

Conseil de
l'orge du
Canada



Barley
Council of
Canada

2016

» Annual Report





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» 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 co-ordinating 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
- > 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 individuals, firms, corporations and organizations 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: maltsters, brewers, feed industry representatives, grain handlers and exporters, researchers, and seed and life science companies

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Board of Directors

- **Brian Otto** - Western Barley Growers Association
- **Chantelle Donahue** - Cargill Canada
- **Luke Harford** - Beer Canada
- **Zenneth Faye**
Saskatchewan Barley Development Commission
- **Bryan Adam** - Alberta Barley
- **Aaron Beattie**
Crop Development Centre, University of Saskatchewan
- **Bob Sutton** - Rahr Malting Canada Ltd.
- **Casey Vander Ploeg**
National Cattle Feeders' Association
- **Dean Harder**
Manitoba Wheat and Barley Growers Association
- **Garnet Berge** - B.C. Grain Producers Association
- **Markus Haerle** - Grain Farmers of Ontario
- **Rod Merryweather** - FP Genetics/Secan
- **William Van Tassel** - Producteurs de Grains du Québec

Officers of the Board

- **Peter Watts** - Canadian Malting Barley Technical Centre



» Chair's Message

Dear stakeholders,

The 2015/16 fiscal year brought continued growth to the Barley Council of Canada. We remained actively invested in growing Canadian barley's market access. Through our continued partnership with the Canadian Agri-Food Trade Alliance, we are able to lend our voice and support to a group dedicated to securing market access for all Canadian commodities. Our Executive Director, Phil de Kemp, also travelled to Maui, Hawaii, and Atlanta, Georgia, during the trade negotiations to support and promote the Trans-Pacific Partnership trade agreement.

As the BCC moves forward, we are continually striving to increase our trading partners' interest in Canadian barley. Through our work with the government, we advise on trade restrictions that make it difficult to market barley to some of our trading partners' countries. We also relay to government the importance of our international reputation as a reliable supplier of Canadian world-class quality barley.

This fiscal year was the BCC's first full year of managing the *GoBarley* platform, which promotes Canadian barley as a healthy, delicious ingredient to consumers.

Over the past year, Kara Barnes, BCC director of grower and industry programs, has been active in growing *GoBarley* on a national scale. Sydney Duhaime, BCC manager of communications and stakeholder relations, has been busy with the Council's and *GoBarley's* communications and media relations activities. Our thanks go out to our staff for all they have contributed this year.

As the BCC's role in the industry grows, it is important that we develop a funding model, supported by the whole industry, that will secure a sustainable financial future for the Council. In FYE 2016, Phil identified the preliminary steps needed to develop a model for the BCC. Over the course of the next year, we will work to create a model that supports the future of the BCC and Canada's barley industry.

Though I have mentioned it in the past, I would once again like to state the strategic importance of having our executive director based in Ottawa. It has, time and time again, proven to be both a financial and a logistical advantage. In Ottawa, Phil is close to the government departments that influence policies that affect our

industry. It is this close proximity that has led Phil, and therefore the Council, to be invited to present before government committees on trade and transportation issues a number of times. Having our head office located in Calgary, AB, the heart of barley country, shows we are truly a national organization.

