



WESTERN GRAINS  
RESEARCH FOUNDATION

# ANNUAL REPORT 2015

**\$19.6  
million**

invested in breeding and  
crop-related research  
projects in 2015



Led **110** stakeholders  
in an agronomy research  
capacity review



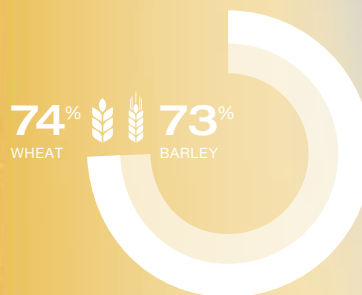
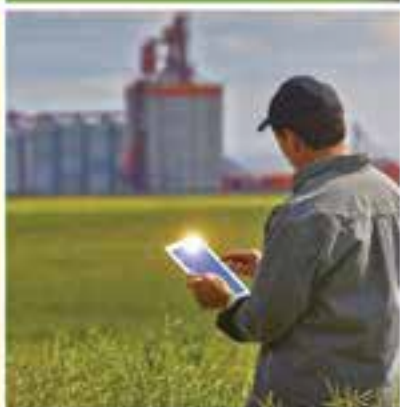
**\$5 million**

invested in applied  
genomics research projects  
in lentil, wheat and soybean



**Diverse**

research projects  
benefit all crops



What producers are eligible  
to claim for check-off



\$36 per acre in  
Midge Tolerant Wheat  
yield and grade benefits



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**94%**  
of the CWAD Acres  
WGRF Supported  
Varieties

Over  
**200**  
new wheat  
and barley varieties  
developed  
since 1995

**\$400,000**

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



**\$1**  
Wheat  
Check

**\$20**  
Producer Value

**\$1**

Check-

**\$8**  
Produce Value

**\$130 million+**  
invested in research  
since 1981

18  
Producer  
Board Members

WGRF Board has given  
producers a voice in funding  
agriculture research since

# 1981



## **AN OVERVIEW OF THE WESTERN GRAINS RESEARCH FOUNDATION**

The Western Grains Research Foundation (WGRF) is a farmer funded and directed non-profit organization investing in field crop research that benefits western Canadian producers. Since 1981, 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 \$19 million annually into variety development and field crop research.



## CHAIR'S MESSAGE



In 1981, a group of farmers got together to form the Western Grains Research Foundation (WGRF). These farmers were united by a single purpose, to invest in field crop research that would benefit western Canadian farmers.

Our investment of more than \$19 million in 2015 has made WGRF the largest producer funder of

variety development and field crop research in Canada. WGRF is a valued forum for producer organizations to collaboratively invest in crop research to maximize returns and to ensure a farmer-funded, farmer-directed research approach in Western Canada.

WGRF members identified agronomic research as critically important to the productivity of western Canadian farmers. Throughout 2015, WGRF has continued developing a plan aimed at improving agronomic research in Western Canada. Meetings have resulted in positive and constructive feedback and encouragement to carry on with the initiative.

In July, WGRF announced a five-million dollar investment into three applied genomics research projects in lentil, wheat and soybean. WGRF's partnership with Genome Canada and involvement in their rigorous review process has allowed producers to invest in these world-class genomics research projects.

WGRF has been working closely with the provincial wheat and barley commissions creating opportunities for collaboration and facilitating a working group throughout 2015. The group engaged JRG Consulting Group to explore opportunities for producer leadership in wheat and barley variety development. The report emphasizes the importance of investment in both the private and public sectors for the development of variety research. Participating organizations have been encouraging farmers to obtain the JRG report and provide comments.

I am proud to have served as WGRF Board Chair this past year. 2016 marks WGRF's 35th anniversary. It is a great opportunity to reflect on the amazing work this organization has done for producers over the years and to look forward to plan how we can best serve producers moving forward.

**Dave Sefton**

A handwritten signature in black ink, appearing to read 'D Sefton'.

WGRF Board Chair





## EXECUTIVE DIRECTOR'S MESSAGE



2015 was a remarkable year. WGRF now has over 245 commitments to core, cluster and project funding of research. The total value of these projects over the lifespan of the agreements is \$78 million, with \$60.5 million to variety development, \$12.1 million to production, and \$3.3 million to post production research.

In 2015, WGRF expanded its collaborative research funding approach to include Genome Canada's Large-Scale Applied Research Project Competition, Agriculture Development Fund's Special Wheat Call, and the Canadian Wheat Alliance's Wheat Call, in addition to our continued cooperation with the established processes in Manitoba (ARDI), Saskatchewan (ADF) and Alberta (AFC). WGRF staff worked closely with these organizations, as well as provincial crop commissions and associations, to ensure the best proposals were funded.

Over the past three years, WGRF has been encouraged by our membership to lead an initiative to influence agronomic research capacity in Western Canada. The process has included a Situation Study and Future Needs Workshop. In July, the WGRF board agreed to a stepwise approach to move forward. Phase 1 focuses on human resources needed at three universities

and Agriculture and Agri-Food Canada (AAFC). Later phases will focus on infrastructure and equipment as well as other research organizations. Our Phase 1 Draft Strategy is intended to inform and enable discussions about essential agronomic research capacity with institutions, WGRF membership, and potential funders. I encourage you to review the material on our website.

The renewal of core agreements for wheat and barley breeding at public institutions was a top priority for WGRF in 2015. Negotiations proceeded smoothly with the full support of provincial wheat and barley commissions and associations. These agreements commit over \$30 million from WGRF and provide stability to public institutions until 2020.

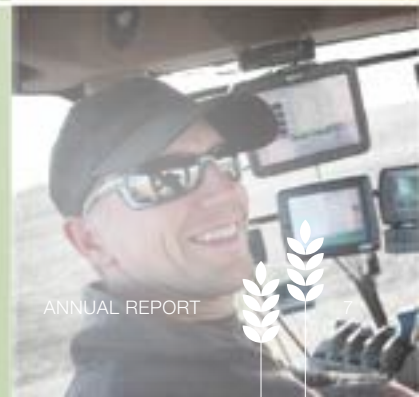
We are fortunate to have very capable staff and dedicated Board Members at WGRF. I want to express my sincere appreciation to each of them for their dedication and contributions to WGRF.

