



2022 **ANNUAL**
REPORT



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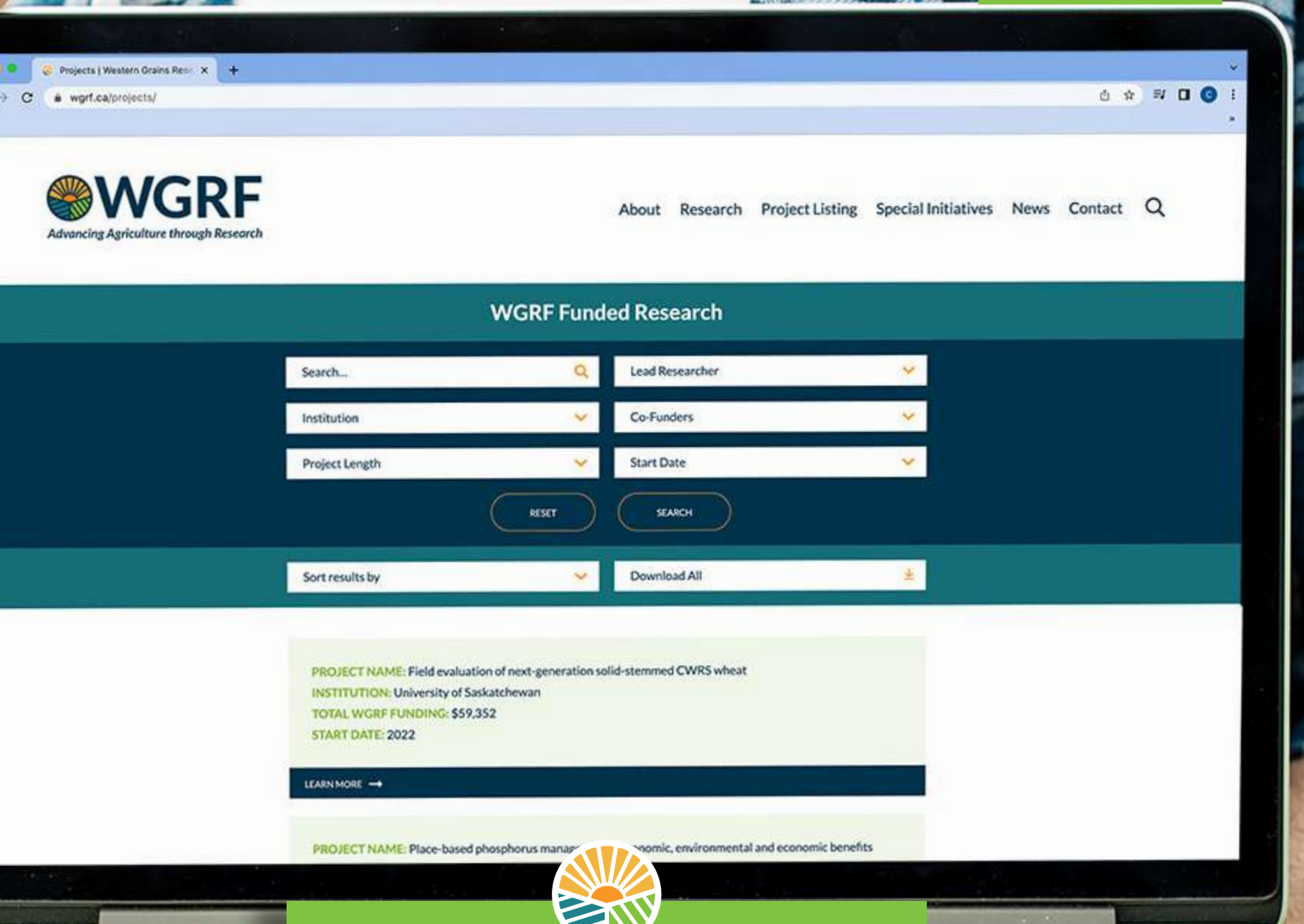
2022 Annual Report

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670+

Projects listed
on **WGRF.CA**



Online Search Tool

More than 670+ WGRF-funded research projects are listed at wgrf.ca in a user-friendly, searchable format.

Search by researcher, institution, keyword or co-funder to find out more details of what projects have received funding in the past and present.



