annual report 2010

Alberta Barley Commission

photo: Michael Interisano

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Alberta Barley Commission

Chairman's & CEO's message

Long-term strategic priorities

- Ensure the long-term sustainability of the barley industry and the Commission
- Leverage partnerships with like-minded stakeholders to optimize opportunities and impact issues
- Develop ways for producers and industry to capture more value from barley

Short-term strategic priorities

- Execute a communication and extension plan addressing the Commission's core business areas
- Continue to develop and execute actions to lead to an increase in demand for barley:
  - Continue to investigate and foster ways to provide farmers with increased options to market their barley
  - Work to increase barley's relevance as a bio-economy crop
- Collaborate with the feeding industry to support its survival and growth
- Identify and act on key research priorities

Research priority areas

- Agronomy & Production
- Malt
- Feed
- Food & Nutrition
- Bioproducts

A singular purpose, an evolving approach

by Matt Sawyer, Chairman & Mike Leslie, CEO

We are pleased to present the Alberta Barley Commission's annual report for the fiscal year August 1, 2009 to July 31, 2010.

In 1991, the Commission was established with a singular purpose: to represent the interests of the province's barley growers. That purpose remains today, although our organization has changed in dozens of ways.

Where we once competed with other producer groups for research funding, today we collaborate with them to ensure the funds we contribute on behalf of our 17,000 producers go further. We've also moved from funding small one-off research projects to investing in larger, longer-term, higher-impact initiatives. Less than five years ago, we would oversee about $300,000 of research projects each year; today, we're monitoring $10 million of ongoing projects.

In the early days of our organization, we focused on pursuing only what was best for barley producers. Today, we expect our efforts to generate benefits for all stakeholders in the barley supply chain. Our success cannot come at a cost to our suppliers and customers.

In short, the Commission has changed with the times while remaining true to its core purpose. We've become respected, effective and knowledgeable, contributing to agricultural products and development in Alberta, Canada and numerous international markets. We've evolved to be exceptionally adept at leveraging our finances and influence to provide the best possible return on your check-off dollars—and to ensure the long-term sustainability of Alberta's barley industry.

2009/2010 overview

In 2009/2010, the Commission had revenues of $1.54 million, compared to $1.3 million in 2008/2009. Our main source of revenue, producer check-off dollars, increased to $1.65 million (less $141,665 in refunds), up from $1.35 million (less $111,526 in refunds) the previous year.

This increase largely reflects a change in our check-off rate: on Aug. 1, 2009, the rate went from $0.50/tonne to $1/tonne.

By law, the Commission must holdback check-off funds for six months after they have been submitted. Therefore, the increase in check-off revenue is for the first six months of the fiscal year only. The $926,000 in check-off dollars submitted in the second half of the fiscal year will become revenue for the first six months of the 2010/2011 fiscal year.

Almost all of the 2009/2010 revenue resulting from the new check-off rate was invested in producer services, market development and policy development.

The refund rate of check-off dollars increased slightly in 2009/2010 to 8.5 per cent, compared to 8.2 per cent the prior year. The increase, based on responses from producers when they requested a refund, was a result of lower barley prices, not an increase in the check-off rate. Generally, producers have been very supportive of the new check-off rate and see the value it will return to them.

During the 2009/2010 year, the Commission had $1.5 million in expenses, compared to $1.1 million the year before. In 2009/2010, the Commission invested more in producer services ($673,535 compared to $593,783), market development ($317,049 compared to $132,479) and policy development ($212,034 compared to $129,800). As well, the Commission saw a relatively modest increase in general and administrative expenses ($238,173 compared to $212,324); the largest increase being in office administrative expenses ($33,689 compared to $19,418).

Overall, the Commission is financially sound and well managed, with net assets (comprising unrealized gain on available-for-sale securities and the general fund) of $927,823 in 2009/2010, compared to $834,621 in 2008/2009.

Between August 2009 and July 2010, the Commission attracted more than $5 million in additional funding for barley research projects. Where the government used to match research funds at a ratio of 13:1, the current level is 6:1. Working with government and industry partners, the Commission achieved a 12:1 ratio. This was due in part to multi-year federal program including Developing Innovative Agri-Products (DIAP) and the Canadian Agricultural Adaptation Program (CAAP). It is also a result of the collaborative approach we have adopted.

