

Conseil de
l'orge du
Canada



Barley
Council of
Canada

2019 » Annual Report

>> Table of Contents

- 01** Chair's Message
- 03** Executive Director Message
- 04** Board of Directors
- 05** Research - National Barley Research Cluster
- 07** Market Development
- 09** Financial Statements



>> Looking in the rear-view mirror to look forward



The Barley Council of Canada (BCC) was established in 2013. Its mission statement is “working together to enhance the long-term profitability and sustainable growth of Canada’s barley industry”. The BCC board of directors’ vision is to have the BCC be a leader and collaborator for the entire barley value chain by providing a focused, rational approach that enhances the industry through cooperation, collaboration and innovation.

As the agriculture landscape continues to evolve ever faster both domestically and internationally, so does the Canadian barley value chain. The Barley Council of Canada (BCC), along with its members, the other Canadian barley organizations and value chain representatives, participated in the Barley Industry Round Table and Working Group. These groups held extensive discussions to evaluate the needs of the entire value chain and how each barley organization supports these needs. Their work is to be commended. The result was a clear message: build on strengths, avoid duplication, and keep a lean BCC as the national voice for barley. It was also recognized that using existing areas of expertise across the value chain is the best use of both people and financial resources.

This, in turn, led to BCC undergoing a comprehensive internal strategic review. The BCC board engaged Chantelle Donohue of Donohue Commodities Ltd. to chart a path forward. With Chantelle’s experience and ability to work with the board and BCC members, as well as others in the value chain, she identified the core focus areas going forward. BCC areas of focus were identified as Research, Market Development, Market Access and Communication.

Agreement was reached on several key changes, which were then launched in summer 2019. These changes include:

- > Closer collaboration with the Brewing and Malting Barley Research Institute (BMBRI) in initiatives related to barley research and development
- > Closer collaboration with the Canadian Malting Barley Technical Centre (CMBTC) in the area of technical support for market development efforts for all classes of barley: malt, feed, food & other uses, with BCC facilitating higher-level discussions on a comprehensive market development strategy
- > A partnership with Cereals Canada (CC), with a Memorandum of Understanding and a Service Level Agreement to come into effect August 1, 2019; within this partnership, BCC will work closely with CC in the areas of market access and communications; options for even greater partnership with CC will also be explored in the coming year
- > Recognition that producer organizations are best positioned to coordinate and deliver programs involving best agronomic practices

These changes, and others both happening and contemplated throughout the sector, will contribute to greater effectiveness and efficiency for all involved in barley, from growers and the commissions which represent them, to researchers and breeders, to processors and ultimately consumers. It is critical that we continuously examine priorities and the best use of available resources to ensure the profitability of the entire sector. BCC and its members believe the changes listed above are steps in the right direction. We will continue to work with member organizations and others throughout the barley value chain as this evolution continues.



BCC remains the administrator of the National Barley Cluster on behalf of the consortium of industry funders. Kara Barnes, our Director of Grower & Industry Programs, continues to have primary responsibility for this program. BCC also remained involved in the feed barley Agri-Marketing Program (AMP) as well as the Keep It Clean campaign, which is coordinated on behalf of wheat, barley and oat by Cereals Canada. This past year BCC remained an active member of Canada Grains Council, Canadian Agri-Food Trade Alliance (CAFTA), the Canadian Roundtable for Sustainable Crops and the Canadian Roundtable for Sustainable Beef.

To best deliver in all these areas, the BCC board agreed appropriate expertise is needed at the board table, and having a 50-50 split between producer and industry members is essential. The new board structure includes five producer organizations and five industry members: Beer Canada, BMBRI, CMBTC, Malting Industry Association of Canada (MIAC) and a feed industry representative. Cereals Canada has an observer seat at the table, as BCC does on the Cereals Canada board.

