

## Pushing for changes on political and public agendas – here and around the world

By nature, agriculture is constantly changing and adapting, and as it does so do farmers, the Alberta Barley Commission and its members. As barley producers, we've had to contend with low prices, trickling cash flows, uneven international subsidies and barriers to prime markets around the world. In turn, the Commission has pushed for changes on both public and political agenda, here in Alberta, across Canada and around the world. We have gone well beyond seeking survival solutions to tide farmers over for one more year. We feel farmers – in particular, our members – must be given the freedom and opportunities to prosper and grow their operations.

This belief is one of the reasons the Commission directed so much energy to World Trade Organization talks this year. Without a good set of rules to govern every country's agriculture trade, we will never see a reduction in the U.S. subsidies that have hurt Canadian farmers. Nor will we see any meaningful market access into the European Union and other protectionist regions and countries.

Working with the Canadian Agri-Food Trade Alliance, the Grain Growers of Canada and a number of Alberta agricultural associations, we sent representatives to WTO meetings and discussions in Geneva, Ottawa and Edmonton. Ideally, we wanted the federal government to give Canadian agricultural negotiators the freedom to broker major deals at the WTO talks. Some of the results of our efforts may not be known for some time, if at all. Such negotiations take years to complete and sometimes deals and concessions are reached behind closed doors. But just because we aren't a part of closed negotiations, doesn't mean we shouldn't be part of the preliminary ones.

Our lobbying efforts on behalf of our members paid off much faster when it came to improving the "safety net" for farmers. We presented a number of ideas to senior officials with Agriculture Financial Services Corporation and Canadian Agricultural Income Stabilization program, such as putting CAIS only and increasing advances to \$100,000 were subsequently adopted. Our objective is to see crop insurance become a true risk reduction program that farmers can tailor to their own needs - in effect, individualized risk insurance programs. Ultimately, it comes back to giving farmers freedom and opportunities in planning and managing their own finances.

The theme of freedom and opportunity was also central in our continued stance for marketing choice for our members and, indeed, all prairie farmers. After submitting a brief to the Honourable Chuck Strahl, the Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, the Commission was invited to participate in roundtable discussions about the future of the Canadian Wheat Board in Saskatoon. In my view, these discussions were the federal government's first positive steps towards a voluntary Canadian Wheat Board and a sign of goodwill that the Conservative government will honour an election promise to farmers to examine the CWB's purpose and structure.

Certainly the Commission welcomes a shift in the hotly contested debate about the CWB from if market choice is ever going to be offered to how it will be offered.

Being globally competitive is more than being able to sell our products when we want and to whom we want. It also means our product has to change and adapt. In many cases, research and self-directed policies are needed to achieve this. The Commission's Directors have put considerable time and effort into better understanding and appreciating what researchers need to conduct their work and what consumers around the world want from our grain. We worked to keep the focus on food quality not safety, since grains and oilseeds already have safety protection measures in place.

I would like to thank our entire Board and our delegates for the commitment they've demonstrated in addressing the issues and activities we undertake on behalf of barley farmers in Alberta. I hesitate to single out any director, but do want to acknowledge the contributions and legacies of two.

The untimely passing of long-time Region 5 director Ed Armstrong in early February shocked and saddened our organization. Ed had forgotten more about safety net programs than most of us ever knew, and his guidance helped get many of our present federal and provincial crop insurance programs off the ground.

As well, my thanks to the Commission's longest serving director, Don Cox of Region 4. He has sat on Commission Boards since inception (save 18 months) and brought varietal and crop breeding research expertise to the Board table that was much appreciated.

The Board also thanks our new general manager Mike Leslie and the team he has put together since joining us in the fall of 2005. We're proud to work with each of you and impressed by what you have achieved so quickly.

And, finally, thanks our members for their support. It is a privilege to represent you and work toward a stronger future in agriculture. The Commission's Board, delegates and staff will continue to work together to provide leadership and innovation for our members, the vast majority of Alberta's barley farmers.

*Doug A. Robertson  
Chairman of the Board  
Alberta Barley Commission*

2005 - 2006  
Annual Report



Alberta Barley  
Commission



## General Manager's Message

# Helping Alberta's barley farmers be more competitive, productive and profitable

As Chairman Doug Robertson said in his message: agriculture and farmers are constantly changing and adapting.

