

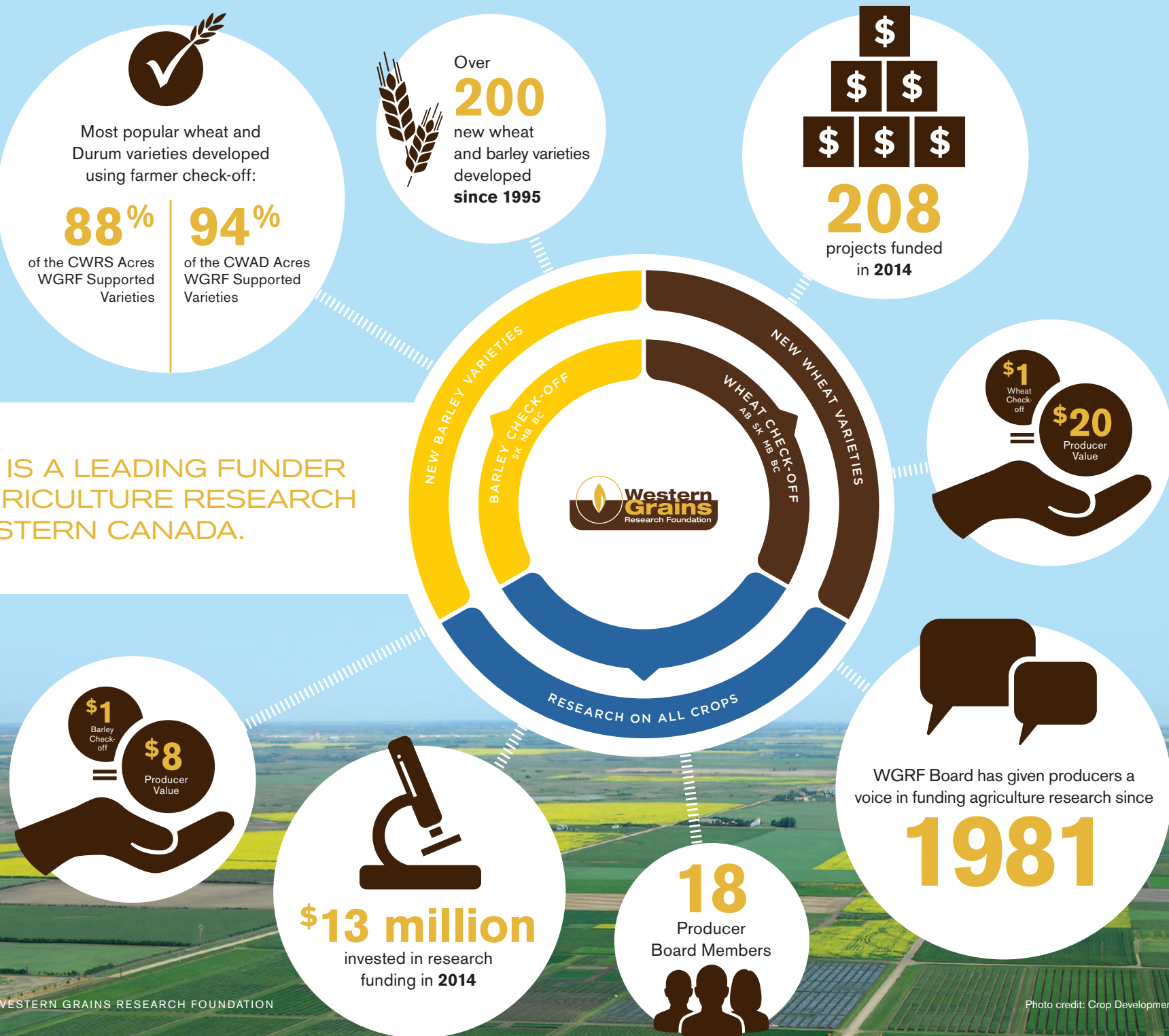


WESTERN  
GRAINS  
RESEARCH  
FOUNDATION  
**ANNUAL  
REPORT  
2014**





WGRF IS A LEADING FUNDER  
OF AGRICULTURE RESEARCH  
IN WESTERN CANADA.



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## FOUNDATION OVERVIEW

WGRF is a farmer funded and directed non-profit organization investing in agricultural research that benefits western Canadian producers. For over 30 years the WGRF Board has given producers a voice in agricultural research funding decisions. WGRF manages an Endowment Fund and the wheat and barley variety development check-off funds, investing over \$13 million annually into variety development and field crop research. WGRF brings the research spending power of all farmers in Western Canada together, maximizing the returns they see in crop research.



## CHAIR'S MESSAGE



### WGRF HAS EXPERIENCED TREMENDOUS GROWTH THIS PAST YEAR.

WGRF is the largest producer funder of crop research in Canada; this past year WGRF invested over \$13 million in variety development and field crop research. As producers, we should all be very proud of this investment in the future of our industry because we will be the ones who benefit most from this increased commitment to research.

WGRF welcomed four new Class A Members (Alberta Barley Commission, Manitoba Wheat and Barley Growers Association, Saskatchewan Barley Development Commission, Saskatchewan Wheat Development Commission) during the Annual Meeting in Winnipeg on March 5, 2014. WGRF will continue to explore and discuss future membership options as we continue to evolve.

A number of producer organizations approached WGRF with concerns about the capacity to perform agronomic research in Western Canada. WGRF commissioned a study to find out what was actually going on in the research community. The result is *Fertile Ground: Agronomic Research Capacity in Western Canada*. The study reveals the current state of the region's research capacity (in terms of both capital and human resources) and projected

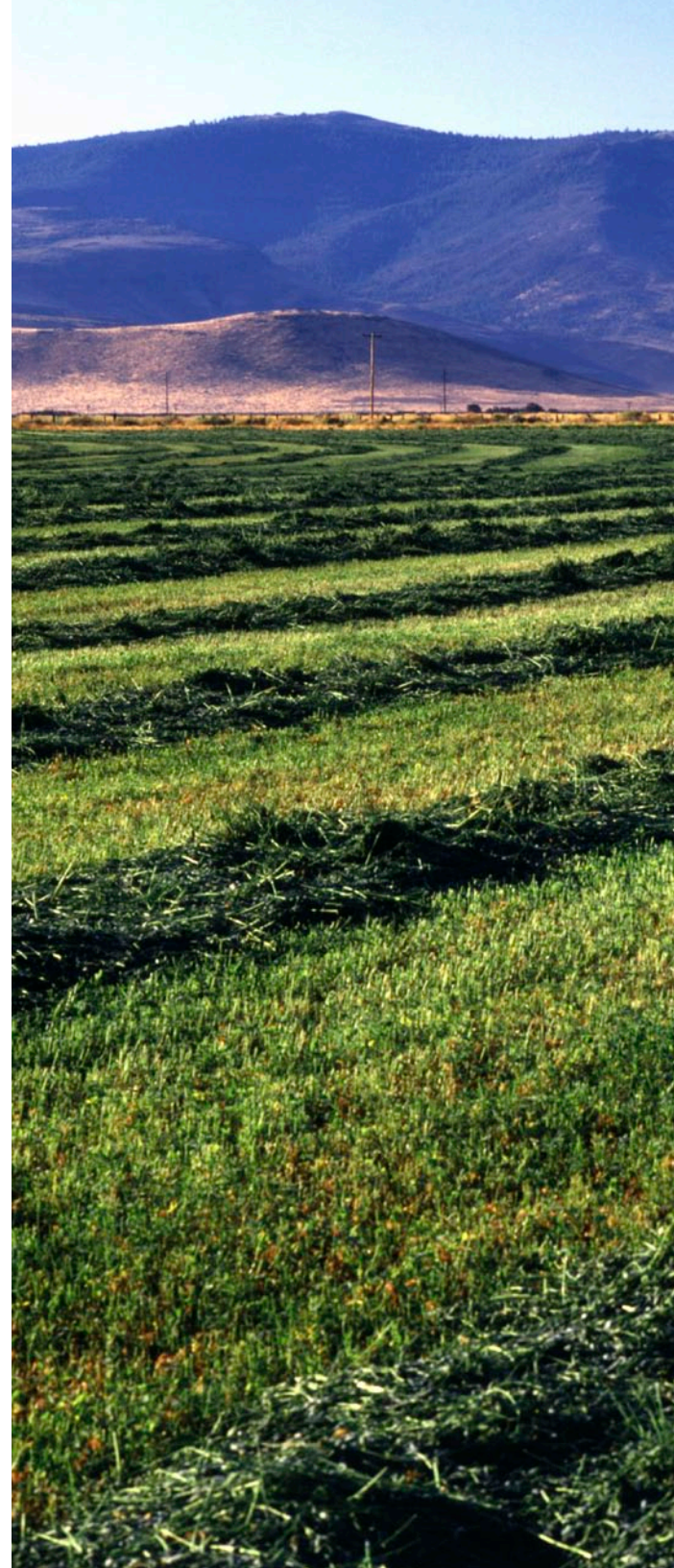
capacity to 2020. WGRF is planning to bring all interested parties together in the spring 2015 to develop a common vision for the future of agronomy research then work toward that goal.

