	1,076,720	1,159,247
Prepaid expenses and deposits	15,698	14,043
	5,675,305	3,868,401
Investments (Note 4)	2,689,487	3,612,038
Restricted investments (Note 5)	2,000,000	2,000,000
Capital assets (Note 6)	103,787	124,040
Deposits	23,666	23,666
	10,492,245	9,628,145
LIABILITIES		
Current		
Accounts payable and accruals	479,436	477,402
Deferred revenue (Note 7)	549,326	544,521
	1,028,762	1,021,923
Commitments (Note 8)		
NET ASSETS		
Internally restricted (Note 5)	2,000,000	2,000,000
Unrestricted	7,463,483	6,606,222
	9,463,483	8,606,222
	10,492,245	9,628,145

Approved on behalf of the Board

Director



Director



The accompanying notes are an integral part of these financial statements

ALBERTA WHEAT COMMISSION

STATEMENT OF OPERATIONS

For the year ended July 31	2017	2016
REVENUE		
Check-off fee revenue	5,967,023	5,996,668
Check-off fee refunds	(322,918)	(287,058)
Agri-Risk revenue	97,551	390,230
GrainsWest revenue	44,482	45,555
AG coalition revenue (Note 7)	65,102	34,757
Farm Safety revenue (Note 7)	164,835	20,787
Sponsorship revenue (Note 7) (Note 11)	69,460	-
Regional Variety Trials revenue (Note 7)	5,694	-
	6,091,229	6,200,939
EXPENSES		
Research expenses	1,961,227	1,798,057
Communication expenses	866,869	790,373
Salaries and benefits	585,353	556,453
Market development expenses	558,498	668,895
Policy expenses	330,151	285,805
Rent	185,353	159,517
GrainsWest expenses	169,699	194,537
Farm Safety expenses	164,835	20,787
General and administrative expenses	157,462	173,793
Internal and industry meetings	155,227	186,849
Agri-Risk expenses	98,847	390,230
AG Coalition expenses	65,102	34,757
IT services and computer expenses	33,713	49,792
Professional fees	30,074	31,126
Amortization	25,384	29,836
	5,387,794	5,370,807
	703,435	830,132
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS		
OTHER ITEMS		
Unrealized gain on investments	52,007	23,210
Interest income	68,842	10,406
Other revenue	32,977	16,065
	857,261	879,813

The accompanying notes are an integral part of these financial statements

ALBERTA WHEAT COMMISSION STATEMENT OF CHANGES IN NET ASSETS

<i>For the year ended July 31</i>	UNRESTRICTED	INTERNALLY RESTRICTED	2017	2016
Net assets, beginning of year	6,606,222	2,000,000	8,606,222	7,726,409
Excess of revenue over expenses	857,261	-	857,261	879,813
Net assets, end of year	7,463,483	2,000,000	9,463,483	8,606,222

ALBERTA WHEAT COMMISSION STATEMENT OF CASH FLOWS

<i>For the year ended July 31</i>	2017	2016
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
Operating		
Excess of revenue over expenses	857,261	879,813
Amortization	25,384	29,836
Unrealized gain on investments	(52,007)	(23,210)
	830,638	886,439
Changes in working capital accounts		
Accounts receivable	82,527	(92,941)
Prepaid expenses and deposits	(1,655)	26,059
Accounts payable and accruals	2,034	(40,305)
Deferred revenue	4,805	442,473
	918,349	1,221,725
Investing		
Purchase of capital assets	(5,131)	(16,554)
Purchase of investments	(1,067,643)	(4,297,140)
Proceeds from sale of investments	2,042,201	786,857
	969,427	(3,526,837)
(Increase) decrease in cash	1,887,776	(2,305,112)
Cash, beginning of year	2,695,111	5,000,223
Cash, end of year	4,582,887	2,695,111
Cash is comprised of:		
Unrestricted cash	4,033,561	2,150,590
Restricted cash	549,326	544,521
	4,582,887	2,695,111

The accompanying notes are an integral part of these financial statements

ALBERTA WHEAT COMMISSION NOTES TO THE FINANCIAL STATEMENTS

For the year ended July 31, 2017

1. Incorporation and nature of the organization

The Alberta Wheat Commission (the “Commission”) was incorporated effective August 1, 2012 under the authority of the Province of Alberta Marketing of 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 wheat producers an organization for developing new markets and products for wheat and for influencing the direction of research dedicated to wheat 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 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Externally restricted capital contributions are recognized as revenue as the related asset is amortized. Donations and contributions in-kind are recorded at fair value when such value can reasonably be determined.

Portfolio investments

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Marketable securities with prices quoted in an active market

The accompanying notes are an integral part of these financial statements

include guaranteed investment certificates (GICs), mutual funds and corporate bonds.

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 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.

ALBERTA WHEAT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (Continued from previous page)

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 declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	RATE
Automotive	30 %
Computer equipment	20 %
Furniture and fixtures	20 %
Promotional equipment	33 %

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 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.

