

Conseil de
l'orge du
Canada



Barley
Council of
Canada

2015

»» Annual Report

» Table of Contents

- 01** About Us
- 04** Chair's Message
- 06** Executive Director's Message
- 08** Executive Committee
- 09** Research & Innovation
- 13** Market Development
- 18** Beneficial Management Practices & Agronomy
- 22** Trade & Policy
- 27** Finance
- 29** Financial Statements





» About Us

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

The BCC focus areas are:

- > research and innovation,
- > market development,
- > beneficial management practices,
- > market access, and
- > education.

Membership Structure

- Regular members (voting): Firms, corporations and organizations that are actively involved in the Canadian barley industry and interested in furthering the objectives of the BCC.
- Associate members (non-voting): Any other individual, firm, corporation or organization interested in furthering the objectives of the BCC.

The board structure provides for:

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

Funding Structure

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

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

The following annual report provides an update regarding the BCC's focus areas, committee work and projects, as well as the financial statements from August 1, 2014, to July 31, 2015.



» Chair's Message

Dear stakeholders,

The BCC's 2014/15 fiscal year has been one of growth and evolution. The Council matured as we welcomed our new Executive Director, Phil de Kemp, and two full-time staff members. Together with our members we renewed our dedication to the long-term profitability and sustainable growth of Canada's barley industry.

Market access is integral to maximizing the potential for barley. This past year, the BCC continued to advocate for the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Trans-Pacific Partnership (TPP). The Council also established a collaborative relationship with China when we signed a Memorandum of Understanding (MOU) with China Agriculture University. Together these market access initiatives lay the foundation for promising and sizeable market growth. Going forward the BCC will continue to maintain and develop Canada's relationships in existing and emerging markets.

As we worked to increase the demand for our world-class barley, Canada's rail transportation system continued to be a concern for our shippers and our customers. As a member of the Rail Shippers Coalition

the BCC continued to advocate for an efficient and reliable transportation system. Reliable rail transport for barley and other commodities is an important issue and will continue to be a priority in the years ahead.

The Council is an active participant in the national roundtables and discussions around sustainable agriculture in Canada. As sustainability focused organizations and initiatives evolve it is essential that barley remain a strong voice at the table; around which sits many other producer groups, product handlers, processors and retailers. By working together we can ensure that Canadian agriculture remains, and is recognized as, a sustainable industry with a promising future.

The BCC remains committed to growing Canada's barley industry and I am proud to say that the national *GoBarley* platform reached new heights this past year. Through our *GoBarley* Product Partners we now recognize and work with companies making products from verifiable Canadian grown barley. The formation of this program was a fundamental step in connecting the value-chain to increase recognition of and demand for Canadian barley products.