WGRF has been working closely with the provincial Wheat and Barley Commissions and Associations creating opportunities for collaboration. A historic event occurred in Calgary on Tuesday December 16, 2014 when, for the first time, western Canadian wheat and barley producer check-off organizations met to discuss producer involvement in wheat and barley variety development. The organizations agreed to work together to objectively explore options for producer commissions and associations to continue to invest in wheat and barley variety development.

In the year ahead WGRF will work to help strengthen agricultural research in western Canada.

**Dave Sefton**

2014 WGRF BOARD CHAIR



## EXECUTIVE DIRECTOR'S MESSAGE

This past year was an exciting year for Western Grains Research Foundation, with changes that will have a positive impact on the agricultural landscape for years to come. Our Board and staff have embraced these new developments; they are an opportunity to deepen our commitment to Western Canadian producers by funding important crop research.

For the past few years, WGRF has focused on increased utilization of WGRF Funds through effective and efficient programming. This includes collaborating on agricultural research funding at both the federal and provincial levels. This focus has resulted in WGRF investing in agriculture research at an unprecedented level, further leveraging producer's investments. In 2014, WGRF almost doubled the amount invested in variety development and crop research from 2013. This type of growth has required a great deal of time, effort and commitment from WGRF Board Members, WGRF Staff and expert research committee advisors. I would like to congratulate everyone on a very successful 2014.

Continued funding of public wheat and barley breeding programs is a priority for WGRF. In 2014, WGRF invested over \$7.3 million in wheat variety development and over \$1 million in barley variety development. WGRF has been working with provincial wheat and barley organizations on a number of initiatives, most importantly the renewal of core wheat and barley breeding agreements. These research agreements provide a framework for farmer investment in wheat and barley breeding research over the next

five years. Co-funding of research projects in collaboration with producer commodity organizations and funding agencies is a big part of what we do at WGRF. Since 2012, WGRF has been co-operating on research funding processes in Manitoba (Agriculture Research Development Initiative), Saskatchewan (Agriculture Development Fund) and Alberta (Agriculture Funding Consortium). This partnership places WGRF in a unique position as the only organization to see research proposals from across all of western Canada. By the end of 2014 WGRF anticipates initiating 112 new agreements, arising from hundreds of proposals reviewed by our research committee, with a total value of \$16.6 M over the life of the agreements.

### 2015 WILL SEE WGRF CONTINUE TO PROVIDE LEADERSHIP AND SUPPORT FOR CROP RESEARCH FUNDING WHILE SEEKING NEW FUNDING OPPORTUNITIES.

I look forward to another very exciting year in 2015 at WGRF, working with a great staff and dedicated Board Members.

**Garth Patterson**

EXECUTIVE DIRECTOR, WGRF





## MEMBERSHIP UPDATE

WGRF Bylaws allow three classes of Members: A, B and C. Class A is for producer organizations while Classes B and C are for government and industry organizations, respectively. WGRF was pleased to welcome four new Class A Members in 2014: Alberta Barley Commission, Manitoba Wheat and Barley Growers Association, Saskatchewan Barley Development Commission, and Saskatchewan Wheat Development Commission.

### 2014 Class A Members

- Agricultural Producers Association of Saskatchewan
- Alberta Barley Commission
- Alberta Federation of Agriculture
- Alberta Wheat Commission
- BC Grain Producers Association
- Canadian Canola Growers Association
- Canadian Seed Growers Association
- Keystone Agricultural Producers
- Manitoba Wheat and Barley Growers Association
- National Farmers Union
- Prairie Oat Growers Association
- Saskatchewan Barley Development Commission
- Saskatchewan Flax Development Commission
- Saskatchewan Wheat Development Commission
- Western Barley Growers Association
- Western Canadian Wheat Growers Association
- Western Pulse Growers
- Western Winter Cereal Producers

### 2014 Class B Members

- Agriculture & Agri-Food Canada

## 2014 WGRF COMMITTEES

### Executive Committee:

Dave Sefton (Chair), Keith Degenhardt (Vice-Chair), Kevin Auch, Todd Lewis, Bob Anderson

### Investment Committee:

Gerrid Gust (Chair), Bob Anderson, Martin Moore, Jason Skotheim

### Research Committee:

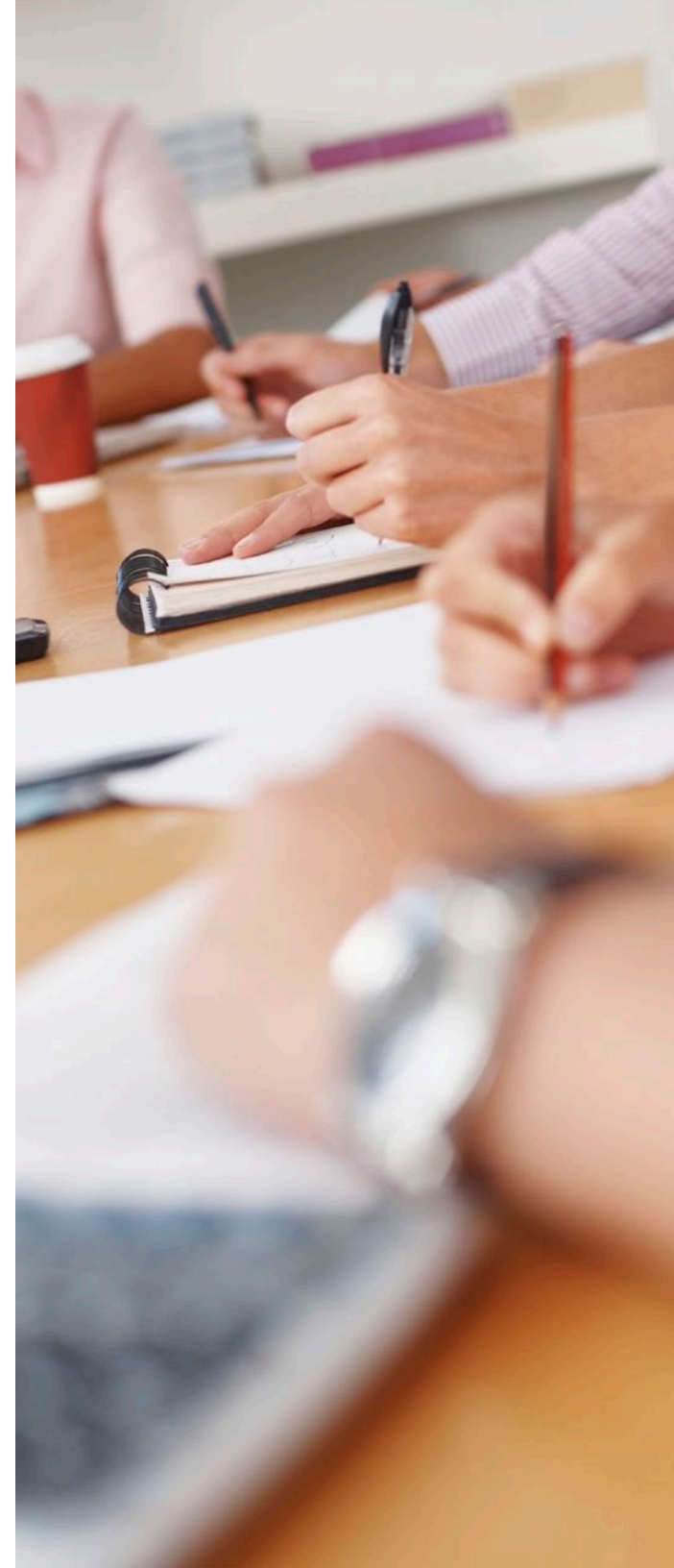
Keith Degenhardt (Chair), D'Arcy Hilgartner, Todd Lewis, Bob Anderson, George Clayton, Daryl Domitruk, David Gauthier, Rick Holm, Abdul Jalil, Rigas Karamanos, Mark MacNaughton