Our vision

Profitable and sustainable western
Canadian grain farmers



Our mission

Producers directing investments
into crop research to benefit
western Canadian grain farmers



WGFR

Research Priorities

Priority Areas for Single Crop and Whole Farm Integrated Multi-Crop Research

Eligible crops



Barley



Canary seed



Canola



Chickpea



Corn



Faba bean



Flax



Lentil



Mustard



Oats



Pea



Soybean



Sunflower



Wheat



Winter cereals

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, soil quality, water use efficiency, fertilizer use efficiency, adaptation to and mitigation of climate change, crop quality, storage, storage pests, economic analysis

Message from the Chair



DR. KEITH DEGENHARDT
Chair, WGRF

The number one goal of the Western Grains Research Foundation (WGRF) is to fund crop research to benefit grain farmers in Western Canada. In 2022, we delivered on this goal by providing project and capacity funding in our key priority areas.

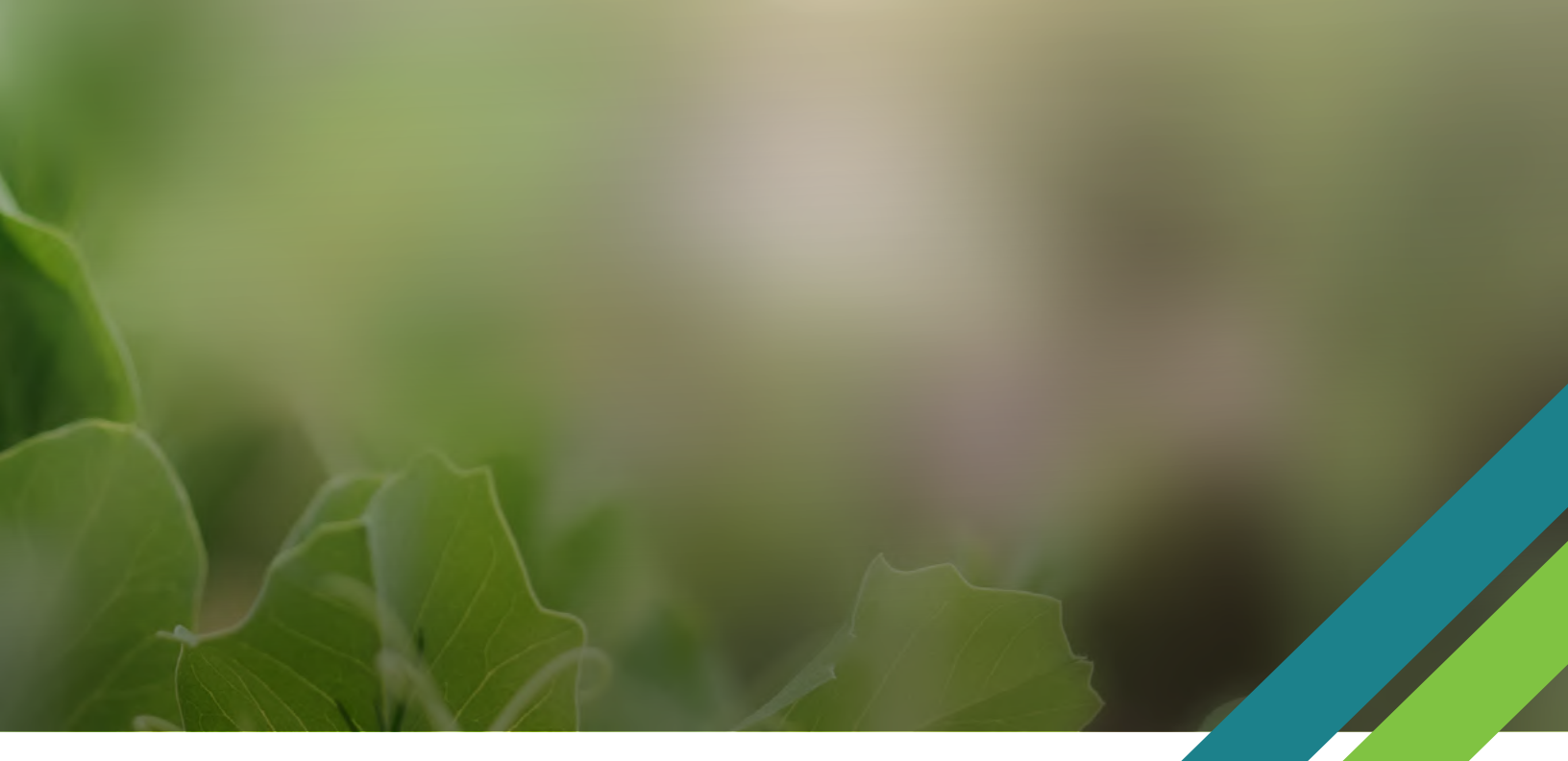
Producers have directed more than \$229 million in field crop research over the 42-year history of WGRF. As an organization, WGRF is recognized by researchers, governments, producer organizations and industry as a significant funder of crop research. This reputation enables our ability to collaborate and create long-term partnerships to optimize our research investments.