Change is not always enough. To succeed in today's vast and complex industry of agriculture, farmers must know how and when to change and be able to judge the pros and cons of making that change. Our primary purpose at the Alberta Barley Commission is to help Alberta's barley farmers be more competitive, productive and profitable.

When I joined the Commission this past fall, these overarching goals formed the foundation of a new operational plan for our organization. The plan focuses on four key areas where we see the most potential of putting more money in our producers' pockets:

- Developing new products for feed, food and non-food uses of barley
- Developing new export and domestic markets for barley and barley products
- Addressing issues that affect Alberta barley farmers' operations, such as environmental policies, fuel costs, and access to fertilizer and chemicals
- Researching and developing new barley varieties, processes and extracts.

Doug touched on several of the activities we've pursued in the past year. Others include:

- Supporting the Lacombe Field Crop Development Centre's annual barley breeding and development programs for feed and malt barley and the development of tools to capture more revenue from these crops
- Assisting in June 2005 in the large sale of selected barley to a Japanese shochu (spirits) producer. Additional sales have followed and more are expected in 2006
- Sponsoring the Ultimate Barley Baking Contest at the Southern Alberta Institute of Technology, which increased the commercial and consumer profile of barley's distinct taste, nutritional value and benefits
- Working with Schroeder Milling, Byblos Bakery, Calgary Co-op and the Leduc Food Processing Centre to develop barley recipes and barley products for a growing array of foods sold to health conscious consumers.

Throughout the year, we have worked closely with barley users (including feedlots operators, commercial bakers, maltsters, distillers and consumers), other industries and governments to promote the quality, value, benefits and potential of Alberta barley as well as its role in Canadian agriculture.

In January, we met with Alberta Agriculture, Food and Rural Development Minister Doug Horner to outline a complete value-added agriculture system for Alberta. Such a system would see farmers able to participate at several points along the value chain, rather than just at the lower end, where we traditionally are. We also discussed Canadian Agriculture Income Stabilization Program and crop insurance issues and have seen positive changes come out of those meetings with the minister and follow up meetings with Agriculture Financial Services Corporation.

At a second meeting with the minister in May, we discussed our concerns about governments pulling out of critical agricultural research in areas such as agronomics and plant breeding. This was hand in hand with the Commission adopting a much more collaborative approach to research funding. We have joined a number of other agricultural commissions and organizations to leverage and pool our finite resources in these areas. Once again, our goal is to give barley producers the "biggest bang for their buck" (check-off dollars).

Of course, to give producers the biggest bang for their buck, we need to work closely with them to understand their needs, challenges, obstacles and hopes. We have taken significant steps to engage all of Alberta's barley producers as well as our member producers at a variety of events, including our delegate meetings. Whatever your interest or association with barley, I urge to participate in a delegates' meeting and tell us your views. We're there to listen – and to help find innovative solutions and approaches.

In the coming months, we will finalize a business plan for the Commission's activities in 2007. Its goals and activities will be based on those in our 2006 operational plan. They will also outline how we will measure our success and the value we bring to our members. I look forward to sharing it with you.

In closing, I would like to thank the many people who have welcomed me to the Alberta Barley Commission and contributed to our many achievements. The Commission has an exceptional Board of Directors and roster of delegates, dedicated to making agriculture in Alberta a stronger industry. They all bring vision, experience and leadership to this organization. My sincere thanks also go to the Commission's staff, all of whom have been hired since January 2006. They have made and are continuing to make the Commission more efficient and productive.

My last thanks go to Alberta's barley producers, in particular those producers and grain buyers who collect the check off funds that allow us to do the work we do. Your support of our organization demonstrates your faith in the work we undertake and the belief that by working together we can unlock the full potential and profit of barley.

*Mike Leslie  
General Manager  
Alberta Barley Commission*



# Management Discussion and Analysis

The fiscal year August 1, 2005 to July 31, 2006 saw significant changes at the Alberta Barley Commission. One of the most notable was the retirement of general manager Clifton Foster in September 2005. Several other key staff also left the Commission in 2005; a number of Commission directors stepped into operational roles until the new general manager, Mike Leslie arrived in mid-November. This resulted in an increase of \$28,462 in director fees and expenses over 2004/2005.