### Wheat Committee:

Kevin Auch (Chair), Bill Gehl, Garth Butcher, Gerrid Gust, Ron DePauw, Jim Gowans, Pierre Hucl, Gordon Harrison, Graham Worden

### Barley Committee:

Mel Stickland (Chair), Martin Moore, Jason Skotheim, Ray Askin, Aaron Beattie, Michael Brophy, Michael Edney, Jim Gowans, Bill Legge, Li Yueshu



## 2014 BOARD OF DIRECTORS

In 2014 WGRF Board and their respective organizations include:

**Dave Sefton** CHAIR  
Saskatchewan Flax  
Development Commission  
*Broadview, SK*

**Dr. Keith Degenhardt** VICE-CHAIR  
Alberta Federation of Agriculture  
*Hughenden, AB*

**Bill Gehl**  
Saskatchewan Wheat  
Development Commission  
*Regina, SK*

**Bob Anderson**  
Prairie Oat Growers Association  
*Dugald, MB*

**D'Arcy Hilgartner**  
Western Pulse Growers  
*Camrose, AB*

**Don Dewar**  
Keystone Agricultural Producers  
*Dauphin, MB*

**Doyle Wiebe**  
Canadian Canola Growers Association  
*Langham, SK*

**Garth Butcher**  
Western Winter Cereal Producers  
*Birtle, MB*

**Gerrid Gust**  
Western Canadian Wheat  
Growers Association  
*Davidson, SK*

**Jason Skotheim**  
Saskatchewan Barley  
Development Commission  
*Spruce Home, SK*

**Jason Lenz**  
Alberta Barley Commission  
*Bentley, AB*

**Joe Rennick**  
Canadian Seed Growers Association  
*Milestone, SK*

**Kevin Auch**  
Alberta Wheat Commission  
*Carmangay, AB*

**Martin Moore**  
BC Grain Producers Association  
*Fort St. John, BC*

**Mel Stickland**  
Western Barley Growers Association  
*Red Deer, AB*

**Ray Askin**  
Manitoba Wheat and Barley  
Growers Association  
*Portage, MB*

**Stewart Wells**  
National Farmers Union  
*Swift Current, SK*

**Todd Lewis**  
Agricultural Producers Association  
of Saskatchewan  
*Regina, SK*

## WGRF STAFF



**Garth Patterson, M.Sc., PAg**  
EXECUTIVE DIRECTOR

**Barbara Kammerer, CPA, CMA**  
FINANCE MANAGER

**Pat Flaten M.Sc., PAg**  
RESEARCH PROGRAM MANAGER

**Joelle Harris, B.S.A, PAg**  
RESEARCH PROGRAM MANAGER

**Gina Feist, B.Sc., MBA**  
RESEARCH PROGRAM MANAGER

**Mike Espeseth, B.Comm**  
COMMUNICATIONS MANAGER

**Candice Lajeunesse**  
RESEARCH PROGRAM ADMINISTRATOR

**Tracy Antonenko**  
OFFICE ADMINISTRATOR







## WGRF INVESTS \$2.7 MILLION IN NEW PROJECT FUNDING

Through a co-funding partnership with the Agriculture Development Fund (ADF) and other producer commodity groups, WGRF announced \$2.7 million of new funding towards 26 crop-related research projects in January 2014.

The WGRF Endowment Fund is used to fund crop research projects that benefit all producers through improved agricultural systems, technology and agronomic practices.

"Co-funding partnerships between ADF and producer commodity groups help maximize the investment producers make in crop research," said WGRF Board Chair, Dave Sefton.

Some of the projects receiving funding include: The insect disinfection of stored grains using radio frequency, strategies for Fusarium in cereals, improving nitrogen fixation of peas, and weed control practices.



## WGRF REVIEWING AGRONOMY RESEARCH CAPACITY

In collaboration with several western Canadian producer crop commodity organizations, WGRF issued a request for proposals in January 2014 to assess the capacity for crop agronomic research in Western Canada.

WGRF received the full report from Toma and Bouma Management Consultants in November 2014. This project provides an inventory (capital and human resources) of agronomic research capacity in Western Canada, and projected capacity to 2020.

This study and its results are the first step in the development of a plan to optimize agronomy research capacity in Western Canada. In April 2015, WGRF and key stakeholders will attend a facilitated meeting to discuss the findings of the report 'Fertile Ground: Agronomic Research Capacity in Western Canada'. The purpose of this meeting will be to share information and develop a vision for what is needed to fill the needs for agronomic research capacity well into the future.



## WGRF PARTNERSHIP WITH GENOME CANADA

Genome Canada, in partnership with WGRF, launched a Request for Applications for the 2014 Large-Scale Applied Research Project Competition: Genomics and Feeding the Future. The Competition will support research projects that will create new knowledge and inform public policy for Canada's agri-food and fisheries & aquaculture sectors and contribute solutions that can help feed the world's growing population.

Approximately \$90 million will be invested over 4 years in large-scale research projects across Canada, each worth from \$2 million to \$10 million. Genome Canada will invest \$30 million, WGRF \$5 million, and the balance of investment will be obtained through co-funding of projects from other sources, such as industry, governments and not-for-profits. Projects will be selected through a rigorous international peer review process.

Agriculture has largely relied on traditional food production practices to increase productivity – but these methods are reaching the limits of their capacity for increasing yields, even as populations continue rising and climate change creates new stresses on food production. Knowledge of the genetic make-up and gene functions of plants, livestock, fish and other species, and how these genes interact, is

increasing dramatically and can inform innovations leading to economic and social benefits for Canadians.

Canada is already leading a number of national and international genomics-based initiatives that have the potential to result in improved crop yields, better food and water safety, enhanced livestock health, improved disease resistance and population health among fish stocks and better management of pests and invasive species that threaten agricultural production and trade. The projects funded through this new Competition will build on such past successes and equip Canadian producers and others with new knowledge to address pressing global food-related challenges.

WGRF is excited about the impact this initiative can have for producers. Our partnership with Genome Canada will allow WGRF to invest in the best genomics research programs in Canada. Support of genomics for crop research is important for the development of new farm management practices, innovative agricultural products and improved crop varieties.

For further details, visit [www.genomecanada.ca](http://www.genomecanada.ca).





## WHEAT AND BARLEY CHECK-OFFS

2014 was the second year of the five-year federal check-off that enables producers to continue supporting the work conducted by the Western Grains Research Foundation (WGRF), Canadian International Grains Institute (Cigi) and the Canadian Malting Barley Technical Centre (CMBTC).

This transitional check-off is in addition to any provincial check-offs and has enabled WGRF, Cigi, CMBTC to continue to deliver new varieties, market development and technical support to the industry.

This voluntary check-off of \$0.48 per tonne of wheat sold in B.C., Alberta, Saskatchewan and Manitoba and \$0.56 per tonne of barley sold in B.C., Saskatchewan and Manitoba (\$0.04 per tonne of barley sold in Alberta) is shown on your Cash Purchase Ticket upon grain delivery at a Canadian Grain Commission licensed company.