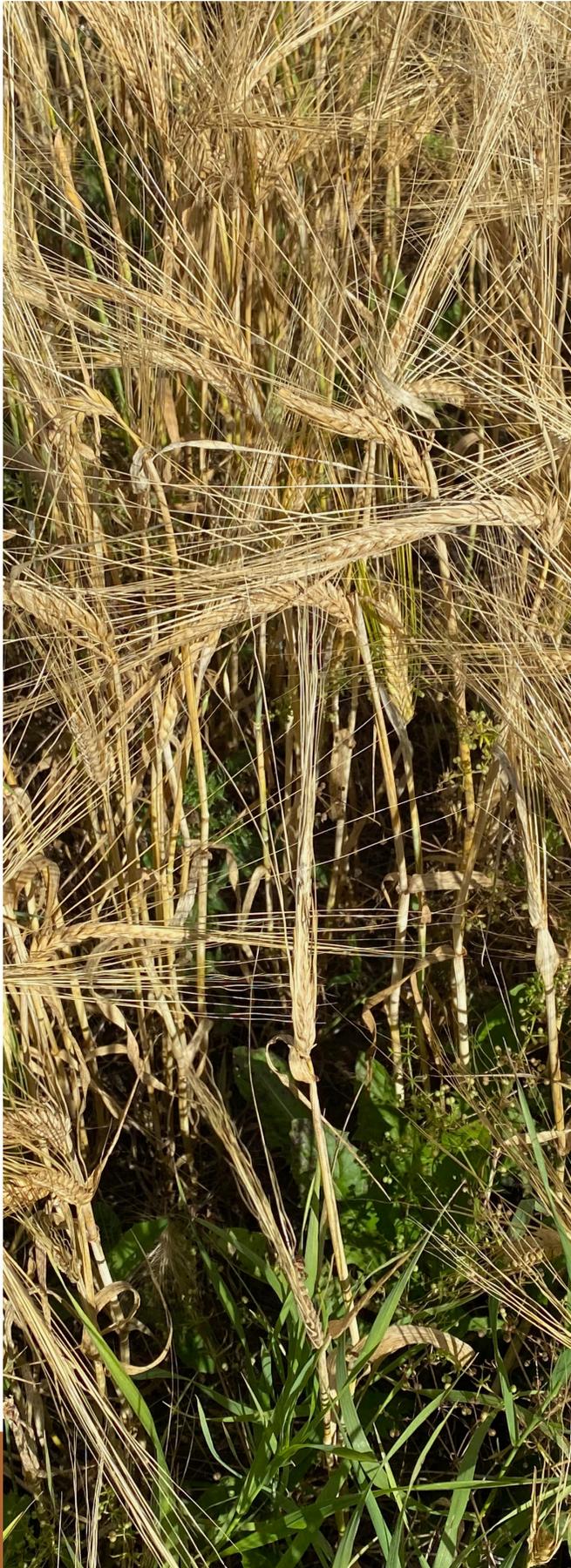
It is worth mentioning that the 2018/19 crop year saw an 18% increase in barley production and 15% increase in barley grain exports compared with the year earlier. These are trends we are very pleased to see and will work to support the continuation of.

Last, but definitely not least, the retirements of Phil de Kemp as Executive Director of BCC and Brian Otto as Chair of the BCC board, left huge sets of shoes to fill. Both Brian and Phil served in various capacities since the start of BCC. They have given countless hours of time to ensure that the barley voice and value proposition are always understood. On behalf of the barley industry, as well as personally, I want to thank them for their dedication, hard work, and commitment to the Canadian barley industry.

With Phil's retirement, Erin Armstrong accepted the position of Executive Director to implement the agreed-upon changes and to explore potential further changes to support the direction and goals established by the Board of Directors. She brings an impressive barley background to the role, as well as her strong work ethic, which has made the transition smooth and seamless. Welcome back to the barley industry Erin. I want to end by thanking the past and present boards of BCC for all their experience and expertise that they have allowed me to be a part of, as we all work together to improve the barley industry in Canada.