Similarly, a number of staff projects were contracted out, such as drafting the Commission's strategic plan. For the first time ever, we organized a planning retreat with key staff members and the Board of Directors. For two days, a business expert led our team through a thorough examination of the Commission's vision, mission and responsibilities – and how we could better serve the needs of our members, stakeholders and industry. During the retreat, we established priorities and guidelines for the strategic plan for the next three years. Our strategic planning costs increased to \$12,802 in 2005/2006 from \$4,823 in 2004/2005, but were an invaluable investment in the Commission's future.

On the revenue side of our 2005/2006 operations, check off dollars fell by about \$70,000 from 2004/2005 levels. In addition, refund levels rose slightly (by \$1,800), but remained within the 12-year average of 7.5%. With the decline in the check off collections, we reduced our expenditures in the fourth quarter to compensate. Nonetheless, annual expenses exceeded revenues by \$44,000 or 3.4%.

Our cash position going into year end was somewhat high due to commitments expected in the first quarter of the 2006/2007 fiscal year such as investing in the Lacombe barley program and a number research projects.

During 2005/2006, the Commission focused on four key areas: research, market development, policy development and technology transfer. Our goal in each area was to provide more efficient, relevant and timely services to our stakeholders and producer members.

During the year, we shifted some resources from market development to provide those services to our members and stakeholders. For example, we adopted a computerized process to streamline our systems for check off payments and refunds. The system also clarifies voter eligibility for elections and meeting attendance.

We took a number of steps to make the Commission more consultative and collaborative. In 2005/2006 we attended many agricultural events and we're planning more for 2006/2007.

We invested \$200,000 in funding consortium research projects in 2005/2006, knowing that we must prove the viability of new uses, value and benefits of barley if we are going to develop new products and access new markets on behalf of Alberta's barley producers.

## Alberta Barley Commission Governance

The Alberta Barley Commission was formed in 1991 by the Province of Alberta 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 are elected by eligible barley producers; each represents one of the Commission's six regions. The remaining Board members are directors-at-large elected by eligible barley producers from throughout the province. The commission's chairman and vice chairman are elected by the directors. The Commission also has no less than 32 delegates – with a minimum of three per region – who are elected for two-year terms. To be eligible to vote in Commission elections, Alberta barley producers must pay check off dollars (service fee) to the Commission.

The Board of Directors works with the Commission's general manager to advise and consult on the organization's policies, strategies and direction. The general manager and the Commission's staff are responsible for carrying out the Board's directives and for day-to-day Commission operations. Plus, they prepare the annual business plan and strategy, and accompanying budget. Once approved by the Board, management executes the plan.

Eligible barley producers who support the Commission are entitled to:

- (a) attend annual and region meetings and any special meetings
- (b) make barley-related presentations to the Board
- (c) vote at regional, annual and special meetings or producer plebiscites
- (d) become a Commission delegate, director or director at large (representing the region where he/she produces barley).

Producers who chose not to support the Commission may request a refund of their service charge. 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 the request.

The Commission may from time to time change the service charge (currently at \$0.50/tonne), but any change must be approved by a majority of the directors and delegates present at an annual Commission meeting or a special Commission meeting.

### Director/delegate compensation

Directors and delegates are entitled to claim a full or partial per diem allowance for serving at authorised Commission events.

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

Board members and delegates are also eligible for a travel per diem allowance and are reimbursed for travel expenses.

During 2005/2006, the Commission focused on four key areas: research, market development, policy development and technology transfer. Our goal in each area was to provide more efficient, relevant and timely services to our stakeholders and producer members.



In spring 2006, the Commission opposed a short-lived countervail of US\$1.65/bushel on U.S.-grown corn imported to Canada. Initiated by the Canadian Corn Producers following claims of dumping and harm to Canadian corn producers, the countervail was reversed within two months. As a free trade supporter, the Commission considered the countervail a strike at a symptom (low feed grain prices), not the cause: U.S. government subsidies of \$10 billion to its corn producers.

For the second consecutive year, the Commission was part of the Agriculture Funding Consortium. Thirteen groups comprise the consortium, which allows researchers to file a single project proposal application that is reviewed by all members. The resulting streamlined process has proven helpful to applicants. In 2006, the Commission committed \$200,000 to consortium research projects.

By co-hosting the annual FarmTech event in Edmonton, the Commission gives its members a forum to learn about the latest in crop production and farm management. FarmTech is Alberta's best ag conference. Plus it connects producers to other producers as well as to national and international industry leaders and experts. The 2006 event featured dozens of timely topics, more than 100 exhibitors (including the Commission) and some 1,300 attendees from throughout Alberta.