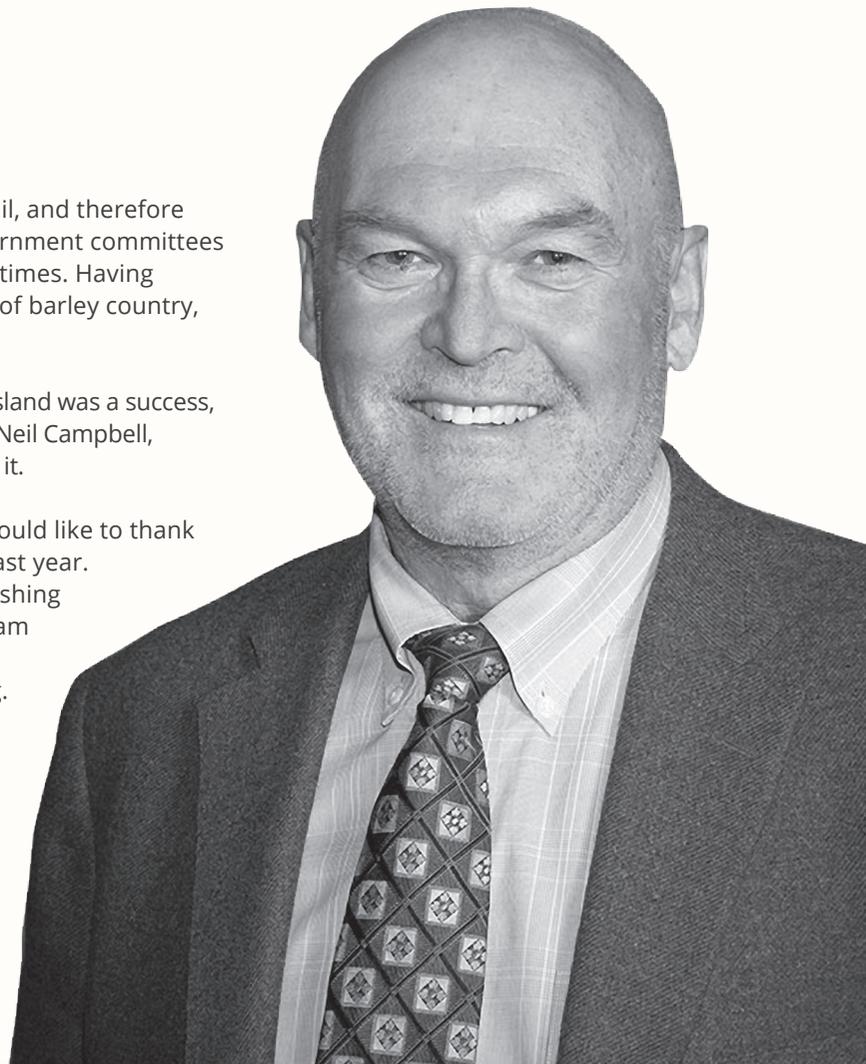
Our year-end summer meeting in Prince Edward Island was a success, and our many thanks go out to Kara, Sydney and; Neil Campbell, member, Atlantic Grains Council; for co-ordinating it.

As the Chair of the Barley Council of Canada, I would like to thank our members for their continued support this past year. As the national voice for barley, we are accomplishing what we set out to do—promote our industry. I am confident that Canada’s barley industry will continue to grow, and our future remains strong.

Sincerely,

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

Brian Otto, Chair





» Executive Director's Message

Dear stakeholders,

It has been said that an organization is a set of relationships that are persistent over time, and its efforts are not enough without purpose and direction.

The BCC's efforts this past year can perhaps be best described through our relationships. We worked to build and maintain our organization's relationships with a wide range of stakeholders from across Canada's agriculture industry, and with many government departments. It is vital that we foster relationships with these stakeholders, as they play an integral part in the present and future success and direction of Canada's barley industry.

It has also been a year of preparation. We laid the groundwork for a number of initiatives that will launch next fiscal year, including *GrowBarley* (a production-focused information and resource online platform) and the next national barley research cluster, and made progress on feed barley market development opportunities in China. We also began developing a new value-chain promotional funding model that will support the growth of Canada's barley industry.

The Council has worked extremely hard to develop collaborative relationships with the newly elected government. As the national voice for barley and its value-chain partners, we have been diligent in articulating our purpose to newly elected parliamentarians, ministers and government committees, and advocating for their help in fostering future prosperity for our sector.

Our collaborative working relationship with the Canadian Agri-Food Trade Alliance is a big win for our sector. This relationship has helped us negotiate a good deal for barley, barley products and barley-fed products in the Trans-Pacific Partnership trade deal.