Zenneth Faye
Chair, BCC Board of Directors

Message from the Executive Director of
the Barley Council of Canada



It is a pleasure to join the Barley Council of Canada (BCC) as Executive Director as the organization launches into the implementation of changes agreed to by the board of directors and the members coming out of a strategic review process over the past half year. It is exciting to be part of the evolution of BCC and to be charged over the coming year with looking into potential additional changes.

I'd like to acknowledge my predecessor, Phil de Kemp, for everything he did during his tenure in the position, and for bringing this opportunity to my attention.

Having joined BCC in the last month of the fiscal year just ended, the activities of the organization are much better covered in the message from the chair and the reports on research and market development activities, found elsewhere in this annual report.

I am looking forward to working with the BCC team, members, board of directors, and the broader barley value chain to ensure barley remains a viable and profitable crop for Canadian farmers and end-users, both domestic and internationally.

Barley Council of Canada
August 2018 – July

Erin Armstrong
Executive Director





>> Board of Directors

Pre-Restructuring *(August 2018 – July 23, 2019)*

Zenneth Faye – SaskBarley, Chair

Neil Campbell – Atlantic Grains Council, Vice Chair

Luke Harford – Beer Canada, Treasurer

William Van Tassel – Producteurs de Grains du Québec, Secretary

Brian Otto – Western Barley Growers Association, Past-Chair

Brian Sewell – Alberta Barley

Jeff Harrison – Grain Farmers of Ontario

Armand Parisien – Malting Industry Association of Canada

Aaron Beattie – Crop Development Centre, University of Saskatchewan

Rod Merryweather – FP Genetics

Post-Restructure *(July 23 - 31, 2019)*

Zenneth Faye – SaskBarley, Chair

Neil Campbell – Atlantic Grains Council, Vice Chair

Luke Harford – Beer Canada, Treasurer

Brian Sewell – Alberta Barley

Dean Harder – Manitoba Wheat and Barley Growers Association

Jeff Harrison – Grain Farmers of Ontario

Armand Parisien – Malting Industry Association of Canada

Gina Feist – Brewing and Malting Barley Research Institute

Peter Watts – Canadian malting Barley Technical Centre

Members not represented on the Board of Directors *(post-July 23, 2019)*

Crop Development Centre, University of Saskatchewan
Producteurs de Grains du Québec

Staff

Phil de Kemp – Executive Director, retired July 2019

Erin Armstrong – Executive Director, effective July 2019

Kara Barnes – Director of Grower and Industry Programs

FYE 2019 – BCC Annual Report
Research



>> National Barley Research Cluster

The Canadian Agricultural Partnership (CAP) is a five-year (2018-2023), \$3 billion investment by federal, provincial and territorial governments to strengthen the agriculture and agri-food sector. A priority area of CAP is to enhance the competitiveness of the sector by advancing its science and innovation capacity, and adoption of innovative products and practices with particular weight on sustainable and clean production.

The Barley Council of Canada prioritizes research and innovation as one of our chief focus areas. The Council led the country's barley industry in coming together to apply to the Federal government's CAP AgriScience Program to fund the next National Barley Research Cluster.

On January 15, 2019, it was announced that the five-year, \$10.2 million National Barley Cluster was successfully funded by a \$6.3 million investment from Agriculture and Agri-Food Canada (AAFC) matched by a \$3.9 million investment from the Canadian barley industry.

The Barley Council of Canada is the recipient and administrator of the Barley Cluster on behalf of barley industry funders, which includes: Saskatchewan Barley Development Commission, Alberta Barley Commission, Western Grains Research Foundation (WGRF), Brewing and Malting Barley Research Institute (BMBRI), Grain Farmers of Ontario, Producteurs de grains du Québec, SeCan, Manitoba Wheat and Barley Growers Association, and Atlantic Grains Council.