#### 2005/2006 Key Activities

- Pro-actively sought and supported relevant research projects
- Planned, attended and/or sponsored events such as FarmTech, Agri-Trade, Calgary Exhibition & Stampede and the Calgary and Lethbridge Aggie Days
- Represented interests of Alberta barley growers to governments and funding and regulatory agencies
- Promoted the value and benefits of barley to a variety of audiences and potential markets
- Participated in barley variety registration process
- Organized and promoted regional, Board and annual general meetings to promote member participation
- Prepared timely and regular financial statements.

Since 1993, the Commission has funded the Classroom Agriculture Program. For 22 years, this program has given Grade 4 students an opportunity to learn about farming – from farmers – and what agriculture means to the province's economy, history and heritage. The program also provides students and teachers with a variety of resources (materials, resources and representatives from a wide number of agricultural associations).

For years, the Commission has favoured market choice for barley growers. In the fall of 2005, the issue became a campaign issue in the federal election. Since then, the new Conservative government has consulted with organizations such as the Commission about giving wheat and barley producers more options for selling their crops in the international marketplace. The Commission will continue to propose new strategies that give western producers the same options as producers in Ontario and eastern Canadian.

We're helping unlock the untapped potential of barley in food uses by funding a research position at the University of Alberta for at least five years. The search is on for an assistant professor in cereal protein chemistry and technology. The appointee will develop an innovative state-of-the-art basic and applied research program that demonstrates to food processors not only barley's great taste, but its consistency, stability and nutritional benefits.

As it did in 2005, the Commission sponsored a number of informative workshops in 2006 on adopting an Environmental Farm Plan. The voluntary, self-assessment plan gives farmers and ranchers a checklist to identify environmental improvements and risks on their land. Completed (and confidential) checklists can then be used to develop action plans for management strategies and improved sustainability. More than 6,000 Alberta farmers and ranchers have participated in the program since 2003.

Since its inception, the Commission has supported various farm conferences and agricultural events in an effort to educate consumers about the benefits of barley. In 2006, the Commission was pleased to support a number of events, including Ag-Tivity in the City at the Calgary Stampede, the City Slickers event in Stony Plain, Agri-Trade in Red Deer, and both Aggie Days events in Calgary and Lethbridge.

In December 2005, the United States' Food and Drug Administration approved a health claim for barley products stating their role in reducing the risk of cardiovascular disease. As a result, in early 2006, the Commission distributed barley flour samples and a commercial baking package to numerous Albertan bakeries. The goal: to promote barley's health benefits and generate more commercial use of barley. The Commission also began working towards having the health claim approved in Canada.

With a subscription list of more than 35,000, the Barley Country newsletter has long been the voice of Alberta's barley producers and the Commission. That voice resonates with the appointment of a professional editor/communications consultant who is guiding the quarterly publication – and the Commission – through a number of changes that are bringing greater clarity and relevance to our readers. We'll continue these efforts with future editions.

A persistent problem in eastern Canada and Saskatchewan, and now Manitoba's most harmful barley disease, fusarium head blight is a major fungal disease threatening to work its way west into Alberta crops. The Commission is supporting provincial and national research projects on the prairies to control the disease. The disease which is difficult to predict and control causes vomiting in pigs and is prohibited in malt barley. The projects are examining genetic controls of fusarium and rapid assessment of the disease using infrared light.

In March 2006, the Commission and the Southern Alberta Institute of Technology Polytechnic teamed with barley processors and baking experts for the second annual Ultimate Barley Baking Contest. Nicholus Ratzlaff's Espresso Barley Biscotti won the cakes and pastries category, and Dianne LeMoal's Purple Barley Nut Bread won the bread category. The contest develops innovative great tasting commercial recipes for barley flour and promotes the many benefits and advantages of using barley in baked goods.



As a founder of the Grain Growers of Canada (GGC), the Commission plays a significant role in shaping national agriculture policy. Through GGC, we provide a united voice with other grain and oilseed producers from across the country. Throughout the past year, the GGC focused its efforts on WTO talks, changes to the Canadian Agriculture Income Stabilization program, promoting investment in renewable energy from grains and oilseeds and changes to grain marketing and transportation systems.