Details of other major Commission projects and activities in 2009/2010 are outlined on the following pages.

As is our custom in our annual report, we'd like to thank the many people who have contributed to our success and sustainability, both in the past year and throughout the past 19 years. These include our Board of Directors, our delegates and members, the Commission's staff and contractors, and our many government, research and industry partners and stakeholders. Your support is greatly appreciated.

Matt Sawyer
Chairman

Mike Leslie
CEO



2009/2010 highlights

Market development

- Through the multi-year Alberta/Canada Barley Development Agreement, the Alberta Barley Commission provides $250,000 a year in core funding to the Lacombe Field Crop Development Centre and the Lacombe Research Centre. Agriculture and Agri-Food Canada and Alberta Agriculture and Rural Development provide additional funds, which collectively support long-term projects on barley agronomy, breeding, disease and germplasm development by a number of scientists, among them: Drs. Jim Helm, Patricia Juskiw, Joseph Nyachiro, Kelly Turkington and John O'Donovan.
- The Commission successfully encouraged the Government of Alberta to remove a hiring freeze at the Lacombe Field Crop Development Centre. The freeze had prevented the hiring of staff wholly funded by the Commission and other private-sector investments.
- Working with the Alberta Livestock and Meat Agency and the Alberta Crop Industry Development Fund, the Commission has played an advisory role in developing recommendations to invest $8 million of funds from the Government of Alberta to make feed grains more competitive and to provide the best possible value to feed grain producers and livestock producers and feeders.
- In July 2010, the Government of Canada invested $1.1 million into a multi-purpose, high-starch shochu barley selection program aimed at increasing exports of Canadian barley to Japan for shochu, a distilled alcoholic drink. Additional project funding came from Alberta Barley Commission ($40,000), the Canadian Wheat Board ($20,000) and a Japanese shochu company ($60,000). Rahr Malting Canada Ltd. and Alberta Agriculture and Rural Development also contributed to the project.
- The Commission supported a malting barley research project by Dr. John O'Donovan of the Lacombe Research Centre called the Improvement of Malt Barley Quality and Seed Homogeneity through Optimization of Agronomic, Genetic and Environmental Factors. The project focused on developing and evaluating improved management systems for current malt barley varieties that compare quality (plumpness and protein) and homogeneity (seed uniformity) for maltsters' processing requirements. The project also received funding from the Canadian Wheat Board, Rahr Malting Canada Ltd. and Agriculture and Agri-Food Canada.

Producer services

- *Between the Rows*, an electronic newsletter for directors and delegates published six times a year, was established.
- The Commission expanded director- and delegate-secured pages and information on its website, albertabarley.com, to include weekly updates.
- Our *Barley Country* newsletter is a primary conduit for knowledge transfer and industry updates. Distributed to approximately 29,000 subscribers each issue, the publication is the most visible face of the Commission's ongoing activities and the main way it informs producers about research, market and policy developments.
- The Commission hosted more than 100 participants at the 2009 annual general meeting in Banff, Alta.; the increasing success of this event is based on the many partnerships the Commission has formed with producers, government and industry.
- More than 300 people attended the Commission's six regional meetings across the province. These grassroots meetings offer producers an opportunity to learn about recent industry developments and research projects as well as an opportunity for the Commission to learn about the concerns and issues producers face.

Policy development

- This past year, the Commission joined the Brewing and Malting Barley Research Institute and the Canadian Malting Barley Technical Centre, allowing it to have representatives sit on their committees and collaborate with a wider cross-section of the barley industry.
- Through membership in the Grain Growers of Canada, the Commission successfully lobbied Agriculture and Agri-Food Canada on behalf of its producers to ensure the federal government fills its plant scientist positions. The Grain Growers also played a leading role in building support for the Canada/Colombia Free Trade Agreement. This deal is a positive step forward for market access for Canadian farmers as Colombia is a growing market for wheat and barley and is Canada's seventh-largest market for pulses and specialty crops. Annual crop exports to Colombia from Canada average more than $53 million and 111,000 tonnes. As well, the Grain Growers' efforts resulted in the Government of Canada abandoning its plan to end bonding (security protection) of licensed facilities through the Canadian Grain Commission.
- The Commission provided producer and agricultural perspective for trade negotiations between Canada and the European Union and Canada and Turkey.
- The Commission continued its tradition of working with other agricultural organizations to see the successful completion of a World Trade Organization agreement that will give Canadian agricultural producers fairer access to markets around the globe and will systematically reduce barriers to international trade.
- Through the Crop Sector Working Group, the Commission contributed to numerous provincial initiatives and issues that affect our producers. Among them: the development of Alberta's Land-use Framework; Water for Life/Wetland Policy responses and drafts; drafting policy with Agri-Environmental Partnership of Alberta on fragmentation and conversion of agricultural land; and the need for Alberta Environment to implement a cumulative effects management system.
- The Commission continued its efforts to have barley recognized as a "healthy grain" by Health Canada.