The National Barley Cluster brings together twelve research activities from across Canada, in addition to funding science coordination and knowledge and technology transfer (KTT) work. Focus areas of the National Barley Cluster include: genetic improvements through new varieties with higher yields, better environmental performance, and specific end-use qualities; finding new sources of resistance and evaluating management strategies for Fusarium head blight and other crop diseases; maintaining the high quality of Canadian malting barley while understanding how it performs in the malting and brewing processes; exploring potential health benefits of barley as livestock feed beyond its role as an energy source; and continuing to identify and evaluate crop management strategies that advance the economic and environmental sustainability of the Canadian barley industry.

As only the first year of the National Barley Cluster's multi-year research activities was completed this year we cannot evaluate the successfulness of the research at this time. However, by building on the work of the previous Growing Forward 2 Barley Cluster we did see the registration of three new barley varieties across Canada, AAC Bell and AAC Ling in the east and CDC Churchill in the west.

Full details of the research activities can be found at growbarley.com/overview/research.

CAP National Barley Cluster Activities:

Activity

Number	Title	Lead Researcher	Lead Research Facility
2	Breeding two-row malt, feed and food varieties	Dr. Beattie	University of Saskatchewan Crop Development Centre
3	Breeding malting and food barley cultivars for western Canada assisted by new technologies	Dr. Badea	AAFC Brandon Research and Development Centre
4	Breeding barley for high yield and resistance to Fusarium head blight for eastern Canada	Dr. Khanal	AAFC Ottawa Research and Development Centre
5	Phenotyping barley breeding lines and germplasm for disease resistance	Dr. Turkington	AAFC Lacombe Research and Development Centre
6	CropSNP: ultra-low cost genotyping in barley and soy	Dr. Belzile	Laval University
7	Barley pathogen variation and surveillance: implications for managing disease via host resistance and fungicides	Dr. Turkington	AAFC Lacombe Research and Development Centre
8	Developing barley germplasm with improved resistance to Fusarium head blight and other biotic stresses for western Canada	James Tucker	AAFC Brandon Research and Development Centre
9	Study of Barley Quality and Process Factors that can produce Malt with potential Premature Yeast Flocculation (PYF)	Dr. Li	Canadian Malting Barley Technical Centre (CMBTC)
10	Examination and definition of flavours and aromas and their precursors in malting barley cultivars	Dr. Li	Canadian Malting Barley Technical Centre (CMBTC)
11	Enhancing competitive value of barley in swine diets	Dr. Zijlstra	University of Alberta
12	In-crop management strategies to reduce the impact of Fusarium head blight in barley	Dr. Turkington	AAFC Lacombe Research and Development Centre
13	The influence of preceding legumes and nitrogen management on malt barley yield and quality across Canada	Dr. Mills & Dr. Tidemann	AAFC Charlottetown & Lacombe Research and Development Centre

AAFC = Agriculture and Agri-Food Canada

National Barley Research Strategy

In June 2019, the Barley Council of Canada agreed to support the recommendation that the Brewing and Malting Barley Research Institute (BMBRI) take the lead role in all barley research initiatives, including the development of a National Barley Research Strategy. Going forward, the BCC will support BMBRI by compiling a barley research inventory to feed into the National Barley Research Strategy, assisting in the development of the national strategy, and other areas as identified.



>> Market Development

The Canadian Agricultural Partnership (CAP) is a five-year (2018-2023), \$3 billion investment by federal, provincial and territorial governments to strengthen the agriculture and agri-food sector.

As part of the CAP AgriMarketing Program (AMP) the Barley Council of Canada was proud to receive and deliver the AMP project, AMPN-019 Developing a Market for Higher Protein Canadian Feed Barley. The three year (2018-2021) project was approved for \$421,740, with 50:50 matching funds from AAFC and BCC, for market development initiatives including incoming and outgoing missions from/to China, expert animal nutrition and feed formulation support, and education of potential customers via meetings, seminars and conferences in China.