[www.wheatbarleycheckoff.com](http://www.wheatbarleycheckoff.com) serves as a central information holding place for producers and grain buyers to visit. Western Canadian farmers and grain buyers are encouraged to utilize the website or phone the Alberta Barley Commission's toll-free number at 1-800-265-9111 for more information.



wheat & barley check-off

DELIVERING NEW VARIETIES & MARKET OPPORTUNITIES TO YOUR FARM



## A hopper full of best-in-class technology.

Through Western Grains Research Foundation, producers have helped fund research and development for more than 200 varieties of wheat and barley. You most likely recognize more than a few of them, and you've probably had some success growing several of them too. Western Grains Research Foundation is a producer-funded and producer-directed organization. Working together, we produce some of the world's finest and most technologically advanced grains.





## GROWING FORWARD 2 PROGRAMMING

Five programs related to Agriculture and Agri-Food Canada's Growing Forward 2 Clusters and Agri-Science Projects were initiated in 2014. The \$25.2 million National Wheat Improvement Program included commitments of \$9.6 million from WGRF's wheat fund, \$3.1 million from other industry partners, and \$12.5 million from AAFC to support 41 projects.

Four programs were funded from the Endowment Fund, with a total value of \$2,885,576. These included:

- Systems Approach to Agronomy (9 projects);
- Mustard Innovation;
- Organic Science Cluster; and
- Pulse Science Cluster.



## SYSTEMS APPROACH TO CROP SUSTAINABILITY (SACS)

The announcement of \$2.16 million for a Systems Approach to Crop Sustainability (SACS) on behalf of Agriculture Minister Gerry Ritz, combined with WGRF's commitment of \$2.16 million accounts for a total investment of \$4.32 million for agronomy research over the next 5 years.

The SACS program encompasses three interconnected areas: crop risk management, beneficial rotational management, and soil fertility. The overall goal of this project is to support growth and sustainability of the Canadian crop industry, through improved crop management and monitoring systems, increased adoption and uptake of agronomic knowledge, and augmented investment in agronomic research and innovation.

This project will lead a much-needed multi-crop perspective that will give a home to research for integrated crops management.

Canadian farmers face numerous critical challenges and are required to produce more and better products, while maintaining their bottom line and soil fertility. Research in agronomy is vital to fully realize genetic gain and increase

crop productivity. The research activities involved in the SACS proposal will generate practical information that farmers can apply to their operations and increase profitability.

Research activities will be carried out across Canada through Agriculture and Agri-Food Canada, University of Alberta, University of British Columbia, University of Guelph, University of Montreal, University of Saskatchewan, University of Manitoba, Farming Smarter, and the Western Applied Research Corporation.

SACS was developed with input from: Saskatchewan Canola Development Commission, Manitoba Canola Growers Association, Alberta Canola Producers Association, Canola Council of Canada, Alberta Pulse Growers, Saskatchewan Pulse Growers, Manitoba Pulse Growers Association, Pulse Canada, Saskatchewan Flax Development Commission, Flax Council of Canada, Alberta Barley Commission, and the BC Grain Producers Association.





## MIDGE TOLERANT WHEAT

WGRF manages the Wheat Midge Communications program and budget for this project. Since 2012, WGRF has been contributing \$100,000 to continue wheat midge communications. Through a three-way agreement that includes producers, developers and distributors each partner contributes \$100,000 annually towards protecting and communicating the importance of stewardship of midge tolerant technology.







The Midge Tolerant Wheat Stewardship Team is a broad industry coalition representing plant breeders, government, seed growers, seed distributors and producer groups. WGRF serves as Co-chair of the Midge Tolerant Stewardship Team. The team is committed to maintaining the viability of midge tolerant wheat by educating Canadian wheat producers on the importance of proper stewardship of the technology.

The Midge Tolerant Wheat Stewardship Team launched a new advertising campaign in 2014 to communicate the importance of protecting midge tolerant wheat technology. The ads remind growers about the Stewardship Agreement, which limits the use of farm-saved seed to one generation past Certified seed. It's a vital step that ensures the interspersed refuge system is kept at the proper level, preventing the build-up of resistant midge. Without the refuge we lose the one and only tolerant gene. There is no Plan B.

According to the Canadian Grain Commission, 18% of total western wheat acres in 2014 were midge tolerant varieties – that's up from 16% the previous year. In Alberta, producers in the Peace River area were caught off-guard with a midge

infestation in 2013. In 2014, midge tolerant varieties were shipped into the region and producers took advantage of the technology in anticipation of more midge pressure.

Midge tolerant wheat varieties offer flexibility in crop rotations and seeding dates. Most importantly, they eliminate the need to use insecticide as a control method. Instead, midge damage is dramatically reduced with help of Sm1, a midge tolerant gene that is moved into wheat varieties using traditional plant breeding techniques.

<p>Producers achieve</p> <p><b>\$36</b> per acre</p> <p>in yield &amp; grade benefits</p> <p><small>based on wheat price at \$4/bu</small></p> <p> <b>MIDGE TOLERANT WHEAT</b> Plant-Protect-Preserve</p> <p><a href="http://midgetolerantwheat.ca">midgetolerantwheat.ca</a></p>	<p><b>94%</b></p> <p>of producers are committed to stewardship practices</p> <p> <b>MIDGE TOLERANT WHEAT</b> Plant-Protect-Preserve</p> <p><a href="http://midgetolerantwheat.ca">midgetolerantwheat.ca</a></p>	<p>An interspersed <b>refuge</b> could <b>preserve</b> midge tolerance for <b>90 YEARS</b></p> <p> <b>MIDGE TOLERANT WHEAT</b> Plant-Protect-Preserve</p> <p><a href="http://midgetolerantwheat.ca">midgetolerantwheat.ca</a></p>
<p>There's only <b>1</b> midge tolerant gene. Stewardship is vital. There is <b>NO Plan B</b></p> <p> <b>MIDGE TOLERANT WHEAT</b> Plant-Protect-Preserve</p> <p><a href="http://midgetolerantwheat.ca">midgetolerantwheat.ca</a></p>	<p>Nearly <b>20%</b> of western wheat acres were midge tolerant in 2014</p> <p> <b>MIDGE TOLERANT WHEAT</b> Plant-Protect-Preserve</p> <p><a href="http://midgetolerantwheat.ca">midgetolerantwheat.ca</a></p>	<p>Producers have <b>successfully grown</b> <b>MIDGE TOLERANT WHEAT</b> for <b>5 years</b></p> <p> <b>MIDGE TOLERANT WHEAT</b> Plant-Protect-Preserve</p> <p><a href="http://midgetolerantwheat.ca">midgetolerantwheat.ca</a></p>





## WGRF TO RECEIVE PAYMENT FROM CN RAIL

“AS A PRODUCER, I WOULD PREFER THAT THE RAILWAYS STAY BELOW THEIR MAXIMUM REVENUE ENTITLEMENTS; HOWEVER, WHEN THESE ENTITLEMENTS ARE EXCEEDED WGRF AND ITS BOARD OF DIRECTORS WILL INVEST THESE FUNDS INTO FIELD CROP RESEARCH TO THE BENEFIT OF ALL WESTERN CANADIAN FARMERS.”

**Dave Sefton, WGRF Board Chair**

The Canadian Transportation Agency issued Decision No. 451-R-2014 on December 18, 2014 ruling that the revenues of the Canadian Pacific Railway Company (CP) are under its maximum revenue entitlement and that the Canadian National Railway Company (CN) has exceeded its maximum revenue entitlement for crop year 2013-2014. The Western Grains Research Foundation (WGRF) will receive \$5,231,011 from CN for exceeding its revenue entitlement. The news release on the ruling is available from the Canadian Transportation Agency website at [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca). CN is planning to appeal about \$4 Million of the \$5.2 M received in 2014.

