

Alberta Barley Commission



Annual Report 2008/2009

Chairman's and CEO's Message

Four years ago, Mike Leslie joined the Alberta Barley Commission. Since then, he's worked with our Board of Directors to transform our organization. Along the way, we've made some significant progress, including: adopting the Carver policy governance model; increasing our check-off rate; strengthening our relationships with the Canadian Wheat Board, the Canadian Grain Commission, the Western Grains Research Foundation and other agencies, not-for-profits and all levels of government; and starting the second Canada Alberta Barley Development Agreement.

This progress makes our organization better able to function in today's agriculture. In the area of governance, our Board now sets the Commission's direction and our staff executes the steps needed to get us there. Throughout the year, the two groups meet at least seven times to review progress and adjust our course as necessary.

Strengthening our relationships with industry and government ensures we bring as many partners and supporters as possible to our many projects and programs. Completing and renewing the Canada Alberta Barley Development Agreement extends the many research projects we have to improve barley's value to producers and customers. This agreement with the Government of Canada and Province of Alberta is crucial to remaining competitive.

We've learned to "think big" at the Commission and tackle issues and challenges that we face now (such as rejuvenating the province's livestock industry) and that we know we'll face in the future (such as non-traditional methods of production).

In the past fiscal year (Aug. 1, 2008 to July 31, 2009), the Commission focused on three strategic priorities: ensure the long-term sustainability of the barley industry and the Alberta Barley Commission; leverage partnerships with like-minded stakeholders to optimize opportunities and impact issues; and develop mechanisms for producers and industry to capture more value for their barley.

We worked towards these goals in a wide variety of ways, including: funding research projects;

supporting and recommending new government policies and legislation; speaking with producers about their concerns at regional meetings; and supporting events such as FarmTech and the Lacombe Field Day. For details, see the measures of success chart on page 9.

One of our most important activities in the past year will give us the resources we need to be viable and sustainable in the future. In December

2008, the Commission delegates unanimously voted to increase the check-off rate to \$1.00/tonne up from \$0.50/tonne.

The additional revenue we expect the new check-off rate to generate will equal new opportunities and value for Alberta's

barley producers and customers.

For example, we estimate the new check-off rate will result in between \$500,000 and \$625,000 in new research funds. This past April, the Commission's Board of Directors agreed to allocate these new research funds as follows: 28.2 per cent to bioproducts; 22.5 per cent to agronomy and production; 18.75 per cent to feed; 16.25 to malting barley; and 14.3 per cent to food and nutrition. The Board also agreed to continue its ongoing support of regional varietal trials.

Check-off dollars become even more valuable considering their leverage ability. In 2007/2008, every \$1 the Commission invested attracted an additional \$7.35 in partner funding. And even though agricultural research funding from public sources is dwindling, the Commission still expects its leverage rate to be 1:5 in 2008/2009.

Of course, our ability to leverage funds comes directly back to our work in strengthening our relationships with governments and industry partners.

We mention this, because it often takes year after year of concerted effort and attention to make the big picture come to life.

That effort has come from a superb group of people: our producers, delegates, board members and staff. We'd like to thank them as well as our many industry, government and research partners for the accomplishments of the past year(s).



Terry Young



Mike Leslie

Terry Young
Chairman

Mike Leslie
CEO



Annual Report: Management Discussion & Analysis

In representing the interests of Alberta's barley growers, one of the Alberta Barley Commission's main responsibilities is financial diligence.

As in past years, managing and investing our revenue, the majority of which comes from producers in the form of check-off dollars, and controlling our expenses is our major administrative task. Throughout the fiscal year Aug. 1, 2008 to July 31, 2009, we closely tracked our financial position, revising our plans accordingly.

We ended 2008/2009 with total revenue of \$1.4 million, compared to \$1.44 million in 2007/2008; our excess of revenue over expenses was \$265,198 in 2008/2009, compared to \$227,817 the previous year.