The farming experience and commitment to research of WGRF Directors continues to be the foundation of the organization's impressive impact. Farmer Directors contribute their time and expertise to advance the industry.

WGRF has continued to monitor and assess the research needs of western Canadian farmers. We engage with farmers, agronomists, scientists, funding agencies and WGRF members to ensure the research priorities align with farmers' needs.

In 2022, WGRF invested over \$11.5 million into breeding, crop research and building research capacity on behalf of western Canadian producers.

WGRF has continued our focus on our \$32 million capacity initiative in 2022. This initiative is designed to increase research capacity in Western Canada with people, equipment and buildings. Progress in 2022 puts us well on our



way to accomplishing this goal. Four research chairs in key priority areas have been established and new equipment and buildings have been acquired for many research stations and universities.

Since 2011, WGRF has invested over \$1.7 million towards more than 25 graduate student scholarships at the Universities of Manitoba, Alberta and Saskatchewan. These scholarships currently award \$300,000 each year combined. New Graduate Scholarships of \$15,000 per year were established at the University of Lethbridge and the University of British Columbia in 2022 and will be awarded in 2023.

WGRF was also pleased to announce in 2022 that Wayne Thompson is the new Executive Director. Wayne replaced Garth Patterson, who retired from the position in December 2022 after 11 years. Garth's leadership has been instrumental in helping to increase collaboration among research funders across Western Canada.

Wayne's experience in agriculture research make him uniquely suited to serve as the WGRF Executive Director.

I am proud to have served as WGRF Board Chair this past year. I would like to thank all the dedicated Directors on the Board and the WGRF staff; their expertise, experience and passion for agriculture research is a real strength for WGRF.



DR. KEITH DEGENHARDT
Chair, WGRF

Message from the Executive Director



WAYNE THOMPSON
Executive Director, WGRF

It is my pleasure to be returning to WGRF as the Executive Director. With more than 42 years of history in funding agricultural research, WGRF is an important organization for western Canadian farmers. I am looking forward to working with the Board and staff in the coming years to fund agriculture research that will have a positive impact on farmers.

In 2022, WGRF continued to collaborate with producer organizations and government to fund research that benefits farmers. WGRF worked with partners to fund research through the Agriculture Development Fund (ADF) in Saskatchewan, Ag Action Manitoba (AAM) in Manitoba, the Agriculture Funding Consortium (AFC) in Alberta, the Canola Agronomic Research Program (CARP), Agriculture and Agri-Food Canada (AAFC) Canadian Agricultural Partnership, Genome Canada, and the Natural Sciences and Engineering Research Council of Canada (NSERC). Phase 1 and 2 of the WGRF capacity initiative has resulted in funding for several universities and research sites in Western Canada.

WGRF is a significant funder of the current AAFC Canadian Agricultural Partnership Program (the Partnership) that ends in 2023. The Partnership is a five-year federal-provincial-territorial initiative that encourages competitiveness, prosperity and sustainability in Canada's agri-food and agri-products sector. WGRF lead the Integrated Crop Agronomy Cluster (ICAC) and participated in funding for the Wheat, Barley, Organic, and Diverse Field Crops Clusters investing more than \$6.4 million to the five agri-science research clusters.



In 2023, WGRF will continue work with other organizations to co-fund research. WGRF will fund research in areas identified in the report on cross-cutting research themes and for 15 eligible crops. This report was developed through workshops with farmers, researchers and industry.