In 2000, the Federal Government named WGRF under the Canada Transportation Act as the organization that would receive funds that were deemed to be in excess of the maximum revenue entitlements allowed for CN and CP. The excess fund plus a five percent penalty are paid into the WGRF Endowment Fund.

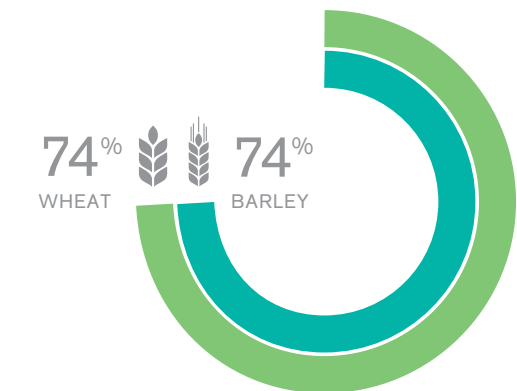
A complete history of the funds WGRF has retained through the revenue cap can be found on the WGRF website.

## SR & ED TAX CREDIT

The federal government annually provides a Scientific Research and Experimental Development (SR&ED) tax credit to producers on their check-off investments.

The tax credit percentage for producers who contributed to the wheat and barley check-off in 2014 is 74% for wheat and 74% for barley. The percentages are calculated by looking at the amount of the check-off dollars spent directly on research.

For more information on claiming your SR&ED tax credit, please consult your accountant or visit the Canada Revenue Agency website.



WHAT ARE PRODUCERS ELIGIBLE TO CLAIM FOR CHECK-OFF?





PROJECTS COMMENCING IN 2014

Below is a listing of the 56 projects starting in 2014 for which WGRF approved funding:

AGRONOMY

RESEARCHER	INSTITUTION	LENGTH	AMOUNT	PROJECT TITLE
Brian Beres	AAFC-Lethbridge	4 years	\$172,360	The integration of spring wheat genetics and agronomics to mitigate risks associated with early plantings into cold soils.
Cecil Vera	AAFC	3 years	\$75,440	The association of lodging and pasmo disease, and their effect on the seed yield of flax
Christian Willenborg	U of S	3 years	\$88,471	Management of volunteer glyphosate-resistant canola in glyphosate-resistant soybean crops
Christoph Neeser	Government of Alberta	1 year	\$13,125	Performance and cost of field scouting for weeds and diseases using imagery obtained with an unmanned aerial vehicle
Dale Tomasiewicz	AAFC	5 years	\$119,215	Crop cultivars for irrigation in Saskatchewan
Diane Knight	U of S	3 years	\$81,908	Responding to climate fluctuations: development of a Rhizobium collection
Heather McBey	MFSA	3 years	\$21,210	Perennial ryegrass disease control evaluation and the study of the interaction of diseases with the host plant environment
Hugh Beckie	AAFC	2 years	\$30,667	Development of rapid assays for determination of Group 1 and 2 herbicide resistance in weeds
Janusz Zwiazek	U of A	2 years	\$36,100	Improving growth and yield of canola with a novel fungal endophyte Piriformospora indica
Jeff Schoenau	U of S	3 years	\$62,590	Nutrient content and release from soybean residues in comparison to other pulse crops in Saskatchewan
Jim Broatch	Government of Alberta	1 year	\$65,700	Improved pest surveillance and pest management for fruit and vegetable crops in Alberta
Julia Leeson	AAFC	2 years	\$115,000	2014 Saskatchewan weed survey
Ken Coles	Farming Smarter	1 year	\$67,114	Night spraying: fungicides
Linda Hall	U of A	2 years	\$95,000	Optimizing oat yield, quality and stand-ability in Central Alberta
Michael Ganzle	U of A	2 years	\$72,500	Use of antifungal lipids in crop protection
Michael Harding	Government of Alberta	3 years	\$107,021	Improving Sclerotinia disease control in edible beans and canola
Nathan Gregg	PAMI	4 years	\$206,912	Canola direct-cut harvest system development
Owen Olfert	AAFC	4 years	\$220,000	Coordinated surveillance, forecasting and risk warning systems for field crop insect pests of the prairie ecosystem
Pooba Ganeshan	SRC	3 years	\$152,343	Molecular diagnostics strategies for Fusarium species detection and quantification in wheat
Richard Farrell	U of S	2 years	\$67,230	Direct assessment of the release of fixed N in the rhizosphere of pea, lentil, chickpea and faba bean

AGRONOMY continued

RESEARCHER	INSTITUTION	LENGTH	AMOUNT	PROJECT TITLE
Sabine Banniza	U of S	2 years	\$27,360	Assessment of secondary effects of strobilurin fungicides on pulse crops in Saskatchewan
Sabine Banniza	U of S	5 years	\$137,554	Towards generating multiple-fungal disease resistance in lentil - Can we score a hat trick?
Sabine Banniza, Bruce Gossen	AAFC	1 year	\$55,775	Assessment of secondary effects of strobilurin fungicides on pulse crops in Saskatchewan
Scott Meers	Government of Alberta	2 years	\$54,450	Alberta alfalfa insect survey
Sheri Strydhorst	Government of Alberta	2 years	\$788,079	Advanced agronomic practices in wheat, barley and pea to maximize yield and harvestability
Tom Wolf	AgriMetrix	3 years	\$62,200	Optimizing pesticide efficacy: a study of spray deposition into canopies
Wayne Goerzen	SK Alfalfa	2 years	\$94,875	Development of new strategies for control of parasites and disease in alfalfa leafcutter bee populations
Yvonne Lawley	U of M	3 years	\$68,617	Soybean residue management

POST-HARVEST MANAGEMENT

RESEARCHER	INSTITUTION	LENGTH	AMOUNT	PROJECT TITLE
Ashok Sarkar	CIGI	1 year	\$18,000	Examination of milling performance and flour quality of barley and wheat blends
Catherine Niu	U of S	2 years	\$47,820	Drying fuel alcohols and natural gas with biosorbents based on agricultural by-products
Grant Pierce	SBHRC	3 years	\$156,585	The effect of dietary flaxseed on patients with high blood pressure
Oon-Doo Baik	U of S	2 years	\$86,725	Prototyping an online radio frequency (RF) disinfestation unit: a step towards industrial applications
Phil Chillibeck	U of S	1 year	\$30,855	Health and performance benefits of a pulse-based diet for soccer players during regular season play

VARIETY DEVELOPMENT

RESEARCHER	INSTITUTION	LENGTH	AMOUNT	PROJECT TITLE
Bunjamin Tar'an	U of S	3 years	\$188,611	A reverse-introgression and genomics strategy to develop and characterize chickpea germplasm for yield and climate-resilience traits
Darcelle Graham	National Sunflower Assoc of Canada	4 years	\$316,700	Confection sunflower variety development initiative
Daryl Males	Mustard 21 Canada Inc.	1 year	\$69,000	Development of a registration system for mustard cultivars in SK