Check-off revenue

Revenue from check-off dollars (service charges) decreased about four per cent (\$57,145) to \$1,352,780 compared to \$1,409,925 in 2007/2008. Check-off dollar revenue did however surpass the \$1,246,918 collected in 2006/2007. Check-off refunds increased slightly in 2008/2009, resulting in net check-off dollars of \$1,241,254.

In December 2008, the Commission voted to increase the check-off rate to \$1/tonne from \$0.50/tonne. This was just the second increase in the Commission's history and its first in six years. Previously the check-off dollar rate was increased in 2003 to \$0.50/tonne, from the 1991 to 2003 rate of \$0.40/tonne. The new rate took effect on Aug. 1, 2009, however, due to the six-month hold back requirement, these funds will not be available to the Commission until February 2010.

We estimate the new check-off rate will generate between \$500,000 and \$625,000 in new research funds.

In October 2008, economic conditions changed rapidly and drastically, forcing the price of barley (and other commodities) down. As producers struggled with falling grain prices and rising input costs, we saw a slight increase in fiscal year end check-off refunds (to 8.21 per cent, up from 6.8 per cent at fiscal year end 2008).

In August 2009, the Commission launched a joint check-off dollar collection campaign with the Alberta Winter Wheat Producers Commission (AWWPC), the Alberta Pulse Growers Commission (APGC) and the Alberta Canola Producers Commission (ACPC). The Real Value for You campaign reinforces the value of check-off dollars to producers and their customers and aims to improve the remittance rate of check-off dollars from buyers of all legislated feed grains.

While the remittance rates to the APGC and ACPC are quite good, the AWWPC estimates, like the Alberta Barley Commission, that a significant portion of its check-off dollars are not submitted annually. The campaign includes

newsletter articles and advertisements, media releases and a brochure for distribution at regional meetings and trade shows. As well, the Commission increased the number of licensed dealer locations in 2009 to 187, up from 109 in 2008.

Investing in research and market development

Research and market development are the pillars of the Alberta Barley Commission.

In 2008/2009, we resumed investing in new research projects. Due to budget constraints the previous year, we were unable to make any new commitments in 2007/2008. Our ongoing obligations, however, continued through both years as we had set aside funds to cover our commitments through to the end of the many multi-year projects.

Our new and ongoing research projects in 2008/2009 included:

- Demonstrating expanded use of barley as a food ingredient with unique functional and nutritional properties. Our \$15,000 investment was matched by \$15,000 from the Canadian Wheat Board and \$7,500 by Farmpure Seeds.
- Overcoming barriers to consumption. The colour of various barley food products was examined to expand consumer acceptance in the marketplace. The Commission's \$50,000 investment was matched by \$50,000 from the Government of Canada's Matching Investment Initiative.
- Development and commercialization of barley foods. This project used barley food products in commercial foods such as breads, nutrition bars, sausages and doughnuts. The Commission's \$35,000 investment in this project match matched by more than \$550,000 in funding the Agriculture & Food Council of Alberta, Canadian Wheat Board and Maidstone Bakeries.

- Enhanced water use using ¹³C. A project aimed at developing new lines of barley with high water-use efficiency for breeding varieties of barley that can produce high yields under drought conditions using the carbon isotope (¹³C) discrimination technique. Project funding: Alberta Barley Commission \$25,000; Alberta Crop Industry Development Fund \$172,500; and Alberta Agricultural Research Institute \$172,500.
- Post-registration variety trial website. An information resource to show head-to-head variety trial comparisons of wheat and barley varieties across western Canada.
- Improvement of malt quality. This project demonstrates the optimal agronomic, genetic and environmental factors needed to improve malt barley homogeneity. New data on seeding rates and nitrogen application rates directly affect malt barley quality and the ability to meet end-user requirements. Partners included Agriculture and Agri-Food Canada, Rahr Malting, and the Canadian Wheat Board. More than \$500,000 in cash has been invested in this project to date, \$130,000 of it from the Commission.