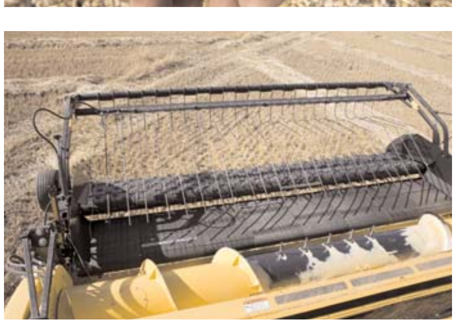





2009/2010 Management Discussion & Analysis

Area	Percentage of research funds	Percentage of time
Bioproducts/Bioeconomy	10	10
Agronomy & Production	40	30
Feed	10	30
Malt	30	20
Food & Nutrition	10	10



Check-off dollars

The biggest change to our financials in 2009/2010 was the result of a change to our check-off rate, which increased to $1/tonne on Aug. 1, 2009 from $0.50/tonne.

This added $301,434 of check-off revenue in the second six months of the year.

By law, the Commission must holdback check-off funds for six months after they have been submitted. Therefore, the increase in check-off revenue is from monies received in the first six months of the fiscal year only. The $926,000 in check-off dollars submitted in the second half of the fiscal year will become revenue for the first six months of the 2010/2011 fiscal year.

The change to the check-off rate has positively contributed to the Commission's overall financial position and outlook. The increase in check-off revenue has allowed, and will continue to allow, the Commission to participate more robustly in a greater number of projects. As well, the Commission will be able to better withstand fluctuating revenues in years with poor crop conditions and yields, and an overall ongoing decline in the number of barley acres in Alberta.

Program expenses

Almost all of the increased revenue resulting from the new check-off rate was invested in producer services, market development and policy development in 2009/2010.

The Commission increased its investment in producer services by almost $80,000 to $673,535 in the past fiscal year, compared to $593,783 in 2008/2009. Producer services include research projects for variety breeding, agronomy and disease and pest resistance, the *Barley Country* newsletter, the website, participation at events, and annual regional and general meetings.

With an increased investment of $184,570, the Commission's investment in market development more than doubled to $317,049 in 2009/2010 from $132,479 the previous year. Market development creates and develops opportunities for producers to sell their crops. The Commission's ongoing work to expand the demand in Japan for shochu barley grown in Alberta is one such example.

The increased investment of $82,234 in policy development in 2009/2010 netted significant results, particularly with federal government agreements and negotiations related to trade and producer safety nets. Much of this work was carried out through the Grain Growers of Canada, which represents the interests of 80,000 grain, pulse and oilseed farmers in Canada, including the Commission's 17,000 members, to the federal government. At the provincial level, much of the Commission's policy work is carried out by the Crop Sector Working Group and its dealings with Alberta Environment.

Net assets

The Commission's net assets were up almost $100,000 over the past year, mostly due to a well-advised investment in a very solid, no-risk managed fund. The monies invested are general funds committed to various projects but not payable for typically two to five years. The Commission's general funds are managed by a professional (and prudent) fund advisor.

Focusing on barley

Agriculture is a huge and complex industry, and what happens in one sector inevitably affects another sector. The Commission has come to realize it is most effective when it focuses its efforts in the barley sector. For example, railway, fertilizer and grain-standard issues affect all crops. By focusing our activities primarily on barley, our organization is much more effective and accountable.

Comparing dollars to time

At the annual strategic planning session, our Board of Directors determined the areas in which our research dollars would be invested. Management later determined a corresponding breakdown for where its workforce's time would be focused. The two vary according to the number of partners and collaborators participating in projects and activities in the priority areas. (See table on left.)