The Retail Value Chain Project wrapped up in 2006. In 2005, the Commission joined Calgary Co-op, Byblos Bakery and Schroeder Milling to form the first-ever grain-based retail value chain in Alberta. A line of baked goods launched in September 2005 by Byblos Bakery was sold through Calgary Co-ops, exposing consumers in Calgary to the great taste and health benefits of barley foods. Additional project support came from Alberta Agriculture, Food and Rural Development.

When ammonium nitrate (34-0-0) fertilizer was removed from the marketplace in the fall of 2005, the Commission stepped in to help ensure Alberta barley producers had a viable replacement. The Commission worked with national regulators to make sure slow-release fertilizers would be available for top dressing crops. Slow-release fertilizer also proved to be more efficient, using up to 25 per cent less nitrogen than conventional fertilizers to produce equivalent yields with a minimal environmental impact.

The Commission's five-year research project into beta glucan in barley continued in 2006. The University of Alberta is developing formulas and storage methods for beta glucan – a soluble fibre that regulates blood sugar levels and reduces cholesterol. It hopes to demonstrate that barley beta glucan is similar to oat beta glucan. Such findings would help the Commission's efforts to have Health Canada approve a health claim similar to one approved in the U.S. in 2005.

Working with elected leaders at the provincial and federal levels, and with senior officials of Agriculture Financial Services Corporation and Canadian Agricultural Income Stabilization program, we pressed for improvements to the "safety net" and crop insurance for farmers. Subsequently, the Province of Alberta and the Government of Canada announced new funding for producers struggling with raising costs and falling prices. Ultimately, we want financial supports that give producers greater ability to plan and manage their risk.

#### 2006/2007 Priorities

- Increase the amount of Alberta production used in non-feed and non-malt products
- Leverage partnerships for maximum impacts on issues and initiatives
- Enhance opportunities by partnering with like-minded stakeholders
- Develop mechanisms for the barley industry and its producers to capture value from the Commission's investments

Each year, people from throughout Alberta's barley community attend the Lacombe Field Day at the Alberta Field Crop Development Centre. Sponsored by the Commission, the annual event brings barley producers, processors and end users together to discuss the centre's and the nearby Lacombe Research Centre's efforts in breeding programs, as well as screening disease resistance and improved agronomy trials. The two centres' tests and trials save farmers hundreds of thousands of dollars in hard costs, effort and time.

Under Canadian legislation in 2005, farmers could import glyphosphate for their own use. But when a Saskatchewan co-op was formed to import and resell the pesticide, the government threatened to cut off producers' limited access to the product. Lobbying efforts to Canada's Pest Management Regulatory Agency (PRMA) by the Commission and other similar organizations, ensured Own Use Imports (OUI) access will be a tool available to farmers in the future.

As a leader in agriculture, the Commission continues to provide core funding for long-term research and development projects on barley agronomy, breeding, disease and germplasm development. This funding is one of the Commission's key obligations in the Alberta/Canada Development Agreement and is directed to world-class scientists working at the Alberta Field Crop Development Centre and the federal government's Lacombe Research Centre. It also contributes to greater innovation, productivity and food safety in Alberta's barley industry.

The Eugene Boyko Memorial Scholarship was established by the Commission in 2002 following the death of long-time director Eugene Boyko in 2001. Each year through the province's scholarship program, the Commission awards \$500 to an agriculture student focusing on crop production and/or crop processing at a post-secondary institute. In 2006, the scholarship was given to Jennifer M. Geddes of Lethbridge. Geddes is a graduate of the University of Lethbridge.



September 20, 2006

**Auditors' Report**

**To the Directors of  
Alberta Barley Commission**

We have audited the balance sheet of Alberta Barley Commission as at July 31, 2006 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 "check-off" 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants

**Balance Sheet**

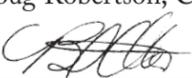
As at July 31, 2006

	2006	2005
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments	572,918	204,453
Accounts receivable	116,696	218,256
Prepaid expenses	10,242	12,992
	699,856	435,701
<b>Investments</b> (note 3)	1,121,770	1,308,260
<b>Capital assets</b> (note 4)	30,476	30,214
	1,852,102	1,774,175
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	85,623	11,556
Grants payable (note 5)	687,712	549,738
Unearned revenue (notes 2 and 6)	457,059	546,542
	1,230,394	1,107,836
<b>Net assets</b>	621,708	666,339
	1,852,102	1,774,175