2016 will be a year of opportunity and also of change. WGRF has incredible value to offer our members and western Canadian producers. WGRF can continue to build on its unique strengths of being a farmer-funded, farmer-directed organization focused on funding field crop research for western Canadian farmers. Because of our broad membership base, WGRF is well suited to provide leadership on many western Canadian research issues.

**Garth Patterson**

A handwritten signature of Garth Patterson in black ink.

WGRF Executive Director





**Alberta  
Barley**



## MEMBERSHIP

The 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.

Agriculture and Agri-Food Canada

Agricultural Producers Association of Saskatchewan

Alberta Barley

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

## BOARD OF DIRECTORS

**Dave Sefton**, WGRF Chair, Broadview, SK

**Dr. Keith Degenhardt**,  
WGRF Vice-Chair, Hughenden, AB

**Bill Gehl**, Regina, SK

**Bob Anderson**, Dugald, MB

**D'Arcy Hilgartner**, Camrose, AB

**Don Dewar**, Dauphin, MB

**Doyle Wiebe**, Langham, SK

**Dale Hicks**, Outlook, SK

**Gerrid Gust**, Davidson, SK

**Jason Skotheim**, Spruce Home, SK

**Jason Lenz**, Bentley, AB

**Joe Rennick**, Milestone, SK

**Kevin Auch**, Carmangay, AB

**Malcom Odermatt**, Baldonnel, BC

**Mel Stickland**, Red Deer, AB

**Ray Askin**, Portage, MB

**Stewart Wells**, Swift Current, SK

**Todd Lewis**, Regina, SK



# STAFF

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

Executive Director

**Gina Feist, B.Sc., MBA**

Research Program Manager

**Mike Espeseth, B.Comm**

Communications Manager

**Pat Flaten M.Sc., PAg**

Research Program Manager

**Candice Lajeunesse**

Research Program Administrator

**Barbara Kammerer, CPA, CMA**

Finance Manager

**Joelle Harris, PAg**

Research Program Manager

**Tracy Antonenko**

Office Administrator





## OVER \$19 MILLION INVESTED INTO RESEARCH

WGRF invested \$19.6 million into breeding and crop-related research projects in 2015. This investment is made possible through co-funding partnerships with the Agriculture Development Fund (ADF) in Saskatchewan, Agriculture Funding Consortium (AFC) in Alberta, Agri-Food Research & Development Initiative (ARDI) in Manitoba, Genome Canada, producer commodity organizations, and within the Growing Forward 2 AgriInnovation Program framework.

“Co-funding partnerships help maximize the investment we, as producers, are making in crop research,” says WGRF Board Chair, Dave Sefton. “Producers are committed to investing in agricultural research because we know the knowledge and tools it provides are vital for our continued success.”

A full listing of projects are posted on the WGRF website once research contracts are in place.

“WGRF has built relationships with member organizations and research funding partners across Canada to increase its research investments,” says Garth Patterson, WGRF Executive Director. “WGRF looks forward to continued collaboration in funding crop research that benefits western Canadian farmers.”



# LEADING THE AGRONOMY RESEARCH CAPACITY REVIEW

WGRF facilitated a review of agronomy research capacity in Western Canada in collaboration with several commodity organizations. One of the outcomes is *Fertile Ground: Agronomic Research Capacity in Western Canada*, an exhaustive report assessing the current state of research capacity in the region, and projected capacity to 2020.

Results reveal research capacity is declining due to loss of expertise through impending retirements, a shortage of post-graduate students filling research spots, a lack of adequate equipment, land and buildings dedicated to research, and a lack of adequate staff and funding.

In April 2015, over 110 key stakeholders including producer organizations, institutions, funders, scientists and agronomists attended a one-day conference facilitated by WGRF to discuss how crop production will change in the future and the impact for agronomic research. The result is: *Shaping the Future*, a report that identifies specific ways to address research capacity needs.

A technical working group and process has been established to look at these needs in two phases. Phase 1 focuses on Agriculture and Agri-Food Canada, the Universities of Alberta, Saskatchewan and Manitoba, and Alberta Agriculture and Forestry as the primary providers of peer-reviewed agronomic research. Phase 2 focuses on infrastructure and equipment needs, as well as other research providers.

WGRF has initiated consultations with key stakeholders to inform and enable discussions about essential agronomic research capacity with institutions, WGRF membership, and potential funders. Meetings have resulted in positive and constructive feedback as well as encouragement to carry on with the initiative.

The challenge of rebuilding and maintaining agronomic research capacity is enormous and complex.







GenomeCanada

“Genome Canada is delighted that WGRF came in as a front-end programmatic partner for this important funding competition. Clearly, they recognize the considerable untapped potential that genomics has to offer in terms of enhancing crops that are staples of this nation’s economy as well as those that are emerging in importance for producers and consumers.”

**Lorne Hepworth**  
Chair, Genome Canada

## \$5 MILLION INVESTED INTO PLANT GENOMICS RESEARCH

In July 2015, WGRF announced a five-million dollar investment into three applied genomics research projects in lentil, wheat and soybean. These projects were selected for funding under Genome Canada’s 2014 Large-Scale Applied Research Project Competition – Genomics and Feeding the Future.

“WGRF is excited about the impact these projects will have for producers,” says Dave Sefton, WGRF Board Chair. “Support of crop research genomics is important for the development of improved crop varieties. WGRF’s partnership with Genome Canada and involvement in their rigorous review process has allowed producers to invest in these world-class genomics research projects. I would like to thank the Government of Canada and Genome Canada for their partnership and support of agriculture crop research.”

“Genome Canada is delighted that WGRF came in as a front-end programmatic partner for this important funding competition. Clearly, they recognize the considerable untapped potential that genomics has to offer in terms of enhancing crops that are staples of this nation’s economy as well as those that are emerging in importance for producers and consumers,” says Lorne Hepworth, Chair of Genome Canada.

### The three projects include:

**Application of Genomics to Innovation in the Lentil Economy (AGILE)** – Drs. Kirstin Bett and Albert Vandenberg of the University of Saskatchewan are leading a team to provide Canadian farmers with faster access to better lentil varieties that will excel under Canadian growing conditions. Output from AGILE is expected to result in a three percent annual rate of increase in productivity, leading to a \$550 million increase in export revenues, thus ensuring Canada’s continued dominance in research, production and marketing of this important crop.

