



SASKATCHEWAN  
PULSE  
GROWERS

2004-2005 **Annual Report**

Outlook for the future.





SASKATCHEWAN  
PULSE  
GROWERS

At A Glance

**Background**

The first Saskatchewan pulse producer organization was formed in 1976. In a 1984 plebiscite, producers voted to institute a mandatory, non-refundable check-off to fund projects to develop the industry. The Saskatchewan Pulse Crop Development Board was born (later known as “Saskatchewan Pulse Growers”).

**Funding**

A check-off of 1% of the value of the gross sale is deducted at point of sale when a producer sells pulse crops.

**Board**

Saskatchewan Pulse Growers is directed by a Board of seven elected pulse producers.



STAFF	Executive Director	Accounting Clerk	Communications Manager	Controller
	Garth Patterson	Esther Zvacek	Penny Eaton (on leave)	Helen Baumgartner

## PROGRAMS

### Research and Development

Our program provides funding and leadership for ongoing research, including: disease management and resistance, genetic improvement and quality assessment, agronomy, weed control, and processing and utilization of pulse crops.

### Variety Release

SPG provides access to new pulse varieties developed through the CDC Pulse Breeding program by offering Breeder seed without royalties to Select-status seed growers in Saskatchewan and Alberta. Specialty varieties are tendered to specific companies.

### Market Development

Our market development efforts focus on developing international and domestic market opportunities for pulses in human diets and livestock rations, in co-operation with Pulse Canada.

### Communications

Our key communications initiatives include: *PulsePoint* magazine, annual reports, SPG website, Pulse Days annual conference, regional meetings and field days.

### Policy

SPG provides leadership on issues such as government investment and regulation, producer security, and crop protection.

### Operations

SPG staff members combine industry knowledge and individual expertise to deliver programs as directed by SPG Board.

#### Office Administrator

Tasha Nett  
and  
Brandi Walter

#### Records Administrator

Shelly Weber

#### Research & Development Manager

Kofi Agblor  
  
Joelle Harris  
(on leave)

#### Seed Commercialization Manager

Allison Krahn

#### Special Projects Manager

Jackie Blondeau

## 2005 Chairman's Report



As your newly elected chairman, I found this year to be very challenging to say the least. The Board's key performance areas continue to be **market development, research and development, variety release, communications and policy**. I would like to focus on some policy issues and on market development.

SASKATCHEWAN  
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# Chairman's Report

In the policy realm, our board has been actively involved in several key areas. These included co-chairing an industry security committee to help ensure that growers get paid for the delivery of their pulses. The Canadian Grain Commission has supported the committee's recommendation that by August 2006, all pulse buyers will be licensed and secured. This committee was composed of all major stakeholders from our pulse industry. As a member of the Farmer Rail Car Coalition Board we hope to help keep transportation costs to a minimum when the federal fleet of railcars is disposed of.

*This year's crop  
included 3.2  
million tonnes of  
peas in Canada.*

In addition to the above, your Board has had active involvement with helping develop a protocol for the federal On Farm Food Safety initiative as well as for traceability concerns within the agricultural sector.

In response to a large number of grower concerns, we embarked on a fact-finding mission to look into how the U.S. loan deficiency program has affected U.S. pulse production and its subsequent effect on the prices of Canadian pulses. Less than 10% of our exports are U.S. origin pulses; however, we expect that this will increase next year. There are many factors which have contributed to low grower prices for peas and lentils; these include the increasing value of the Canadian dollar in relation to the

U.S. dollar, a large carryover from 2004, transportation problems, ocean freight costs, a large pulse crop this year and the U.S. Loan Deficiency Program. Our objective now is to see that these imports are being handled, processed and exported following existing Canadian rules and regulations.

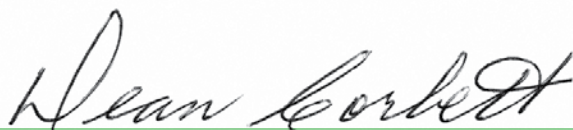
In the area of market development our main partner has been, and continues to be, Pulse Canada. As a national umbrella organization we strongly support their efforts to expand Canadian pulse exports as well as their new program, through the 3.2 million dollar federal Pulse Innovation Fund, to increase consumption of pulses in the North American market. The health benefits of eating pulses need to be conveyed to the North American population. We have partnered with the Prairie Feed Resource Centre to encourage the building of a pulse feed milling facility at the U of S to help add to the clustering of pulse related enterprises at the U of S in Saskatoon.

Another initiative has been the agreement with Walker Seeds, Keg Agro and their partners to develop a closed loop agreement regarding commercialization of slow darkening pinto beans developed at the U of S.