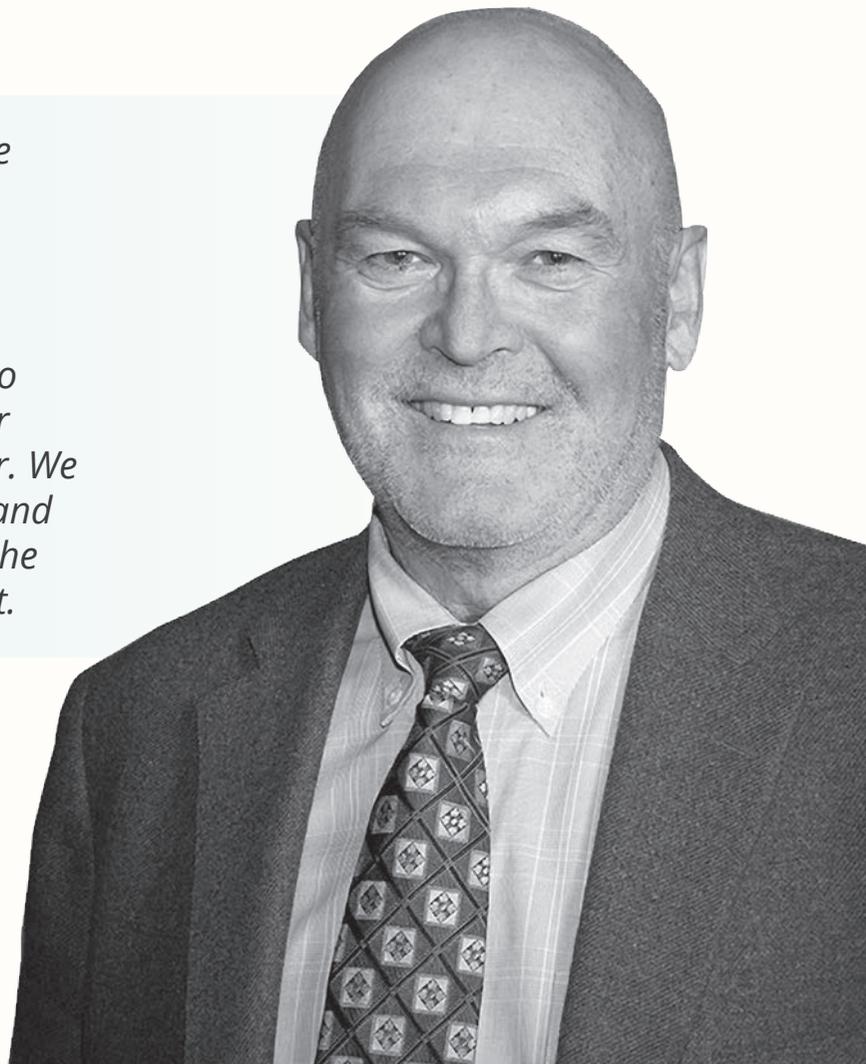
As we wrap up one year and move into the next, I am pleased to see continued collaboration between the members of Canada's barley value chain. As the Chair of the Barley Council of Canada I want to thank all of our members for their unwavering support this past year. We are headed in the right direction and I am confident that the future of the Canadian barley industry is bright.

Thank you for your support and dedication.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Otto', with a long horizontal flourish extending to the right.

Brian Otto, Chair





» Executive Director's Message

Dear stakeholders,

It has been said that the signs of a good organization are its resiliency and its ability to adapt to change. By recalibrating tasks and priorities, an organization is able to meet the important needs of its members.

For the BCC, this past year is perhaps best described as a year of transition and recommitment. We evolved into a truly stand-alone organization, and hired a dedicated full-time director of grower and industry programs as well as a manager of communications and stakeholder relations. The Council is now better than ever.

These changes have helped us reaffirm our commitment to grow the barley industry on a national level for all value chain members.

As Canadian barley farmers, grain handlers, maltsters, brewers, feed users and food manufacturers, we strive to maintain the highest standards of quality and food safety. We know we have high-quality products thanks to our rigorous standards, leading-edge production and agronomic practices, and commitment to innovation. Together, our message is strong: Canadian barley and value-added products are truly world-class.

The challenge now is to demonstrate and continually reinforce this message. We need to show that our industry is committed to meeting the needs and expectations of new and existing customers, which is exactly what the BCC aims to do.

Over the past year, the Council laid the foundation to grow the Canadian barley value chain in specific areas of opportunity. Our collaborative research projects and the ongoing development of a centralized barley research database are an investment in our knowledge of barley. Focusing on agronomy, beneficial management practices, and sustainability initiatives ensures our industry will thrive. Market development initiatives, new trade policy, and advocacy endeavours allow us to expand our access to international and domestic markets.

In the short five months that I have worked with the BCC, the support, counsel and trust that my staff and I have received from all directors, members and their respective organizations have been both humbling and amazing. To all of you, I offer a very sincere thank you.

This annual report will give you a thorough overview of our activities from this fiscal year. I truly believe the BCC is now well positioned to help foster and implement our common vision—ensuring the long-term profitability and sustainable growth of the Canadian barley industry.

I am excited and confident for the future of the BCC and what we can accomplish with our producer and industry members in the years ahead.

It has been a privilege working on your behalf.