**Canadian Triticum Applied Genomics (CTAG<sup>2</sup>)** – A team led by Dr. Curtis Pozniak of the University of Saskatchewan and Dr. Andrew Sharpe of the National Research Council Canada will conduct research to better understand the wheat genome. They will apply this research to develop genetic markers and predictive genetic tests to improve selection efficiency in Canadian wheat breeding programs. The end result will be the development of tools and strategies for wheat breeders to develop improved cultivars that are more productive and resistant to disease and pests, and resilient to heat and drought stresses. These cultivars will enable wheat farmers to ensure their product is more productive, profitable and environmentally sustainable.



**SoyaGen: Improving Yield and Disease Resistance in Short-season Soybean** – Dr. François Belzile and

Dr. Richard Bélanger of Université Laval are leading a team that will probe deeply into the genetic code of soybeans to identify DNA markers that control key aspects of plant growth such as time to maturity and resistance to diseases and pests. Breeders will be able to use these markers to develop improved soybean varieties best suited to Canadian conditions. They will also conduct research focused on maximizing the growth potential of the soybean industry to accelerate producer adoption of soybeans in Western Canada. This research has the potential to deliver an economic benefit of \$278 million annually, based on increasing the yield potential of soybean crops, increasing their resistance against diseases and pests, and reducing the use of pesticides.

More details about these projects are available at [westerngrains.com](http://westerngrains.com).









## RAIL REVENUE ENTITLEMENT

The Canadian Transportation Agency (CTA) issued Decision No. 400-R-2015 on December 29, 2015 ruling that the revenues of the Canadian Pacific Railway Company (CP) and the Canadian National Railway Company (CN) had both exceeded the maximum revenue entitlement for crop year 2014-2015.

The CTA ordered that CP pay \$2,244,026 to WGRF, which represents the sum of the excess amount \$2,137,168 and the prescribed penalty of \$106,858. The CTA also ordered that CN pay \$7,209,925 to WGRF, which represents the sum of the excess amount \$6,866,595 and the prescribed penalty of \$343,330. The news release on the ruling is available from the CTA website at [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca).

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

A complete history of the funds awarded to WGRF through the Rail Revenue Entitlement can be found on the WGRF website. WGRF utilizes the funds to support research through the Endowment Fund.

“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



# WHEAT & BARLEY CHECK-OFF

# BENEFITS TO YOUR FARM



wheat & barley check-off

DELIVERING NEW VARIETIES & MARKET OPPORTUNITIES TO YOUR FARM

[wheatbarleycheckoff.com](http://wheatbarleycheckoff.com)

Your contribution to the Wheat & Barley Check-off funds research, technical support and market development activities that deliver significant benefits to your farm.



## Maximizing your return on investment

On average, every check-off dollar invested in varietal research returns \$20.40 in value to you for wheat, and \$7.56 for barley. Study by University of Saskatchewan



## Ensuring end-users get the most from your crop

Training and technical support for end-users of your crop contributes to satisfied, long-term customers. Nearly 42,000 people from 115 countries have been trained in the optimal use of Canadian wheat and barley.

*These funds are provided to three organizations that work to support your farm's future. Visit their websites to learn more:*



[westerngrains.com](http://westerngrains.com)



[cigi.ca](http://cigi.ca)



[cmbtc.com](http://cmbtc.com)

# WHEAT AND BARLEY CHECK-OFFS

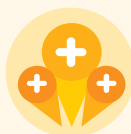
2015 was the fourth year of the five-year Western Canadian Deduction on wheat and barley, a check-off that enables producers to continue supporting the work conducted by the WGRF, Canadian International Grains Institute (Cigi) and the Canadian Malting Barley Technical Centre (CMBTC).

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

The 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 Cash Purchase Tickets upon grain delivery at a Canadian Grain Commission licensed company.

There has been good collaboration between all of the organizations involved in the Western Canadian Deduction. WGRF looks forward to continue working with the provincial wheat and barley commissions/associations in the transition of the Western Canadian Wheat and Barley Deductions to the respective provincial organizations.

Western Canadian farmers and grain buyers are encouraged to visit [www.wheatbarleycheckoff.com](http://www.wheatbarleycheckoff.com) or call 1-800-265-9111 for more information.



## Providing superior varieties

Varietal research has delivered over 200 new wheat and barley varieties with improved pest resistance and superior agronomic performance since 1995.



## Growing with confidence

Researchers evaluate new varieties and identify which ones feature the best end-use qualities so that you can reduce risk and be confident in what you grow.



## Promoting your crop worldwide

Reinforcing Canada's reputation for high-quality wheat and barley results in strong demand for your crop and gives you a competitive edge in the global marketplace.



## Delivering marketing opportunities

Working to maintain and develop markets for Canadian wheat and barley helps to maximize profit opportunities for farmers.



## Anticipating future markets

Keeping current on evolving markets and consumer preferences helps to prepare your farm for the future.







## STUDENT SCHOLARSHIPS

WGRF has invested \$400,000 towards Graduate Student Scholarships at the three prairie universities since 2011. WGRF sees great value in attracting the best minds to crop research to generate improved technology and productivity for western crop producers.

The Scholarship is administered on a rotating basis between the University of Manitoba, the University of Alberta and the University of Saskatchewan. Each university receives \$100,000 every three years. They can choose to fund one Ph.D. student at rate of \$33,000 per year for three years, or two Master's students at \$25,000 per year for two years.

“Attracting the best minds to crop research will generate improved technology and productivity for western crop producers.”

**Dave Sefton**  
WGRF Board Chair



## MIDGE TOLERANT WHEAT

2015 marked the fifth anniversary of producers in Western Canada growing Midge Tolerant Wheat to defend against orange wheat blossom midge, which can significantly reduce crop yield and grade.

Since their commercial launch in 2010, the industry has witnessed strong uptake of midge tolerant varieties, which were first developed by wheat breeders at Agriculture and Agri-Food Canada (AAFC) and the Crop Development Centre (CDC) with the support of funding from producers through the WGRF check-off program.