A joint venture between SPG and Canadian International Grains Institute in Winnipeg will help showcase the excellent milling attributes of Canadian pulses to all potential pulse buyers. In our desire to increase the domestic use of pulses in feed rations, we have agreed to cost share our efforts with the Alberta Pulse Growers.

Let me say how much I appreciate the professionalism of the board and staff in dealing with some very difficult issues. It is my hope that by being objective and transparent we will be able to deal with areas of concern as they arise and communicate our efforts to our growers. It has certainly been a challenge for the Board to try and keep more value for the industry within Canada.

Sincerely,



D e a n C o r b e t t

*Chairman*

*Quality pulses*

*retain their quality*

*throughout the*

*system with proper*

*storage and handling.*





## Executive Director's Report

# Director's Report

Our record production of peas and lentils over the past two years has been a double-edged sword for our industry. As the world's leading exporter, there is now no doubt that Canada can reliably produce, process and export enough peas and lentils to satisfy the markets. However, our high inventories, combined with the increased value of the Canadian dollar, and high transportation costs have lead to record low margins for growers and processors.

SASKATCHEWAN  
PULSE  
GROWERS

# Executive

There is no short-term solution to this dilemma. From a simple marketing perspective we can either reduce our supply or increase demand but our industry is more complex than that. Even if we reduce our seeded acreage, supply and quality are significantly influenced by weather. Secondly, competitors such as the U.S., Australia and China continue to increase their pulse production.

Our peas and lentils are now commodities. This means that we have to be efficient and innovative in supplying, producing, processing and shipping product to our customers. We must continue to search for premiums in markets that place a higher value on differentiated product. Extra large, top quality green lentils are an example of a product that can be differentiated and marketed at a premium.

This past year we followed through on our intentions to increase our emphasis on investments that will create demand for our pulses. These include:

1. 585% increase in research related to value added processing. This combined with Pulse Canada's \$3.2 million Pulse Innovation Program on health and wellness will increase demand in North America for our pulses. This will be a long-term process, however, the U.S. soy and almond industries have proven that this approach works.
2. 15% increase in market development funding. We have increased our support of Pulse Canada's efforts to increase pulse trade through reduced trade barriers, increased awareness of the attributes of Canadian pulses, and increased harmonization of crop protection products.



*Our goal is to have  
500,000 acres or  
more of profitable  
sustained chickpea  
production in western  
Canada.*

Our domestic feed pea market development efforts continue to create new opportunities. This program is in co-operation with the Alberta Pulse Growers.

SPG was proud to play a leadership role in the fundraising for, and opening of the new Pulse Lab at the Crop Development Centre at the University of Saskatchewan. This \$3 million, 13,000 square foot facility will serve our industry's pulse breeding research needs for many decades. It will house five scientists and 40 technical personnel.

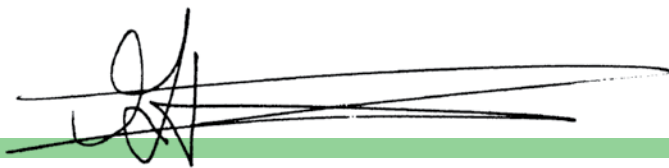
Our Research and Development Program continues to place its largest emphasis on the commercialization of new varieties and market classes of pulses. We recognize the value of this investment to the bottom line of growers. Agronomy research funding was also increased this past year to help optimize production of specific varieties.

Growers are the primary target of our communications program, through Pulse Days, *Pulse Point* magazine, field days, winter meetings and the website. A strategic review of our programs showed that we are doing the right things. Now we plan to look at ways of doing them better!

In the upcoming years we continue to increase our emphasis on creating more value for Saskatchewan's pulse industry by:

- capturing a greater share of global red lentil markets
- increasing the demand for peas in hog rations, both domestically and internationally
- increasing the demand for pulses as food in North American diets as consumers become more concerned about healthy eating
- re-establishing Saskatchewan as a reliable chickpea supplier through the development of better varieties and improved agronomy packages
- establishing Saskatchewan as a reliable supplier of dry beans by partnering with pulse processors to commercialize varieties adapted to Saskatchewan
- addressing government policies that inhibit our industry.

I look forward to continued collaboration between growers, processors and exporters for the betterment of our industry.