Sincerely,

A handwritten signature in black ink, appearing to read "P. de Kemp". The signature is fluid and cursive, with a large initial "P" and a stylized "de Kemp".

Phil de Kemp, Executive Director

» Executive Committee

Chair



Brian Otto

Past president,
Western Barley
Growers
Association

Vice-chair



Chantelle Donahue

Vice-president
of corporate
affairs, Cargill

Treasurer



Luke Harford

President,
Beer Canada

Secretary



Zenneth Faye

Director,
Saskatchewan
Barley Development
Commission

Committee Member



Jason Lenz

Vice-chairman,
Alberta Barley

Committee Overview

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

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

» Research & Innovation

Committee Members

- **Aaron Beattie, PhD** – *Co-chair*
Assistant professor, University of Saskatchewan
Crop Development Centre
- **Bob Sutton** – *Co-chair*
Vice-president, commercial, Rahr Malting Canada Ltd.
- **Marta Izydorczyk, PhD**
Research scientist and program manager, Grain
Research Laboratory, Canadian Grain Commission
- **Michael Brophy**
President and CEO, Brewing and Malting Barley
Research Institute
- **Garson Law** – *Staff lead*
Research manager, Alberta Barley

Committee Overview

The BCC's Research and Innovation Committee is focused on being aware of research efforts nationally and internationally. This awareness allows the committee to be a resource for the public, investigators and funding agencies.





AgriInnovation Program: National Barley Research Cluster

As a national organization, the BCC provides an environment where regional research and national objectives can align through federal research granting programs. The “AgriInnovation Program (AIP): National Barley Research Cluster” grant, funded through Growing Forward 2, is one such program.

Fiscal year end (FYE) 2015 signalled the completion of the second of five years under the Growing Forward 2 program run by Agriculture and Agri-Food Canada (AAFC). The AIP grant includes 27 projects focused on barley research for feed, malt and food. Alberta Barley manages the National Barley Research Cluster. The projects are carried out at research stations across the Prairie provinces and at AAFC stations in Ottawa, ON, and Charlottetown, PEI. The complete list of all 27 AIP projects is available on the Alberta Barley website.

Canadian Nutrition Society Annual Meeting

The BCC Research and Innovation Committee submitted an application for a barley-focused research session at the annual meeting of the Canadian Nutrition Society, May 28 to 30, in Winnipeg, MB. The proposal, which focused on the antioxidant health properties of barley,

was approved. The resulting presentation, “Content, Composition and Health Benefits of Vitamin E in Barley,” was given by researcher Tricia McMillan from the Grain Research Laboratory of the Canadian Grain Commission. This session showcased the potential health benefits of barley beyond its usual claim of being a high source of beta-glucan soluble fibre. The audience included a diverse group of researchers, individuals and companies with a direct connection to the general public.

North American Barley Researchers Workshop and the Canadian Barley Symposium 2017

Marta Izydorzyc is leading the local organizing committee of the tri-annual North American Barley Researchers Workshop, which will be held in Winnipeg, MB, in 2017.

The committee was tasked with organizing the next rendition of the Canadian Barley Symposium, the most recent of which was held in Calgary, AB, in 2012. The Canadian Barley Symposium was previously organized by the Barley Development Committee, which has since been absorbed into the BCC.

Given that travel budgets for researchers are often limited, and that there are several domestic and international conferences for barley researchers,

the next Canadian Barley Symposium will be held in conjunction with the North American Barley Researchers Workshop. This unification will encourage world-class speakers and guests to attend the Canadian Barley Symposium too.

Preliminary discussions have taken place during the past year, and the organizing team will be putting together the details of the meeting beginning in early 2016. The organizing team includes Michael Brophy, Garson Law and members of the Canadian Malting and Brewing Technical Centre (CMBTC).

Barley Research Database

In FYE 2015, the BCC began working on a barley-focused research database, starting with a collection of historical research projects funded by Alberta Barley. As with most scientific funding institutions and agencies, archiving projects for future reference was not a priority in the early years of Alberta Barley. As a result, much of the research material was scattered throughout a variety of mediums. Once completed, this online database will serve as the first step for researchers looking to identify major research themes, barley researchers, and the significance and impact of historical studies.