AAFC and the agriculture industry are preparing for a new round of Clusters for the period 2023-2028 through the Sustainable Canadian Agricultural Partnership. WGRF is positioned to make a notable impact with the next Sustainable Canadian Agriculture Partnership.

The important role farmers play in funding research has only grown over the 42-year history of WGRF. Our organization will remain a strong voice for farmers in determining priorities and funding valuable research. Communicating research to enable farmer decision making is a priority of WGRF. Our communications and technology transfer plan ensures the knowledge and innovations gained from our investments are made available to farmers and agronomists to enhance producer profitability.

I would like to acknowledge the former Executive Director, Garth Patterson and the dedicated staff and Board members of WGRF for their efforts this past year. I look forward to seeing WGRF work for farmers and have a very successful 2023.

WAYNE THOMPSON,
Executive Director, WGRF

2022

Board of Directors

Dr. Keith Degenhardt

Hughenden, AB *Chair*

Kevin Auch

Carmangay, AB *Vice-Chair*

Adam Littman

Saltcoats, SK

Bill Prybylski

Willowbrook, SK

Dave Bishop

Barons, AB

Dick Wymenga

Leslieville, AB

Doug Martin

East Selkirk, MB

Glenn Wright

Vanscoy, SK

Greg Sundquist

Watrous, SK

Jeff Nielsen

Olds, AB

Jill Verwey

Portage la Prairie, MB

Kenton Possberg

Humboldt, SK

Laura Reiter

Radisson, SK

Malcolm Odermatt

Fort St. John, BC

Mark Akins

Hearne, SK

Mike Ammeter

Sylvan Lake, AB

Stewart Wells

Swift Current, SK

Wade Hainstock

Moose Jaw, SK

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 Commission
- 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

Wayne Thompson

Executive Director

Bimpe Oyeneye, M.Sc., AAg

Research Program Manager

Candice Lajeunesse

Program Administrator

Glenda Hetterly, CPA, CA

Finance Manager

Joelle Harris, B.S.A., PAg

Research Program Manager

Lisa Jategaonkar, M.Sc., AAg

Research Program Manager

Mike Espeseth, B. Comm.

Communications Manager

Valar Gurusamy, Ph.D., AAg

Research Program Manager





WGRF

Investing and impacting agriculture in Western Canada



\$229M invested in research since **1981**



\$24M committed for infrastructure and tools to help organizations conduct research



\$8M committed to establish Research Chairs at the Universities of Alberta, Saskatchewan and Manitoba



\$1.7M in Graduate Student Scholarships since 2011 to develop the next generation of researchers



For a complete list of recipients: wgrf.ca/special-initiatives/graduate-scholarship/



Largest Producer Funder

of crop research in Canada



Financial Statements

YEAR ENDED DECEMBER 31, 2022

INDEPENDENT AUDITORS' REPORT

Lingard + Dreger

CHARTERED PROFESSIONAL ACCOUNTANTS

880 Broadway Ave #200 T 306-244-0808
Saskatoon, SK S7N 3A7 F 306-244-0004
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 (the Foundation), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian 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, 2022, and December 31, 2021, current assets as of December 31, 2022, and December 31, 2021, and fund balances as at January 1 and December 31, for both the 2022 and 2021 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 the 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 with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of 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 misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 the 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.

Lingard + Dreger

Chartered Professional Accountants

March 6, 2023
Saskatoon, Saskatchewan

STATEMENT OF

As at December 31, 2022

Financial Position

CURRENT ASSETS	2022	2021
Cash	204,516	573,121
Cash and cash equivalents (Note 3)	14,016,398	16,038,981
Accounts receivable (Note 6)	8,186,165	1,429,452
Prepaid expenses	101,132	31,624
Investments in debt instruments, short-term (Note 7)	9,900,000	12,125,000
Investments in equity securities	103,916,604	125,454,188
	\$ 136,324,815	\$ 155,652,366
Investments in debt instruments, long-term (Note 7)	46,748,200	47,572,499
	\$ 183,073,015	\$ 203,224,865
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	342,895	36,258
FUND BALANCES (Notes 4, 11)		
Capital fund	9,066,972	9,066,972
Research fund (Schedule 1)	141,286,226	159,773,951
Wheat fund (Schedule 2)	30,187,936	31,745,843
Barley fund (Schedule 3)	2,188,986	2,601,841
	\$ 182,730,120	\$ 203,188,607
	\$ 183,073,015	\$ 203,224,865