ALBERTA WHEAT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

3. Accounts receivable

	2017	2016
Check-off fees receivable	816,284	661,266
Agri-Risk Program	71,540	369,138
Other receivables	88,322	82,838
Alberta Barley Commission	100,574	46,005
	1,076,720	1,159,247

Alberta Barley Commission is related to the Commission by virtue of common management. All transactions between the two parties are measured at exchange amount and bear standard commercial terms of payment.

4. Investments

Investments, which include GICs, mutual funds and corporate bonds, are reported on and have maturity dates between September 21, 2017 and June 22, 2020 (2016 – July 26, 2017 and July 26, 2019) and bear interest at annual rates between 1.40% and 1.85% (2016 – 1.40% and 1.85%). Investments are stated at their market value. It is the intention of the Board to hold all investments until maturity. Management’s intentions are to hold these investment amounts for future operations therefore this amount has been classified as long-term.

5. Restricted investments

Restricted investments include GICs, mutual funds and corporate bonds with yields to maturity between 1.40% - 1.80% and maturity dates between June 15, 2020 and December 7, 2020. Restricted investments are stated at their market value. It is the intention of the Board to hold all restricted investments until maturity. The Board of Directors has internally restricted \$1,000,000 of short-term investments as a reserve for future research and \$1,000,000 as a reserve for contingencies. These funds cannot be accessed without the approval of the Board of Directors. Management’s intentions are to hold these restricted investment amounts for future research and contingencies reserves therefore this amount has been classified as long-term. Interest and gains on these investments are unrestricted and included in the unrestricted investment balance.

6. Capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Automotive	7,289	5,802	1,487	2,125
Computer equipment	113,110	58,405	54,705	62,074
Furniture and fixtures	106,033	60,383	46,650	57,063
Promotional equipment	9,699	7,754	1,945	2,778
	236,131	132,344	103,787	124,040

ALBERTA WHEAT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred revenue

Changes in deferred revenue and the related restricted cash are as follows:

	2017	2016
Balance, beginning of year	544,521	102,048
Add: Amounts collected but not yet recognized	280,061	544,521
Less: Amounts recognized as revenue during the year	(275,256)	(102,048)
Balance, end of year	549,326	544,521

The \$549,326 is restricted cash specifically used for the AG Coalition, Farm Safety Program, RVT and NEFP sponsorship programs.

Ag Coalition: The Commission was a catalyst in the formation of the AG Coalition, a producer-driven group of 29 organizations united by a common industry goal to foster a culture of farm safety in Alberta. The Commission provides staff and administrative support to the coalition.

Farm Safety Program: The Commission is the administrator of a grant under Growing Forward 2 (“GF2”), a federal-provincial-territorial agreement, for the development and delivery of farm safety workshops and materials. The Commission is a member of the Alberta Farm and Ranch Safety Extension Working Group, a coalition of crop and livestock groups that directs allocation of the GF2 grant dollars.

Regional Variety Trials (“RVTs”): The Commission will provide financial support to the Alberta Wheat RVTs, which are an important source of unbiased information on crop variety performance used by Alberta grain producers to make planting decisions. The Commission will also assume the role of financial administrator for the Alberta-British Columbia Grain Advisory Committee (ABCGAC), which includes the collection of all entry fees and industry contributions and dissemination of plot cooperator compensation beginning in 2017.

For the year ended July 31, 2017, the Commission received \$91,600 from the ABCGAC for these services provided and recognized \$5,694 in revenue. 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.

National Environmental Farm Plan sponsorship (“NEFP”): The Commission, as a member of the NEFP steering committee, invites Agri-food stakeholders from across the value chain to attend the second annual NEFP Summit in Ottawa in November 2017. Attendees will further develop a national standard designed to connect environmentally sustainable practices at the farm level with global food buyers’ growing need to source sustainable ingredients.

For the year ended July 31, 2017, the Commission received \$72,961 from various Agri-food stakeholders and recognized \$39,460 in sponsorship revenue. 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.

ALBERTA WHEAT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

8. Commitments

On September 1, 2013, the Commission occupied leased premises subject to minimum monthly rent until the termination of the contract at August 31, 2020. The rental agreement is a joint agreement with the Alberta Barley Commission which is responsible for onehalf of the below payments.

2018	162,000
2019	162,000
2020	162,000
Thereafter, to August 31, 2020	22,500
	508,500

9. 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, or other price risks arising from these financial instruments except as otherwise disclosed.

The Commission is indirectly exposed to market risk due to fluctuations in the investments’ prices. These fluctuations could have an impact on cash flows of the Commission.

10. Comparative figures

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

11. Sponsorship revenue

Included in revenue in the statement of operations is \$30,000 (2016 – \$nil) for Mentorship Sponsorship revenue and \$39,460 (2016 – \$nil) recognized as NEFP sponsorship revenue.



Alberta Wheat Commission | Suite 200, 6815 - 8 Street NE | Calgary, Alberta T2E 7H7
www.albertawheat.com