» Market Development

Committee Members:

- **Bob Cuthbert** – *Chair*
Director of trade and sales, CWB
- **Garnet Berge**
Director, BC Grain Producers Association
- **Herb Groenenboom**
Officer-at-large, National Cattle Feeders' Association
- **Jason Lenz**
Vice-chairman, Alberta Barley
- **Jeff Mathieson**
Director, Saskatchewan Barley Development Commission
- **Peter Watts**
Managing director, Canadian Malting Barley Technical Centre
- **Linda Whitworth** – *Co-staff lead*
Market development manager, Alberta Barley
- **Phil de Kemp** – *Co-staff lead*
President, Malting Industry Association of Canada

Committee Overview

The Market Development Committee works to promote barley for malt, feed, food and biofuel consumption. It focuses on increasing demand for Canadian barley while also maximizing the opportunities and returns for all members of the barley value chain. It is the role of the committee to identify market development opportunities, market intelligence needs and project funding opportunities as part of the BCC's overall strategic plan.

New Malting Barley Variety Test Trials

The committee is developing a commercialization strategy to promote the sale of Canadian barley to domestic and global malting and brewing industries. One proposed step of the strategy is to have interested end users conduct pilot plant scale trials of new Canadian malting barley varieties. The Canadian industry would subsidize the cost of container shipments of new malt barley varieties to interested buyers through a cost-share model whereby all players who benefit would contribute. The initial focus would be on offshore markets—including China, Colombia and Ecuador—that have less access to new varieties and testing than our North American customers. The

intent of these trials is to develop a sustainable model for a long-term program to promote and commercialize new malting barley varieties.

Global Malting Barley Competitor Evaluation Project

Another step in the commercialization strategy was the development of the Global Malting Barley Competitor Evaluation Project. It was designed to compare malting barley varieties from Australia, Argentina, the United States and the European Union against Canadian malting varieties and end-use demands. This project has since been tabled as focus moved to other initiatives.

AgriMarketing Program

The AgriMarketing Program (AMP) is a five-year (2013-18), \$341-million, cost-shared funding program under Agriculture and Agri-Food Canada's Growing Forward 2 program. The AMP was designed to help farmers and food processors compete in domestic and international markets and take advantage of market opportunities.

Funding for phase one of the joint Alberta Barley and BCC project, "Developing Food Markets for Canadian Barley," came to a close in March. The initial \$314,800, awarded in late 2013, was allocated over an 18-month period to work on developing food markets for Canadian barley. Alberta Barley, in partnership with the BCC, received another \$660,123 from the federal government through the AMP for "Developing Food Markets for Canadian Barley - Phase 2." Undertaken from April 2015 to March 2018, this second phase builds upon the market development work and activities carried out during the first phase of AMP funding. These activities are the cornerstone of the ongoing development of the *GoBarley* platform for the food industry.

GoBarley

Alberta Barley created *GoBarley* in 2013 as a consumer campaign to promote food barley. With the first phase of AMP funding, *GoBarley* evolved to become an entire platform for promoting barley as a high-quality, healthy, versatile and delicious grain to both health professional and consumer audiences.





Activities undertaken through *GoBarley* include developing recipes and health-focused resources, attending and exhibiting at food and health industry conferences and trade shows, and advertising and distributing food barley materials and information to stakeholders.

To continue building our relationship with health professionals, Alberta Barley Market Development Manager Linda Whitworth and technical consultant Kelley Fitzpatrick manned the *GoBarley* exhibit at the Food and Nutrition Conference and Expo (FNCE) in October in Atlanta, Georgia.

Also in October, a *GoBarley* contingent travelled to Saskatoon, SK, to meet with local food processors and researchers. This trip was followed up with a similar trip to Edmonton, AB, in early November. These trips were early steps to gather the market intelligence required to expand *GoBarley* to include the food processing industry.