The BCC's involvement with the Canada Grains Council on a wide range of issues—including low-level presence policy, phosphine fumigation regulations, and maximum residue level policy direction and co-ordination—has been extremely beneficial to our members.

We continue to work with our other commodity sector partners via the Crop Logistics Working Group and the Coalition of Rail Shippers. Together we advocate for changes to rail transportation, including reciprocal penalties, stronger definitions of “suitable and adequate,” and the continuation of 160-kilometre inter-switching provisions.

We have also forged an excellent working relationship with our fellow cereals partners—most notably Cereals Canada and the Prairie Oat Growers Association—to work

co-operatively and collaboratively on future initiatives that impact all of our commodity value-chain sectors.

These are just a few examples of the BCC's relationship-building activities this past year. All of these relationships are valuable because working collaboratively helps us all meet the needs of our various constituents. This annual report will give you a thorough overview of our activities and accomplishments, and the groundwork we established over the past fiscal year.

I am both humbled by and appreciative of the continued support, counsel and trust that my staff and I have received from all directors, members and their respective organizations. I am confident in the success of the BCC and what we can accomplish, both collectively and with our fellow sector partners, 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', written in a cursive style.

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



Bryan Adam

Director,
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

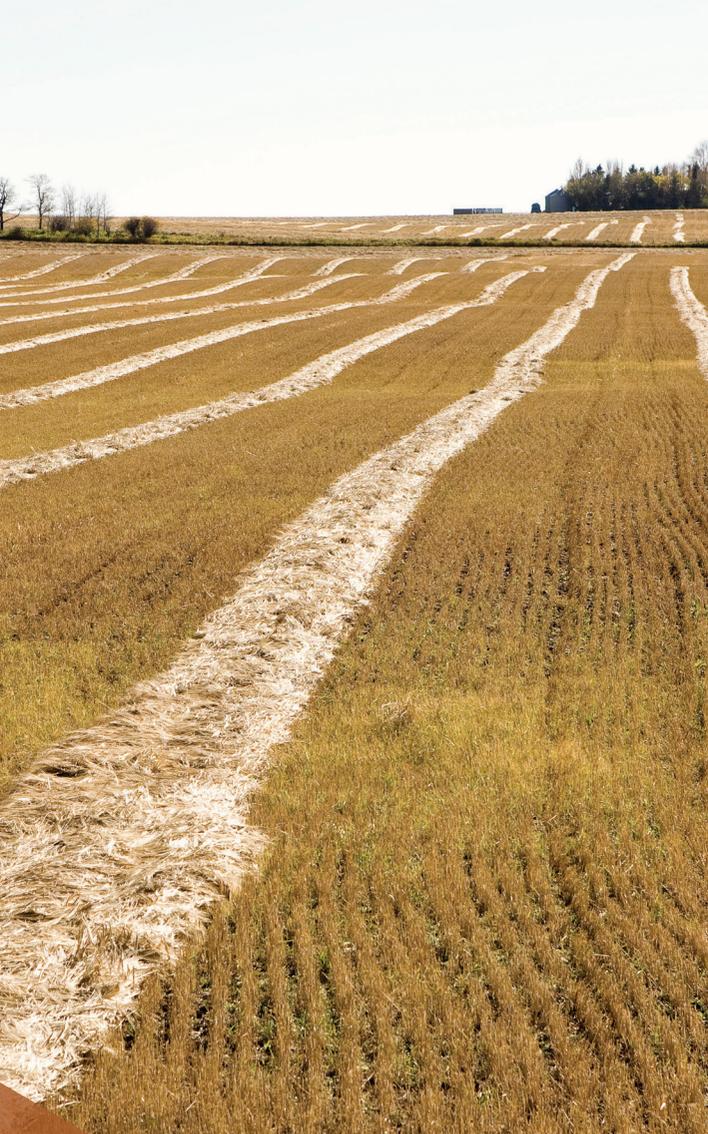
Committee Members

- **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
- **Neil Campbell**
Member, Atlantic Grains Council
- **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.





AgrilInnovation 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 AgrilInnovation Program (AIP): National Barley Research Cluster, funded through Growing Forward 2, is one such program.