- Lacombe Field Crop Development Centre core funding. Funding for fundamental breeding, agronomy, disease, and technology transfer research to the producers of Alberta. The Centre has developed 17 barley varieties (and counting) ideally suited to Alberta's growing conditions and end-user requirements. The Commission's \$250,000 annual contribution is matched by a number of different agencies and grants.
- Low phytate barley variety development aims to help lower the amount of phosphorus in livestock excretion thereby minimizing environmental impacts. The Commission has contributed \$50,000 to this project.
- Investigating the role of high fibre barley food products play in preventing and managing diabetes, and determining the role of starch composition on the glycemic response to barley. Total project costs: Commission \$100,000; Government of Canada's Matching Investment Initiative \$50,000.
- Optimizing water use. An agronomic project to optimize water use, nitrogen use and agronomic practices for irrigated barley production. The Commission's \$40,000 investment for this five-year project has been matched by \$410,000 of government funding.

- Protein extraction. A project at the University of Alberta to develop protein isolation and purification processes from barley and its agri-industrial by-products, and explore the potential of high-value plant proteins with novel/improved nutritional and functional properties. Total project exceeds \$350,000.
- Commercialization of shochu barley. Commercialization research that optimizes shochu barley production to meet end-user. Project funding: Commission \$36,496; Ag & Food Council \$401,452.70; and Government of Alberta \$36,000.



- University of Alberta research chair for a cereals scientist. A collaborative effort with Alberta Crop Industry Development Fund for a research chair position to investigate barley proteins and their industrial, functional food, and nutraceutical applications. Project funding: \$600,000 from ACIDF and \$300,000 from the Commission over six years.

As well, the Canada Alberta Barley Development Agreement was renewed in 2008 for the period 2009 to 2014. The tripartite agreement with the Government of Canada and Province of Alberta provides significant research support for long-term projects such as numerous barley breeding and agronomic programs at Alberta Agriculture and Rural Development’s Field Crop Development Centre and Agriculture and Agri-Food Canada’s Research Centre in Lacombe. These programs improve barley production and disease and pest resistance. The Commission invests \$250,000 a year in the agreement.

In July 2009, with our investment partners the Brewing and Malting Barley Research Institute, the Canadian Wheat Board, ACIDF and the Western Grains Research Foundation, we began writing two extensive grant applications for new funding from the Agriculture and Agri-Food Canada’s Developing Innovative Agri-Products (DIAP) Initiative. One application, to be written jointly with the Western Grains Research Foundation, will request \$4 million for a breeding and agronomics program. The other will seek \$4 million to develop barley products that meet the specific needs of a single end-user (for example malting barley to the exact specifications of a craft brewer).

Administration

As has become our standard operating policy, we tightly controlled our general and administrative spending throughout 2008/2009. Our general and administrative costs were \$3,431 (or two per cent) lower than 2007/2008: \$208,481 com-

pared to \$211,912 in 2007/2008. Our 2006/2007 costs were \$216,946. We reduced costs in 2008/2009 despite an increase in rent of \$7,959 and an increase in strategic planning expenses to \$12,987 compared to \$8,695.

Our staff and contractors must be credited with controlling expenses. They have shown an exceptional ability to hold costs in check and negotiate reduced rates.

We have had little in the way of staff and contractor turnover in the past four years. Their loyalty is reflected in the service and expertise each individual brings to the organization. We would like to thank them for helping us reach our goals and objectives.

Barley production

In August 2009, Agriculture and Agri-Food Canada reported that for the 2009/2010 crop year, the barley seeded area decreased slightly to the lowest level since 1967 (3.56 million hectares compared to 3.8 million hectares in 2008/2009 and 4.4 million hectares in 2007/2008). Abandonment of barley acreage was expected to rise as more farmers than usual graze or cut crops for green feed. Production is expected to fall by about 26 per cent because of dry growing conditions in many parts of the province.