WGRF continues to co-manage the Wheat Midge Communications program. Since 2012, WGRF has been contributing up to \$100,000 for communicating the importance of stewardship of midge tolerant technology.

WGRF also serves as Co-chair of the Midge Tolerant Stewardship Team, a broad industry coalition representing plant breeders, government, seed growers, seed distributors and producer groups. 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.

To mark this year's milestone, the Team developed a video that celebrates the great results achieved through five seasons of farmers growing Midge Tolerant Wheat.

A new online certification program was launched in 2015. The program is compulsory for all retailers of Midge Tolerant Wheat. It replaces the original online training program and takes advantage of a new eLearning platform that offers more accessibility and interactivity for users. Retailers can access the program at [www.midgetolerantwheat.com](http://www.midgetolerantwheat.com).



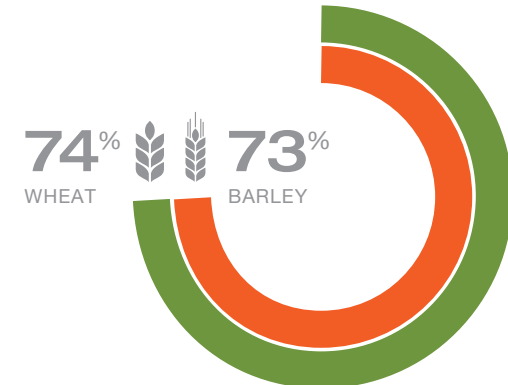


## RESEARCH TAX CREDIT

The SR&ED research tax credit percentage for producers who contributed to the Western Wheat and Barley Check-off in 2015 is: 74% for wheat and 73% for barley.

The federal government's Canada Revenue Agency (CRA) determines the annual eligible tax credit under its Scientific Research and Experimental Development (SR&ED) Program. This provides producers with the opportunity to get a tax credit for their check-off investments.

For more information on the SR&ED investment tax credit, visit the Canada Revenue Agency website.



WHAT PRODUCERS ARE ELIGIBLE  
TO CLAIM FOR CHECK-OFF.





# WHEAT AND BARLEY VARIETY WORKING GROUP

Recognizing the important role that producer funding of public breeding plays in delivering new wheat and barley varieties for increased farm profitability, Western Canada's wheat and barley organizations formed a working group to consider options for continued leadership and influence. Participants include Alberta Barley, the Alberta Wheat Commission, the BC Grain Producers Association, the Manitoba Wheat and Barley Growers Association, the Saskatchewan Barley Development Commission, the Saskatchewan Wheat Development Commission, the Saskatchewan Winter Cereals Development Commission, and Winter Cereals Manitoba. WGRF serves as the facilitator.

In 2015, the working group engaged JRG Consulting Group to explore a range of opportunities for producer involvement and leadership in wheat and barley variety development. The consultant's report emphasizes the importance of continued and increased public, producer and private industry investment in wheat and barley variety development, and the benefits to producers. It also identifies and evaluates five options for producers to intensify their leadership and realize the benefits of future variety development.

The consultant's report is available on the websites of the participating organizations. Farmers and other interested stakeholders are encouraged to read the report and provide comments. The five options put forward are intended to stimulate dialogue; none have been endorsed by the working group.





## NEW PROJECTS FUNDED IN 2015

Below is a listing of the 57 projects starting in 2015 for which WGRF approved funding:

Researcher	Institution	Length	Amount	Project Title
<b>Agronomy</b>				
Brian Beres	AAFC	4 years	\$116,816	Limiting losses and improved N efficiency through stabilized N applications
Jamie Larsen	AAFC	2 years	\$94,300	Comparison of open-pollinated and hybrid rye varieties under conventional and intensive management conditions
Don Flaten	U of M	2 years	\$64,653	Phosphorous fertilization beneficial management practices for soybeans in Manitoba
Martin Entz	U of M	2 years	\$59,150	Research and technical support for on-farm transition to organic soybean production
Ramona Mohr	AAFC	4 years	\$49,550	Effect of soil temperature at different planting dates, and residue management, on soybean
Clair Langlois	BC Grain Producers Association	2 years	\$248,600	Eight BCGPA agronomic studies
Jeff Schoenau	U of S	3 years	\$63,250	Precision subsoiling of fields to improve soil physical conditions, plant growth and economic return
Russell Hynes	AAFC	3 years	\$196,650	Phoma macrostoma, bioherbicide for broadleaf weed management in agricultural field and horticultural crops
Eric Lamb	U of S	2 years	\$19,673	Efficacy of multispecies perennial forage crops for weed control
Bing Si	U of S	3 years	\$49,766	Effects of vertical tillage on soil structure and crop yields in southern Saskatchewan
Steven Shirtliffe	U of S	3 years	\$104,650	Reducing weed seed production in herbicide resistant weeds with pre-harvest herbicide application
Michael Schellenberg	AAFC	4 years	\$83,272	Growing winter annual forages in mixtures: assessment of agricultural impacts in a semiarid environment
Julia Soroka	AAFC	4 years	\$123,050	Ecology of swede midge host plant interactions
Diane Knight	U of S	3 years	\$57,441	Has transition to no-tillage resulted in more free-living soil N fixation?
Christian Willenborg	U of S	5 years	\$138,368	Integrated crop management for high yielding flax production
Pierre Hucl	U of S	3 years	\$95,220	Aster yellows disease in spring wheat: a benchmark characterization and cultivar assessment
Karen Tanino	U of S	3 years	\$50,586	Determine if differences in leaf frost resistance are related to physical cuticular parameters
Anh Dinh	U of S	3 years	\$57,500	Development of an automated fungal detection system using MEMS-based spore sensor
William May	AAFC	5 years	\$125,790	Crop sequencing of large acreage crops and special crops
Hubert Landry	PAMI	2 years	\$161,219	Impact of travel speed and system configuration on the air turbulence around the nozzles of an agricultural sprayer
Andre Laroche	AAFC	3 years	\$110,400	Development of a highly sensitive, specific and rapid detection system for stripe rust spores in the field
Richard Farrell	U of S	4 years	\$270,475	Can enhanced efficiency N fertilizers mitigate against N losses in single-pass seeding operations?
Mario Tenuta	U of M	3 years	\$15,334	Manitoba soybean cyst nematode survey
Yvonne Lawley	U o f M	4 years	\$208,556	Manitoba corn initiative – corn agronomy, fertility and agrometeorology project
Kristen Podolsky	Man Pulse & Soybean Growers	3 years	\$43,660	Evaluating the effect of simulated hail damage on soybean maturity, yield and quality