In early December, Health Ingredients Europe and Natural Ingredients Europe 2014 took place in Amsterdam, Netherlands. Alberta Barley Chairman Mike Ammeter and GrainsWest Managing Editor Trevor Bacque attended the shows on behalf of *GoBarley*. Market intelligence they gathered during the trip highlighted the prevalence of organic and natural products in marketing to the European consumer.

On January 22, *GoBarley* presented a successful webinar to our health professional and food manufacturing audiences titled, "Using Barley to Formulate Healthy Food Products." The webinar shared the technical expertise of Linda Malcolmson, PhD, and Nancy Ames, PhD, with over 350 registrants, and generated broader interest in the *GoBarley* messaging and platform.

GoBarley hosted the Food Barley Innovation Event in Toronto, ON, on February 5. This event connected experts in the field of barley food science and food formulation with research-and-development and product-development representatives from targeted domestic and multinational food companies.

Also in February, Alberta Barley's CFO and Director of Human Resources Syeda Khurram and Alberta Barley Market Development Group member Glenn Logan returned to Dubai, United Arab Emirates, to attend Gulfood 2015, "the world's largest annual food and hospitality show." The trip built on the inroads made by the pair the previous year.

In May, Kara Barnes, the BCC director of grower and industry programs, and Whitworth exhibited at Ingredients for Success: The Conference on Food Innovation in Calgary, AB, hosted by Alberta Innovates Bio Solutions. The event connected *GoBarley* with local food companies and promoted the many benefits of barley as a food ingredient.

***GoBarley* Product Partners**

As *GoBarley* evolved from a simple consumer campaign to a multifaceted platform, the need to engage the manufacturing and retail sectors became evident. So, the necessary steps were taken to register the *GoBarley* logo as a legal certification mark. This means that companies making barley products can be licensed to use the *GoBarley* logo in the labelling and advertising of their products, as long as the barley in those products is at least 90 per cent verifiably Canadian grown.

Product partners gained over the year include:

**THE
INTERNATIONAL
CENTRE**

> Toronto, ON



> Edmonton, AB



> Saskatoon, SK



> Penhold, AB



> Edmonton, AB

Licensed partners receive a feature spot on *gobarley.com* and are eligible to be part of the *GoBarley* exhibit at domestic and international conferences, trade shows and events.



» Beneficial Management Practices & Agronomy

Committee Members:

- **Jason Lenz** – *Chair*
Vice-chairman, Alberta Barley
- **John O'Donovan, PhD**
Research scientist, AAFC
- **Kelly Turkington, PhD**
Research scientist, AAFC
- **Kevin Sich**
Grain department manager,
Rahr Malting Canada Ltd.
- **Peter Watts**
Managing director, Canadian Malting
Barley Technical Centre
- **Zenneth Faye**
Director, Saskatchewan Barley
Development Commission
- **Kara Barnes** – *Staff lead*
Director of grower and industry programs, BCC

Committee Overview

The Beneficial Management Practices and Agronomy Committee works on behalf of the barley industry to develop the strategic position and address the demands for sustainable and profitable production in malt, food, feed and bio-product markets. The committee represents the BCC in national discussions around sustainable agriculture and leads the development of the proposed *GrowBarley* platform.

The committee met five times over the course of the year and attended several sustainability-focused meetings on behalf of the BCC. Committee membership increased with the additions of malt industry representatives Peter Watts and Kevin Sich.

Canadian Roundtable for Sustainable Crops

Former BCC Executive Director Brett Campbell and committee members Kara Barnes and Zenneth Faye attended the Canadian Roundtable for Sustainable Crops (CRSC) meeting in Ottawa, ON, on November 27. Committee Chair Jason Lenz also attended on behalf of Alberta Barley to present a farmer's perspective on the Alberta Crops Sustainability Certification Pilot Project.

Executive Director Phil de Kemp and Barnes both attended the CRSC Sustainability Metrics Platform meeting on May 5 in Winnipeg, MB.