G a r t h P a t t e r s o n

*Executive Director*

*Breeding programs*

*focus on quality*

*traits for all pulse*

*varieties.*



**SCHEDULE OF SPG RESEARCH EXPENDITURES**  
YEAR ENDED AUGUST 31, 2005 (PREPARED BY MANAGEMENT)

Project #	Project	Amount	Researcher	Organization
<b>AGRONOMY</b>				
AGR0301	Investigation into the Biology of <i>Stemphylium botryosum</i> , a Potentially New Pathogen in Lentil Production in Saskatchewan	\$5,530	Banniza	Crop Development Centre
AGR0302	Investigation into the Population Structure of <i>Ascochyta lentis</i>	5,400	Banniza	Crop Development Centre
AGR0303	Lower Costs of Production of Chickpea	2,100	Nybo	Wheatland Conservation Area
AGR0311	Additive Effects of Group 2 Herbicides on Crop Tolerance and Re-cropping Restrictions	72,562	Johnson	Agriculture & Agri-Food Canada
AGR0317	Extension for: Control of Sclerotinia Stem Rot in Small-Seeded Lentil Production in the Black Soil Zone	7,500	Banniza	Crop Development Centre
AGR0319	Developing Management Strategies to Reduce the Risks and Costs of Chickpea Production	7,500	Gan	Agriculture & Agri-Food Canada
AGR0401	Sources of Resistance/Tolerance to Mycosphaerella Blight of Pea	8,000	Gossen	Agriculture & Agri-Food Canada
AGR0402	Developing Best Management Options to Improve the Indeterminate Growth Habit of Chickpea	26,600	Gan	Agriculture & Agri-Food Canada
AGR0403	Impact of In-crop and Soil Residual Herbicides on Nodulation and Effective Nitrogen Fixation in Field Pea and Chickpea	6,000	Walley	University of Saskatchewan
AGR0410	Addressing Quality Issues of Saskatchewan Pulses with Advanced Harvesting Techniques	2,700	Nybo	Wheatland Conservation Area
AGR0508	Assessing the Benefits of Inoculation at Field Scale - Is Inoculation Necessary on Long-Term Pulse Land?	48,355	Walley	University of Saskatchewan
AGR0509	Variety Specific Agronomy: Red Lentil Quality	54,117	Vandenberg	Crop Development Centre
AGR0510	Basal Branching in Field Pea: A Strategy for Reducing Seeding Rates and Increasing Weed Competition	47,695	Shirliffe	University of Saskatchewan
AGR0511	Optimizing Lentil and Pea Agronomy for Organic Production	65,150	Walley/Shirliffe	University of Saskatchewan
AGR0512	Controlling Indeterminate Lentil Crop Growth Through Nitrogen Supply	95,719	Ball	University of Saskatchewan
AGR0513	Evaluation of Soybean Varieties & the Effect of Plant Population on an Early Soybean Variety in Southeast Saskatchewan	5,000	Chalmers	South East Research Farm Inc.
AGR0514	Comparison of Indeterminate and Determinate Early Pinto Bean Varieties to Foliar Fungicide White Mold Control	5,000	Chalmers	South East Research Farm Inc.
AGR0515	Addressing Quality Issues of Saskatchewan Pulses with Advanced Harvesting Techniques	7,350	Nybo	Wheatland Conservation Area
AGR0520	Effects of Grain Legumes in No-Till Cropping Systems on Soil Quality and Nitrous Oxide Emissions	28,720	Mckell	Indian Head Agricultural Research Foundation
AGR0521	Using Extra Small Red Lentil Seed as a Cover Crop Following Dry Edible Beans in Ontario	2,760	Gillard	University of Guelph
<b>BREEDING</b>				
BRE9701	Pulse Crop Breeding Program	491,968	Vandenberg/Warkentin	Crop Development Centre
BRE0124	Integrated Long Term Strategy for Genetic Improvement of Resistance to <i>Ascochyta</i> Blight and Anthracnose in Lentil	96,600	Vandenberg	Crop Development Centre
BRE0253	Developing Faba Bean as a Feed, Forage and Food Pulse for the Prairies	30,250	Vandenberg	Crop Development Centre
BRE0257	An International Collaboration for the Development of New and Improved Sources of <i>Ascochyta</i> Resistance in Chickpea	42,997	Lulsdorf	Crop Development Centre
BRE0304	Strategy for Genetic Improvement of <i>Ascochyta</i> Blight Resistance in Chickpea	80,759	Warkentin	Crop Development Centre
BRE0305	Improving the Quality Profile of Dry Beans for the Canadian Prairies Using Genetic and Metabolomic Approaches	18,135	Bett	University of Saskatchewan
BRE0310	Identifying Genetic Resources for Resistance to <i>Ascochyta</i> Blight of Chickpea	(56,403)	Gossen	Agriculture & Agri-Food Canada
BRE0316	International Efforts to Develop Doubled-Haploid Technology for Field Pea ( <i>Pisum sativum</i> L.) and Lentil ( <i>Lens culinaris</i> L.)	101,136	Vandenberg	Crop Development Centre

Domestic  
consumption of  
peas continues  
to increase.