Researcher	Institution	Length	Amount	Project Title
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## Agronomy

Tracy Shinnars-Carnelley	Peak of the Market	3 years	\$25,640	Evaluation of management strategies to control insecticide resistant populations of Colorado potato beetle
Jan Slaski	Alberta Innovates	3 years	\$114,225	Development of best management practices for industrial hemp cultivated in Alberta
Maya Evenden	U of A	3 years	\$52,347	Development of synthetic food bait traps to monitor multiple cutworm pests and minimize bee by-catch
Bart Lardner	PAMI	3 years	\$54,995	Validating the stage of maturity at harvest for barley, oat and triticale for swath grazing
Mario Tenuta	U of M	3 years	\$92,000	A matter of timing and source: enhanced efficiency nitrogen fertilizers and products to reduce nitrous oxide (N <sub>2</sub> O) emissions in the prairie provinces
Brian Beres	AAFC	4 years	\$150,000	The role of genetics, growth habit and cultural practices in the mitigation of Fusarium

## Post-Harvest Management

Denise Stilling	U of R	3 years	\$120,175	Biocomposite commercial initiative with crop residue (straw) and agricultural waste products (grain bags) for Shercom Industries
Ben Willing	U of A	2 years	\$51,750	Microbial modifying properties of pea seed coat and their role in improved intestinal integrity and reduced insulin resistance
Pierre Hucl	U of S	3 years	\$105,311	Improving the quality of package of high anthocyanin wheat: from field to consumer
Ron Palmer	IHARF	4 years	\$284,970	New insights into natural air grain drying
Shawna Mathieson	POGA	1 year	\$110,000	Oats: improve the gastrointestinal health of horses
Peiqiang Yu	U of S	3 years	\$61,000	Comparison of barley forage with highest, intermediate, lowest digestible fiber (NDF) with corn forage in high production dairy cattle
Harry Sapirstein/Paul Bullock	U of M	4 years	\$1,283,882	Influence of genotype, weather and the growing environment and crop management on gluten strength and the sustainability of CWRS as a premium wheat class in the prairie region



## NEW PROJECTS FUNDED IN 2015 CONTINUED

Researcher	Institution	Length	Amount	Project Title
<b>Variety Development</b>				
Belay Ayele	U of M	3 years	\$116,000	Development of hormone-based genomic tools to accelerate wheat breeding for enhanced pre-harvest sprouting tolerance
Sabine Banniza	U of S	4 years	\$157,722	Screening of coriander and caraway germplasm for resistance to blossom blight
Bill Biligetu	U of S	4 years	\$69,808	Development of crested wheatgrass lines with improved forage nutritive value
Wayne Thompson	SaskFlax	2 years	\$150,000	Western Canadian Oilseed Flax Cooperative Trials 2015-2016
Daryl Males	Mustard 21	3 years	\$189,750	Development of mustard variety registration system for Saskatchewan
Bruce Coulman	U of S	4 years	\$69,000	Development of new hybrid brome grass lines with improved forage yield and regrowth
Gary Peng	AAFC	3 years	\$169,913	Developing canola germplasms with diverse mechanisms to enhance the durability of clubroot resistance
Aaron Beattie	U of S	4 years	\$99,837	Breeding for resistance to leaf blotch pathogens in Saskatchewan oat
Francois Belzile	U of Laval	3 years	\$1,602,591	SoyaGen: Improving yield and disease resistance in short-season soybean
Kirsten Bett	U of S	4 years	\$1,689,417	Application of genomics to innovation in the lentil economy
Curtis Pozniak	U of S	4 years	\$1,707,992	Canadian triticum applied genomics
Aaron Beattie	U of S	3 years	\$176,169	Development and commercialization of SNP Marker Technology for rapid identification of malting barley varieties
Dilantha Fernando	U of M	3 years	\$84,065	Application and evaluation of genomic selection for improving Fusarium head resistance and lowering Deoxynivalenol accumulation in two-row malting barley
Richard Cuthbert	AAFC	4 years	\$2,622,000	Filling gaps in wheat cultivar development with transitional research
Elizabeth-France Marillia	NRC	4 years	\$207,936	Improvement in wheat carbon flux for increased yield and harvest index
Patricia Vrinten	NRC	3 years	\$68,370	Development of fully cleistogamous wheat and associated markers
Ravindra Chibbar	U of S	4 years	\$404,416	Genomic strategies to improve field survival of winter cereals and stabilized yield
Alejandro Costamagna	U of M	3 years	\$79,638	Enhancing wheat midge resistance in spring and durum wheat
Guus Bakkeren	AAFC	4 years	\$199,000	Fighting rust fungal crop threats through integrated genomics research









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## INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF WESTERN GRAINS 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, 2015, 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, 2015, and December 31, 2014, current assets as of December 31, 2015, and December 31, 2014, and fund balances as at January 1 and December 31, for both the 2014 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2014 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, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in dark ink that reads "Deloitte LLP".