BCC continued to partner with Beijing Wahmix Bio-Tech Co. Ltd., an industry-leading company specializing in feed enzyme research and development, production, and application in China, to advocate for the use of Canadian high-protein feed barley in China's feed mill industry. In October 2018, at Wahmix's invitation, then BCC President Phil de Kemp returned to China with Dr. Tim McAllister, a well-known research and ruminant nutrition and microbiology specialist from Agriculture and Agri-Food

Canada (AAFC), to host a seminar with major Chinese feed mill companies on how to use and incorporate Canadian barley in their sheep and goat rations. This trip built on our previous work in China by connecting us with producers and users of feed for ruminant animals, in addition to those of swine and poultry species previously targeted.

In June 2019, de Kemp accompanied Wahmix representatives to meet with barley farmers in Melfort, Saskatchewan.

While the strategic review was taking place from fall 2018 through early summer 2019 additional AMP activities targeting China were paused, and BCC released some of the resulting unspent funds back to AAFC.

Future feed barley AMP activities will be undertaken in coordination with the Canadian Malting Barley Technical Centre (CMBTC) and its AMP program on malting barley market development.



>> *Barley Council of Canada*
Financial Statements

July 31, 2019



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 20, 2020

 E-SIGNED by Erin Armstrong

Erin Armstrong, Executive Director

Independent Auditor's Report

To the Members of Barley Council of Canada:

Opinion

We have audited the financial statements of Barley Council of Canada (the "Council"), which comprise the statement of financial position as at July 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at July 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta

January 20, 2020

MNP **LLP**

Chartered Professional Accountants

Barley Council of Canada Statement of Financial Position

As at July 31, 2019

	2019	2018
Assets		
Current		
Cash (Note 2)	113,795	51,258
Accounts receivable	132,323	55,793
Marketable securities (Note 4)	5,000	5,000
Prepaid expenses and deposits	2,617	867
	253,735	112,918
Capital assets (Note 5)	-	10,479
Restricted cash (Note 3)	42,625	-
	296,360	123,397
Liabilities		
Current		
Accounts payable and accruals	71,883	58,582
Deferred contributions (Note 7)	80,998	-
	152,881	58,582
Net Assets		
Unrestricted	100,854	64,815
Internally restricted (Note 3)	42,625	-
	143,479	64,815
	296,360	123,397

Approved on behalf of the Board

E-SIGNED by Zenneth Faye

Director

E-SIGNED by Jeff Harrison

Director

Barley Council of Canada Statement of Operations

For the year ended July 31, 2019

	2019	2018
Revenue		
CAP Cluster revenue	1,095,796	-
Producer membership	382,500	418,739
Agrimarketing program revenue	48,000	28,003
Industry membership	61,000	61,000
	1,587,296	507,742
Expenses		
CAP Cluster expenses	1,095,796	2,469
Salaries and contracted services	139,006	202,706
Agrimarketing program costs (Note 8)	59,069	83,243
BCC Structural Review	55,266	-
Memberships and subscriptions	55,413	47,455
Travel	39,200	30,746
Communication expenses	19,371	1,878
Program expenses	13,815	36,093
Bank charges and interest	1,515	833
Conferences	5,204	11,000
Office expenses	6,068	2,107
Insurance	1,300	1,300
Telephone	1,214	1,998
Professional fees	5,916	8,946
Amortization	-	5,161
	1,498,153	435,935
Excess of revenue over expenses before other items	89,143	71,807
Other items		
Write-down of capital assets	(10,479)	-
Excess of revenue over expenses	78,664	71,807

Barley Council of Canada
Statement of Changes in Net Assets
For the year ended July 31, 2019

	<i>Unrestricted</i>	<i>Internally restricted</i>	2019	<i>2018</i>
Net assets (deficit), beginning of year	64,815	-	64,815	(6,992)
Excess of revenue over expenses	78,664	-	78,664	71,807
Transfer to internally restricted fund	(42,625)	42,625	-	-
Net assets, end of year	100,854	42,625	143,479	64,815