Favourable harvest conditions in some parts of Alberta could see actual production rise, however, at press time accurate information was not yet available on the end result of this weather-driven situation. Some analysts predict demand and prices for barley are likely to weaken based on several factors in the marketplace, among them: Alberta’s beef herd is at its lowest level in since the 1970s and 25 per cent smaller than a year ago; the United States estimates its 2009/2010 corn crop will be its second largest ever and the quality for Canadian malt may be affected by the drought and weather.

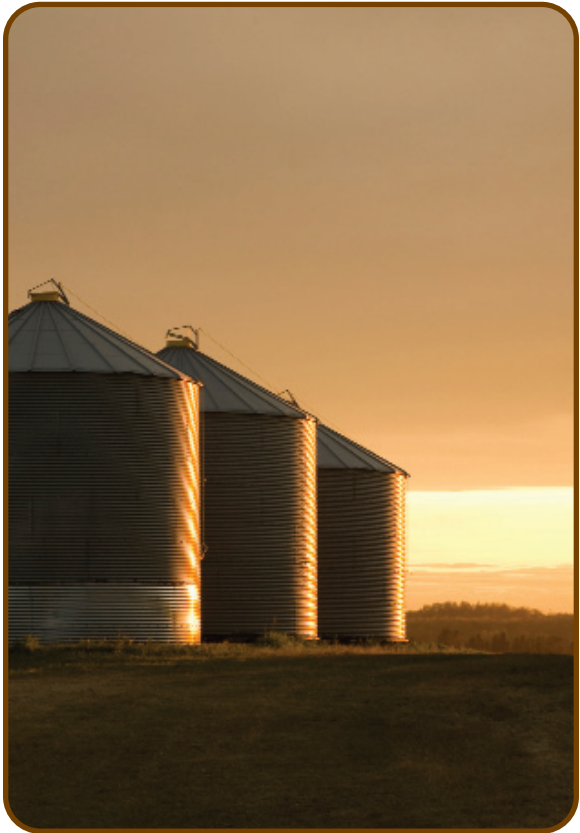
These and other factors are expected to affect the Commission’s revenues and our abilities to meet the needs of our producers.

Measures of success

The Alberta Barley Commission established measures of success (see chart below) to track and monitor its progress through the year, and to compare year over year results. Much like a vehicle’s dashboard, the measures of success indicate the speed at which our organization is travelling as well as give early warning signals that help us maintain our peak operating performance.

Strategic planning

In the spring of 2009, the Commission’s directors and management developed decisive plans for its 2009/2010 fiscal year to ensure long-term sustainability and opportunities for Alberta’s barley industry.



The plan supports the Commission’s long-term strategic priorities:

- Ensure the long-term sustainability of Alberta’s barley industry and the Alberta Barley Commission
- Leverage partnerships with like-minded stakeholders to optimize opportunities and impact
- Develop mechanisms for producers to capture more value from barley.

The plan has four short-term objectives to:

- Develop and deliver a communications and extension plan to give producers new tools and information that help them earn more from their barley
- Continue to develop and carry out activities that increase existing and emerging opportunities and options for barley producers
- Support and contribute to the renewal and growth of Alberta’s main barley customers, the livestock industry
- Identify, rank and act on research priorities (see below).

Measure	Baseline year ending July 31, 2008	Actual year ending July 31, 2009	Target for year ending July 31, 2009
Revenue from sources other check-off dollars	\$40,100	\$49,000 ¹	\$60,000
Remittance rate of check-off dollars	56%	50.8%	50% ²
Projects that help producers and industry capture value and mitigate risk	31	33 ³	30
Research leverage ratio	1:4.45	1:4.68	1:3
Number of media requests and “hits” (articles/interviews)	117	86 ⁴	80
Delegates & directors engaged in projects ⁵	25:51	31:50	25:50
Refund rate (check-off dollars)	6.8%	8.21%	8%

1 Mainly generated from advertising in Barley Country and sponsorship of regional and annual general meetings; efforts to engage a specialist in advertising sales proved difficult and resulted in shortfall of anticipated revenue.