CONTINGENT LIABILITY (Note 14)

See accompanying notes

APPROVED BY THE BOARD:

*Dr. Keith J. Degenhardt***DR. KEITH DEGENHARDT**

Chair

*Kevin Auch***KEVIN AUCH**

Vice-Chair

Operations and Changes in Fund Balances

REVENUES	2022	2021
Unrealized (loss) gain on investments	(17,008,111)	20,453,193
Investment income	3,891,562	3,748,555
Other income (Note 9)	6,213,286	3,693,466
Royalties (Note 8)	2,490,357	2,725,282
Gain on sale of investments	547,671	1,877,096
Foreign exchange gain (loss)	225,879	(24,859)
	\$ (3,639,356)	\$ 32,472,733
EXPENDITURES		
Research funding	11,564,944	12,050,757
Royalty research funding	25,608	-
Railway maximum revenue entitlement repayment (Note 10)	2,519,660	-
Investment management fees	578,045	585,157
Operating & program expenses (Schedule 4)	2,130,874	1,995,706
	\$ 16,819,131	\$ 14,631,620
(Deficiency) excess of revenue over expenditures for the year	(20,458,487)	17,841,113
Fund balances, beginning of year	203,188,607	185,347,494
FUND BALANCES, END OF YEAR	\$ 182,730,120	\$ 203,188,607

See accompanying notes

STATEMENT OF

For the year ended December 31, 2022

Cash Flows

	2022	2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures	(20,458,487)	17,841,113
Items not affecting cash		
Unrealized loss (gain) on investments	17,008,111	(20,453,193)
Amortization of net premiums on bonds	(702)	(685)
Gain on sale of investments	(547,671)	(1,877,096)
Return of capital and income reinvestments	3,655	-
Changes in non-cash working capital	(6,519,584)	1,797,292
	\$ (10,514,678)	\$ (2,692,569)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of investments	(17,238,838)	(28,064,985)
Sales and maturities of investments	25,362,328	27,998,948
	8,123,490	(66,037)
Decrease in cash during the year	(2,391,188)	(2,758,606)
Cash position, beginning of year	16,612,102	19,370,708
CASH POSITION, END OF YEAR	\$ 14,220,914	\$ 16,612,102
CASH IS COMPRISED OF		
Cash	204,516	573,121
Cash and cash equivalents	14,016,398	16,038,981
	\$ 14,220,914	\$ 16,612,102

See accompanying notes

Research Fund Operations and Changes in Fund Balance

REVENUES	2022	2021
Investment income	3,214,021	3,142,961
Other income (Note 9)	6,213,286	3,693,466
Gain on sale of investments	239,490	1,027,834
Unrealized (loss) gain on investments	(14,407,328)	17,935,201
Foreign exchange gain (loss)	204,969	(15,154)
	\$ (4,535,562)	\$ 25,784,308
 EXPENDITURES		
RESEARCH FUNDING		
Agronomy	4,417,091	3,758,580
Variety development	1,953,290	2,132,389
Post harvest management	29,831	(3,105)
Agronomy capacity	2,831,436	3,596,750
	\$ 9,231,648	\$ 9,484,614
Railway maximum revenue entitlement repayment (Note 10)	2,519,660	-
Investment management fees	479,446	488,254
Operating & program expenses (Schedule 4)	1,721,409	1,559,613
	\$ 13,952,163	\$ 11,532,481
(Deficiency) excess of revenue over expenditures for the year	(18,487,725)	14,251,827
Research fund, beginning of year (Note 4)	159,773,951	145,522,124
RESEARCH FUND, END OF YEAR	\$ 141,286,226	\$ 159,773,951

