

A large, stylized illustration of a grain stalk, possibly wheat or barley, rendered in a light yellow/gold color. The stalk is positioned diagonally, starting from the bottom left and extending towards the top right. The grain heads are detailed with fine lines, and the stalks are long and thin, fanning out from the base.

Western Grains Research Foundation Financial Report 2006

Only
1 in 10
producers
opt-out of the
WGRF check-off

25
25 years
of experience

55 wheat
and
25 barley
varieties developed

A Year In Review

In 2006 the Western Grains Research Foundation (WGRF) celebrated its 25th anniversary. Twenty-five years after our establishment, we are still funded and directed by western Canadian farmers and focused on providing improved varieties and leading edge crop technology. Our Board continues to evolve and change while reviewing issues related to the ownership of crop genetics, the role of farmers as research investors and WGRF's access to supplemental research dollars. Most importantly, we are always seeking out opportunities for the WGRF to grow our impact on western Canadian producer operations.

Many strong varieties are emerging from WGRF supported breeding programs. Since the inception of the wheat and barley check-offs in 1993, we have helped to develop 55 new wheat varieties and 25 new barley varieties. The WGRF supported variety Superb was cited as the most popular CWRS variety grown last season according to the 2006 Canadian Wheat Board Variety Survey. The survey examined 14 wheat and barley classes. WGRF aided varieties were awarded a number one ranking in eight of these classes, while many other WGRF varieties made the top five. In addition to the varieties already adopted by farmers in Western Canada, a number of varieties are in the final stages of development, with others in the early stages of the registration process.

The check-off program is supported by over 90% of producers and WGRF is committed to being fiscally responsible so these investments work hard for farmers. We leverage every dollar invested by accessing provincial and federal funding opportunities. These supplemental funding sources match and, in most cases, double a grower's investment.

In the last crop year, with the support of the Board, the decision was made to increase the check-off amounts to offset inflation and maintain the scope of our research and breeding programs. Both check-offs were boosted in August (2006) by 10 cents, bringing wheat to 30 cents a tonne and barley to 50 cents a tonne. This is the first time the check-off has changed since implementation and so far the WGRF has received positive feedback from producers.

Currently WGRF only collects a check-off on wheat and barley sold through the Canadian Wheat Board. However, we have identified the ethanol and feed industries as opportunities to expand our impact. In order to develop varieties suited to these industries we recognize the need for an enhanced check-off system. The WGRF is currently researching and consulting with producer stakeholders about broadening the check-off and the legislative changes that are required.

The WGRF is very proud of what has been accomplished both in 2006 and throughout our first 25 years. We would like to thank the Board of Directors for their foresight, our grower investors for their support and everyone involved for their hard work. Without these contributions, WGRF would not have achieved the notable results we see today. The WGRF has a track record of success and a continued commitment to western Canadian agriculture. It will be exciting to see what we can accomplish together over the next 25 years.



Lanette Kuchenski, Executive Director



Keith Degenhardt, Chairman of the Board



\$5 million
per year invested in
wheat and
barley variety
development

18 members
on our board
representing **18**
different
organizations
across
Western
Canada

9 public
breeding
programs
partially funded by
the WGRF

WGRF Board of Directors, 2006

The WGRF Board is made up of 18 member organizations (listed below) demonstrating a diverse and well rounded cross-section of the agriculture industry. Representing all of the western Canadian provinces, the WGRF brings together farmers and industry to guide the future of the organization and the research that is being funded.

Agricore United
Agriculture & Agri-Food Canada
AB Soft Wheat Producers
AB Winter Wheat Producers
Agricultural Producers of SK
BC Grain Producers
Canadian Canola Growers
Canadian Seed Growers
Canadian Wheat Board

Keystone Ag Producers
National Farmers Union
Prairie Oat Growers
SK Flax Commission
SK Wheat Pool
Western Barley Growers
Western Pulse Growers
Western Wheat Growers
Wild Rose Ag Producers



From left to right:

Bill Gehl, National Farmers Union - Regina, SK | **Bob Anderson**, Prairie Oat Growers Association - Dugald, MB | **Jim Thorson**, Agricultural Producers Association of Saskatchewan - Penzance, SK | **Larry Littman**, Canadian Seed Growers Association, Saltcoats, SK
Garry Smolik, BC Grain Producers Association - Dawson Creek, BC | **Brian Otto**, Alberta Winter Wheat Producers - Warner, AB
Mel Stickland, Western Barley Growers Association - Red Deer, AB | **Keith Degenhardt**, **CHAIR**, Wild Rose Agricultural Producers - Hughenden, AB | **Dave Sefton**, **VICE-CHAIR**, Saskatchewan Flax Development Commission - Broadview, SK | **Don Dewar**, Keystone Agricultural Producers - Dauphin, MB | **Steve Morgan Jones**, Agriculture & Agri-Food Canada - Lethbridge, AB | **Rob Pettinger**, Agricore United - Elgin, MB | **Peter Pepneck**, Alberta Soft Wheat Producers Commission - Vauxhall, AB | **Wayne Bacon**, Canadian Canola Growers Association - Kinistino, SK | **Barb Podhorodeski**, Western Pulse Growers Association - Shipman, SK