2 Trends show the remittance rate has been decreasing, although by law anyone buying barley must submit check-off dollars; steps are already being taken to reverse this trend.

3 See list of projects in Leadership section.

4 Achieved with minimum of communications resources and media relations.

5 Number of delegates and directors; number of events involved in.

The increased check-off rate is expected to generate \$500,000 to \$625,000 in additional research funds in 2009/2010. The Board allocated the new research funding for 2009/2010 be directed to five key research priorities as follows:



- 28.2 per cent to bioproducts
- 22.5 per cent to agronomy and production
- 18.75 per cent to feed
- 16.25 to malting barley
- 14.3 per cent to food and nutrition

Commission staff used the Board’s 2009/2010 strategic priorities and objectives to develop scenarios for the organization’s 2009/2010 budget and operations plan; the Board later approved the budget and the plan.

Leadership

In December 2008, three directors finished their terms with the Alberta Barley Commission. Doug Robertson, often described as the Commission’s “corporate memory” was a director-at-large from Region 2 who also served as the Commission’s chairman three times. Doug Miller was a director for Region 2. Brian Otto served the Commission as a director of Region 1 and as vice-chairman twice.

Terry Young, a director-at-large from Region 3 was elected for a second year as chairman. He will complete his second and final term as a director-at-large with the Commission at December 2009’s annual general meeting. Greg Stamp replaced Brian Otto in Region 1 and Matt Sawyer replaced Doug Miller in Region 2. Glenn Logan of Lomond replaced Doug Robertson as director-at-large.

The following directors continued their terms with the Commission and their work on behalf of Alberta’s 17,000 barley producers: Trevor Petersen in Region 3; John Wozniak, Jr. in Region 4; Albert Wagner in Region 5 (Wagner was also vice-chairman for 2008/2009) and Ron Heck in Region 6. Leo Meyer of Woking served as director-at-large.

Our directors and delegates represented the Commission and barley growers in 33 different projects and partnerships throughout the year. Among them were:

- 2008 City Slickers
- AFSC margin coverage concept
- Aggie Days
- Agri-Environmental Partnership of Alberta
- Annual general meeting
- Barley Country newsletter
- BBOP
- Canadian Barley Food Coalition/Health Canada Food Claim
- Classroom Ag Program
- Commercialization of shochu barley
- Crops Sector Working Group
- Development & commercialization of barley foods
- Enhanced water use using 13C
- Environmental goods & services project team steering committee
- FarmTech
- Feed grain summit/Feed grain task force/strategy/working group
- Feedlot collection campaign/check-off collection opportunities project
- Funding consortium
- Grain Growers of Canada
- Growing Alberta editorial board

- Health Canada barley claim
- Improvement of malt quality
- Institute for Agriculture Forestry and Environment
- Low phytate
- Marketing Council industry committee
- National forum on feed
- Nutrient beneficial management practices steering committee
- Optimizing water use
- Regional meetings (six regions)



- Shochu breeding project
 - Tiffin Conference
 - Wetlands policy project team
 - World Trade Organization
- In the community, Board members, delegates and staff participated in numerous events throughout Alberta, including: Aggie Days, FarmTech, Stony Plain City Slickers and the Agri-Trade.

Governance

The Province of Alberta formed the Alberta Barley Commission in 1991 under the Marketing of Agricultural Products Act to represent the interests of Alberta’s barley producers and barley production. The Commission is a non-profit, producer-funded organization.

The Commission operates as a corporation and is governed by a nine-person Board of Directors: six directors to represent the Commission’s regions and three directors-at-large represent the interest of all Alberta barley growers. Directors are elected by eligible barley producers at the annual regional meetings.

Votes for directors-at-large are cast at each of the six annual regional meetings and the results are announced at the annual general meeting.

