

2020



**WGRF**

*Advancing Agriculture through Research*

**ANNUAL REPORT**





# Vision & Mission

**Vision:** Profitable and sustainable western Canadian grain farmers.

**Mission:** Producers directing investments into crop research to benefit western Canadian grain farmers.





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# 565+

PROJECTS LISTED ON  
**WGRF.CA**



## ONLINE SEARCH TOOL

More than 565 WGRF-funded research projects are listed at [wgrf.ca](http://wgrf.ca) in a user-friendly, searchable format. Search by researcher, institution, keyword or co-funder to find out more details of what projects we have funded in the past and present.

# WGRF RESEARCH PRIORITIES

## Single-crop and whole-farm, integrated, multi-crop research

For eligible crops, WGRF will invest in both single-crop and whole-farm, integrated, multi-crop research in the priority areas of variety development and production. Multi-crop research will address issues from an integrated crop and whole-farm perspective, with emphasis on cross-commodity benefit. Outcomes are expected to have a positive impact on producers' long-term sustainability (economic, environmental and social).



### Variety development

E.g., genetics, breeding methods, pre-breeding, breeding, pest resistance development, breeding for crop quality, variety trialing



### Production

E.g., cropping systems, crop nutrition, pest (insect, disease, weed) management, production management, water use efficiency, fertilizer use efficiency, adaptation to and mitigation of climate change, crop quality, storage, storage pests, economic analysis

## ELIGIBLE CROPS

### Major Crops:

Barley, Canola, Lentil, Pea, Wheat

### Intermediate Crops:

Canaryseed, Chickpea, Corn, Fababean, Flax, Mustard, Oats, Soybean, Sunflower, Winter cereals



# CHAIR MESSAGE

**2020 certainly proved to be a challenging year, and while the Western Grains Research Foundation (WGRF) was impacted by COVID-19, we did what farmers do – we adapted to the situation.**



**DR. KEITH DEGENHARDT**  
Chair, WGRF

WGRF made significant accomplishments this past year and is in a good position to embark on the next 40 years of funding crop research that will benefit western Canadian grain farmers.

In recent years, the agricultural community expressed concern about the status of capacity for crop-related research in Western Canada. WGRF responded through a \$32-million commitment to accelerate and expand crop research.

Phase 1 of WGRF's \$8-million Capacity Building Program was completed in 2020 with the establishment of a Research Chair in Cropping Systems at the University of Alberta, a Systems Integrated Agronomy Chair at the University of Saskatchewan and two positions at the University of Manitoba.

For Phase 2, the Board approved more than \$24 million for 24 proposals to expand the tools (infrastructure and equipment) necessary to accelerate crop research. We realized several years ago that it's more than just funding research projects – there needs to be the capacity to carry the research out. We are very excited to be making several Phase 2 funding announcements throughout 2021 and beyond.

In July, WGRF announced a \$1.5-million investment in Graduate Scholarships at the University of Manitoba, the University of Alberta, and the University of Saskatchewan. For the next five years, the Universities will each receive \$100,000 per year from WGRF. This increase in scholarship funding will build new researcher capacity.



# LARGEST PRODUCER FUNDER OF CROP RESEARCH IN CANADA

We continue to see tremendous value in a collaborative approach to funding research. WGRF partners with producer commodity organizations and funding agencies on a provincial, regional and national basis to maximize crop research investments. In 2020, the WGRF Board approved up to \$8.2 million for 30 new research proposals received through the provincial funding calls in Alberta and Saskatchewan as well as the Canola Agronomy Research Program. It's through these partnerships that farmers and researchers truly win.

Like any industry, there's going to be some significant changes in agriculture over the next five to 10 years. We will continue to fund research that will help farmers stay in the game and get a good return. In the coming year, we will be engaging with farm organizations, research scientists, extension/tech transfer experts, industry and funders to identify and confirm cross-cutting crop production issues of greatest concern to farmers. With this information, we will develop a farmer-focused research plan to drive long-term, sustainable impact on western Canadian field crop farmers and their profitability.

I am grateful to have served as WGRF Board Chair this past year. I would like to thank all the dedicated directors who sit on the Board and the WGRF staff. I look forward to a very productive 2021 for WGRF.

**DR. KEITH DEGENHARDT**  
Chair, WGRF

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“We need to continue to fund research that will help farmers stay in the game and get a good return.”

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# EXECUTIVE DIRECTOR MESSAGE



**GARTH PATTERSON**  
Executive Director, WGRF

## Working together for the common good.

No matter what province you call home or what your cropping plan looks like, we're all striving toward the same vision – **profitable and sustainable western Canadian grain farmers**. It's the vision that's been driving the organization since its inception in 1981.