See accompanying notes

Wheat Fund Operations and Changes in Fund Balance

OPERATING ACCOUNT	2022	2021
REVENUES		
Royalties (Note 8)	2,236,866	2,162,584
Investment income	3,835	24
	\$ 2,240,701	\$ 2,162,608
EXPENDITURES		
RESEARCH FUNDING		
Agronomy	358,067	161,926
Variety development	1,062,443	1,011,448
Canadian National Wheat Cluster	477,046	527,784
Agronomy capacity	8,265	480,285
	\$ 1,905,821	\$ 2,181,443
Operating and program expenses (Schedule 4)	327,920	363,440
	\$ 2,233,741	\$ 2,544,883
Excess (deficiency) of revenue over expenditures for the year	6,960	(382,275)
Transfer from wheat reserve account	1,347,971	669,665
Operating account, beginning of year	461,326	173,936
OPERATING ACCOUNT, END OF YEAR	\$ 1,816,257	\$ 461,326

See accompanying notes

(CONTINUED)

Wheat Fund Operations and Changes in Fund Balance (CONTINUED)

RESERVE ACCOUNT	2022	2021
Investment income	623,749	562,788
Gain on sale of investments	313,606	824,952
Unrealized (loss) gain on investments	(2,427,358)	2,284,780
Foreign exchange gain (loss)	16,819	(10,067)
Investment management fees	(91,683)	(90,275)
RESERVE (DEFICIENCY) EXCESS FOR THE YEAR	\$ (1,564,867)	\$ 3,572,178
Transfer to wheat operating account	(1,347,971)	(669,665)
Reserve account, beginning of year	31,284,517	28,382,004
RESERVE ACCOUNT, END OF YEAR	\$ 28,371,679	\$ 31,284,517
WHEAT FUND, END OF YEAR	\$ 30,187,936	\$ 31,745,843

See accompanying notes

Barley Fund Operations and Changes in Fund Balance

OPERATING ACCOUNT	2022	2021
REVENUES		
Royalties (Note 8)	253,491	562,698
Investment income	959	5
	\$ 254,450	\$ 562,703
EXPENDITURES		
RESEARCH FUNDING		
Agronomy	46,268	40,013
Variety development	230,560	197,581
National Barley Cluster	150,647	147,106
	\$ 427,475	\$ 384,700
Royalty research funding	25,608	-
Operating and program expenses (Schedule 4)	81,545	72,653
	\$ 534,628	\$ 457,353
(Deficiency) excess of revenue over expenditures for the year	(280,178)	105,350
Transfer from barley reserve account	28,705	80,283
Operating account, beginning of year	386,361	200,728
OPERATING ACCOUNT, END OF YEAR	\$ 134,888	\$ 386,361

(CONTINUED)

SCHEDULE 3

For the year ended December 31, 2022

Barley Fund Operations and Changes in Fund Balance (CONTINUED)

RESERVE ACCOUNT	2022	2021
Investment income	48,998	42,777
(Loss) gain on sale of investments	(5,425)	24,310
Unrealized (loss) gain on investments	(173,425)	233,212
Foreign exchange gain	4,091	362
Investment management fees	(6,916)	(6,628)
RESERVE (DEFICIENCY) EXCESS FOR THE YEAR	\$ (132,677)	\$ 294,033
Transfer to barley operating account	(28,705)	(80,283)
Reserve account, beginning of year	2,215,480	2,001,730
RESERVE ACCOUNT, END OF YEAR	\$ 2,054,098	\$ 2,215,480
BARLEY FUND, END OF YEAR	\$ 2,188,986	\$ 2,601,841

See accompanying notes

SCHEDULE 4

For the year ended December 31, 2022

Operating and Program Expenditures

EXPENDITURES	RESEARCH FUND	WHEAT FUND	BARLEY FUND	2022	2021
Wages and benefits	880,163	234,711	58,678	1,173,552	992,921
Communications	156,651	19,592	4,744	180,987	292,269
Scholarships	330,000	-	-	330,000	300,000
Office (Note 12)	171,016	45,606	11,402	228,024	203,365
Professional fees	20,176	5,211	1,021	26,408	31,587
Consulting fees	31,778	1,619	405	33,802	90,392
Travel and other	54,090	13,962	3,490	71,542	14,337
Board and committee per diems	77,535	7,219	1,805	86,559	70,835
OPERATING AND PROGRAM EXPENDITURES FOR THE YEAR	\$ 1,721,409	\$ 327,920	\$ 81,545	\$ 2,130,874	\$ 1,995,706

See accompanying notes

NOTES TO THE

Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

Financial Statements

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 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 of the respective reserve account 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, 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 Maximum Revenue Entitlement (“MRE”) 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 2022 CN exceeded their MRE by \$3,221,492 and CP exceeded their MRE by \$2,481,964 as per the CTA award for the 2021/22 crop year (Note 9). In 2021 CN was originally found to exceed their MRE by \$2,519,660 for the 2020/21 crop year (Note 9), however during 2022 the CTA granted relief to CN with respect to a variance applied for by CN and the 2021 amount was ordered to be returned to CN by WGRF (Note 10). CP did not exceed their MRE for the 2020/21 crop year (Note 9).