CRSC Feed Barley Pilot Project

As project co-chairs, Campbell and Lauren Stone, manager of corporate affairs and sustainability at Cargill, presented a Feed Barley Pilot Project update at the CRSC meeting in November. Their presentation announced that the commissioned feed barley carbon analysis was complete. The resulting barley carbon footprint number, by geographical location, is available through the Canadian Crop Carbon Footprint Lookup Tool from the Canola Council of Canada.

In spring 2015, the project evolved from a barley-focused initiative to encompass the entire cropping system, and has since transitioned into the larger CRSC Pilot Project. As a result of this evolution, the BCC is no longer a co-chair of the project but remains an active member of the new Pilot Project Committee through the participation of Barnes and Lenz.



Canadian Roundtable for Sustainable Beef

Campbell and Barnes attended the Canadian Roundtable for Sustainable Beef (CRSB) annual general meeting in Kelowna, BC, on September 24 and 25. As a CRSB member, the BCC reviewed and commented on the sustainability principles and criteria of the Global Roundtable for Sustainable Beef, which have since been adopted as the principles and criteria of the CRSC. Work is ongoing to develop sustainability indicators and verification methods for Canada within the global framework for sustainable beef.

The CRSB also provided resources to its members around the prudent use of antimicrobials in veterinary medicine and livestock production. This was in response to public criticism of perceived antibiotic and pharmaceutical use to mask poor animal husbandry in beef production.

Canadian Field Print Initiative

A request was made for the BCC to provide funding for and become a member of the Canadian Field Print Calculator. The BCC declined the request at that time, but continued to monitor the progress of the larger initiative as a participant at Canadian Field Print Initiative meetings.

GrowBarley

GrowBarley began as a simple idea for a public relations campaign to encourage more land in barley production. The BCC held consultation meetings with the malt and brewing industries on February 12 and March 5, with the Alberta cattle industry on February 25, and with the Alberta pork industry on April 2. Committee discussions around the outcomes of the consultation meetings laid the groundwork for a whole new platform: *GrowBarley*.

GrowBarley was proposed as a farmer-focused platform that would bring together information on barley agronomics and production, economics and markets, and sustainability into one easily accessible place. The program would begin by collecting existing information from expert sources, from which the committee could then identify knowledge gaps that could be tackled by the other BCC committees. The platform would evolve with the needs of the barley industry, and would function as a producer-focused sister platform to the existing *GoBarley* consumer platform.

In July, the BCC board approved the motion to move ahead with development of the proposed *GrowBarley* platform with a projected release date of fall 2016.



» Trade & Policy

Committee Members

- **Luke Harford** – *Chair*
President, Beer Canada
- **Allen Kuhlmann**
Director, Saskatchewan Barley
Development Commission
- **Erin Gowriluk**
Government relations and policy manager, Alberta
Wheat Commission and Alberta Barley
- **Jeff Nielsen**
Director, Western Barley Growers Association
- **William Van Tassel**
First vice-president, Fédération des producteurs de
cultures commerciales du Québec
- **Phil de Kemp** – *Staff lead*
Executive director, BCC

Committee Overview

International trade is vital to the success of all BCC members. The Trade and Policy Committee monitors developments in new trade policy and recommends advocacy initiatives to expand access to international and domestic malt, food, feed and bio-product markets.

International Trade and Policy

During FYE 2015, the Council was extensively involved in trade advocacy. It was important to ensure that the need for meaningful and comprehensive market access agreements for Canada's barley value chain was always front and centre for Canada's negotiators, the International Trade and Agriculture Minister, and other elected officials.

With the signing and ratification of the Canada-Korea Free Trade Agreement in the fall of 2014, and the legal scrubbing of the Canada-European Union Comprehensive Economic and Trade Agreement initiated, the BCC focused its attention on the Trans-Pacific Partnership (TPP) negotiations. The BCC is working in partnership with the Canadian Agri-Food Trade Alliance (CAFTA) on the TPP.

BCC Executive Director and Malting Industry Association of Canada President Phil de Kemp represents the Council on the CAFTA board of directors. His office in Ottawa, ON, has enabled the Council to build stronger relationships with senior government department officials, federally elected representatives and other Ottawa-based national agri-food associations, including CAFTA.