As of FYE 2016, the AIP cluster is partially through year four of the five-year funding agreement (2013–2018) under the Growing Forward 2 program run by Agriculture and Agri-Food Canada (AAFC). This grant funded 27 projects that are underway at research centres across the Prairie provinces and at AAFC stations in Ottawa, ON, and Charlottetown, PEI. There were a few delays in the short-term deliverables of some projects due to the difficult harvest season, but these projects will be back on track by late 2016. The complete list of projects, which features project updates, is available at albertabarley.com.

The current AIP ends on March 31, 2018, and planning has already begun on the next agricultural policy framework. The next national barley research cluster will be led by the BCC.

North American Barley Researchers Workshop and the Canadian Barley Symposium 2017

The Barley Development Committee has historically organized the Canadian Barley Symposium (CBS). With the advancement of the BCC, the Barley Development Committee disbanded and transferred its remaining funds to the BCC for future iterations of the CBS. The Research and Innovation Committee decided that the best opportunity to hold this meeting would be in conjunction with the next triennial North American Barley Researchers Workshop (NABRW) in June 2017.

Marta Izydorczyk, a member of the BCC Research and Innovation Committee, is leading the NABRW organizing committee. Other members of the local organizing committee include Michael Brophy of the Brewing and Malting Barley Research Institute (BMBRI), Peter Watts of the Canadian Malting Barley Technical Centre, Tricia McMillan of the Canadian Grain Commission, and Garson Law, the committee staff lead. A draft budget for the combined meetings has been created, and a tentative programming committee has been developed. Meeting updates will be released December 2016 at barleycanada.com.

Barley Research Database

The need for a publicly accessible database of research on barley was identified as a valuable tool for producer funding groups, commercial interests and scientists, both nationally and internationally. The BCC was identified as the best organization to lead the development and management of this database, which will be a go-to resource to identify major research themes, find barley researchers, and discover the significance and impact of historical studies.



» Market Development

Committee Members:

- **Peter Watts** – *Chair*
Managing director, Canadian Malting Barley Technical Centre
- **Bob Cuthbert**
Former director of trade and sales, Canadian Wheat Board
- **Bryan Adam**
Director, Alberta Barley
- **Garnet Berge**
Director, BC Grain Producers Association
- **Markus Haerle**
Director, Grain Farmers of Ontario
- **Rob Davies**
General manager, Alberta Barley
- **Phil de Kemp**
President, Malting Industry Association of Canada
- **Kara Barnes** – *Staff lead*
Director of grower and industry programs, BCC

Committee Overview

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

Malting barley was identified as a priority, considering the significant opportunity for growth as well as the potential for market development initiatives to pay dividends. Key action areas were identified for malting barley, including the transition to new varieties, customer engagement through incoming and outgoing missions, as well as market research and analysis.

In terms of feed barley, strong interest from China for high-protein barley prompted discussions with Chinese livestock industry representatives to ascertain the potential for future demand.

New Malting Barley Variety Test Trials

The continued dominance of AC Metcalfe and CDC Copeland in Canadian malting barley production is a testament not only to the remarkable qualities of these varieties, but also to the need to step up efforts to transition to newer varieties. Newer varieties with a better agronomic package are necessary to ensure Canada's competitiveness into the future.

To address this need, under the auspices of the Market Development Committee, a pilot program was initiated to send plant scale quantities of new varieties to malting and brewing companies in China. Through this initiative, the Canadian Malting Barley Technical Centre co-ordinated the shipment of 100-tonne lots of both AAC Synergy and CDC Kindersley to two of Canada's largest Chinese customers in spring 2016.

The ability of end users to process the barley in their own plant is the ultimate test required to gain acceptance of these new varieties. Results from the Chinese malting and brewing trials are expected in late summer 2016.

AgriMarketing Program

The AgriMarketing Program (AMP) is a five-year (2013–2018), \$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.

Alberta Barley, in partnership with the BCC, received \$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 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.