More than 130 farmers from across Western Canada have worked together on the WGRF Board over the past four decades. By guiding research funding decisions, they've been instrumental in advancing agriculture for the betterment of prairie farmers. To date, that includes more than \$200 million invested into 565 research projects.

Today, the WGRF Board is made up of 18 farmers from the four western provinces. Their collective voices ensure that funding is awarded to research that is most needed by their fellow farmers. Currently, we are funding 172 projects in 15 crop types across five agriculture industry clusters. On average, \$14 million is invested every year with \$53 million of research funding planned over the next four years.

Our relationships with research institutions across Canada is another critical element of our 40-year success. We continue to look for ways to strengthen these partnerships. In 2020, we announced our support for the Universities of Alberta, Manitoba and Saskatchewan through the establishment of





Research Chairs. The individuals who are filling these positions provide tremendous insights when it comes to agronomic research are committed to transferring their knowledge to farmers.

We also appreciate our relationships with our funding partners. By working together we improve our understanding of research needs, contribute to efficient processes and make better funding decisions.

As part of our 40<sup>th</sup> anniversary in 2021, we'll be reaching out to stakeholders for their views on the most pressing issues affecting farmers and the types of research that WGRF should be funding. It's just another way we can work together to support research that will deliver a positive on-farm impact.

Thank you to the WGRF team for adapting to COVID and keeping our operations running smoothly.

**GARTH PATTERSON**  
**M.Sc., PAg**

Executive Director, WGRF

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**\$53 M**

**IN RESEARCH FUNDING  
OVER NEXT FOUR YEARS**

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# 2020 BOARD OF DIRECTORS

**DR. KEITH DEGENHARDT**  
Hughenden, AB *Chair*

**STEWART WELLS**  
Swift Current, SK *Vice-Chair*

**BILL GEHL**  
Regina, SK

**BILL PRYBYLSKI**  
Willowbrook, SK

**BOB RUGG**  
Elstow, SK

**BRUCE DALGARNO**  
Newdale, MB

**GREG SUNDQUIST**  
Watrous, SK

**JASON SKOTHEIM**  
Spruce Home, SK

**JEFF NIELSEN**  
Olds, AB

**JILL VERWEY**  
Portage la Prairie, MB

**KENTON POSSBERG**  
Humboldt, SK

**MARK AKINS**  
Hearne, SK

**MALCOLM ODERMATT**  
Fort St. John, BC

**MIKE AMMETER**  
Sylvan Lake, AB

**TERRY JAMES**  
Vegreville, AB

**TERRY YOUNG**  
Lacombe, AB

**WADE HAINSTOCK**  
Moose Jaw, SK

**WILFRED (BUTCH) HARDER**  
Lowe Farm, MB

# WGRF MEMBER ORGANIZATIONS

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.

## CLASS A MEMBERS

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 Crop Alliance  
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

## CLASS B MEMBER

Agriculture and Agri-Food Canada





# WGRF STAFF



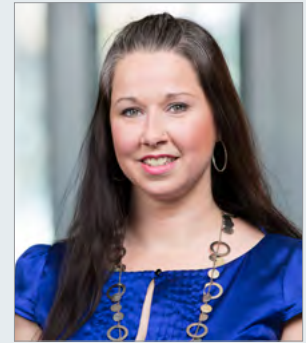
**GARTH PATTERSON**  
M.Sc., PAg  
Executive Director



**MIKE ESPEETH**  
B. Comm.  
Communications Manager



**PAT FLATEN**  
M.Sc., PAg  
Research Program Manager



**CANDICE LAJEUNESSE**  
Program Administrator



**BARBARA KAMMERER**  
CPA, CMA  
Finance Manager



**JOELLE HARRIS**  
B.S.A., PAg  
Research Program Manager



**LISA JATEGAONKAR**  
M.Sc  
Research Program Manager

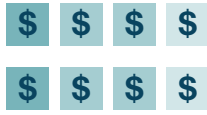
# ADVANCING AGRICULTURE THROUGH RESEARCH

RESEARCH CONDUCTED ON

# 15 CROPS

MORE THAN

# \$200M



INVESTED IN RESEARCH SINCE 1981

INVESTMENT AT MORE THAN

# 20



DIFFERENT RESEARCH INSTITUTIONS

# 130+

FARMERS HAVE SERVED ON THE WGRF BOARD



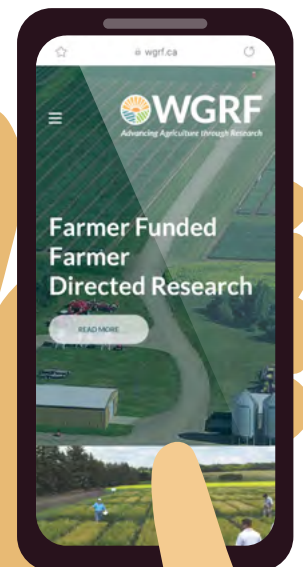
# 172

CURRENT RESEARCH PROJECTS & ACTIVITIES



# 565+

PROJECTS LISTED AT [WGRF.CA](http://WGRF.CA)





# FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

# INDEPENDENT AUDITORS' REPORT

## Lingard + Dreger

CHARTERED PROFESSIONAL ACCOUNTANTS

650 Regency Center T 306-244-0808  
333 – 25<sup>th</sup> Street East F 306-244-0004  
Saskatoon, SK. S7K 0L4 W lingarddreger.ca

### MAX LINGARD

B. Comm., MPAcc, CPA, CA

### BRENDEN DREGER

CPA

### LARRY SAFINUK

B. Comm., CPA, CA

## To the Directors of Western Grains Research Foundation

### Qualified Opinion

We have audited the financial statements of Western Grains Research Foundation, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Western Grains Research Foundation as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

The Foundation derives part of its earnings from payments from 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 royalties, excess of revenue over expenditures, and cash flows from operations for the years ended December 31, 2020, and December 31, 2019, current assets as of December 31, 2020, and December 31, 2019, and fund balances as at January 1 and December 31, for both the 2020 and 2019 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those

standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Western Grains Research Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance to these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Western Grains Research Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Western Grains Research Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors'

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Western Grains Research Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Lingard + Dreger*

### Chartered Professional Accountants

February 23, 2021  
Saskatoon, Saskatchewan



STATEMENT OF  
**FINANCIAL POSITION**

FOR THE YEAR ENDED DECEMBER 31, 2020

<b>CURRENT ASSETS</b>	2020	2019
Cash	56,807	141,262
Cash and cash equivalents (Note 3)	19,313,901	13,965,515
Accounts receivable (Note 6)	3,267,900	1,908,346
Prepaid expenses	7,655	7,665
Investments in debt instruments, short-term (Note 7)	16,108,800	27,190,000
Investments in equity securities	102,269,838	100,403,741
Investments in bond exchange traded funds	4,029,228	2,305,823
	<b>\$ 145,054,129</b>	<b>\$ 145,922,352</b>
Investments in debt instruments, long-term (Note 7)	40,346,810	32,529,879
	<b>\$ 185,400,939</b>	<b>\$ 178,452,231</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	53,445	66,555
<b>FUND BALANCES (Notes 4, 11)</b>		
Capital Fund	9,066,972	9,066,972
Research Fund (Schedule 1)	145,522,124	139,386,434
Wheat Fund (Schedule 2)	28,555,940	27,767,792
Barley Fund (Schedule 3)	2,202,458	2,164,478
	<b>\$ 185,347,494</b>	<b>\$ 178,385,676</b>
See accompanying notes	<b>\$ 185,400,939</b>	<b>\$ 178,452,231</b>

APPROVED BY THE BOARD:



**KEITH DEGENHARDT**  
 Chair



**STEWART WELLS**  
 Vice Chair

## STATEMENT OF

FOR THE YEAR ENDED DECEMBER 31, 2020

**OPERATIONS AND CHANGES IN FUND BALANCES**

<b>REVENUES</b>	2020	2019
Payments received from producers (Note 4)	-	8,476
Unrealized gain on investments (Note 8)	5,964,247	13,193,741
Investment income	3,514,004	3,942,299
Other income (Note 10)	6,698,576	1,186,194
Royalties (Note 9)	2,748,201	2,474,709
Gain (loss) on sale of investments (Note 8)	(2,485,834)	4,050,195
Foreign exchange gain (loss)	(47,226)	(228,798)
	<b>\$ 16,391,968</b>	<b>\$ 24,626,816</b>
<b>EXPENDITURES</b>		
Research funding	7,616,747	13,001,448
Operating and program expenses (Schedule 4)	1,720,049	1,716,624
Royalty research funding	93,354	-
	<b>\$ 9,430,150</b>	<b>\$ 14,718,072</b>
Excess of revenue over expenditures for the year	6,961,818	9,908,744
Fund balances, beginning of year	178,385,676	168,476,932
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 185,347,494</b>	<b>\$ 178,385,676</b>