Directors and delegates are elected for three-year terms and cannot serve more than two consecutive terms; a director may be elected to serve a third consecutive term as director to enable the Board of Directors to fulfil its commitments to a national group, an industry group or to an association of which the Commission is a member. After a one-year waiting period, directors are eligible for re-election.

At the first Board meeting following the annual general meeting, directors elect the Commission’s chairman and vice-chairman.

The Commission also has no less than 32 delegates - with a minimum of three per region - who are elected for two-year terms at regional meetings.

The Board of Directors works with the

Commission’s CEO to advise and consult on the organization’s policies, strategies and direction. The CEO and the Commission’s staff are responsible for carrying out the Board’s directives and for day-to-day Commission operations. Plus they are responsible for preparing the annual business plan and strategy, and an accompanying budget.

Once the Board approves these, management then executes the plan. Through various communication tools, the Commission regularly advises its members of its progress. For example, an annual report is produced and distributed each year, summarizing the Commission’s financial position and progress towards its operating plans and goals.

Eligible barley producers who have remitted their check-off dollars to the Commission are entitled to:

- (a) Attend annual and regional meetings and any special meetings
- (b) Make presentations to the Board of Directors on matters related to any mat-



- (c) ters related to the Alberta Barley Plan
- (c) Vote at regional and special meetings or producer plebiscites
- (d) Become a Commission delegate, director or director-at-large.

Producers who choose not to support the Commission may request a refund of their check-off dollars. The refund request must be made within six months from the end of the month of the deduction, and the Commission must refund the service charge within 120 days of receiving the request.

The Commission may from time to time change the service charge (currently at \$1.00/tonne), but any change must be approved by a majority of the directors and delegates present at an annual general meeting or a special Commission meeting.

Director/delegate compensation

Directors and delegates are entitled to claim a per diem allowance for each day served at an authorized Commission event.

Chairman	\$200
Director	\$150
Delegate	\$150

For events of four hours or less, the allowance is one-half of the per diem. For conference call meetings, the allowance is one-quarter of the per diem. For board meeting preparations, the allowance is one full per diem. Board members and delegates are also eligible for a travel per diem allowance and are reimbursed for travel expenses.

Alberta Barley Commission Financial Statements July 31, 2009

Auditors’ Report

To the Directors of
Alberta Barley Commission

We have audited the balance sheet of **Alberta Barley Commission** as at July 31, 2009 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

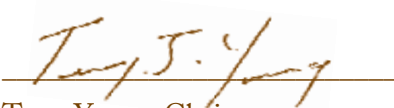

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with similar organizations, the Commission derives much of its revenue through “checkoff” service charges to producers, the completeness of which could not be satisfactorily verified through our audit. Accordingly, our verification of these revenues was limited to the amounts noted in the Commission’s records and we were not able to determine whether any adjustments might be necessary to service charge revenue, assets and net assets.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of service charges revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

July 31, 2009		
Auditors’ Report		
To the Directors of Alberta Barley Commission		
We have audited the balance sheet of Alberta Barley Commission as at July 31, 2009 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission’s management. Our responsibility is to express an opinion on these financial statements based on our audit.		
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PricewaterhouseCoopers LLP Chartered Accountants		

Balance Sheet		
As at July 31, 2009		
	2009	2008
	\$	\$
Assets		
Current assets		
Cash and short-term investments (note 5)	336,618	345,514
Accounts receivable	152,109	94,580
Prepaid expenses	12,903	12,893
	501,630	452,987
Investments	1,571,223	1,461,238
Capital assets (note 4)	15,181	20,781
	2,088,034	1,935,006
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	67,332	70,735
Grants payable (note 5)	558,524	656,668
Unearned revenue (notes 2 and 6)	627,555	638,178
	1,253,411	1,365,581
Net assets	834,623	569,425
	2,088,034	1,935,006
Commitments (notes 7)		