VARIETY DEVELOPMENT continued

RESEARCHER	INSTITUTION	LENGTH	AMOUNT	PROJECT TITLE
Dean Spaner	U of A	5 years	\$373,750	Expanding Albertan capacity for Hard red spring wheat breeding and the education of future scientists
Dean Spaner	U of A	1 year	\$97,750	Coordination and analytic support to the Parkland Bread Wheat Cooperative Test
Dean Spaner	U of A	2 years	\$287,500	Developing new high yield wheat varieties (CPS and GP) for the milling, animal feed and ethanol industries in Alberta
Donald Pauly	Government of Alberta	2 years	\$97,612	Refining dry bean fertility practices
Fengqun Yu	AAFC	4 years	\$92,000	Developing near-isogenic Brassica napus lines for differentiating pathotypes of Plasmodiophora brassicae
Garry Hnatowich	ICDC	3 years	\$41,895	Agronomic investigations of irrigated soybean
Harpinder Randhawa	AAFC-Lethbridge	1 year	\$88,205	Development of spring wheat (SWS and GP) with higher yield potential for Alberta's bio-economy
Helen Booker	U of S	3 years	\$343,640	Development of a flax breeding database: a gateway to novel breeding strategies
Helen Booker	Sask Flax	1 year	\$57,500	Western Canadian oilseed flax cooperative trials
Helen Booker	U of S	3 years	\$165,000	Contra season (winter) nursery for oilseed flax
Kirstin Bett	U of S	3 years	\$86,642	Deployment of tepary bean genetics to improve stress tolerance in common bean
Nora Foroud	AAFC-Lethbridge	3 years	\$157,000	In vitro selection: rapid screening and development of FHB and DON resistant wheat
Ralph Lange	Alberta Innovates	2 years	\$85,000	Development of canola cultivar blackleg resistance groups: feasibility evaluation
Ravindra Chibbar	U of S	1 year	\$175,724	Genomic strategies to improve field survival of winter cereals and stabilized yield
Rob Graf	AAFC-Lethbridge	4 years	\$150,938	Development of premium quality western Canadian winter wheat
Robyne Bowness	Government of Alberta	1 year	\$90,107	Evaluation of field pea and faba bean germplasm
Rosalind Bueckert	U of S	3 years	\$137,614	Cool pea leaves: leaf traits to improve yield stability in stress
Steve Haber	AAFC	3 years	\$74,750	Protecting Saskatchewan agriculture – characterization of new sources of FHB resistance.
Tom Warkentin	U of S	3 years	\$118,055	Improved markers for Mycosphaerella blight resistance in pea
Tom Warkentin	U of S	3 years	\$179,631	Steps toward breeding for improved nitrogen fixation in pea





INDEPENDENT AUDITOR'S REPORT

Deloitte.

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Canada

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TO THE DIRECTORS OF WESTERN GRAIN RESEARCH FOUNDATION,

We have audited the accompanying financial statements of Western Grains Research Foundation (the "Foundation") which comprise the statement of financial position as at December 31, 2014, and the statements of operations and changes in fund balances 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Foundation derives part of its earnings from payments from wheat and barley producers and royalties, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to payments received from producers or royalties, excess of revenue over expenditures, and cash flows from operations for the years ended December 31, 2014, and December 31, 2013, current assets as of December 31, 2014, and December 31, 2013, and fund balances as at January 1 and December 31, for both the 2013 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly, because the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2014, 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.

Deloitte LLP

Chartered Professional Accountants  
March 10, 2015  
Saskatoon, Saskatchewan

STATEMENT OF FINANCIAL POSITION

as at December 31, 2014

	2014	2013
<b>Current Assets</b>		
Cash	\$ 282,886	\$ 985,762
Cash and short-term notes held by investment dealer	14,778,626	8,408,120
Accounts receivable	1,731,828	1,047,535
Government remittance receivable	25,454	23,989
Prepaid expenses	6,674	3,592
Accrued interest receivable	397,946	368,498
Investments in debt instruments (Note 6)	47,022,304	51,655,754
Investments in equity securities	91,992,902	78,413,978
	<u>\$ 156,238,620</u>	<u>\$ 140,907,228</u>

Current Liabilities

Accounts payable and accrued liabilities	\$ 165,592	\$ 113,398
Contingency and commitments (Notes 9, 10, 11)		

Fund Balances (Note 3)

Capital Fund	\$ 9,066,972	\$ 9,066,972
Endowment Fund (Schedule 1)	110,559,846	100,637,342
Wheat Fund (Schedule 2)	33,596,286	28,366,826
Barley Fund (Schedule 3)	2,849,924	2,722,690
	<u>156,073,028</u>	<u>140,793,830</u>
	<u>\$ 156,238,620</u>	<u>\$ 140,907,228</u>

See accompanying notes.

Approved by the board:

Dave Sefton

Dave Sefton

DIRECTOR

Dr. Keith J. Degenhardt

Dr. Keith J. Degenhardt

DIRECTOR





STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended December 31, 2014

	2014	2013
<strong>Revenues</strong>		
Payments received from producers	\$ 8,604,323	\$ 11,922,502
Unrealized gain on investments (Note 7)	3,396,325	8,694,565
Investment income	3,127,409	2,980,202
Other income (Note 8)	7,587,754	608,800
Royalties	1,957,594	1,458,816
Gain on sale of investments (Note 7)	5,416,079	7,293,034
Foreign exchange (loss) gain	(74,842)	349
	<u>30,014,642</u>	<u>32,958,268</u>
<strong>Expenditures</strong>		
Research funding	13,162,205	7,261,832
Operating (Schedule 4)	1,434,739	1,353,929
Royalty research funding	38,500	70,881
Scholarships	100,000	100,000
	<u>14,735,444</u>	<u>8,786,642</u>
Excess of revenue over expenditures for the year	15,279,198	24,171,626
Fund balances, beginning of year	<u>140,793,830</u>	<u>116,622,204</u>
<strong>Fund balances, end of year</strong>	<strong>\$ 156,073,028</strong>	<strong>\$ 140,793,830</strong>

See accompanying notes.

STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	2014	2013
<strong>Operating activities</strong>		
Excess of revenue over expenditures for the year	\$ 15,279,198	\$ 24,171,626
Items not affecting cash		
Unrealized gains on investments	(3,396,325)	(8,694,565)
Amortization of net premiums on bonds	(46,870)	(91,567)
Gain on sale of investments	(5,416,079)	(7,293,034)
Changes in non-cash working capital	(666,094)	(987,769)
	<u>5,753,830</u>	<u>7,104,691</u>
<strong>Investing activities</strong>		
Purchase of investments	(51,753,038)	(79,887,028)
Proceeds on investments redeemed	51,666,838	79,596,742
	<u>(86,200)</u>	<u>(290,286)</u>
Increase in cash during the year	5,667,630	6,814,405
Cash position, beginning of year	9,393,882	2,579,477
Cash position, end of year	<u>\$ 15,061,512</u>	<u>\$ 9,393,882</u>
<strong>Cash is comprised of</strong>		
Operating cash	\$ 282,886	\$ 985,762
Cash and short-term notes held by investment dealer	14,778,626	8,408,120
	<u>\$ 15,061,512</u>	<u>\$ 9,393,882</u>

See accompanying notes.





SCHEDULE 1: SCHEDULE OF ENDOWMENT FUND OPERATIONS AND CHANGES IN FUND BALANCE

Year ended December 31, 2014

	2014	2013
<b>Revenues</b>		
Investment income	\$ 2,523,227	\$ 2,512,076
Other income (Note 8)	5,311,890	202,824
Gain on sale of investments (Note 7)	5,327,385	7,302,902
Unrealized gain on investments (Note 7)	2,476,326	8,107,414
Foreign exchange (loss) gain	(47,631)	3,748
	<u>15,591,197</u>	<u>18,128,964</u>
<b>Expenditures</b>		
Research funding		
Variety Development	1,595,211	1,598,237
Post Harvest Management	131,320	165,474
Agronomy	1,308,306	83,233
Crop Risk Management	623,314	375,617
Crop Utilization	220,144	245,681
Minor Crop Development	904,728	292,015
	<u>4,783,023</u>	<u>2,760,257</u>
Scholarships	100,000	100,000
Operating (Schedule 4)	785,670	457,716
	<u>5,668,693</u>	<u>3,317,973</u>
Excess of revenue over expenditures for the year	9,922,504	14,810,991
Endowment fund, beginning of year	100,637,342	85,826,351
<b>Endowment fund, end of year</b>	<b>\$ 110,559,846</b>	<b>\$ 100,637,342</b>

See accompanying notes.