See accompanying notes



STATEMENT OF  
**CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for the year	6,961,818	9,908,744
Items not affecting cash		
Unrealized gain on investments	(5,964,247)	(13,193,741)
Amortization of net premiums on bonds	(734)	(414)
Gain (loss) on sale of investments	2,485,834	(4,050,195)
Changes in non-cash working capital	(1,372,654)	1,581,609
	<b>\$ 2,110,017</b>	<b>\$ (5,753,997)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of investments	(44,328,334)	(44,061,055)
Proceeds on investments redeemed	47,482,248	51,273,109
	<b>\$ 3,153,914</b>	<b>\$ 7,212,054</b>
Increase in cash during the year	<b>\$ 5,263,931</b>	<b>\$ 1,458,057</b>
Cash position, beginning of year	14,106,777	12,648,720
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 19,370,708</b>	<b>\$ 14,106,777</b>
<b>CASH IS COMPRISED OF</b>		
Operating cash	56,807	141,262
Cash and short-term notes held by investment dealer	19,313,901	13,965,515
	<b>\$ 19,370,708</b>	<b>\$ 14,106,777</b>

## RESEARCH FUND OPERATIONS AND CHANGES IN FUND BALANCE

<b>REVENUES</b>	2020	2019
Investment income	2,954,952	3,260,520
Other income (Note 10)	6,698,576	1,086,194
Gain (loss) on sale of investments (Note 8)	(2,353,709)	2,403,920
Unrealized gain (loss) on investments (Note 8)	5,231,007	11,709,531
Foreign exchange gain (loss)	(52,353)	(199,314)
	<b>\$ 12,478,473</b>	<b>\$ 18,260,851</b>
 <b>EXPENDITURES</b>		
<b>RESEARCH FUNDING</b>		
Variety Development	1,344,395	1,786,609
Agronomy	2,033,220	3,721,193
Post Harvest Management	(13,447)	134,181
Agronomy Capacity	1,695,149	201,072
	<b>\$ 5,059,317</b>	<b>\$ 5,843,055</b>
Operating and program expenses (Schedule 4)	1,283,466	1,072,578
	<b>\$ 6,342,783</b>	<b>\$ 6,915,633</b>
Excess of revenue over expenditures for the year	6,135,690	11,345,218
Research fund, beginning of year (Note 4)	139,386,434	128,041,216
<b>RESEARCH FUND, END OF YEAR</b>	<b>\$ 145,522,124</b>	<b>\$ 139,386,434</b>

See accompanying notes

# WHEAT FUND OPERATIONS AND CHANGES IN FUND BALANCE

OPERATING ACCOUNT	2020	2019
<b>REVENUES</b>		
Payments received from producers (Note 4)	-	5,010
Royalties (Note 9)	2,249,134	2,139,913
Investment income	356	3,603
	<b>\$ 2,249,490</b>	<b>\$ 2,148,526</b>
<b>EXPENDITURES</b>		
<b>RESEARCH FUNDING</b>		
Agriculture and Agri-Food Canada	1,049,963	4,186,000
University of Saskatchewan	370,289	853,548
University of Manitoba	99,131	441,565
Canadian Wheat Research Coalition	531,635	504,214
University of Alberta	123,184	178,928
National Research Council	-	40,597
Alberta Agriculture and Rural Development	-	-
	<b>\$ 2,174,202</b>	<b>\$ 6,204,852</b>
Operating and program expenses (Schedule 4)	373,046	572,067
	<b>\$ 2,547,248</b>	<b>\$ 6,776,919</b>
Deficiency of revenue over expenditures for the year	(297,758)	(4,628,393)
Transfer (to) from wheat reserve account	(527,359)	5,343,987
Operating account, beginning of year	999,053	283,459
<b>OPERATING ACCOUNT, END OF YEAR</b>	<b>\$ 173,936</b>	<b>\$ 999,053</b>

(CONTINUED)



## WHEAT FUND OPERATIONS AND CHANGES IN FUND BALANCE (CONTINUED)

<b>RESERVE ACCOUNT</b>	2020	2019
Investment income	520,454	627,794
Gain (loss) on sale of investments (Note 8)	(112,701)	1,485,666
Unrealized gain on investments (Note 8)	674,124	1,397,373
Foreign exchange gain (loss)	4,029	(26,126)
<b>RESERVE INCOME FOR THE YEAR</b>	<b>\$ 1,085,906</b>	<b>\$ 3,484,707</b>
Transfer from (to) wheat operating account	527,359	(5,343,987)
Reserve account, beginning of year	26,768,739	28,628,019
<b>RESERVE ACCOUNT, END OF YEAR</b>	<b>\$ 28,382,004</b>	<b>\$ 26,768,739</b>
<b>WHEAT FUND, END OF YEAR</b>	<b>\$ 28,555,940</b>	<b>\$ 27,767,792</b>

