

A large, detailed illustration of a grain stalk, likely wheat or barley, rendered in a light yellow or gold color. The stalk is positioned diagonally, starting from the bottom left and extending towards the top right. The grain heads are full and the awns are long and thin, creating a sense of movement and texture. The background is a plain, light color, making the golden stalk stand out prominently.

# **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**

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**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

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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**

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>					
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>
<b>LIABILITIES</b>					
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>
<b>EQUITY</b>					
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>
<b>ENDOWMENT FUND Operating</b>					
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>
<b>WHEAT FUND Operating</b>					
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>
<b>BARLEY FUND Operating</b>					
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>
<b>COMBINED FUNDS Operating</b>					
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**

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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.