Approved by the Board of Directors		
	Director	
Terry Young, Chairman		
	Director	
Albert Wagner, Vice Chairman		

Statement of Operations and Net Assets		
For the year ended July 31, 2009		
	2009	2008
	\$	\$
Revenue		
Service charges (note 2)	1,352,780	1,409,925
Less: Refunds	111,526	95,598
Net service charges	1,241,254	1,314,327
Investment income	101,661	81,624
Other income	57,082	45,021
	1,399,997	1,440,972
Expenditures		
Market development	132,479	199,484
Producer services	593,783	587,307
Policy development	133,642	163,376
Directors fees and expenses	61,950	50,778
Other donations and grants	1,240	298
	923,094	1,001,243
Excess of revenue over expenses before general and administrative expenses	476,903	439,729
General and administrative		
Amortization	5,333	6,606
Computer system development	5,526	4,157
General expenses	14,985	14,855
Interest and bank charges	1,339	1,705
Office rent	34,744	26,785
Postage and delivery	2,073	1,845
Professional fees	13,275	14,190
Salaries and benefits	103,878	113,861
Stationery and supplies	5,834	7,412
Strategic planning expenses	12,987	8,695
Telephone	7,389	10,288
Travel	1,118	1,513
	208,481	211,912
Excess of revenue over expenses before the following	268,422	227,817
Loss on disposal of capital assets	3,224	–
Excess of revenue over expenses for the year	265,198	227,817
Net assets – Beginning of year	569,425	379,611
Transitional adjustment on adoption of new accounting policy	–	(38,003)
Net assets – End of year	834,623	569,425

Statement of Cash Flows		
For the year ended July 31, 2009		
	2009	2008
	\$	\$
Cash provided by (used in) Operating activities		
Excess of revenue over expenses for the year	265,198	227,817
Items not affecting cash		
Amortization	5,333	6,606
Loss on disposal of capital assets	3,224	–
Investment income reinvested	(101,661)	(81,624)
	172,094	152,799
Changes in non-cash working capital items		
Accounts receivable	(57,529)	44,607
Prepaid expenses	(10)	1,397
Accounts payable and accrued liabilities	(3,403)	41,704
Grants payable	(98,144)	(28,032)
Unearned revenue	(10,623)	160,426
	2,385	372,901
Investing activities		
Purchases of investments	(258,926)	(204,277)
Proceeds from investments	250,602	99,765
Purchase of capital assets	(2,957)	(5,883)
	(11,281)	(110,395)
(Decrease) increase in cash	(8,896)	262,506
Cash and equivalents – Beginning of year	345,514	83,008
Cash and equivalents – End of year	336,618	345,514

Alberta Barley Commission Notes to Financial Statements July 31, 2009

1 Nature of the Commission

The Alberta Barley Commission (the Commission) is a non-profit, producer funded organization formed August 1, 1991 under the Province of Alberta’s Marketing of Agricultural Products Act. Its mandate is to give producers an organization for developing new markets for barley and for influencing the direction of research dedicated to barley production. The Commission’s nine directors, who serve fixed terms, are elected at producer meetings.

Funding for the Commission is achieved by way of a check-off system, whereby a service charge is deducted from the proceeds of producers’ barley sales and remitted on a periodic basis. These service charges are refundable to producers within six months of the sale transactions, on request.

The Commission, being a non-profit organization, is exempt from income tax under Paragraph 149(1)(l) of the Income Tax Act.

2 Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Cash and short-term investments

Cash and short-term investments include investments with maturities of up to three months from date of purchase.

Revenue recognition

Service charges collected (net of refunds paid) are recorded as unearned revenue until the available six month refund period has expired. Accordingly, the statement of operations for the year ended July 31, 2009 reflects only those service charges and refunds pertaining to producer transactions occurring from February 1, 2008 to January 31, 2009.

Interest revenue and revenue from sponsorships and advertising is recognized as earned.