See accompanying notes

## BARLEY FUND OPERATIONS AND CHANGES IN FUND BALANCE

OPERATING ACCOUNT	2020	2019
<b>REVENUES</b>		
Payments received from producers (Note 4)	-	3,466
Other income (Note 10)	-	100,000
Royalties (Note 9)	499,067	334,796
Investment income	71	515
	<b>\$ 499,138</b>	<b>\$ 438,777</b>
<b>EXPENDITURES</b>		
<b>RESEARCH FUNDING</b>		
Barley Council of Canada	151,612	289,043
Agriculture and Agri-Food Canada	71,156	283,230
University of Saskatchewan	126,036	378,106
Indian Head Agricultural Research Foundation	29,302	-
National Research Council	5,122	-
University of Manitoba	-	3,162
	<b>\$ 383,228</b>	<b>\$ 953,541</b>
Royalty Research Funding	93,354	-
Operating and program expenses (Schedule 4)	63,537	71,979
	<b>\$ 540,119</b>	<b>\$ 1,025,520</b>
Deficiency of expenditures over revenue for the year	(40,981)	(586,743)
Transfer from barley reserve account	189,388	605,420
Operating account, beginning of year	52,321	33,644
<b>OPERATING ACCOUNT, END OF YEAR</b>	<b>\$ 200,728</b>	<b>\$ 52,321</b>

(CONTINUED)

## SCHEDULE 3

FOR THE YEAR ENDED DECEMBER 31, 2020

## BARLEY FUND OPERATIONS AND CHANGES IN FUND BALANCE (CONTINUED)

RESERVE ACCOUNT	2020	2019
Investment income	38,171	49,867
Gain (loss) on sale of investments (Note 8)	(19,424)	160,609
Unrealized gain on investments (Note 8)	59,116	86,837
Foreign exchange gain (loss)	1,098	(3,358)
<b>RESERVE INCOME FOR THE YEAR</b>	<b>\$ 78,961</b>	<b>\$ 293,955</b>
Transfer to barley operating account	(189,388)	(605,420)
Reserve account, beginning of year	2,112,157	2,423,622
<b>RESERVE ACCOUNT, END OF YEAR</b>	<b>\$ 2,001,730</b>	<b>\$ 2,112,157</b>
<b>BARLEY FUND, END OF YEAR</b>	<b>\$ 2,202,458</b>	<b>\$ 2,164,478</b>

See accompanying notes

## SCHEDULE 4

FOR THE YEAR ENDED DECEMBER 31, 2020

## OPERATING AND PROGRAM EXPENDITURES

EXPENDITURES	RESEARCH FUND	WHEAT FUND	BARLEY FUND	2020	2019
Wages and benefits	605,632	216,298	43,260	865,190	830,891
Communications	200,501	88,916	6,939	296,356	398,822
Scholarships	221,200	-	-	221,200	100,000
Office (Note 12)	133,788	47,943	9,566	191,297	181,112
Professional fees	35,562	5,757	1,151	42,470	25,428
Consulting fees	8,000	-	-	8,000	3,200
Travel and other	27,511	7,642	1,323	36,476	124,214
Directors per diems	51,272	6,490	1,298	59,060	52,957
<b>OPERATING &amp; PROGRAM EXPENDITURES FOR THE YEAR</b>	<b>\$ 1,283,466</b>	<b>\$ 373,046</b>	<b>\$ 63,537</b>	<b>\$ 1,720,049</b>	<b>\$ 1,716,624</b>

NOTES TO THE  
**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 2020



# FINANCIAL STATEMENTS

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## 1. DESCRIPTION OF THE FOUNDATION

Western Grains Research Foundation (the "Foundation" or "WGRF") is a farmer funded and directed not-for-profit organization investing in agricultural field 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 and Exchange Traded Funds, is recognized as income in the year earned.

Historically, revenue earned by the wheat and barley funds was primarily comprised of payments received from producers as detailed in Note 4.

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) RESEARCH FUND

Investment income, including any unrealized changes in fair value in equity securities, and Exchange Traded Funds 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 Research Fund operations when the amount is known and collection is reasonably assured. In 2020 CN paid the Foundation \$3,329,146 (Note 10) and CP paid the Foundation \$2,278,511 as per CTA award for the 2019/20 crop year (Note 10). In December 2019, the CTA determined that both CN's and CP's revenues covered by the MRE were below their respective MRE's and consequently no payment was directed to the Foundation for the 2018/19 crop year (Note 10).