**Chartered Professional Accountants, Chartered Accountants  
Licensed Professional Accountants**

March 8, 2016  
Saskatoon, Saskatchewan

## STATEMENT OF FINANCIAL POSITION

as at December 31, 2015

	2015	2014
<b>CURRENT ASSETS</b>		
Cash	\$ 445,240	\$ 282,886
Cash and short-term notes held by investment dealer	9,644,971	14,778,626
Accounts receivable (Note 8)	10,950,484	1,731,828
Government remittance receivable	33,478	25,454
Prepaid expenses	6,952	6,674
Accrued interest receivable	376,977	397,946
Investments in debt instruments (Note 6)	44,676,066	47,022,304
Investments in equity securities	97,280,389	91,992,902
	<u>163,414,557</u>	<u>156,238,620</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>97,674</u>	<u>165,592</u>
Contingency and commitments (Notes 9, 10 & 11)		
<b>FUND BALANCES (Note 3)</b>		
Capital Fund	9,066,972	9,066,972
Endowment Fund (Schedule 1)	117,453,645	110,559,846
Wheat Fund (Schedule 2)	34,061,737	33,596,286
Barley Fund (Schedule 3)	<u>2,734,529</u>	<u>2,849,924</u>
	<u>163,316,883</u>	<u>156,073,028</u>
<i>The accompanying notes are an integral part of the financial statements.</i>	\$ <u>163,414,557</u>	\$ <u>156,238,620</u>

Approved by the board:



**Dave Sefton**  
DIRECTOR



**Dr. Keith J. Degenhardt**  
DIRECTOR





## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

year ended December 31, 2015

	2015	2014
<b>REVENUES</b>		
Payments received from producers	\$ 8,271,707	\$ 8,604,323
Unrealized (loss) gain on investments (Note 7)	(3,679,983)	3,396,325
Investment income	3,231,625	3,127,409
Other income (Note 8)	10,794,385	7,587,754
Royalties	1,918,625	1,957,594
Gain on sale of investments (Note 7)	8,199,933	5,416,079
Foreign exchange gain (loss)	56,660	(74,842)
	<u>28,792,952</u>	<u>30,014,642</u>
<b>EXPENDITURES</b>		
Research funding	19,679,461	13,162,205
Operating (Schedule 4)	1,753,136	1,434,739
Royalty research funding	16,500	38,500
Scholarships	100,000	100,000
	<u>21,549,097</u>	<u>14,735,444</u>
Excess of revenue over expenditures for the year	7,243,855	15,279,198
Fund balances, beginning of year	156,073,028	140,793,830
<b>FUND BALANCES, END OF YEAR</b>	\$ <u>163,316,883</u>	\$ <u>156,073,028</u>

*The accompanying notes are an integral part of the financial statements.*



## STATEMENT OF CASH FLOWS

year ended December 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for the year	\$ 7,243,855	\$ 15,279,198
Items not affecting cash		
Unrealized loss (gain) on investments	3,679,983	(3,396,325)
Amortization of net premiums on bonds	(44,762)	(46,870)
Gain on sale of investments	(8,199,933)	(5,416,079)
Changes in non-cash working capital	(9,273,907)	(666,094)
	<u>(6,594,764)</u>	<u>5,753,830</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(70,286,840)	(51,753,038)
Proceeds on investments redeemed	71,910,303	51,666,838
	<u>1,623,463</u>	<u>(86,200)</u>
(Decrease) increase in cash during the year	(4,971,301)	5,667,630
Cash position, beginning of year	15,061,512	9,393,882
Cash position, end of year	<u>10,090,211</u>	<u>15,061,512</u>
<b>CASH IS COMPRISED OF</b>		
Operating cash	445,240	282,886
Cash and short-term notes held by investment dealer	9,644,971	14,778,626
	<u>\$ 10,090,211</u>	<u>\$ 15,061,512</u>

*The accompanying notes are an integral part of the financial statements.*



## SCHEDULE OF ENDOWMENT FUND OPERATIONS AND CHANGES IN FUND BALANCE

year ended December 31, 2015

	2015	2014
<b>REVENUES</b>		
Investment income	\$ 2,543,445	\$ 2,523,227
Other income (Note 8)	10,055,733	5,311,890
Gain on sale of investments (Note 7)	7,800,745	5,327,385
Unrealized (loss) gain on investments (Note 7)	(3,921,297)	2,476,326
Foreign exchange gain (loss)	91,674	(47,631)
	<u>16,570,300</u>	<u>15,591,197</u>
<b>EXPENDITURES</b>		
Research funding		
Variety Development	3,182,201	1,595,211
Agronomy	2,970,237	1,308,306
Post Harvest Management	853,689	131,320
Minor Crop Development	755,256	904,728
Crop Risk Management	673,468	623,314
Crop Utilization	217,412	220,144
	<u>8,652,263</u>	<u>4,783,023</u>
Scholarships	100,000	100,000
Operating (Schedule 4)	924,238	785,670
	<u>9,676,501</u>	<u>5,668,693</u>
Excess of revenue over expenditures for the year	6,893,799	9,922,504
Endowment fund, beginning of year	110,559,846	100,637,342
<b>ENDOWMENT FUND, END OF YEAR</b>	<u>\$ 117,453,645</u>	<u>\$ 110,559,846</u>

*The accompanying notes are an integral part of the financial statements.*





## SCHEDULE OF WHEAT FUND OPERATIONS AND CHANGES IN FUND BALANCE

year ended December 31, 2015

		2015	2014
<b>OPERATING ACCOUNT</b>	<b>REVENUES</b>		
	Payments received from producers	\$ 7,478,968	\$ 7,708,443
	Royalties	1,790,963	1,789,056
	Other income (Note 8)	738,652	2,275,864
	Investment income	1,217	1,678
		<u>10,009,800</u>	<u>11,775,041</u>
	<b>EXPENDITURES</b>		
	Research funding		
	Agriculture and Agri-Food Canada	6,111,682	4,393,568
	University of Saskatchewan	1,924,782	1,507,407
	University of Manitoba	789,782	508,693
	CEROM	423,381	252,483
	University of Alberta	304,852	456,091
	University of Guelph	242,063	182,508
	National Research Council	114,506	-
	Alberta Agriculture and Rural Development	61,700	60,480
		<u>9,972,748</u>	<u>7,361,230</u>
	Royalty research funding	16,500	38,500
	Operating (Schedule 4)	729,379	573,415
		<u>10,718,627</u>	<u>7,973,145</u>
	(Deficiency) excess of revenue over expenditures for the year	(708,827)	3,801,896
	Transfer from (to) wheat reserve account	482,349	(3,633,199)
	Operating account, beginning of year	1,506,489	1,337,792
	<b>OPERATING ACCOUNT, END OF YEAR</b>	<u>1,280,011</u>	<u>1,506,489</u>
<b>RESERVE ACCOUNT</b>	Investment income	625,052	548,852
	Gain on sale of investments (Note 7)	333,226	78,000
	Unrealized gain on investments (Note 7)	242,285	825,814
	Foreign exchange loss	(26,285)	(25,102)
		<u>1,174,278</u>	<u>1,427,564</u>
	Reserve income for the year	1,174,278	1,427,564
	Transfer (to) from wheat operating account	(482,349)	3,633,199
	Reserve account, beginning of year	32,089,797	27,029,034
		<u>32,781,726</u>	<u>32,089,797</u>
	<b>RESERVE ACCOUNT, END OF YEAR</b>	<u>32,781,726</u>	<u>32,089,797</u>
	<b>WHEAT FUND, END OF YEAR</b>	\$ <u>34,061,737</u>	\$ <u>33,596,286</u>

The accompanying notes are an integral part of the financial statements.