Canada

Growing Forward 2 

GoBarley

GoBarley is the national platform that promotes barley as a high-quality, healthy, versatile and delicious grain to consumer, health profession, food manufacturing and food service audiences. Over the past year, this platform has expanded to include barley's role in malting and brewing to the media and consumer audiences as well.

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 barley information to target audiences.

To continue building our relationship with health professionals, food barley expert Linda Whitworth and technical consultant Kelley Fitzpatrick manned the *GoBarley* exhibit at the Food and Nutrition Conference and Expo (FNCE) in October 2015 in Nashville, Tennessee.

In November 2015, *GoBarley* was invited by the Alberta Japan Office to participate in an Osaka Gas Cooking School and Canadian meat seminar in Japan. Whitworth was a featured guest at the cooking school as the author of *Go Barley: Modern Recipes for an Ancient Grain*. She interacted with students as they learned to prepare

meals featuring Canadian ingredients, including barley soup. Kara Barnes, BCC director of grower and industry programs, presented alongside representatives of Canada Beef and Canada Pork International to a group of buyers and restaurateurs at a meat-focused seminar the following day.

In February 2016, Barnes and Alberta Barley delegate Doug McBain exhibited at the Restaurants Canada Show. This was the first time we exhibited at a food service event; though we were well received, the experience did highlight some gaps in the *GoBarley* suite of materials for the food service audience.

In May 2016, Sydney Duhaime, BCC manager of communications and stakeholder relations, exhibited the *GoBarley* booth at the Canadian Nutrition Society Annual Conference in Gatineau, QC. Dietitians, especially those from Eastern Canada, expressed an interest in finding barley ingredients and *GoBarley* Product Partner goods in their local grocery stores.





The National Restaurant Association Show held in May in Chicago, Illinois, was another first-time event for the BCC. Barnes walked the show and attended educational seminars to gather market intelligence for the culinary and food service side of *GoBarley*. Consumer disruption, demand for “free-from” ingredients, simplicity, sustainability, comfort food, healthy eating without dieting, and non-traditional meal times were highlighted as some of the key factors currently influencing consumer dining decisions.

In June, Barnes, Duhaime and Fitzpatrick exhibited at the Dietitians of Canada National Conference in Winnipeg, MB. During the four-day conference, they met with over 300 dietitians and health professionals. As sponsors, our recipe, Crunchy Barley Salad with Ginger Sesame Dressing, was featured during the luncheon, which inspired many dietitians to stop by our booth and talk about barley.

The Institute of Food Technologists show, IFT 2016, took place in June in Chicago. Barnes and Whitworth exhibited as part of the Canadian Pavilion, with a specific focus on connecting with food manufacturers and promoting our *GoBarley* Product Partners. Interest in our Partners was high and could result in product sales for some.

Further expanding the platform into meeting the needs of the culinary and food service industry, the BCC commissioned Red River College to further leverage our dollars through a Natural Sciences and Engineering Research Council of Canada (NSERC) grant for a new project, "Barley Incorporation into Food Service for Heart Health Claims." Focused on large-scale recipe development that meets the official Health Canada claim for barley per serving, this project shows great promise with final results expected in fall 2016.

GoBarley Product Partners

The *GoBarley* logo is a registered 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 grown in Canada.

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.

Product partners gained over the year include:

**THE
INTERNATIONAL
CENTRE**

> Toronto, ON



> Edmonton, AB



> Saskatoon, SK



> Penhold, AB



> Edmonton, AB



> Edmonton, AB



> Irricana, AB



» Beneficial Management Practices & Agronomy

Committee Members:

- **Zenneth Faye** – *Chair*
Director, Saskatchewan Barley Development Commission
- **Jason Lenz** – *Past-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
- **Rod Merryweather**
CEO, FP Genetics
- **Sheri Strydhorst, PhD**
Agronomy research scientist, Alberta Agriculture and Forestry
- **William Van Tassel**
First vice-president, Producteurs de Grains du Québec
- **Kara Barnes** – *Staff lead*
Director of grower and industry programs, BCC

Committee Overview

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

The committee met four times over the course of the year, and reviewed numerous documents for accuracy and applicability from the barley perspective. Membership increased by two with the addition of Rod Merryweather and William Van Tassel. Sheri Strydhorst also joined the team to replace John O'Donovan upon his retirement.