### RECOGNITION OF CONTRIBUTIONS

WGRF follows the restricted fund method whereby revenues of a specific fund are recognized in the fund corresponding to the purpose for which they were contributed when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(CONTINUED)

# FINANCIAL STATEMENTS

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 paid in the 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 operations. 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 and Exchange Traded Funds at fair value. Other financial assets and financial liabilities including cash, cash and cash equivalents, 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 Canadian accounting standards for not-for-profit organizations 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.

## 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances with banks and short-term investments with maturities of three months or less.

# FINANCIAL STATEMENTS

## 4. 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.

### RESEARCH FUND (FORMERLY ENDOWMENT FUND)

In 2019, the Board renamed the Endowment Fund as the Research 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, program and research funding expenditures, is allocated to the Research Fund. The Research Fund is not externally restricted and can be spent at the discretion of the Foundation's Board of Directors, subject to its own internal Research Fund Policy. In 2019 the Board approved a new Research Fund Policy that provides for maintaining a minimum fund value of \$100 Million, indexed annually for inflation beginning in 2020.

### WHEAT FUND AND BARLEY FUND

Historically, the Wheat and Barley funds were primarily funded by producer Check-off and Royalties. WGRF is no longer the recipient of any legislated check-off revenue. Provincial wheat and barley commissions have been the recipients of the Western Canadian Deduction beginning August 1, 2017.

## 5. 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.

## 6. ACCOUNTS RECEIVABLE

2020 2019

### ACCOUNTS RECEIVABLE INCLUDE THE FOLLOWING:

Railway Excess Maximum Revenue Entitlement receivable	2,278,511	-
Receivables under joint research funding agreements	45,390	86,537
Accrued interest receivable	570,663	749,276
Royalty receivables	347,260	1,041,690
GST receivable	26,076	30,843
	<b>\$ 3,267,900</b>	<b>\$ 1,908,346</b>

# FINANCIAL STATEMENTS

## 7. INVESTMENT IN DEBT INSTRUMENTS

Investment Type & Maturity	Effective Interest Rates	2020		2019	
		Amortized Cost	Market Value	Amortized Cost	Market Value
<b>RESEARCH FUND:</b>					
CORPORATE BONDS					
2021	Floating rates	2,258,800	2,271,000	2,258,800	2,292,720
2026	1.67%	2,000,000	2,000,000	3,000,000	3,000,000
2027	1.45% - 1.55%	4,000,000	4,000,000	-	-
2028	1.55%	1,000,000	1,000,000	-	-
2030	1.8% - 1.9%	3,000,000	3,000,000		
PROVINCIAL BONDS					
2025	2.30% - 2.38%	2,996,810	3,198,945	2,996,079	3,009,660
GUARANTEED INVESTMENT CERTIFICATES					
2020	1.65% - 2.85%	-	-	13,115,000	13,115,000
2021	2.05% - 3.26%	11,250,000	11,250,000	11,250,000	11,250,000
2022	0.91% - 3.38%	9,800,000	9,800,000	8,700,000	8,700,000
2023	1.1% - 3.35%	6,000,000	6,000,000	1,000,000	1,000,000
2024	1.05% - 2.3%	2,500,000	2,500,000	-	-
2025	1.2% - 1.6%	500,000	500,000	-	-
Step-Up Notes - various, extendable 2021 to 2025. Interest rates increase annually if extended.					
2021	1.35%	2,000,000	2,000,000	9,000,000	8,951,695
<b>TOTAL RESEARCH FUND</b>		<b>\$ 47,305,610</b>	<b>\$ 47,519,945</b>	<b>\$ 51,319,879</b>	<b>\$ 51,319,075</b>