Missing from photo:

Allen Oberg, Canadian Wheat Board - Forestburg, AB | **Grant Dyck**, Western Canadian Wheat Growers Association - Niverville, MB
Vic Bruce, Saskatchewan Wheat Pool - Tuxford, SK

\$19 million

**spent since 1981
on crop research
through the
Endowment Fund**

**on over 200
projects**

8

Endowment Fund
**projects currently in the
research pipe-line**

**An example of a few of these projects:
reducing herbicide application rates,
drought resistance in canola,
fusarium head blight in oats,
yellow pigment content in durum.**

WGRF Committees

Wheat Advisory Committee

Brian Otto, Alberta Winter Wheat Producers, **CHAIR**
Gordon Carson, Canadian National Millers Association
Ron DePauw, Agriculture & Agri-Food Canada
Bill Toews, Canadian Wheat Board
Nancy Edwards, Grains Research Lab, Canadian Grain Commission
Pierre Hucl, Crop Development Centre, U of S
Graham Worden, Canadian Wheat Board
Peter Pepneck, Alberta Soft Wheat Producers Commission
Grant Dyck, Western Canadian Wheat Growers Association
Garry Smolik, BC Grain Producers Association
Keith Degenhardt, Wild Rose Agricultural Producers, Ex-officio

Barley Advisory Committee

Wayne Bacon, Canadian Canola Growers Association, **CHAIR**
Erin Armstrong, Brewing and Malting Barley Research Institute
Michael Brophy, Canadian Wheat Board
Michael Edney, Grains Research Lab, Canadian Grain Commission
Bill Legge, Agriculture & Agri-Food Canada
James Chatenay, Canadian Wheat Board
Brian Rossnagel, Crop Development Centre, U of S
Larry Littman, Canadian Seed Growers Association
Dave Sefton, Saskatchewan Flax Development Commission
Mel Stickland, Western Barley Growers Association
Keith Degenhardt, Wild Rose Agricultural Producers, Ex-officio

Research Advisory Committee

Dave Sefton, Saskatchewan Flax Development Commission, **CHAIR**
George Clayton, Agriculture & Agri-Food Canada
Rick Holm, University of Saskatchewan
Mike McAvoy, Saskatchewan Agriculture, Food and Rural Revitalization
Rachael Scarth, Dean of Agricultural Research, U of M
Dean Spaner, Dept of Agricultural, Food and
Nutritional Science, U of A
Brian Otto, Alberta Winter Wheat Producers
Barb Podhorodeski, Western Pulse Growers Association
Keith Degenhardt, Wild Rose Agricultural Producers, Ex-officio

Investment Committee

Keith Degenhardt, Wild Rose Agricultural Producers
Larry Littman, Canadian Seed Growers Association
Peter Pepneck, Alberta Soft Wheat Producers Commission
Rob Pettinger, Agricore United



Financial Highlights

The Financial Summary as provided by management and included in this report, portrays the summarized financial position of the WGRF. It highlights the summarized operating fund revenues, expenditures and net revenue over expenditures in each of the Endowment Operating fund, Wheat Operating fund and Barley Operating fund over a period of five years. The Financial Summary has been reviewed and approved by the Board of Directors.

WGRF is farmer funded and directed. It is committed to transparency in all areas of the organization, including the reporting of its financial position, operating results and cash flows. WGRF's annual financial statements, including the notes to the financial statements, are audited by PricewaterhouseCoopers LLP. Should you wish to obtain the complete set of financial statements for the year ended December 31, 2006, along with the auditor's report, please contact our office at (306) 975-0060.

To aid your reading of the Financial Summary on the next page a few notes have been collected to ensure accuracy when interpreting the data. If you require more information, please contact our office at the number listed above.

Under the heading Equity

- The category **Capital** represents the original dollars that were transferred by the federal government from the discontinued Prairie Farm Assistance Act into an Endowment Fund. This was the base that the WGRF was founded on.
- **Endowment** shows the year end balance of interest earned on the principle dollars listed under Capital, as well as income from the excess dollars and penalties received from the railway cap. The federal government developed the revenue cap under the Canadian Transportation Act in 2000. A cap was set, and if exceeded by the railroads the excess dollars and a penalty fee was invested with the WGRF. This was developed in an attempt to keep the railroads honest and direct the excess money back to farmers of Western Canada through crop research. The railroad cap was exceeded in 2005 and 2006 by the following figures:
 - 2006 - \$124,650 from Canadian National Railway
 - 2005 - \$338,008 from Canadian Pacific Railway
- **Wheat** represents the wheat reserve or contingency, plus funds in the wheat operating account at year end.
- **Barley** represents the barley reserve or contingency, plus funds in the barley operating account at year end.
- The WGRF has made substantial progress in replenishing the Wheat Reserve account since 2004. This has been achieved through prudent fiscal control and investment strategies. The replenishment of the Barley Reserve account is occurring through recent reductions of short-term funding commitments and the per tonne increase of the barley check-off.