## SCHEDULE OF BARLEY FUND OPERATIONS AND CHANGES IN FUND BALANCE

year ended December 31, 2015

		2015	2014
OPERATING ACCOUNT	<b>REVENUES</b>		
	Payments received from producers	\$ 792,739	\$ 895,880
	Royalties	127,662	168,538
	Investment income	174	238
		<u>920,575</u>	<u>1,064,656</u>
	<b>EXPENDITURES</b>		
	Research funding		
	Agriculture and Agri-Food Canada	249,480	208,046
	Alberta Barley Commission	296,197	430,603
	University of Saskatchewan	471,190	374,803
RESERVE ACCOUNT	University of Manitoba	36,083	-
	British Columbia Grain Producers Association	1,500	4,500
		<u>1,054,450</u>	<u>1,017,952</u>
	Operating (Schedule 4)	99,519	75,654
		<u>1,153,969</u>	<u>1,093,606</u>
	(Deficiency) excess of revenue over expenditures for the year	(233,394)	(28,950)
	Transfer from (to) wheat reserve account	277,167	(1,169)
	Operating account, beginning of year	83,900	114,019
	<b>OPERATING ACCOUNT, END OF YEAR</b>	<u>127,673</u>	<u>83,900</u>
RESERVE ACCOUNT	Investment income	61,737	53,414
	Gain on sale of investments (Note 7)	65,962	10,694
	Unrealized gain on investments (Note 7)	(971)	94,185
	Foreign exchange loss	(8,729)	(2,109)
	Reserve income for the year	117,999	156,184
	Transfer (to) from wheat operating account	(277,167)	1,169
	Reserve account, beginning of year	2,766,024	2,608,671
	<b>RESERVE ACCOUNT, END OF YEAR</b>	<u>2,606,856</u>	<u>2,766,024</u>
	<b>BARLEY FUND, END OF YEAR</b>	<u>\$ 2,734,529</u>	<u>\$ 2,849,924</u>

*The accompanying notes are an integral part of the financial statements.*



## SCHEDULE OF OPERATING EXPENDITURES

year ended December 31, 2015

	Endowment Fund	Wheat Fund	Barley Fund	2015	Total 2014
<b>EXPENDITURES</b>					
Wages and benefits	\$ 461,694	\$ 269,322	\$ 38,475	\$ <b>769,491</b>	\$ 680,078
Communications	128,447	173,035	15,772	<b>317,254</b>	306,022
Office (Note 10)	162,201	94,620	13,516	<b>270,337</b>	110,066
Professional fees	12,897	13,289	1,075	<b>27,261</b>	38,444
Consulting fees	12,556	82,769	14,606	<b>109,931</b>	118,168
Travel and other	105,670	74,771	12,673	<b>193,114</b>	122,571
Directors per diems	40,773	21,573	3,402	<b>65,748</b>	59,390
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>OPERATING EXPENDITURES FOR THE YEAR</b>	\$ <u>924,238</u>	\$ <u>729,379</u>	\$ <u>99,519</u>	\$ <u><b>1,753,136</b></u>	\$ <u>1,434,739</u>

*The accompanying notes are an integral part of the financial statements.*







# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

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.

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### 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.

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 MRE (Maximum Revenue Entitlement) 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 December 2015, the CTA directed CN to pay the Foundation \$7,209,925 (Note 8) for the 2014/15 crop year and also directed CP to pay the Foundation \$2,244,026 (Note 8) for the 2014/15 crop year (Note 11). In 2014 CN paid the Foundation \$5,231,011 (Note 8) as per CTA award for the 2013/14 crop year (Note 11).

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

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#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3

#### 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, 2015

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#### 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 the CTA to the Foundation as a result of CN and CP exceeding their Maximum Revenue Entitlements 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. As of December 31, 2015 WGRF all funding received by WGRF from the CWB payments has been spent on research and operations.

Under current 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.

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).

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#### 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.

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#### 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.



INVESTMENT IN DEBT  
INSTRUMENTS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Investment Type & Maturity	Effective Interest Rates	2015			2014	
		Amortized Cost	Market Value		Amortized Cost	Market Value
Endowment Fund						
Corporate Bonds including Bond Strip Instruments						
2015	2.31%	\$ -	\$ -	\$ 1,802,738	\$ 1,811,486	
2018	1.89% - 2.09%	1,924,058	1,944,300	1,933,495	1,929,610	
2019	2.37%	1,001,008	1,017,700	1,001,274	1,004,300	
Corporate Long Bond Bear Note						
2019	0.80% (*)	5,000,000	4,952,044	5,000,000	4,874,874	
Guaranteed Investment Certificates						
2015		-	-	3,340,000	3,340,000	
2016	1.81% - 2.62%	12,800,000	12,800,000	11,500,000	11,500,000	
2017	2.06% -2.30%	7,800,000	7,800,000	5,800,000	5,800,000	
2018	2.45% -2.56%	3,400,000	3,400,000	3,400,000	3,400,000	
2019	2.10%	2,040,000	2,040,000	-	-	
Total Endowment Fund		\$ 33,965,066	\$ 33,954,044	\$ 33,777,507	\$ 33,660,270	