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# FINANCIAL STATEMENTS

## 7. INVESTMENT IN DEBT INSTRUMENTS (CONTINUED)

Investment Type & Maturity	Effective Interest Rates	2020		2019	
		Amortized Cost	Market Value	Amortized Cost	Market Value
<b>WHEAT FUND:</b>					
CORPORATE BONDS					
2020	3.45%	-	-	500,000	500,000
2021	Floating rate	200,000	199,786	200,000	199,598
2026	1.67%	500,000	500,000	-	-
2027	1.45% - 1.55%	775,000	775,000	-	-
2030	1.80%	500,000	500,000	-	-
GUARANTEED INVESTMENT CERTIFICATES					
2020	2.45% - 3.13%	-	-	3,225,000	3,225,000
2021	1.99% - 3.10%	2,150,000	2,150,000	1,650,000	1,650,000
2022	1.05% - 3.05%	1,700,000	1,700,000	650,000	650,000
2023	1.1% - 2.17%	700,000	700,000	-	-
2024	1.15% - 2.0%	700,000	700,000	-	-
2025	1.21% - 1.6%	350,000	350,000	-	-
Step-Up Notes - various, extendable 2021 to 2024. Interest rates increase annually if extended.					
2021	1.35%	1,000,000	1,000,000	1,550,000	1,542,340
<b>TOTAL WHEAT FUND</b>		<b>\$ 8,575,000</b>	<b>\$ 8,574,786</b>	<b>\$ 7,775,000</b>	<b>\$ 7,766,938</b>
<b>BARLEY FUND:</b>					
GUARANTEED INVESTMENT CERTIFICATES					
2020	1.85% - 2.85%	-	-	300,000	300,000
2021	2.45% - 2.95%	250,000	250,000	200,000	200,000
2022	2.22% - 3.07%	175,000	175,000	125,000	125,000
2023	1.35% - 2.3%	150,000	150,000	-	-
<b>TOTAL BARLEY FUND</b>		<b>575,000</b>	<b>575,000</b>	<b>625,000</b>	<b>625,000</b>
<b>TOTAL ALL FUNDS</b>		<b>\$ 56,455,610</b>	<b>\$ 56,669,731</b>	<b>\$ 59,719,879</b>	<b>\$ 59,711,013</b>

# FINANCIAL STATEMENTS

8. ACCUMULATED UNREALIZED GAINS	2020	2019
A) INVESTMENT IN EQUITY SECURITIES		
RESEARCH FUND EQUITIES		
Change in unrealized gain (loss) during the year	2,822,464	14,092,021
Recognition of realized loss (gain) during the year	2,353,709	(2,403,920)
	<b>\$ 5,176,173</b>	<b>\$ 11,688,101</b>
Unrealized gains in opening fund balance	24,838,404	13,150,303
	<b>\$ 30,014,577</b>	<b>\$ 24,838,404</b>
WHEAT FUND EQUITIES		
Change in unrealized gain (loss) during the year	499,450	2,853,350
Recognition of realized loss (gain) during the year	114,800	(1,485,666)
	<b>\$ 614,250</b>	<b>\$ 1,367,684</b>
Unrealized gains in opening fund balance	3,445,687	2,078,003
	<b>\$ 4,059,937</b>	<b>\$ 3,445,687</b>
BARLEY FUND EQUITIES		
Change in unrealized gain (loss) during the year	37,146	246,275
Recognition of realized loss (gain) during the year	19,424	(160,609)
	<b>\$ 56,570</b>	<b>\$ 85,666</b>
Unrealized gains in opening fund balance	263,593	177,927
	<b>\$ 320,163</b>	<b>\$ 263,593</b>
<b>TOTAL, ALL FUNDS</b>		
Change in unrealized gain (loss) during the year	3,359,060	17,191,646
Recognition of realized loss (gain) during the year	2,487,933	(4,050,195)
	<b>\$ 5,846,993</b>	<b>\$ 13,141,451</b>
Unrealized gains in opening fund balance	28,547,684	15,406,233
	<b>\$ 34,394,677</b>	<b>\$ 28,547,684</b>

# FINANCIAL STATEMENTS

8. ACCUMULATED UNREALIZED GAINS (CONTINUED)	2020	2019
<b>B) INVESTMENT IN BOND EXCHANGE TRADED FUNDS</b>		
<b>RESEARCH FUND ETF'S</b>		
Change in unrealized gain (loss) during the year	54,834	21,430
Recognition of realized gains during the year	-	-
	<b>\$ 54,834</b>	<b>\$ 21,430</b>
Unrealized loss in opening fund balance	(15,953)	(37,383)
	<b>\$ 38,881</b>	<b>\$ (15,953)</b>
<b>WHEAT FUND ETF'S</b>		
Change in unrealized gain (loss) during the year	61,973	29,689
Recognition of realized loss (gain) during the year	(2,099)	-
	<b>\$ 59,874</b>	<b>\$ 29,689</b>
Unrealized loss in opening fund balance	(30,565)	(60,254)
	<b>\$ 29,309</b>	<b>\$ (30,565)</b>
<b>BARLEY FUND ETF'S</b>		
Change in unrealized gain (loss) during the year	2,546	1,171
Recognition of realized gains during the year	-	-
	<b>\$ 2,546</b>	<b>\$ 1,171</b>
Unrealized loss in opening fund balance	(762)	(1,933)
	<b>\$ 1,784</b>	<b>\$ (762)</b>
<b>TOTAL, ALL FUNDS</b>		
Change in unrealized gain (loss) during the year	119,353	52,290
Recognition of realized gain (loss) during the year	(2,099)	-
	<b>\$ 117,254</b>	<b>\$ 52,290</b>
Unrealized loss in opening fund balance	(47,280)	(99,570)
	<b>\$ 69,974</b>	<b>\$ (47,280)</b>