The importance of planning

It takes a decade to develop a new barley variety. It took at least three years to change our check-off rate. It takes time to do what we do.

Planning and implementing plans are central to the Commission's vision and ongoing activities. What we have achieved in the past five years at the Commission has not only benefitted our producers, but has better positioned the organization with the financial resources and project partners it needs to undertake increasingly larger and more important projects in the next five years.

Priorities in 2010/2011

The concerns and issues surrounding feed barley will remain a concern as 80 per cent of Alberta's barley is consumed by the livestock production and feeding industry. The Commission will continue to work in an advisory and support role to assist provincial and federal initiatives related to the feed industry.

In agronomy and plant breeding, we will continue to have significant and long-term investments. We will focus on these areas because they typically generate the best returns to our producers.

We will continue to monitor and track developments in food and bioproducts. Although these areas currently use only small amounts of barley, in the long term they may become important customers for us as the industry changes in the future.

During the year ahead, we will focus our resources and efforts in the areas where the greatest number of producers can realize the greatest possible benefits.

September 7, 2010

Auditors' Report

To the Directors of
Alberta Barley Commission

I have audited the statement of financial position of Alberta Barley Commission as at July 31, 2010, and the statements of revenues and expenditures and comprehensive income and changes in net assets for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 many similar organizations, the Commission derives revenue through "check-off" service charges received from barley producers, the completeness of which could not be satisfactorily verified through my audit. Accordingly, my verification of these revenues was limited to the amounts recorded in the Comission's records and I was not able to determine whether any adjustments might be necessary to check-off revenues, excess of revenues over expenses, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Darcy W. Koshman, BA, CGA
Certified General Accountant

Statement of Financial Position

As at July 31, 2010

	2010 $	2009 $
Assets		
Current		
Cash	326,487	162,513
Short term investments at market (Note 10)	751,338	–
Check-off contributions receivable (Note 6)	203,953	–
Trade accounts receivable	11,420	152,109
Goods and services tax recoverable	2,366	–
Prepaid expenses	14,209	12,903
Commercialization of Shochu Barley Restricted Cash (Note 5)	94,428	174,105
	1,404,201	501,630
Property, plant and equipment		
Net of accumulated amortization (Note 8)	18,834	15,180
Long term investments at market (Note 10)	975,480	1,571,221
	2,398,515	2,088,031
Liabilities and Net Assets		
Current		
Accounts payable	67,021	60,206
Deferred check-off revenue (Notes 2, 6)	926,039	627,555
Grant commitments (Note 4)	375,317	558,524
Employee deductions payable	7,887	7,125
Commercialization of Shochu Barley Deferred Income (Note 5)	94,428	-
	1,470,692	1,253,410
Net assets		
Unrealized gain on available for sale securities	32,722	–
General fund	895,101	834,621
	927,823	834,621
	2,398,515	2,088,031

See notes to financial statements

On behalf of the Board

Matt Sawyer, Chairman & Director

Leo Meyer, Vice Chairman & Director-at-Large

Statement of Revenues and Expenditures and Comprehensive Income

For the year ended July 31, 2010

	2010 $	2009 $
Revenue		
Check-off revenue (Note 6)	1,654,214	1,352,780
Less check-off refunds	(141,665)	(111,526)
Newsletter advertising	17,333	20,975
Sponsorships	5,928	27,663
	1,535,810	1,289,892
Program Expenses		
Producer services	673,535	593,783
Market development	317,049	132,479
Policy development	212,034	129,800
Director's fees & expenses	55,569	61,950
Donations & grants	2,500	1,240
	1,260,687	919,252
Excess of revenue over program expenses (18%; 2009 - 29%)	275,123	370,640
General and administrative expenses		
Salaries and wages	113,645	103,131
Office	33,689	19,418
Rental	33,062	31,956
Memberships	13,182	16,828
Telephone	9,685	7,389
Professional fees	9,130	13,275
Amortization	6,078	5,333
Meetings and conventions	5,831	1,827
Insurance	5,295	5,283
Repairs and maintenance	3,024	2,789
Advertising and promotion	1,764	1,889
Interest and bank charges	1,464	1,341
Training	1,230	747
Travel	1,094	1,118
	238,173	212,324
Excess of revenue over general and administrative expenses from operations	36,950	158,316
Other income		
Loss on disposal of assets	–	(3,224)
Gain on disposal of investments	–	101,660
Interest income	23,530	8,444
	23,530	106,880
Excess of revenue over general and administrative expenses	60,480	265,196
Changes in comprehensive income		
Unrealized gain on available for sale securities	32,722	–
Comprehensive income for the year	93,202	265,196