Canadian Roundtable for Sustainable Crops

BCC Executive Director Phil de Kemp, BCC Chair Brian Otto and committee members Jason Lenz and Kara Barnes attended the Canadian Roundtable for Sustainable Crops (CRSC) meeting in Mississauga, ON, in October 2015.

Lenz, Barnes and Van Tassel also attended the next CRSC meeting in April 2016 in Winnipeg, MB. During this

meeting, the CRSC announced the “Assurance Protocol” as its new path forward. The Assurance Protocol was presented as second-party verification, at the macro level, of farm practices that reflect environmental, social and economic sustainability indicators that would define sustainability for Canadian crop producers.

CRSC Pilot Project

Barnes and Lenz continued their respective roles as lead and member of the Natural Resources Indicators Working Group. In December 2015, the CRSC Pilot Project group, led by Erin Gowriluk (Alberta Wheat Commission) and Lauren Stone (Cargill), met in Calgary, AB, to define potential outcomes-based sustainability indicators and criteria. Throughout this process the BCC advocated for close alignment between the principles, criteria and indicators of the CRSC and the Canadian Roundtable for Sustainable Beef (CRSB) in order to limit the burden on producers growing barley for feed markets.

This project has since been disbanded, though the draft documents created during the December 2015 discussions are being used to inform the CRSC's new initiative, an Assurance Protocol.



Canadian Roundtable for Sustainable Beef

Barnes attended the CRSB annual general meeting in Saskatoon, SK, in September 2015. In preparation, the BMP&A committee reviewed and commented on the Canada-specific sustainability indicators developed and since adopted by the CRSB. The CRSB then turned its focus to investigating verification standards to determine how to measure the indicators that were developed.

Lenz and Barnes also attended the semi-annual meeting in April 2016 in Winnipeg, MB, where the CRSB presented the baseline results of its National Beef Sustainability Assessment.

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 platform will evolve with the needs of the barley industry, and function as a producer-focused companion platform to the existing *GoBarley* consumer platform.

By December 2015, the committee had developed a structural outline for the content that could currently, and one day should, be included in the platform. McStrategies Consulting was hired to design and develop the website, and by July 2016 an outline of the site's overall appearance was in place.

The core content is focused on barley production information and resources, and is divided into six categories for easy navigation: variety selection, seeding strategies, nutrient management, integrated pest management, harvest strategies, and storage and delivery.

Committee members have been, and will continue to be, busy reviewing and providing content to populate the site for a projected release in spring 2017.



» Trade & Policy

Committee Members

- **Luke Harford** – *Chair*
President, Beer Canada
- **Allen Kuhlmann**
Director, Saskatchewan Barley Development Commission
- **Bryan Adam**
Director, Alberta Barley
- **Dean Harder**
Director, Manitoba Wheat and Barley Growers Association
- **Jeff Nielsen**
Director, Western Barley Growers Association
- **Markus Haerle**
Director, Grain Farmers of Ontario
- **Neil Campbell**
Member, Atlantic Grains Council
- **Peter Watts**
Managing director, Canadian Malting Barley Technical Centre
- **William Van Tassel**
First vice-president, Producteurs de Grains du Québec
- **Zenneth Faye**
Director, Saskatchewan Barley Development Commission
- **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

Phil de Kemp, BCC executive director and Malting Industry Association of Canada president, represents the Council on the Canadian Agri-Food Trade Alliance (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.

During FYE 2016, the Council remained an extensively involved member of CAFTA. The BCC worked closely with CAFTA partners to ensure Canada's agricultural export interests were front and centre during the final round of the Trans-Pacific Partnership (TPP) negotiations, which were held in Atlanta, Georgia, at the end of September 2015.