**Commitments and contingency** (notes 7 and 8)

**Approved by the Board of Directors**

  
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Doug Robertson, Chairman

  
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Brian Otto, Vice Chairman

**Statement of Operations and Net Assets**

For the year ended July 31, 2006

	2006	2005
	\$	\$
<b>Revenue</b>		
Service charges (note 2)	1,335,674	1,404,742
Less: Refunds	112,007	110,200
Net service charges	1,223,667	1,294,542
Other income	91,017	93,732
	1,314,684	1,388,274
<b>Expenditures</b>		
Market development	358,323	388,061
Producer services	520,138	430,266
Policy development	115,982	96,996
Directors fees and expenses	63,600	35,138
Other donations and grants	100	15,000
	1,058,143	965,461
<b>Excess revenue before general and administrative expenses</b>	256,541	422,813
<b>General and administrative</b>		
Amortization	8,826	9,411
Computer system development	9,645	8,874
General expenses	20,316	16,413
Interest and bank charges	2,532	1,485
Office rent	20,250	20,191
Postage and delivery	3,754	4,740
Professional fees	33,924	8,704
Salaries and benefits	173,923	174,922
Stationery and supplies	7,017	5,592
Strategic planning expenses	12,802	4,823
Telephone	6,891	7,187
Travel	1,292	2,289
	301,172	264,631
<b>Excess of (expenses) revenue before the following</b>	(44,631)	158,182
<b>Loss on disposal of computer equipment</b>	-	5,003
<b>Excess of (expenses) revenue for the year</b>	(44,631)	153,179
<b>Net assets - Beginning of year</b>	666,339	513,160
<b>Net assets - End of year</b>	621,708	666,339

**Statement of Cash Flows**

For the year ended July 31, 2006

	2006	2005
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of (expenses) revenue for the year	(44,631)	153,179
Items not affecting cash		
Amortization	8,826	9,411
Loss on disposal of computer equipment	-	5,003
	(35,805)	167,593
Changes in non-cash working capital items		
Accounts receivable	101,560	(78,957)
Prepaid expenses	2,750	(3,517)
Accounts payable and accrued liabilities	74,067	(19,415)
Grants payable	137,974	141,849
Unearned revenue	(89,483)	(122,933)
	191,063	84,620
<b>Investing activities</b>		
Purchase of long-term investments	(341,746)	(479,002)
Proceeds on disposition of investments	528,236	282,469
Purchase of capital assets	(9,088)	(11,448)
	177,402	(207,981)
<b>Increase (decrease) in cash</b>	368,465	(123,361)
<b>Cash and equivalents - Beginning of year</b>	204,453	327,814
<b>Cash and equivalents - End of year</b>	572,918	204,453

**Notes to Financial Statements**

July 31, 2006

**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, 2006 reflects only those service charges and refunds pertaining to producer transactions occurring from February 1, 2005 to January 31, 2006.

Interest revenue and revenues from sponsorships and advertising are 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 the lower of cost and market value where the decline in value is of a permanent nature. They have been classified as a long-term asset in accordance with the nature of the investment.

**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 revenues and expenses during the reporting periods. 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.

**3 Investments**

	2006	2005
	\$	\$
Coupon Bond of Ontario Hydro earning interest of 3.39%, maturing August 18, 2010	302,405	-
Coupon Bond of Province of British Columbia earning annual interest at 4.42%, maturing September 5, 2005	-	290,254
Coupon Bond of Nova Scotia Power Inc. earning annual interest at 4.50%, maturing July 25, 2006	-	225,942
Bank of Montreal Guaranteed Investment Certificate earning annual compound interest at 4.40% per annum, maturing November 26, 2007	94,537	90,553
Coupon Bond of Bank of Montreal earning annual interest of 3.47% per annum, maturing December 20, 2008	270,746	261,605
Coupon Bond of Bank of Nova Scotia earning annual interest of 3.12% per annum, maturing September 27, 2007	155,865	151,159
Coupon Bond of CIBC earning annual interest of 3.84% per annum, maturing October 31, 2009	298,217	288,747
	1,121,770	1,308,260

Market value of these investments is approximately \$1,091,397.