OPERATING ACCOUNT

RESERVE ACCOUNT

SCHEDULE 2: SCHEDULE OF WHEAT FUND OPERATIONS AND CHANGES IN FUND BALANCE

Year ended December 31, 2014

	2014	2013
<b>Revenues</b>		
Payments received from producers (Note 2)	\$ 7,708,443	\$ 10,712,310
Royalties	1,789,056	1,276,461
Other income (Note 8)	2,275,864	405,976
Investment income	1,678	1,895
	<u>11,775,041</u>	<u>12,396,642</u>
<b>Expenditures</b>		
Research Funding		
Agriculture and Agri-Food Canada	4,393,568	2,270,412
University of Saskatchewan	1,507,407	1,087,493
University of Manitoba	508,693	254,073
CEROM	252,483	-
University of Alberta	456,091	103,736
University of Guelph	182,508	-
Alberta Agriculture and Rural Development	60,480	61,463
	<u>7,361,230</u>	<u>3,777,177</u>
Royalty research funding	38,500	70,881
Operating (Schedule 4)	573,415	798,857
	<u>7,973,145</u>	<u>4,646,915</u>
Excess of revenue over expenditures for the year	3,801,896	7,749,727
Transfer to wheat reserve account	(3,633,199)	(6,557,111)
Operating account, beginning of year	1,337,792	145,176
<b>OPERATING ACCOUNT, END OF YEAR</b>	<b>1,506,489</b>	<b>1,337,792</b>
Investment income	548,852	423,300
Gain (loss) on sale of investments (Note 7)	78,000	(8,081)
Unrealized gain on investments (Note 7)	825,814	517,727
Foreign exchange loss	(25,102)	(2,423)
Reserve income for the year	1,427,564	930,523
Transfer from wheat operating account	3,633,199	6,557,111
Reserve account, beginning of year	27,029,034	19,541,400
<b>RESERVE ACCOUNT, END OF YEAR</b>	<b>32,089,797</b>	<b>27,029,034</b>
<b>WHEAT FUND, END OF YEAR</b>	<b>\$ 33,596,286</b>	<b>\$ 28,366,826</b>



SCHEDULE 3: SCHEDULE OF BARLEY FUND OPERATIONS AND CHANGES IN FUND BALANCE

Year ended December 31, 2014

	2014	2013
<b>Revenues</b>		
Payments received from producers (Note 2)	\$ 895,880	\$ 1,210,192
Royalties	168,538	182,355
Investment income	238	286
	<u>1,064,656</u>	<u>1,392,833</u>
<b>Expenditures</b>		
Research Funding		
Agriculture and Agri-Food Canada	208,046	188,067
Alberta Barley Commission	430,603	162,533
University of Saskatchewan	374,803	367,798
British Columbia Grain Producers Association	4,500	6,000
	<u>1,017,952</u>	<u>724,398</u>
Operating (Schedule 4)	75,654	97,356
	<u>1,093,606</u>	<u>821,754</u>
(Deficiency) excess of revenues over expenses for the year	(28,950)	571,079
Transfer to barley reserve account	(1,169)	(462,324)
Operating account, beginning of year	114,019	5,264
<b>OPERATING ACCOUNT, END OF YEAR</b>	<u>83,900</u>	<u>114,019</u>
<b>RESERVE ACCOUNT</b>		
Investment income	53,414	42,645
Gain (loss) on sale of investments (Note 7)	10,694	(1,787)
Unrealized gain on investments (Note 7)	94,185	69,424
Foreign exchange loss	(2,109)	(976)
Reserve income for the year	156,184	109,306
Transfer from barley operating account	1,169	462,324
Reserve account, beginning of year	2,608,671	2,037,041
<b>RESERVE ACCOUNT, END OF YEAR</b>	<u>2,766,024</u>	<u>2,608,671</u>
<b>BARLEY FUND, END OF YEAR</b>	<u>\$ 2,849,924</u>	<u>\$ 2,722,690</u>

SCHEDULE 4: SCHEDULE OF OPERATING EXPENDITURES

Year ended December 31, 2014

Expenditures

	Endowment Fund	Wheat Fund	Barley Fund	2014	Total 2013
Wages and benefits	\$ 407,985	\$ 238,032	\$ 34,061	\$ 680,078	\$ 619,768
Communications	81,246	204,525	20,251	306,022	287,286
Office (Note 10)	66,030	38,531	5,505	110,066	109,550
Professional fees	22,936	13,597	1,911	38,444	98,586
Consulting fees	106,995	10,353	820	118,168	59,487
Travel and other	63,253	49,559	9,759	122,571	140,327
Directors per diems	37,225	18,818	3,347	59,390	38,925
	<u>\$ 785,670</u>	<u>\$ 573,415</u>	<u>\$ 75,654</u>	<u>\$ 1,434,739</u>	<u>\$ 1,353,929</u>

Operating expenditures for the year

See accompanying notes.





NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

1	DESCRIPTION OF THE FOUNDATION	Western Grains Research Foundation (the “Foundation” or “WGRF”) is a farmer funded and directed not-for-profit organization investing primarily in wheat and barley variety development as well as other agricultural crop research to benefit western Canadian producers.
2	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations “NPO accounting standards” and reflect the following significant accounting policies:

Revenue recognition

a) Wheat and barley funds

Investment income, including any unrealized changes in fair market value in equity securities, is recognized as income in the year earned.

Revenue earned by the wheat and barley funds consists primarily of payments received from producers. Up until July 31, 2012, the revenue was collected by the Canadian Wheat Board (“CWB”) via a deduction from the final payments on grain sold by producers in a particular crop year and remitted to the Foundation. The payment from producers was recognized in the operating account of the respective fund as revenue in the year received from CWB. In 2013, the Foundation received the final payment from the CWB for the crop year ended July 31, 2012.

The federal government repealed the Canadian Wheat Board Act on August 1, 2012. Under new federal legislation, a transitional check-off for up to five years became effective August 1, 2012. Licensed grain buyers must deduct the producer check-off at the point of sale. Amounts deducted are remitted to the Alberta Barley Commission (“ABC”) for administration. ABC remits the amounts to the Foundation, net of an administration fee and a holdback fee for refunds.

The payment from producers is recognized in the operating account of the respective fund as revenue when the amount is known and collection is reasonably assured; some amounts cannot be determined by the Foundation prior to receipt.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

2

SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONT.)

Summary of payments from producers:

	2014	2013
Wheat		
Check-off – CWB	\$ -	\$ 4,158,757
Refunds	-	(4,399)
Transitional Check-off – ABC	7,708,443	6,557,952
<b>Total Check-off Revenue</b>	<b>\$ 7,708,443</b>	<b>\$ 10,712,310</b>
Barley		
Check-off – CWB	\$ -	\$ 435,837
Transitional Check-off – ABC	895,880	774,355
<b>Total Check-off Revenue</b>	<b>\$ 895,880</b>	<b>\$ 1,210,192</b>

Royalties earned by the wheat and barley funds are recognized in the operating accounts of the respective funds when the amount is known and collection is reasonably assured; some amounts cannot be determined by the Foundation prior to receipt.

b) Endowment fund

Investment income, including any unrealized changes in fair value in equity securities, is recognized as income in the year earned.

In some years, WGRF has been awarded funds by the Canadian Transportation Agency ("CTA") as a result of Canadian Pacific Railway Company ("CP") and Canadian National Railway Company ("CN") exceeding their annual revenue caps for movement of grain in Western Canada. This revenue is recognized and recorded as other income in the endowment fund operations when the amount is known and collection is reasonably assured. In 2014 CN paid WGRF \$5,231,011 (Note 8) as per CTA Award (Note 11).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

2

SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONT.)

Investment income

Investment income includes interest and dividend income earned in the year and realized gains and losses from dispositions of investment assets in the year. Unrealized changes in fair value from year to year are recognized in earnings.

Fund operations

Revenue earned, net of operating expenditures, is allocated to designated funds. Research funding for a particular year is charged against the respective fund.

Royalties

The Foundation's share of royalties derived from wheat and/or barley varietal developments are recorded as royalty revenue in the respective wheat and/or barley statement of fund revenue and expenditures. Upon approval of the Board of Directors the royalty funds may be subsequently reinvested with research organizations for the funding of specific projects and recorded as royalty expenditures in the respective statement of fund revenue and expenditures for wheat and/or barley.