Capital assets

Capital assets are recorded at cost, and are amortized on a declining balance basis at the following annual rates:

Office furniture and equipment	20%
Promotion equipment	33%
Computer equipment	33%

Computer software costs are fully expensed in the year incurred.

Investments

Investments are stated at their market value. They have been classified as a long-term asset in accordance with the nature of the investments.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenses during the reporting period. By their nature, these amounts are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods, could be significant.

Financial instruments

The Commission has chosen to follow the disclosure requirements of CICA Handbook Section 3861, instead of the new expanded rules set out in Section 3862 and 3863, in keeping with the options provided by the Handbook Section 3862.43(c) and 3863.40(c).

The Commission’s financial instruments recognized in the balance sheet consist of cash and short-term investments, accounts receivable, investments, accounts payable and accrued liabilities and grants payable.

The Commission has classified each financial instrument into the following categories:

Category	Financial Instrument
Loans or receivables	Accounts receivable
Held for trading	Cash and short-term investments, investments
Financial liabilities	Grants payable, accounts payable and accrued liabilities

All financial instruments are initially recognized at fair value on the balance sheet. Subsequent measurement of financial instruments is based on their classification. Financial loans or receivables and financial liabilities are measured at cost or amortized cost. Held for trading financial instruments are measured at fair value with unrealized gains and losses recognized in the statement of operations.

- a) Interest or credit risk – The Commission is not exposed to significant interest rate or credit risk.
- b) Currency risk – The Commission is not exposed to significant currency risk.

The fair values of financial instruments approximate their carrying values at July 31, 2009 due to the short term nature of the instruments or their terms.

Comparative figures

Certain prior year figures have been reclassified to conform with the current year’s presentation.

3 Change in accounting policies

Effective in 2009

Capital Disclosures

Effective August 1, 2008, the Commission adopted Section 1535 of the Canadian Institute of Chartered Accountants handbook which establishes standards requiring the disclosure of objectives, policies and processes for managing an entity’s capital. In addition, disclosures will include whether an entity has complied with any external capital requirements. The impact on the financial statements of the Commission resulting from the adoption of this standard is disclosure only as set out in note 8.

Effective in future years

Financial Statement Presentation by Not for Profit Organizations

Recent amendments to Section 4400, Financial Statement Presentation by Not-for-Profit Organizations will modify the requirements with respect to various elements of financial statement presentation. The only amendment expected to impact the Commission includes the requirement of the Commission to assess its capital assets periodically for impairment.

The new standards apply to the financial statements relating to years beginning on or after January 1, 2009.

4 Capital assets

	2009		2008	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture	25,016	22,158	2,858	6,168
Promotion equipment	9,047	8,380	667	1,331
Computer equipment	42,290	30,634	11,656	13,282
	76,353	61,172	15,181	20,781

5 Grants payable

Research project grants committed to in the year are expensed when the grant contract is approved and a corresponding liability is set up for the amount of funds committed. As grant funds are disbursed the liability is reduced.

Included in cash and short-term investments is \$174,105 received from government agencies relating to specific research project grants included in grants payable. There are no external restrictions on the investment of these funds, which will be paid out over the life of the related research projects.

6 Unearned revenue

Unearned revenue consists of the following:

	2009 \$	2008 \$
Service charges collected from		
February 1 to July 31 of fiscal year	494,470	554,685
Accrued service charges receivable	167,883	105,353
Allowance for refunds	(34,798)	(21,860)
	627,555	638,178

7 Commitments

Lease commitment

The Commission entered into a three year lease agreement for office space effective March 1, 2008. The future minimum obligations including estimated operating costs, associated with the lease are as follows:

	\$
2010	32,295
2011	19,206
	51,501

8 Capital disclosures

The Commission defines its capital as the amounts included in its net asset balance.

The Commission’s objective when managing its capital is to safeguard the Commission’s ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its stakeholders.

The Commission manages the amount of net asset balance in proportion to the risk characteristics of the underlying assets.