Barley Council of Canada
Statement of Cash Flows
For the year ended July 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	78,664	71,807
Amortization	-	5,161
Write-down on capital assets	10,479	-
	89,143	76,968
Changes in working capital accounts		
Accounts receivable	(76,530)	(37,280)
Prepaid expenses and deposits	(1,750)	-
Accounts payable and accruals	13,301	18,714
Deferred contributions	80,998	-
	105,162	58,402
Investing		
Purchase of marketable securities	-	(5,000)
Increase in cash	105,162	53,402
(Bank indebtedness) cash, beginning of year	51,258	(2,144)
Cash, end of year	156,420	51,258
Cash resources are composed of:		
Cash	113,795	51,258
Restricted cash total	42,625	-
	156,420	51,258

1. Incorporation and nature of the organization

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

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

2. Significant accounting policies

Basis of accounting

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

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

Revenue recognition

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

Contributed materials and services

The Council receives staffing and administrative services from an external entity. The value of these contributions are not reflected in the financial statements.

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
Promotional equipment	33 %
Website design costs	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 cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Council assesses impairment of all of its financial assets measured at cost or amortized cost. An impairment of financial assets carried at amortized cost is recognized in the deficiency 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 (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. Internally restricted net assets

During the year, the Council restricted \$42,625 in cash which represents funds received in excess of expenses related to previous Barley Symposiums. These funds are restricted to be used for future symposiums.

4. Marketable securities

The Council has a \$5,000 GIC with RBC (2018 - \$5,000).

5. Capital assets

	Cost	2019 Net book value	2018 Net book value
Promotional equipment	-	-	590
Website design costs	-	-	9,889
	-	-	10,479

During the current year, it was determined that capital assets no longer have long-term service potential. As a result, capital assets have been written down from their carrying amounts of \$10,479.

Barley Council of Canada
Notes to the Financial Statements
For the year ended July 31, 2019

6. Alberta Barley Commission

Included in membership revenue reported in the statement of operations is a contribution of \$207,000 (2018 - \$207,000) and expense recoveries of \$nil (2018 - \$36,329) from Alberta Barley Commission.

The Council receives staffing and administrative services from Alberta Barley Commission. During the year, \$5,000 (2018 - \$5,000) was reimbursed by the Council to Alberta Barley Commission for office services rendered.

As at July 31, 2019, the Council has \$44,702 (2018 - \$35,035) due to Alberta Barley Commission included in accounts payable.

7. Deferred contributions

Deferred contributions consist of contributions relating to the CAP Cluster Project under an agreement signed with the Minister of Agriculture and Agri-Food dated February 25, 2019. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2019	2018
Amount received during the year under CAP Cluster Project	1,176,794	-
Less: Amount recognized as revenue	(1,095,796)	-
Balance, end of year	80,998	-