Under the column 2004

- Wheat and barley revenues in 2004 were unusually low. No final payments for most wheat (except durum) were sent to farmers during this period, and therefore no check-off was collected by the WGRF. Final payments for barley were made in 2004, but poor conditions reduced marketing, resulting in lower check-off revenue.



**WESTERN GRAINS RESEARCH FOUNDATION
FINANCIAL SUMMARY
DECEMBER 31**

	2006	2005	2004	2003	2002
ASSETS					
Cash and other	2,601,073	3,142,305	329,434	783,029	1,782,025
Investments	13,675,303	11,512,023	14,526,592	17,331,520	16,939,690
	<u>16,276,376</u>	<u>14,654,328</u>	<u>14,856,026</u>	<u>18,114,549</u>	<u>18,721,715</u>
LIABILITIES					
Cash advances	-	-	740,898	960,754	1,047,886
Accounts & grants payable	663,119	31,955	32,892	15,526	15,873
	<u>663,119</u>	<u>31,955</u>	<u>773,790</u>	<u>976,280</u>	<u>1,063,759</u>
EQUITY					
Capital	9,066,972	9,066,972	9,066,972	9,066,972	9,066,972
Endowment	877,907	294,546	37,303	151,505	348,925
Wheat	4,930,753	4,489,265	4,252,038	6,647,506	6,767,212
Barley	737,625	771,590	725,923	1,272,286	1,474,847
	<u>15,613,257</u>	<u>14,622,373</u>	<u>14,082,236</u>	<u>17,138,269</u>	<u>17,657,956</u>
	<u>16,276,376</u>	<u>14,654,328</u>	<u>14,856,026</u>	<u>18,114,549</u>	<u>18,721,715</u>
ENDOWMENT FUND Operating					
Revenue	907,251	648,057	319,115	383,339	512,302
Expenditures					
Research funding	261,350	330,000	394,505	534,780	633,605
Operating	62,540	60,814	38,812	45,979	91,081
	<u>323,890</u>	<u>390,814</u>	<u>433,317</u>	<u>580,759</u>	<u>724,686</u>
Net	<u>583,361</u>	<u>257,243</u>	<u>(114,202)</u>	<u>(197,420)</u>	<u>(212,384)</u>
WHEAT FUND Operating					
Revenue	3,782,664	3,509,931	1,104,313	3,351,117	3,393,960
Expenditures					
Research funding	3,010,000	2,995,200	3,118,520	3,089,094	3,106,195
Reserve allocation	-	-	-	-	-
Royalties	210,337	165,066	417,729	437,731	231,468
Operating	298,182	297,847	238,573	287,835	207,553
	<u>3,518,519</u>	<u>3,458,113</u>	<u>3,774,822</u>	<u>3,814,660</u>	<u>3,545,216</u>
Net	<u>264,145</u>	<u>51,818</u>	<u>(2,670,509)</u>	<u>(463,543)</u>	<u>(151,256)</u>
BARLEY FUND Operating					
Revenue	648,301	776,299	262,049	560,601	669,698
Expenditures					
Research funding	606,661	679,000	699,963	704,093	632,093
Reserve allocation	-	-	-	-	-
Royalties	47,599	28,394	45,112	19,198	13,956
Operating	73,540	73,133	126,273	122,563	60,098
	<u>727,800</u>	<u>780,527</u>	<u>871,348</u>	<u>845,854</u>	<u>706,147</u>
Net	<u>(79,499)</u>	<u>(4,228)</u>	<u>(609,299)</u>	<u>(285,253)</u>	<u>(36,449)</u>
COMBINED FUNDS Operating					
Revenue	5,338,216	4,934,287	1,685,477	4,295,057	4,575,960
Expenditures					
Research funding	3,878,011	4,004,200	4,212,988	4,327,967	4,371,893
Reserve allocation	-	-	-	-	-
Royalties	257,936	193,460	462,841	456,929	245,424
Operating	434,262	431,794	403,658	456,377	358,732
	<u>4,570,209</u>	<u>4,629,454</u>	<u>5,079,487</u>	<u>5,241,273</u>	<u>4,976,049</u>
Net	<u>768,007</u>	<u>304,833</u>	<u>(3,394,010)</u>	<u>(946,216)</u>	<u>(400,089)</u>



Thank you to our Member Organizations

The Western Grains Research Foundation extends its appreciation to all of our member organizations for sending us world class representatives for our Board of Directors. When our Board comes to the table to discuss, plan and guide the future of the WGRF, they do so with the utmost of class and professionalism. We would also like to thank all of the talented and dedicated researchers that work on WGRF projects.

It is a powerful thing to have such brilliant minds come together and work towards the improvement of agriculture in Western Canada.