INVESTMENT IN DEBT  
INSTRUMENTS (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Investment Type & Maturity	Effective Interest Rates	2015		2014	
		Amortized Cost	Market Value	Amortized Cost	Market Value
Wheat Fund:					
Corporate Bonds including Bond Strip Instruments					
2015	1.83% - 3.77%	\$ -	\$ -	\$ 2,262,797	\$ 2,283,416
Corporate Long Bond Bear Note					
2019	0.80% (*)	2,000,000	1,980,818	2,000,000	1,949,950
Guaranteed Investment Certificates					
2015	1.40% - 2.65%			4,160,000	4,160,000
2016	1.81% - 2.27%	4,950,000	4,950,000	2,850,000	2,850,000
2017	2.01% - 2.15%	1,600,000	1,600,000	1,000,000	1,000,000
2018	2.06%	700,000	700,000	-	-
2019	2.10%	700,000	700,000	-	-
Total Wheat Fund		\$ 9,950,000	\$ 9,930,818	\$ 12,272,797	\$ 12,243,366
Barley Fund:					
Guaranteed Investment Certificates					
2015	1.40% - 2.65%	\$ -	\$ -	\$ 761,000	\$ 761,000
2016	1.81% - 2.35%	411,000	411,000	211,000	211,000
2017	1.80% - 2.02%	350,000	350,000	-	-
Total Barley Fund		761,000	761,000	972,000	972,000
Total All Funds		\$ 44,676,066	\$ 44,645,862	\$ 47,022,304	\$ 46,875,636

\*Corporate Long Bond Bear Notes provide 0.80% coupon rate plus a provision for additional return based on the long term bond index at maturity date.



ACCUMULATED UNREALIZED  
GAINS ON INVESTMENT IN  
EQUITY SECURITIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Endowment Fund	2015	2014
Change in unrealized gains during the year	\$ 3,879,448	\$ 7,803,711
Recognition of realized gains during the year	(7,800,745)	(5,327,385)
	<u>(3,921,297)</u>	<u>2,476,326</u>
Unrealized gains in opening fund balance	16,245,424	13,769,098
	<u>\$ 12,324,127</u>	<u>\$ 16,245,424</u>
Wheat Fund	2015	2014
Change in unrealized gains during the year	\$ 575,511	\$ 903,814
Recognition of realized gains during the year	(333,226)	(78,000)
	<u>242,285</u>	<u>825,814</u>
Unrealized gains in opening fund balance	1,343,541	517,727
	<u>\$ 1,585,826</u>	<u>\$ 1,343,541</u>
Barley Fund	2015	2014
Change in unrealized gains during the year	\$ 64,991	\$ 104,879
Recognition of realized gains during the year	(65,962)	(10,694)
	<u>(971)</u>	<u>94,185</u>
Unrealized gains in opening fund balance	163,609	69,424
	<u>\$ 162,638</u>	<u>\$ 163,609</u>
Total, All Funds	2015	2014
Change in unrealized gains during the year	\$ 4,519,950	\$ 8,812,404
Recognition of realized gains during the year	(8,199,933)	(5,416,079)
	<u>(3,679,983)</u>	<u>3,396,325</u>
Unrealized gains in opening fund balance	17,752,574	14,356,249
	<u>\$ 14,072,591</u>	<u>\$ 17,752,574</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

Endowment Fund	2015	2014
CTA order for CN to pay WGRF for exceeding its Maximum Revenue Entitlement for grain movement for 2014-2015	\$ 7,209,925	\$ -
CTA order for CP to pay WGRF for exceeding its Maximum Revenue Entitlement for grain movement for 2014-2015	2,244,026	-
CTA order for CN to pay WGRF for exceeding its Maximum Revenue Entitlement for grain movement for 2013-2014	-	5,231,011
Agriculture and Agri-Food Canada funding for research costs of the Systems Approach to Agronomy research program	571,425	66,487
Agriculture and Agri-Food Canada funding for operations costs of the Systems Approach to Agronomy research program	30,357	14,392
	<u>\$ 10,055,733</u>	<u>\$ 5,311,890</u>
<b>Wheat Fund</b>	<b>2015</b>	<b>2014</b>
CFCRA funding for research under the National Wheat Improvement Plan program	\$ 347,187	\$ 694,374
Alberta Wheat Commission funding for research under the National Wheat Improvement Plan program	269,120	538,241
Agriculture and Agri-Food Canada funding for operations costs of the National Wheat Improvement Plan research program	99,592	135,900
Agriculture and Agri-Food Canada funding for research under the National Wheat Improvement Plan research program	22,753	907,349
	<u>738,652</u>	<u>2,275,864</u>
	<u>\$ 10,794,385</u>	<u>\$ 7,587,754</u>

Accounts receivables of \$10,950,484 at December 31, 2015, includes other income amounts recorded in the endowment fund of \$7,209,925 and \$2,244,026 for CN and CP respectively. Subsequent to year-end, the \$2,244,026 has been collected relating to the amount receivable from CP. The amount receivable of \$7,209,925 from CN remains outstanding as described in (Note 11).





## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

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#### 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
2016	\$ 7,164,033	\$ 9,731,398	\$ 1,066,035	\$ 17,961,466
2017	4,644,568	9,504,752	926,621	15,075,941
2018	2,391,610	6,886,210	675,128	9,952,948
2019	538,661	5,161,016	586,336	6,286,013
2020	151,824	1,325,953	172,192	1,649,969
	<u>\$ 14,890,696</u>	<u>\$ 32,609,329</u>	<u>\$ 3,426,312</u>	<u>\$ 50,926,337</u>

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#### OPERATING LEASE

The minimum annual lease payments under the operating lease for office space that expires March 31, 2018 is \$99,296 plus Goods and Services tax.

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#### CONTINGENCY & SUBSEQUENT EVENT

In 2014 CN filed an appeal with the CTA for \$3,942,064 of rail cap revenues awarded for the 2013/14 crop year. Subsequent to year-end, in January 2016, CN filed an appeal and a stay with the CTA for the \$7,209,925 amount awarded for the 2014/15 crop year. CN is challenging the manner in which the CTA determined the amounts. The possible outcome of the appeals cannot be reasonably estimated at this time. Accordingly, no provision has been made in the financial statements as at December 31, 2015. The amount of \$7,209,925 relating to the 2014/15 crop year is included in accounts receivable and remains outstanding subsequent to year-end as a result of the stay filed by CN. The item is currently expected to proceed to a formal court process in the 2016 year.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

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.

