



# Manitoba Wheat and Barley Growers Association

## Annual Report 2014

Activities of the Inaugural Year

February 18, 2015

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## Vision

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That wheat and barley are  
profitable  
and  
internationally competitive  
crop choices for  
Manitoba farmers.

## Mission

Grow the potential of wheat and barley as profitable and sustainable production choices for Manitoba growers through leadership and strategic investments in research, market development and communications.

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# Historical Timeline

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## Manitoba Wheat and Barley Growers Association

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May 2012	Keystone Agricultural Producers (KAP) calls a meeting of cereal commodity associations and interest groups in the province to discuss formation of a new commodity group in Manitoba to represent spring wheat and barley producers. A steering committee is formed, led by KAP.
August 1, 2012	Bill C-18, the Marketing Freedom for Grain Farmers Act, becomes law.
October 19, 2012	The Manitoba Spring Wheat and Barley Commodity Associations Steering Committee meets to discuss action plans and timelines for the development of a new commodity organization in Manitoba representing spring wheat and barley producers.
November to December 2012	The Steering Committee mails a survey to growers of wheat and barley to gauge support for the establishment of a new commodity organization(s) and whether spring wheat and barley should be represented by a single organization or by two independent organizations. KAP uses their district annual meetings in November and December as a forum to discuss and gauge overall support.
January 2013	Each of the commodity associations that participated in the steering committee was offered an opportunity to nominate an interim director to the Manitoba Wheat and Barley Growers Association board.
June 5, 2013	Incorporation of the Manitoba Wheat and Barley Growers Association (MWBGA)
June 13, 2013	The first interim Board of Directors meeting of the Manitoba Spring Wheat and Barley Growers Association. The MWBGA contracts Brent VanKoughnet of Agri Skills Inc.
June 14, 2013	The MWBGA submits their petition to the Agricultural Producers' Organization Certification Agency requesting official designation under the Agricultural Producers' Organization Funding Act. <i>Note: Manitoba Farm Products Marketing Council assumed responsibilities of the Certification Agency effective March 1, 2014.</i>
December 16, 2013	The Manitoba Wheat and Barley Growers Association Designation Regulation 188/2013 is registered.

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December 17, 2013	A Memorandum of Understanding (MOU) is signed with the Manitoba Corn Growers Association to provide administrative support.
January 1, 2014	The Manitoba Wheat and Barley Growers Association Designation Regulation 188/2013 comes into force.
January 16, 2014	A press release is issued notifying media that regulatory approval was obtained and a mandatory, refundable check-off on spring wheat and barley sales would commence February 1, 2014
January 2014	A contract is signed with Levy Central to administer the check-off. The Western Grains Research Foundation (WGRF) provides financial support to assist with start-up costs.
February 1, 2014	The mandatory, refundable check-off of \$0.52 per tonne for spring wheat and \$0.50 per tonne for barley commences.
February 2014	The MWBGA website is officially launched: <a href="http://www.mbwheatandbarley.ca">www.mbwheatandbarley.ca</a>
July 29, 2014	The MWBGA holds their inaugural annual meeting of the current membership.

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# Interim Board, Ex-Officio and Staff

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## Board Members

Don Dewar, Interim Chair  
Dauphin, MB

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*Appointed for one more year*

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*Appointed for one more year*

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*Appointed for one more year*

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*Retiring from the board at the 2015 AGM*

David Rourke

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*Nominee seeking election at the AGM 2015*

## Ex-Officio Advisor

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## Staff

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Lori-Ann Kaminski, Contract Research Manager

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# Manitoba Wheat and Barley Growers Association

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## Annual General Meeting

**February 18, 2015 - 2:50 PM**

Victoria Inn Winnipeg

1808 Wellington Ave

Winnipeg, MB

CropConnect Conference -Breakout Room #1

### Agenda

1. Call to Order
2. Introduction of Board & Staff
3. Agenda Review / Approval
4. Minutes of Inaugural Annual Meeting
5. Chair report (highlights)
6. Financial Report / Approval
7. Appointment of Auditors
8. New Business
  - Review of governance and election procedures
  - Other
9. Election of Directors
10. Guest speaker - JoAnne Buth, CEO CIGI
11. Ratification Board Actions
12. Adjourn

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# Report from the Chair

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Eighteen months after incorporation, and a year following certification, we are able to hold the first annual general meeting of the Manitoba Wheat and Barley Growers Association (MWBGA). I don't want to repeat the information available elsewhere on the web site, but there is quite a history around the inception of MWBGA. A group of representatives from a wide spectrum of Manitoba producer organizations came together, talked about and set up the goals and objectives then appointed the first interim Board of Directors.

The Board of Directors formalized the current By-Laws, incorporated MWBGA and filed a petition with the Certification Agency to enable a check off on Manitoba grown wheat and barley with the objective to advance crop profitability through research and market development.