In July, de Kemp and other CAFTA board members travelled to Hawaii to show support for Canada's trade minister and chief negotiator at the TTP round. This mission also helped to bolster Canada's presence and ensure the interests of Canada's export barley and barley products remained a priority in the TPP agricultural negotiations.

A successful conclusion to the TPP negotiations could provide additional export market opportunities for all its members. Barley producers and processors could experience the most significant gains, as the market access for our beef and pork industry partners would result in a higher demand for feed barley.

China Agricultural University

After BCC Chair Brian Otto travelled to China on a ministerial trade mission, Council members recognized that China provides exciting opportunities for growth. As a result, the Council identified China as a priority market and began looking for outreach and relationship-building opportunities. Canada's advantage in the Chinese market is its commitment to quality, food safety and export performance reliability.

In June, de Kemp travelled to Beijing, China, with Canada's Deputy Minister of Agriculture and Agri-Food Andrea Lyons. The goal of the trip was to begin establishing relationship-building and sales opportunities for a number of Canadian commodity groups and companies in China.

As a result, the BCC met and signed a Memorandum of Understanding (MOU) with China Agricultural University. The objective of the MOU is to seek collaborative opportunities when considering potential barley research initiatives. Collaborative research projects could provide economic benefits to both Chinese feed barley users as well as Canadian barley producers and exporters. This was the first step in establishing a long and prosperous relationship with China's most reputable agricultural university.

Canadian Rail Transportation Review

Canada's economic security and prosperity is dependent upon a reliable, efficient and market-responsive rail transportation system—not only for today, but also for decades to come.

During FYE 2015, Canada's rail transportation system was once again a focus area for the BCC. The Council continued to advocate for long-term solutions to Canada's rail transportation system to help Canada meet the rising demand for Canadian commodity goods—including barley.

The Council's efforts began in the fall of 2014 with a submission to the Canadian Transportation Agency (CTA) review panel, chaired by former federal cabinet minister David Emerson. The review panel was charged with the task of providing recommendations to the Minister of Transport regarding the changes necessary to ensure a reliable, efficient and market-responsive rail transportation system. The submission highlighted areas of change that would benefit the Council's value chain members and, by association, Canada's other commodity groups.

Specific changes noted in the submission included:

- > timely and reliable service,
- > transparent and contractually binding commercial terms and obligations, and
- > reciprocal penalties for non-delivery performance.

Emerson's recommendations to the CTA and the Minister of Transport are expected to be submitted no later than Dec. 24, 2015.

Going forward, the BCC will be fully engaged in the review of these recommendations and will continue to work collaboratively with our other commodity stakeholder partners in the next phase of review.

Coalition of Rail Shippers

The BCC was involved in developing a cross-sector submission under the umbrella of the Coalition of Rail Shippers (CRS). This coalition comprises the major rail shippers in Canada who experienced non-performance challenges with the railways. Collectively, the coalition is responsible for over 75 per cent of all Canadian rail shipping business.

Crop Logistics Working Group

In the spring of 2015, the Council participated in an extensive four-month review and preparation of a consolidated agricultural industry submission to the CTA review panel. All of Western Canada's grains and oilseeds organizations, the grain-handling industry, selected provincial policy organizations, and provincial government representatives came together as the Crop Logistics Working Group. The group was chaired by Murdoch MacKay, commissioner of the Canadian Grain Commission, and submitted a detailed, consensus-approved submission outlining the members' needs and proposals to the CTA review panel.





» Finance

Revenue

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

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

FYE 2015 Audit

The FYE 2015 audit was completed successfully and in accordance with the high standards established by the Executive Committee. The results of the audit and the detailed financial statements for the BCC are included in the following pages.



» Financial Statements

Management's Responsibility

To the Members of Barley Council of Canada,

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

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

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

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

January 15, 2016



Phil de Kemp, Executive Director

Independent Auditors' Report

To the Members of Barley Council of Canada:

We have audited the accompanying financial statements of Barley Council of Canada, which comprise the statement of financial position as at July 31, 2015, and the statements of operations and 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barley Council of Canada as at July 31, 2015 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.