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

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 variety developments are recorded as royalty revenue in the respective wheat and/or barley statement of fund operations. Upon approval of the Board of Directors certain royalty funds may be subsequently reinvested with research organizations for the funding of specific royalty 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 cash equivalents, accounts 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. Significant estimates include, but are not limited to, accruals for certain revenues.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances with banks and short-term investments with original 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 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 since 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

	2022	2021
Accounts receivable include the following:		
Railway Excess Maximum Revenue Entitlement receivables	5,703,456	-
Receivables under joint research funding agreements	91,747	145,810
Accrued interest receivable	461,123	455,228
Royalties receivable	1,900,718	793,676
GST receivable	28,733	29,442
Other receivable	388	5,296
	\$ 8,186,165	\$ 1,429,452

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7. INVESTMENT IN DEBT INSTRUMENTS

		2022	2021
Investment Type & Maturity	Effective Interest Rates	Amortized Cost	Amortized Cost
RESEARCH FUND			
Range Accrual Deposit Notes, <i>extendible by issuer to 2029. Interest paid if daily CDOR rate between 0% and 1.5%.</i>			
2029	2.25%	2,500,000	2,500,000
CORPORATE EXTENDIBLE NOTES (FIXED RATE AND STEP-UP)			
2026	1.67% - 2.80%	3,000,000	2,000,000
2027	1.45% - 1.55%	8,500,000	8,500,000
2028	1.55% - 3.0%	4,000,000	3,000,000
2029	1.95%	2,000,000	2,000,000
2030	1.8% - 1.9%	3,000,000	3,000,000
PROVINCIAL BONDS			
2025	2.30% - 2.38%	2,998,200	2,997,499
GUARANTEED INVESTMENT CERTIFICATES			
2022	0.91% - 3.38%	-	9,800,000
2023	1.08% - 3.35%	7,500,000	7,500,000
2024	1.05% - 3.97%	6,350,000	5,000,000
2025	1.2% - 4.13%	3,850,000	2,500,000
2026	1.65% - 4.14%	1,750,000	750,000
TOTAL RESEARCH FUND		\$ 45,448,200	\$ 49,547,499

(CONTINUED)

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7. INVESTMENT IN DEBT INSTRUMENTS (CONTINUED)

		2022	2021
Investment Type & Maturity	Effective Interest Rates	Amortized Cost	Amortized Cost
WHEAT FUND			
Range Accrual Deposit Notes, <i>extendible by issuer to 2029. Interest paid if daily CDOR rate between 0% and 1.5%.</i>			
2029	2.25%	500,000	500,000
CORPORATE EXTENDIBLE NOTES (FIXED RATE AND STEP-UP)			
2026	1.67%	500,000	500,000
2027	1.45% - 1.55%	2,275,000	2,275,000
2028	3.00%	500,000	-
2030	1.80%	500,000	500,000
GUARANTEED INVESTMENT CERTIFICATES			
2022	0.95% - 3.05%	-	2,150,000
2023	1.10% - 5.50%	2,150,000	1,300,000
2024	1.15% - 3.97%	1,800,000	1,100,000
2025	1.21% - 4.09%	1,500,000	800,000
2026	1.75% - 4.14%	800,000	450,000
TOTAL WHEAT FUND		\$ 10,525,000	\$ 9,575,000
BARLEY FUND			
GUARANTEED INVESTMENT CERTIFICATES			
2022	2.20% - 3.07%	-	175,000
2023	1.23% - 4.33%	250,000	200,000
2024	1.45% - 3.89%	225,000	100,000
2025	1.95% - 4.03%	200,000	100,000
TOTAL BARLEY FUND		675,000	575,000
TOTAL ALL FUNDS		\$ 56,648,200	\$ 59,697,499