Statement of Changes in Net Assets
For the year ended July 31, 2010

	General Fund $	2010 $	2009 $
Net Assets – Beginning of year	834,621	834,621	569,425
Unrealized gain on available for sale securities	32,722	32,722	–
Excess of revenue over general and administrative expenses	60,480	60,480	265,196
Net Assets – End of year	927,823	927,823	834,621

Alberta Barley Commission
Notes to Financial Statements July 31, 2010

1 Nature of the Commission

The Alberta Barley Commission (the Commission) is a non-profit, producer funded commission formed on August 1, 1991, under the Province of Alberta's Marketing for Agricultural Producers Act.

The Commission's mandate is to give Alberta barley producers an organization for developing new markets and products for barley and for influencing the direction of research dedicated to barley production.

The Commission is a non-profit organization and is exempt from income tax under section 149(1)(1) of the Income Tax Act.

2 Summary of Significant Accounting Policies

Basis of presentation

These financial statements use the deferral method, the key elements of which are:

1. Unrestricted operating grants and other contributions are recognized as revenue in the year recoverable. Sufficient grant revenue from grants with restrictions has been recognized to cover appropriate expense, the balance (if any) has been shown as deferred revenue.
2. Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.
3. Externally restricted capital contributions are recognized as revenue as the related asset is amortized.
4. Donations and contributions in-kind are recorded at fair value when such value can reasonably be determined.

Changes in accounting policies

The Commission has implemented the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1400, "Going concern" which requires management to assess whether fact and circumstance appear to indicate that it may be appropriate to prepare financial statements on a going concern basis. If there is significant doubt, then management will disclose the existence of that doubt, the reasons, and why management has decided to use a going concern basis in any case (if it has) or other appropriate basis, if not.

The Commission has adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1506, "Accounting changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and corrections of errors. These changes came into effect for years beginning on or after January 1, 2007.

The Commission adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook under Section 1530, "Comprehensive income", Section 3251, "Equity", Section 3855, "Financial instruments – measurement and disclosure", Section 3861, "Financial instruments – presentation and disclosure", and Section 3865, "Hedges". These new Handbook Sections, which apply to years beginning on or after October 1, 2007, provide requirements for the recognition, measurement, presentation and disclosure of financial instruments. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments are measured in the opening balance sheet of the year of adoption at fair value.

The following is a summary of the accounting model the Commission has elected to apply to each of its significant categories of financial instruments:

Cash and cash equivalents	Held for trading
Portfolio investments	Available for sale
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Long term debt	Other financial liabilities

Subsequent measurement and treatment of any gain or loss on the financial instruments is recorded as follows:

a) Held for trading financial assets are measured at fair value at the balance sheet date with any gain or loss recognized immediately in net income. Interest and dividends earned from held for trading assets are also included in income for the period.

b) Loans and receivables are measured at amortized cost using the effective interest method. Any gain or loss is recognized in net income.

c) Held to maturity financial assets are measured at amortized cost using the effective interest method. Any gain or loss is recognized in net income.

d) Available for sale financial assets are measured at fair value at balance sheet date with any gain or loss recognized in other comprehensive income and, cumulatively, in accumulated other comprehensive income in the equity Section of the balance sheet. Such accumulated gain or loss is transferred through net income to retained earnings on disposition of the asset.

e) Other financial liabilities are measured at amortized cost using the effective interest method.

f) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in net income.

The adoption of these new recommendations has no material impact (or disclose the impact) on the opening retained earnings or on the Commission's financial statements for the year ended July 31, 2010.

The Commission implemented the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, "Capital Disclosures". For non-publicly accountable entities, Section 1535 specifies the disclosure must be made regarding whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. The Commission has included the required disclosure in Note 2 to the financial statements. These changes apply to years beginning on or after October 1, 2007.