Calgary, Alberta, January 15, 2016

MNP LLP

Statement of Financial Position

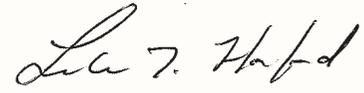
As at July 31, 2015

	2015	2014
Assets		
Current		
Cash	136,158	144,443
Accounts receivable	13,000	5,000
	149,158	149,443
Capital assets (Note 3)	15,186	5,028
	164,344	154,471
Liabilities		
Current		
Accounts payable and accruals	144,881	30,343
Net Assets		
Unrestricted	19,463	124,128
	164,344	154,471

Approved on behalf of the Board



Brian Otto - Chair



Luke Harford - Treasurer

Statement of Operations & Changes in Net Assets

For the year ended July 31, 2015

	2015	2014
Revenue		
Producer membership	237,000	220,000
Industry membership	29,000	33,500
Sponsorship	435	26,000
	266,435	279,500
Expenses		
Salaries and benefits	118,017	27,462
Communication expenses	62,077	-
Travel	52,411	48,397
Professional fees	39,523	14,881
Memberships and subscriptions	31,649	7,617
Meetings	27,845	44,599
Rent	22,530	9,777
Office expenses	7,466	1,082
Amortization	6,108	1,500
Telephone	2,669	-
Bank charges and interest	805	57
	371,100	155,372
Excess (deficiency) of revenue over expenses	(104,665)	124,128
Net assets beginning of year	124,128	-
Net assets, end of year	19,463	124,128

Statement of Cash Flows

For the year ended July 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(104,665)	124,128
Amortization	6,108	1,500
	(98,557)	125,628)
Changes in working capital accounts		
Accounts receivable	(8,000)	(5,000)
Accounts payable and accruals	114,538	30,343
	7,981	150,971
Investing		
Purchase of capital assets	(16,266)	(6,528)
Increase (decrease) in cash	(8,285)	144,443
Cash resources, beginning of year	144,443	-
Cash resources, end of year	136,158	144,443

Notes to the Financial Statements – For the year ended July 31, 2015

1. Incorporation and nature of the organization

Barley Council of Canada (the “Council”) was incorporated effective March 28, 2013 under the authority of the Canada not-for-profit Corporation Act. It is registered as a not-for-profit organization and, thus, is exempt from income taxes under 149(1)(l) of the Income Tax Act (“the Act”). In order to maintain its status as a registered not-for-profit organization under the Act, the Council must meet certain requirements within the Act. In the opinion of management these requirements have been met.

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

2. Significant accounting policies

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 Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

The Council receives staffing and offices services from an external entity, these contributions are not recognized as either contributions or expenses in the statement of operations.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

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

	Rate
Website design costs	33%
Equipment	33%

Financial instruments

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

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

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

Financial asset impairment:

The Council assesses impairment of all of its financial assets measured at cost or amortized cost. An impairment of financial assets carried at amortized cost is recognized in the excess of revenue over expenses when the asset's carrying amount exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting year.

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

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

3. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Website design costs	20,283	7,060	13,223	5,028
Equipment	2,894	931	1,963	-
	23,177	7,991	15,186	5,028

4. Alberta Barley Commission

Included in membership revenue reported in the statement of operations is a contribution of \$190,000 (2014 - \$190,000) from Alberta Barley Commission.

The Council receives staffing and office services from Alberta Barley Commission. No amount has been recorded in the Council's financial statements reflecting these services.

As at July 31, 2015, the Council has \$104,067 (2014 - \$20,843) due to Alberta Barley Commission included in accounts payable.

5. Economic dependence

The Council's primary source of revenue is membership fees, of which \$190,000 (2014 - \$190,000) of membership fees and significant contributed services were received from the Alberta Barley Commission. Should the contributions be reduced or eliminated, the Council's ability to continue viable operations would be in question. As at the date of these financial statements management believes that the Council is able to continue as a going concern.

6. Financial instruments

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

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