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# FINANCIAL STATEMENTS

8. ACCUMULATED UNREALIZED GAINS (CONTINUED)	2020	2019
c) TOTAL ACCUMULATED UNREALIZED GAINS ON EQUITY INVESTMENTS & BOND EXCHANGE TRADED FUNDS		
TOTAL, ALL FUNDS		
Change in unrealized gain (loss) during the year	3,478,413	17,243,936
Recognition of realized gain during the year	2,485,834	(4,050,195)
	<b>\$ 5,964,247</b>	<b>\$ 13,193,741</b>
Unrealized gains in opening fund balance	28,500,404	15,306,663
	<b>\$ 34,464,651</b>	<b>\$ 28,500,404</b>
9. ROYALTY INCOME		
Royalty Income includes the following:		
WHEAT FUND		
Agriculture & Agri-Food Canada	2,023,287	1,823,082
University of Saskatchewan	223,217	315,485
University of Alberta	2,630	1,346
	<b>\$ 2,249,134</b>	<b>\$ 2,139,913</b>
BARLEY FUND		
Agriculture & Agri-Food Canada	368,040	199,078
University of Saskatchewan	131,027	135,718
	<b>\$ 499,067</b>	<b>\$ 334,796</b>
TOTAL, ALL FUNDS		
Agriculture & Agri-Food Canada	2,391,327	2,022,160
University of Saskatchewan	354,244	451,203
University of Alberta	2,630	1,346
	<b>\$ 2,748,201</b>	<b>\$ 2,474,709</b>



# FINANCIAL STATEMENTS

## 10. OTHER INCOME

2020

2019

Other income includes the following:

### RESEARCH FUND

CTA order for CN Rail for exceeding its Maximum Revenue Entitlement for grain movement for 2019-20

3,329,146

-

CTA order for CP Rail for exceeding its Maximum Revenue Entitlement for grain movement for 2019-20

2,278,511

-

Industry Partner funding for research under the Integrated Crop Agronomy Cluster

282,851

256,193

Agriculture & Agri-Food Canada funding for research under the Integrated Crop Agronomy Cluster

658,869

668,376

Agriculture & Agri-Food Canada funding for program expenses under the Integrated Crop Agronomy Cluster

149,199

161,625

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**\$ 6,698,576**


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**\$ 1,086,194**

### BARLEY FUND

Funding was received from the following organizations under a research funding agreement with the U of S:

Sask Barley Commission

-

90,000

Manitoba Wheat & Barley Growers Association

-

5,000

Alberta Barley Commission

-

5,000

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 100,000

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**\$ 6,698,576**


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**\$ 1,186,194**

# FINANCIAL STATEMENTS

## 11. COMMITMENTS

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

YEAR	RESEARCH FUND	WHEAT FUND	BARLEY FUND	TOTAL
2021	17,749,735	2,066,841	392,847	20,209,423
2022	11,924,929	1,808,170	347,241	14,080,340
2023	7,650,056	1,567,718	153,078	9,370,852
2024	3,113,021	624,356	107,859	3,845,236
2025	958,316	61,437	57,253	1,077,006
Thereafter	1,522,963	-	16,600	1,539,563
	<b>\$ 42,919,020</b>	<b>\$ 6,128,522</b>	<b>\$ 1,074,878</b>	<b>\$ 50,122,420</b>

## 12. OPERATING LEASE

The lease for the office space occupied by the Foundation in 2020 expires March 31, 2026. The minimum annual lease payment under the agreement is \$681,900 plus Goods and Services Tax.

Annual payments due in each of the next six years are as follows:

2021	126,100
2022	126,400
2023	128,100
2024	132,400
2025	135,000
2026	33,900

# FINANCIAL STATEMENTS

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## 13. FINANCIAL INSTRUMENTS

The Foundation's recognized financial assets and liabilities consist of cash, cash and cash equivalents, 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 7.

### CREDIT RISK

The Foundation is exposed to credit risk with respect to cash, cash and cash equivalents, 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 cash equivalents 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.

2020



**WGRF**

*Advancing Agriculture through Research*

ANNUAL REPORT