Foreign currency translation

The Foundation follows the temporal method of accounting for the translation of foreign currency amounts into Canadian dollars. Under this method, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets are translated at the historical rate of exchange. Revenue and expenses are translated at the rate of exchange prevailing on the transaction date. Gains and losses on translation are reflected in income.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures investments in equity securities at fair value. Other financial assets and financial liabilities including cash, cash and short-term notes held by investment dealer, accounts receivable, accrued interest receivable, investments in debt instruments and accounts payable and accrued liabilities are subsequently measured at amortized cost.

Use of estimates

The preparation of financial statements in conformity with NPO accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

3

FUNDS Capital Fund

The Foundation was funded by the Canadian Ministry of Agriculture on May 2, 1983 by a \$9,066,972 contribution to the Capital Fund. The funding contribution represented an amount equivalent to the balance remaining in the Prairie Farm Emergency Fund, which was derived entirely by deductions from prairie farmer grain sales.

Endowment Fund

Annual investment revenue earned from the initial Capital Fund contribution and funds awarded by CTA to the Foundation as a result of CN and CP exceeding their revenue caps for the movement of grain in Western Canada, net of operating and research grant expenditures, is allocated to the Endowment Fund. The Endowment Fund is not externally restricted and can be spent at the discretion of the Foundation's Board of Directors.

Wheat Fund and Barley Fund

Prior to August 1, 2012, the wheat and barley producers had the option to have \$0.30 per tonne for wheat and \$0.50 per tonne for barley deducted from their final CWB payment. Under the new federal regulations effective August 1, 2012, licensed grain buyers are required to deduct a levy of \$0.48 per tonne for wheat and \$0.56 per tonne for barley and remit to ABC. A portion of the levy is directed to market development and technical assistance and administration. ABC remits the amount directed for research to the Foundation. WGRF receives \$0.30 per tonne for wheat and \$0.50 per tonne for barley, less amounts retained for future producer refunds. The funds are invested and directed to fund research projects for wheat and barley. Separate accounting of the wheat and barley check-offs is required by federal legislation.

In 2009, the Board approved a motion to increase the minimum Wheat Fund reserve account balance to \$8.8 million from \$4.8 million (the amount previously required under the Canadian Wheat Board Act, repealed August 1, 2012).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

4

INCOME TAX STATUS

The Foundation is a registered charity, designated as a public foundation under the Income Tax Act of Canada. As such, it is not subject to income taxes.

5

GST REFUNDS

The Foundation is entitled to a rebate of 50% of the GST paid in the year. This rebate is calculated at the end of each year and the related expense accounts have been reduced for the GST receivable by the Foundation.

6

INVESTMENT IN DEBT INSTRUMENTS

Investments included are bonds, bond strip instruments, and guaranteed investment certificates.

	2014		2013	
	Amortized Cost	Market Value	Amortized Cost	Market Value
Endowment Fund	\$ 33,777,507	\$ 33,660,270	\$ 31,361,386	\$ 31,314,484
Wheat Fund	12,272,797	12,368,742	18,745,368	18,752,819
Barley Fund	972,000	972,000	1,549,000	1,549,000
	\$ 47,022,304	\$ 47,001,012	\$ 51,655,754	\$ 51,616,303





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

7 ACCUMULATED UNREALIZED  
GAINS ON INVESTMENT IN EQUITY  
SECURITIES

	2014	2013
<b>Endowment Fund</b>		
Change in unrealized gains during the year	\$ 7,803,711	\$ 15,410,316
Recognition of realized gains during the year	(5,327,385)	(7,302,902)
	<u>2,476,326</u>	<u>8,107,414</u>
Unrealized gains in opening fund balance	13,769,098	5,661,684
	<u>16,245,424</u>	<u>13,769,098</u>
<b>Wheat Fund</b>		
Change in unrealized gains during the year	903,814	509,646
Recognition of realized losses (gains) during the year	(78,000)	8,081
	<u>825,814</u>	<u>517,727</u>
Unrealized gains in opening fund balance	517,727	–
	<u>1,343,541</u>	<u>517,727</u>
<b>Barley Fund</b>		
Change in unrealized gains during the year	104,879	67,637
Recognition of realized losses (gains) during the year	(10,694)	1,787
	<u>94,185</u>	<u>69,424</u>
Unrealized gains in opening fund balance	69,424	–
	<u>163,609</u>	<u>69,424</u>
<b>Total, All Funds</b>		
Change in unrealized gains during the year	8,812,404	15,987,599
Recognition of realized gains during the year	(5,416,079)	(7,293,034)
	<u>3,396,325</u>	<u>8,694,565</u>
Unrealized gains in opening fund balance	14,356,249	5,661,684
	<u>\$ 17,752,574</u>	<u>\$ 14,356,249</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

8 OTHER INCOME

	2014	2013
<b>Endowment Fund</b>		
Funds received from CN for exceeding the revenue cap for grain movement for 2013-2014	\$ 5,231,011	\$ –
Funds received from CP for exceeding the revenue cap for grain movement for 2012-2013	–	186,859
Agriculture and Agri-Food Canada funding for research costs of the Systems Approach to Agronomy research program	66,487	–
Agriculture and Agri-Food Canada funding for operations costs of the Systems Approach to Agronomy research program	14,392	15,965
	<u>5,311,890</u>	<u>202,824</u>
<b>Wheat Fund</b>		
Agriculture and Agri-Food Canada funding for research under the Wheat Cluster research program	–	191,807
CFCRA funding for research under the National Wheat Improvement Plan program	694,374	–
Alberta Wheat Commission funding for research under the National Wheat Improvement Plan program	538,241	–
Agriculture and Agri-Food Canada funding for operations costs of the National Wheat Improvement Plan research program	135,900	214,169
Agriculture and Agri-Food Canada funding for research under the National Wheat Improvement Plan research program	907,349	–
	<u>2,275,864</u>	<u>405,976</u>
	<u>\$ 7,587,754</u>	<u>\$ 608,800</u>





NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

9

COMMITMENTS The Foundation has approved and is committed to certain research funding over the next five years as follows:

	Endowment Fund	Wheat Fund	Barley Fund	Total
2015	\$ 8,611,358	\$ 6,445,823	\$ 611,937	\$ 15,669,118
2016	5,705,955	4,021,870	395,323	10,123,148
2017	3,457,854	2,934,126	297,227	6,689,207
2018	1,899,062	1,254,657	—	3,153,719
2019	129,500	18,688	—	148,188
	\$ 19,803,729	\$ 14,675,164	\$ 1,304,487	\$ 35,783,380



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

10

OPERATING LEASE

The lease for the office space occupied by the Foundation in 2014 expired December 31, 2014. The Foundation has entered into a short term over-holding agreement to remain in the space until March 31, 2015. The Foundation has also entered into a new three year lease agreement for different office space to be occupied beginning April 1, 2015. The minimum annual lease payments under the new operating lease that expires March 31, 2018, is \$99,296 plus Goods and Services tax.

11

CONTINGENCY

During the current year, CN has filed an appeal for approximately \$4 million of rail cap revenues with the CTA challenging the manner in which the CTA determined the revenue cap. Neither the possible outcome nor the amount of the possible appeal can be reasonably estimated at this time. Therefore, no provision has been made in the financial statements as at December 31, 2014.

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FINANCIAL INSTRUMENTS

The Foundation's recognized financial assets and liabilities consist of cash, cash and short-term notes held by investment dealer, accounts receivable, accrued interest receivable, investment in debt instruments, investment in equity securities, and accounts payable and accrued liabilities. The fair values of these items approximate their carrying values except for investments in debt instruments, the fair values of which are disclosed in Note 6.

Credit risk

The Foundation is exposed to credit risk with respect to cash, cash and short-term notes held by investment dealer, accounts receivable and the accrued interest receivable. The Foundation assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The credit risk with respect to cash and short-term notes is insignificant since they are held in large financial institutions and is limited to the carrying amounts reported on the statement of financial position.

Interest rate risk

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Foundation is exposed to this type of risk as a result of investments in debt securities.

Other price risk

Other price risk associated with investments in equity securities is the risk that their fair value will fluctuate because of changes in market prices. The Foundation mitigates this risk by regularly rebalancing its portfolio.







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