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8. ROYALTY INCOME	2022	2021
Royalty income includes the following:		
WHEAT FUND		
Agriculture & Agri-Food Canada	2,162,314	1,886,776
University of Saskatchewan	72,349	273,566
University of Alberta	2,203	2,242
	\$ 2,236,866	\$ 2,162,584
BARLEY FUND		
Agriculture & Agri-Food Canada	164,755	288,409
University of Saskatchewan	88,736	274,289
	\$ 253,491	\$ 562,698
TOTAL, ALL FUNDS		
Agriculture & Agri-Food Canada	2,327,069	2,175,185
University of Saskatchewan	161,085	547,855
University of Alberta	2,203	2,242
	\$ 2,490,357	\$ 2,725,282
9. OTHER INCOME		
Other income includes the following:		
RESEARCH FUND		
Donation	-	19
CTA order for CN Rail for exceeding its Maximum Revenue Entitlement for grain movement for 2021-22	3,221,492	-
CTA order for CP Rail for exceeding its Maximum Revenue Entitlement for grain movement for 2021-22	2,481,964	-
CTA order for CN Rail for exceeding its Maximum Revenue Entitlement for grain movement for 2020-21	-	2,519,660
Industry Partner funding for research under the Integrated Crop Agronomy Cluster	208,788	294,302
Agriculture & Agri-Food Canada funding for research under the Integrated Crop Agronomy Cluster	223,765	734,644
Agriculture & Agri-Food Canada funding for program expenses under the Integrated Crop Agronomy Cluster	77,277	144,841
	\$ 6,213,286	\$ 3,693,466

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10. OTHER EXPENSE

In 2021 CN exceeded their MRE by \$2,519,660 for the 2020/21 crop year (Note 9), however the CTA subsequently granted relief with respect to a variance applied for by CN and the 2021 amount was ordered to be returned to CN by WGRF.

11. COMMITMENTS

The Foundation has approved and is committed to the following contributions to various Universities for funding scholarships from the Research Fund over the next five years as follows:

2023	330,000
2024	330,000
2025	-
2026	-
2027	-
	\$ 660,000

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
2023	14,346,550	3,087,616	550,301	17,984,467
2024	9,244,320	2,292,278	558,768	12,095,366
2025	6,963,375	2,064,323	613,177	9,640,875
2026	4,403,208	1,484,538	495,461	6,383,207
2027	1,751,461	776,913	299,220	2,827,594
Thereafter	825,513	-	-	825,513
	\$ 37,534,427	\$ 9,705,668	\$ 2,516,927	\$ 49,757,022

The Board has approved the payment of Barley Fund commitments from the Research Fund if the Barley Fund drops below the amount internally restricted to fund projects designated as barley royalty research.

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12. OPERATING LEASES

The Foundation leases office space and office equipment. The minimum total lease payments over the next five years are \$436,983 plus Goods and Services Tax.

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

2023	130,719
2024	134,709
2025	137,263
2026	34,198
2027	94

13. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, members of the Foundation's Board of Directors received payments for per diems and expenses of \$85,875 (2021 - \$51,646). All related party transactions described above are measured at the exchange amount, which is the consideration established and agreed to by the parties.

14. CONTINGENT LIABILITY

Subsequent to year-end, in January 2023, CN submitted a request to the CTA for a review of the CTA determination ordering the payment of \$3,221,491 to WGRF for exceeding its MRE for the 2021-22 crop year. CN is requesting a review of the volume-related composite price index (VRCPI) used in calculating the MRE. The possible outcome of the request for a variance cannot be reasonably estimated at this time. Accordingly, no provision has been made in the financial statements as at December 31, 2022. The amount of \$3,221,491 is included in accounts receivable at year-end and was received in January 2023. CTA is expected to issue a decision related to the request for a review by April 2023. Depending on the outcome of CTA's review of this request CN has a right to appeal the CTA's determination about this matter to the Federal Court of Appeal within 30 days of the date that the CTA's determination is issued.

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15. 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 and equity securities, and accounts payable and accrued liabilities. The carrying values of these items approximate their fair values except for investments in debt instruments, the carrying value of which is their amortized cost given the Foundation's policy to hold such investments to maturity.

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.

CURRENCY RISK

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash and cash equivalents and investments held in U.S. dollars. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



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