In our initial planning, we projected that under normal crop conditions (whatever that means) we anticipate collecting a total of between 1.3-1.5 million dollars per year. The decision was made to attempt distribution of the funds proportionally to each crop. Within each crop budget 70% would be allocated to research with the goal of leveraging our dollars 1.5-2 times, 10% for market development, which includes potential trade missions and memberships in the industry organizations, 15% for administration/communication, and 5% for special projects.

Recognizing our limitations to work on international and domestic market development issues, we have joined both Cereals Canada and the Barley Council of Canada. Both organizations have similar goals and objectives, but different structures. We have made no secret that our preference would be to have a single organization.

I want to draw your attention to three of our guiding principles.

## **Seek to build and sustain high functioning collaborative working relationships with other organizations that share common objectives.**

Since Manitoba was the last of the western provinces to establish a producer organization for wheat and barley, one of the first things we did was to have discussions with our counterparts in both Alberta and Saskatchewan about how we can work together. We are also the smallest in acreages and tonnage, which can be a challenge. We have been accepted as members of the Western Grains Research Foundation (WGRF). We have initiated and led discussions around the future of variety development with the help of provincial GF2 funding.

## **Leverage available resources**

While we are just entering the research field, we have already leveraged funding for projects from the Agri-Food Research and Development Initiative (ARDI) and WGRF. We are in discussions with Saskatchewan Barley Commission on another project.

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### Innovate in providing cost effective service

From the outset, we were conscious of providing value and operating as efficiently as possible. The first move was to form a single association for both wheat and barley. The levy funds are tracked separately, and projects discussed for each crop. A single board and contract staff compliments the structure. For our first year of operations we contracted administration to the Manitoba Corn Growers Association (MCGA), and although that relationship has changed, the staff at MCGA still track our financials. Levy collection has been contracted to Levy Central in Saskatchewan. The administration is shared between Brent VanKoughnet (Agri Skills Inc.) under a new contract arrangement and Lori-Ann Kaminski who has recently joined us to manage research contracts, but finds herself doing whatever needs to be done. We continue to search for ways to find cost efficiencies, and to that end have taken the lead on a project aimed at identifying the potential efficiencies of working collaboratively with other Manitoba commodity organizations.

In the end, we are a new organization, working in a very mature industry, which has emerged as a leader in Western Canada. We can be proud of where Manitoba producers stand, thanks to the foresight of a few people, the dedication of the initial board and staff, and the support of Keystone Agricultural Producers (KAP), MCGA, WGRF, Manitoba Pulse Growers Association (MPGA) and others. A solid platform has been laid. I'm sure the next board of directors will move forward to get the jobs done.

Respectfully submitted,



Don Dewar  
Board Chair



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# Executive Directors Report

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It has been my pleasure to serve the Manitoba Wheat and Barley Growers Association over the past 19 months to assist them through their start up, certification and early operational stages. With the facilitation support of the Keystone Agricultural Producers in the very early stages, administrative support of the Manitoba Corn Growers and the wisdom and commitment of the interim board, an important and effective producer organization has emerged.

It is a time of fundamental change in the cereal industry. The need for producer leadership has never been more important or influential and it will only continue to grow in importance. Governments, funding agencies, researchers and industry partners will increasingly look to producer grower organizations for leadership in setting value chain priorities and as partners in funding key activities.

As a new organization in a mature market we have been thrust into the multiple challenges of building the capacity of a new organization, establishing and re-committing to research and market development initiatives plus responding to the critical issues of the day.

Two critical issues have become a major part of the work plan: building and securing an affordable and internationally competitive variety development system and; creating the necessary plans for a seamless transition from the Western Canadian Deduction that concludes July 31, 2017.

We are fortunate to have now contracted the services of Lori-Ann Kaminski as Research Manager to help the board firmly establish research plans that both meet the unique requirements of Manitoba producers and leverage those funds into western Canadian and national projects to maximize the effectiveness of Manitoba producers investment dollars.

There are many new or restructured cereal stakeholders all actively redefining the way we build profitability and long-term competitiveness in Canadian cereal production. We understand that we must work collaboratively and efficiently to best serve producers.

Your interim board and staff have been diligently working to create systems and regional partnerships, provide leadership and judiciously invest producers' check-off contributions toward priority projects for Manitoba wheat and barley producers.

Thank you for the confidence you have placed in the board and contracted staff to do this important work on your behalf.

Sincerely,

Brent VanKoughnet

INDEPENDENT AUDITOR'S REPORT

To the Members  
Manitoba Wheat and Barley Growers Association Inc.