The Commission adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 4430, "Capital assets held by not for profit organizations", which has been amended to require capitalized assets to be amortized. Because in the past the Commission has capitalized certain assets but not amortized them, the Commission will be assessing the remaining useful life of assets and possible residual values when service potential ends and appropriate amortization rates to be used over 2009 and later. These changes apply to years beginning on or after January 1, 2009.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Commission's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- check-off revenue;
- providing for amortization of property, plant and equipment and goodwill;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of tangible assets;

Revenue Recognition

The Commission recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

 … continued from page 12

Service charges collected are recorded as deferred revenue until the charge is no longer eligible to be refunded after the six month eligibility period. Accordingly, these statements recognize as income only those service charges received not eligible for refund. Service charges that are still eligible for refund are recorded as deferred revenue.

Investment revenue, advertising revenue and sponsorship revenue is recognized when earned.

Capital management

The Commission's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities, and to maximize returns for members over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines based on risk management policies.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture and fixtures	20%	declining balance method
Computer equipment	33%	declining balance method
Promotional equipment	33%	declining balance method

The Commission regularly reviews its capital assets to eliminate obsolete items.

Computer software is expensed in the year of acquisition.

3 Financial Instruments

The Commission adopted the new requirements of the CICA Handbook relating to the recognition and measurement of financial instruments. This section has to be adopted for fiscal years beginning on or after October 1, 2007. This section indicates when and at what amount a financial instrument has to be recorded in the balance sheet as well as the disclosure of gains or losses in the financial statements. Financial assets available for sale, financial assets or liabilities held for trading and derivatives, designated or not as a hedge, have to be valued at their fair value.

4 Grant Commitments

When funding for a research grant is received, it is set-up as a liability as typically no expenses attached to the grant have yet to be incurred. Expenses related to grants are then charged to the grant liability. The amount shown as Grants Payable is the amount of funding allotted to the various programs that is yet to actually be spent.

The funds to cover with liability are in the Commission's cash accounts, short term investments and long term investments.

The full amount of the grant expenditure is recorded as an expense in the year in which the grant was awarded.

5 Shochu Barley Commercialization

The Shochu Barley Commercialization project is funded by the Alberta Barley Commission, Agriculture Food Council of Alberta, Agriculture Council of Saskatchewan and others. The purpose of the project is to develop a value chain with key farmers to supply this premium barley market with "Grown in Alberta" Shochu barley which consistently meets Shochu specifications for the end-user. For more information go to http://www.albertabarley.com/research/projects/projects.html.

As the funds received by the Commission were solely for this project any funds not spent are segregated and reported as deferred income. When the appropriate expenditure is made, the corresponding amount is taken out of deferred income and recognized as income in the same period in which the expense is made.

The remaining funds for this project are held in a separate bank account and the use of this cash is considered to be restricted in that it can only be used for this project.

6 Check-off Contributions Receivable

Typically when goods or services are supplied an invoice is generated and it becomes an accounts receivable until paid.

The Commission's situation is somewhat different. The Commission receives revenues in the form of a check-off per ton when the barley is delivered. The buyer of the barley then remits this check-off to the Commission. As the Commission relies only on the buyers' remittances, it makes it difficult for the Commission to accurately determine its revenue.

To estimate check-off contributions receivable the Commission examines remittances received early in the next year and determines which remittances are for barley purchased in the current year. This amount is then recorded as Check-off Contributions Receivable.

As there is no reliable cost effective method of reasonably determining the amounts of additional remittances receivable, they are not recorded in these statements.

7 Statement of Cash Flows

A statement of cash flows has been omitted as it would not provide additional meaningful information not readily determinable from other financial information provided.

8 Capital Assets

Unearned revenue consists of the following:

	Cost $	Accumulated amortization $	2010 Net Book value $	2009 Net Book value $
Computer equipment	51,557	35,793	15,764	11,655
Promotional equipment	9,510	8,727	783	667
Furniture and fixtures	25,016	22,729	2,287	2,858
	86,083	67,249	18,834	15,180

9 Contractual Obligations

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

Contractual obligation repayment schedule:

2011	$19,206

10 Investments

Investments are stated at their market value. It is the intention of the Board to hold all investments to maturity.

Investments maturing within the coming year have now been reclassified as short–term investments. They are also shown at market.

11 Comparative Figures

The prior year comparative figures were audited by another firm of chartered accountants.

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