8. Agrimarketing program costs

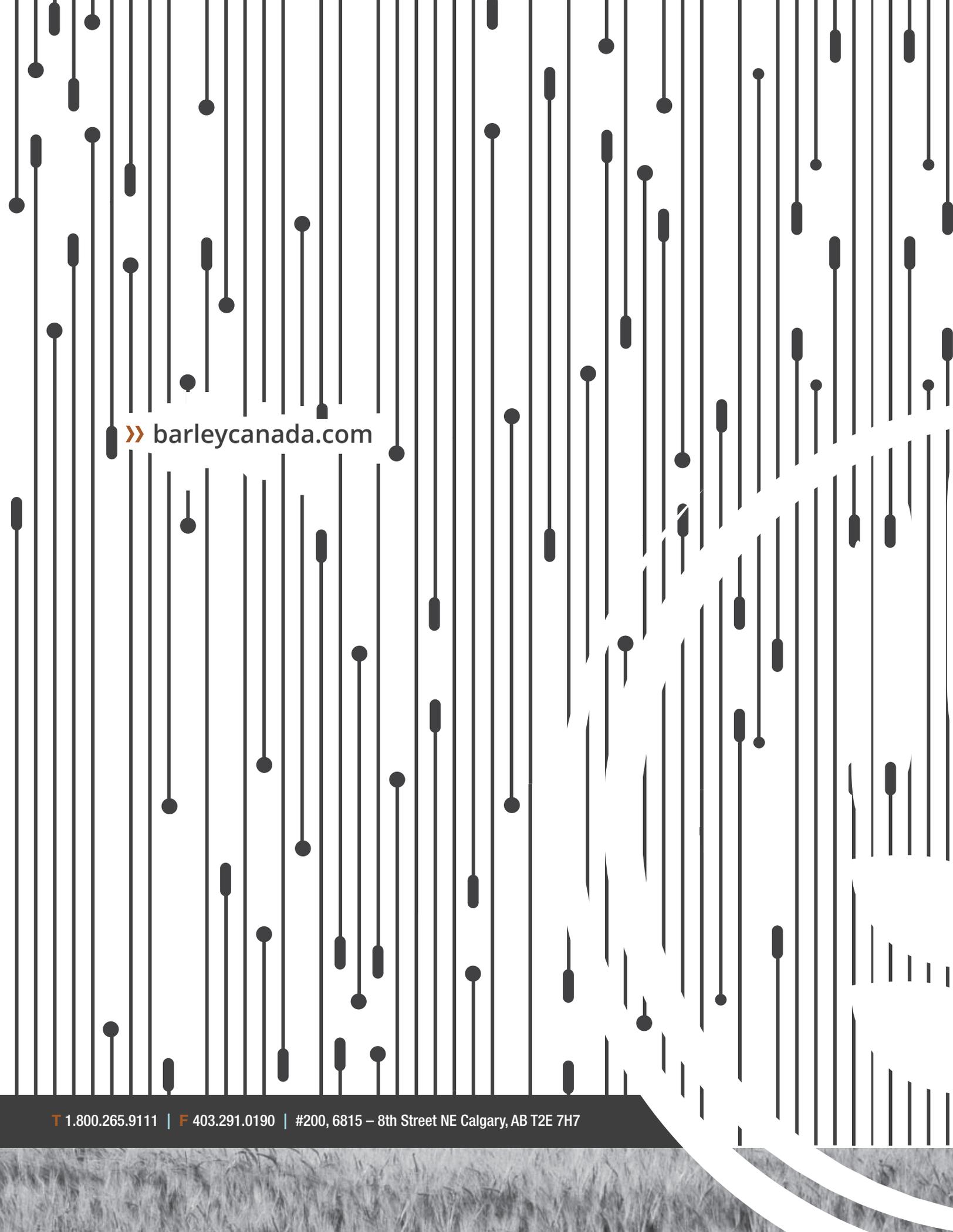
Market development expenses in the amount of \$59,069 (2018 - \$83,243) are costs related to an agreement signed November 29, 2017 between the Council and the federal Minister of Agriculture and Agri-Food with respect to developing a market for Canadian feed barley in China under the federal Agrimarketing program. Under the provisions of this agreement, eligible expenditures are equally shared between the Council and the federal government.

9. Economic dependence

The Council's primary sources of recurring revenue are membership fees, of which \$207,000 (2018 - \$207,000) of membership fees, \$nil (2018 - \$36,329) of expense recoveries were received from the Alberta Barley Commission as well as \$145,000 (2018 - \$145,000) from the Saskatchewan Barley Development Commission. Should the contributions be reduced or eliminated, the Council's ability to continue viable operations would be in question. Significant contributions of services from the Alberta Barley Commission and Saskatchewan Barley Development Commission, as well as other organizations, allow the Council to carry out its mandate. These contributions are not measurable, and, therefore, not reflected in these financial statements. As at the date of these financial statements management believes that the Council is able to continue as a going concern.

10. 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.



» barleycanada.com

T 1.800.265.9111 | F 403.291.0190 | #200, 6815 – 8th Street NE Calgary, AB T2E 7H7