I have audited the accompanying financial statements of Manitoba Wheat and Barley Growers Association Inc., which comprise the statement of financial position as at June 30, 2014, and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

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

**Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion the financial statements present fairly, in all material respects, the financial position of Manitoba Wheat and Barley Growers Association Inc. as at June 30, 2014, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



D. F. George  
Chartered Accountant Inc.

Carman, Manitoba  
February 10, 2015

MANITOBA WHEAT AND BARLEY GROWERS ASSOCIATION INC.  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2014

ASSETS

	<u>2014</u>
CURRENT ASSETS	
Bank (note 2)	\$ 463,171
Accounts receivable	
Check-off	356,361
Trade	<u>2,276</u>
	<u>\$ 821,808</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accruals	
Trade	\$ 55,352
Check-off refunds	21,326
Loan payable - WGRF	<u>100,000</u>
	<u>176,678</u>
NET ASSETS	
Unrestricted net assets	<u>645,130</u>
	<u>\$ 821,808</u>

Approved on Behalf of the Board

Director: 

Director: 

See accompanying notes to the financial statements

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MANITOBA WHEAT AND BARLEY GROWERS ASSOCIATION INC.  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30. 2014

	<u>2014</u>
NET ASSETS	
Beginning of year	\$ -
Excess (deficiency) revenues over expenses	<u>\$ 645,130</u>
End of year	<u>\$ 645,130</u>

See accompanying notes to the financial statements

MANITOBA WHEAT AND BARLEY GROWERS ASSOCIATION INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>2014</u>
REVENUES	
Check-off - wheat (note 2)	\$ 711,321
Check-off - barley (note 2)	47,324
Government grants and corporate donation	<u>30,306</u>
	<u>788,951</u>
EXPENSES	
Administration - office	7,502
Check-off refunds - wheat	20,312
Check-off refunds - barley	1,014
Check-off - administration fees	24,108
Consultant fees	42,233
Office	1,742
Meetings	1,003
Per diems	15,670
Professional fees	9,355
Registration fees	2,179
Travel	<u>18,703</u>
	<u>143,821</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENSES	<u>\$ 645,130</u>

See accompanying notes to the financial statements

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MANITOBA WHEAT AND BARLEY GROWERS ASSOCIATION INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

1 Purpose of the Association

Manitoba Wheat and Barley Growers Association Inc. is a member organization committed to represent the interests of the wheat and barley growers of Manitoba in matters relating to wheat and barley, in areas of research, market development, and liaison. The association is incorporated under the Manitoba Corporations Act as a not-for-profit organization and is exempt under the Income Tax Act under section 149 (1)(e) as an agricultural organization.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook. Outlined below are those policies considered particularly significant for the association.

Revenue Recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Check-off revenue and refunds are recognized as unrestricted contributions.

Contributed Services

Contributed services or materials, which are nominal, are not recognized in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are made up of the general bank account.

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MANITOBA WHEAT AND BARLEY GROWERS ASSOCIATION INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

2 Significant Accounting Policies cont.

Use of Estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. By their nature these estimates are subject to measurement uncertainty and effect on the financial statements of changes in such estimates in future periods could be significant.

Financial Instruments

The association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accruals and the loan payable.

3 Statement of Cash Flow

A statement of cash flow has not been provided as it would not provide any further information to the users of the financial statements.



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MANITOBA WHEAT AND BARLEY GROWERS ASSOCIATION INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

#### 4 Financial Risk

The association is exposed to various risks through its financial instruments.

##### Credit risk

Credit risk is the risk that the collectors of the levies (purchasers) will fail to remit to the association. The association is not exposed to significant credit risk as remittances are due quarterly and the purchasers are bound to perform such services under the Agricultural Producers Organization Funding Act.

##### Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade account payables and accrued liabilities are generally paid within thirty days and bank overdrafts are settled from fund transfers from investments. This risk is reduced due to the high dollar value of funds on hand.

##### Commodity price risk

Commodity price risk is the risk that revenue will fluctuate due to changes in market prices affecting the dollar amount of wheat and barley crops sold and in turn the amount of check-off revenue collected.

##### Interest rate risk

The association is not subject to interest rate risk.

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# Projected Budget Distribution Plan

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## Distribution of Budget

It is anticipated that within 2 years of operations check-off allocations will follow this proposed distribution formula:

- Administration/Communication 15%
- Research 70%
  - Genetic\* 35%
  - Agronomy\* 30%
  - MB specific 5%
- Market Development\* 10%
- Other projects/membership 5%
- **Total allocation 100%**

\*Anticipated to be pooled with other provinces based on common interests and objectives

## Notes:

- Attempt to leverage research investments by 1.5 to 2 times
- Anticipate leveraging research project management as an in-kind contribution
- Membership in Cereals Canada and the Barley Council of Canada are intended to provide the majority of market development initiatives
- Anticipate a combined wheat and barley projected annual check-off of 1.3 to 1.5 million per year.