Considerable effort was focused on ensuring that Canada's trade negotiators and ministers for International Trade and Agriculture understood the enormous opportunities for agricultural trade with TPP countries. For Canadian barley, the successfully negotiated TPP translates into the opportunity for an additional 400,000 to 500,000 tonnes of Canadian feed barley (via increased sales of value-added beef and pork) to Japan alone.

Upon the conclusion of TPP negotiations, the Council began advocacy work to highlight to the newly elected government the TPP benefits that barley producers and processors would experience. The BCC helped facilitate the messaging of some of its member organizations, many of which had already presented their interests to the Standing Committee on Foreign Affairs and International Trade. The Council also reinforced the barley industry's support of the TPP deal with the Senate Committee on Agriculture and Forestry, and in meetings with a number of new members of Parliament who sit on either of the two former committees.





» 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 2016 Audit

The FYE 2016 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.

December 5, 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, 2016, 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, 2016 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.

MNP_{LLP}

Statement of Financial Position

Calgary, Alberta, December 5, 2016

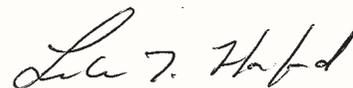
As at July 31, 2016

	2016	2015
Assets		
Current		
Cash	55,116	136,158
Accounts receivable	10,563	13,000
Prepaid expenses and deposits	1,500	-
	67,179	149,158
Capital assets (Note 3)	23,343	15,186
	90,522	164,344
Liabilities		
Current		
Accounts payable and accruals	84,640	144,881
Net Assets		
Unrestricted	5,882	19,463
	90,522	164,344

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, 2016

	2016	2015
Revenue		
Producer membership	269,001	237,000
Industry membership	77,642	29,435
	346,643	266,435
Expenses		
Salaries and benefits	199,975	180,094
Memberships and subscriptions	55,675	31,649
Travel	32,079	52,411
Rent	24,804	22,530
Office expenses	11,486	7,466
Amortization	9,343	6,108
Meetings	7,611	27,845
Professional fees	7,324	39,523
Telephone	3,211	2,669
Communication expenses	1,360	-
Insurance	1,300	-
Repairs and maintenance	529	-
Bank charges and interest	101	805
	360,224	371,100
Deficiency of revenue over expenses	(13,581)	(104,665)
Net assets, beginning of year	19,463	124,128
Net assets, end of year	5,882	19,463

Statement of Cash Flows

For the year ended July 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(13,581)	(104,665)
Amortization	9,343	6,108
	(4,238)	(98,557)
Changes in working capital accounts		
Accounts receivable	2,437	(8,000)
Prepaid expenses and deposits	(1,500)	-
Accounts payable and accruals	(60,241)	114,538
	(63,542)	7,981
Investing		
Purchase of capital assets	(17,500)	(16,266)
Decrease in cash	(81,042)	(8,285)
Cash, beginning of year	136,158	144,443
Cash, end of year	55,116	136,158

Notes to the Financial Statements – For the year ended July 31, 2016

1. Incorporation and nature of the organization

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

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

2. Significant accounting policies

Basis of accounting

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

Revenue recognition

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

Contributed materials and services

The Council receives staffing and administrative services from an external entity, 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.

	<i>Rate</i>
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.

2. Significant accounting policies

Financial asset impairment:

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

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

Measurement uncertainty (use of estimates)

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. 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	2016 Net book value	2015 Net book value
Website design costs	37,783	15,755	22,028	13,223
Equipment	2,894	1,579	1,315	1,963
	40,677	17,334	23,343	15,186

4. Alberta Barley Commission

Included in membership revenue reported in the statement of operations is a contribution of \$190,000 (2015 - \$190,000) from Alberta Barley Commission. The Council receives staffing and administrative services from Alberta Barley Commission. No amount has been recorded in the Council's financial statements reflecting these services.

As at July 31, 2016, the Council has \$62,141 (2015 - \$104,067) 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 (2015 - \$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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