**4 Capital assets**

			2006	2005
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
Office furniture	65,107	55,875	9,232	11,295
Promotion equipment	19,509	16,892	2,617	3,669
Computer equipment	40,064	21,437	18,627	15,250
	124,680	94,204	30,476	30,214

**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.

**6 Unearned revenue**

Unearned revenue consists of the following:

	2006	2005
	\$	\$
Service charges collected from February 1 to July 31 of fiscal year	380,296	429,413
Accrued service charges receivable	102,664	157,699
Allowance for refunds	(25,901)	(40,570)
	457,059	546,542

**7 Commitments**
**Lease commitment**

The Commission entered into a five year lease agreement for office space effective March 1, 2003. The future minimum obligations including estimated operating costs, associated with the lease are as follows:

	\$
2007	17,738
2008	10,500
	28,238

**Project commitment**

The board has committed to make a total contribution of \$200,000 towards the Crop Utilization Research Centre which is Phase II of the new Agri-Food Discovery Place at the University of Alberta. Of the total, \$150,000 has been expensed to date and the remainder will be expensed next year.

**8 Contingent liability**

The Commission, as one of a number of Plaintiffs, was unsuccessful at trial, based upon a decision rendered as of April 11, 1997, with respect to an action to challenge certain "monopoly" aspects of the Canadian Wheat Board Act ("The Charter Challenge"). The original trial judge, in his summary, made an award of "costs" to the successful defendants. However, no amount was specified.

An appeal heard in June 2000, was also unsuccessful, at which time the Plaintiffs filed for leave to appeal to the Supreme Court of Canada. The leave to appeal was dismissed in 2001 and ended the legal action.

The outcome of the cost process is not reasonably estimable at this time. Therefore, no provision for such "costs" has been recorded in these financial statements.

**9 Financial instruments**

The Commission's financial instruments included in the balance sheet are comprised of cash and short-term investments, accounts receivables, investments, accounts payable and accrued liabilities and grants payable. In the opinion of management, the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

**Fair value**

In the opinion of management, the fair values of the financial instruments approximate their carrying amounts.

**Credit concentration**

Financial instruments that potentially subject the Commission to concentrations of credit risk consist primarily of accounts receivable. As at July 31, 2006, one dealer accounted for 43% (2005 - 55%) of the accounts receivable balance. Management believes there is minimal collection risk in respect of these amounts.

## Vision

A vibrant and innovative industry that unlocks the entire potential of barley.



## Mission Statement

To advance the interests of Alberta barley farmers through leadership and investment in innovation and development.

## Mandate

To coordinate and sponsor research, assist with market & product development, enable technology transfer, and ensure barley producer's best interests are represented in policy development.



# The Alberta Barley Commission

## Board of Directors 2005 - 2006 (as of July 31, 2006)

**Doug Robertson**  
Commission Chairman & Director at Large, Region 2  
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**Delegates:** Brad Berger, Nanton; Brad Dahl, Claresholm; Glenn Logan, Lomond; Gerard Oosterhuis, Bow Island; Richard Stamp, Enchant

### Region 2

**Doug Miller, Director**  
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**Delegates:** Eugene Brown, Didsbury; David Eaton, Oyen; Alex Hamilton, Olds; Warren Hilz, Vulcan; Bernie McWilliam, Blackie; Murray Marsh, Carstairs; Jeff Nielsen, Olds; Matt Sawyer, Acme

### Region 3

**Jesper Nielsen, Director**  
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Jesper Nielsen

**Terry Young, Director at Large**  
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Terry Young

**Delegates:** Mike Ammeter, Sylvan Lake; Kevin Bender, Bentley; Wayne Hagemann, Ponoka; Norm Olsen, Killam; Trevor Petersen, Penhold; Dave Tindal, Clive

### Region 4

**John Wozniak, Jr., Director**  
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**Delegates:** Leo Cote, St. Paul; Dale Fodness, St. Paul; Bernie Klammer, Vegreville; Charlie Leskiw, St. Paul; Ed Persely, Bonnyville

### Region 5

**Albert Wagner, Director**  
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**Delegates:** Bryan Adam, Stony Plain; Darrel Hennig, Stony Plain; Tom Jackson, Killam

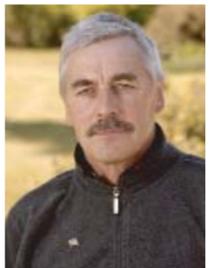
### Region 6

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Don Cox

**Leo Meyer, Director at Large**  
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Leo Meyer

**Delegates:** Ron Heck, Fairview; Dan Ropchan, Grimshaw

## Alberta Barley Commission

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Queena Zhang, Accountant  
Audra Crump, Office Assistant