## SCHEDULE OF SPG RESEARCH EXPENDITURES Continued

Project #	Project	Amount	Researcher	Organization
BRE0321	Identification and Transfer of Genes Related to Frost Tolerance from <i>Phaseolus angustissimus</i> to <i>P. vulgaris</i>	104,891	Bett	University of Saskatchewan
BRE0404	Development of Low Phytate Peas	20,353	Warkentin	Crop Development Centre
BRE0405	On-farm Pulse Crop Germplasm Evaluation	57,240	Warkentin	Crop Development Centre
BRE0406	Adding Value to Lentils Through Improvement of Visual Quality Characteristics	37,750	Bett	University of Saskatchewan
BRE0407	2004 Pulse Crop Regional Variety Trials in Saskatchewan	23,369	Warkentin	Crop Development Centre
BRE0408	Pea Genetic Improvement Program	563,397	Various public & private breeding programs	
BRE0501	National Gene Deployment Strategy for Control of Common Bacterial Blight for the Canadian Dry Bean Industry	15,000	Pauls	University of Guelph
BRE0502	Genetic Diversity and Potential Use of Pea Germplasm from Eastern Europe and Eurasia for Genetic Improvement of Canadian Peas	15,536	Diederichsen	Agriculture & Agri-Food Canada
BRE0503	Identification of SNP Markers linked to Ascochyta Resistance in Chickpea for Cultivar Improvement in Canada	53,820	Buchwaldt	Agriculture & Agri-Food Canada
BRE0504	Collection of Pulse Genetic Resources in Western Ukraine	8,453	Diederichsen	Agriculture & Agri-Food Canada
BRE0505	Improving the Value of Field Peas for Human Consumption Markets	32,220	Warkentin	Crop Development Centre
BRE0506	Understanding and Improving Carbohydrate Composition to add Value to Lentils	44,688	Chibbar	University of Saskatchewan
BRE0507	Improving Ascochyta rabiei Resistance in Chickpea	90,915	Warkentin	Crop Development Centre
BRE0522	2005 Pulse Crop Regional Variety Trials in Saskatchewan	70,728	Warkentin	Crop Development Centre
<b>PROCESSING</b>				
PRO0314	Development of a Near Infrared Reflectance Spectroscopy (NIRS) Method for Predicting the Canning Quality of Dry Bean, Kabuli Chickpea, and Field Pea (Yellow and Green)	14,982	Han	University of Saskatchewan
PRO0409	Evaluation and Development of Superior Feed Peas Using Chemical, NIR and Net Energy Evaluation	30,073	Racz	University of Saskatchewan
PRO0518	The Use of Canola, Pea and Flax Fractions in Aquafeeds	13,200	Drew	University of Saskatchewan
PRO0519	Expanding Utilization of Pulses in Meat Processing	35,204	Shand	University of Saskatchewan
PRO0523	Comparative Analysis of Functional and Wellness Properties of Lentils: Can Lentils Improve Soccer Performance	108,675	Chilibeck	University of Saskatchewan
PRO0524	Studies on Incorporation of Pulse Flours and Fractions into Pasta and Noodles	57,799	Tyler	University of Saskatchewan
PRO0525	Pea Hull Fibre Fortification of Cereal-based Foods	40,300	Dahl	University of Saskatchewan
PRO0526	Development and Commercialization of Pulse-based Pureed Foods	31,625	Dahl	University of Saskatchewan
PRO0527	Establishing the Digestible Nutrient Content and Rate of Starch Digestion of Peas for Poultry as Affected by Processing and Pea Cultivar	40,250	Classen	University of Saskatchewan
PRO0528	Enhancing the Economic Value and the Use of Field Peas by the Pork and Feed Industries	49,120	Patience	Prairie Swine Center Inc.
PRO0529	Sensory Analysis of Baked Goods and Gluten-free Products Prepared with Field Pea Starches	25,500	Hood	Parrheim Foods
PRO0530	Evaluation of Technologies for Production of Edible Snack Foods with Demonstrated Health Benefits from Peas	70,725	Arntfield	University of Manitoba
PRO0531	Low Glycemic Index (GI) Starch from Canadian Grown Pulses	55,200	Liu	Agriculture & Agri-Food Canada
PRO0532	Biofunctional and Physicochemical Properties of Pea, Chick-pea and Lentil Protein Blends	53,261	Boye	Agriculture & Agri-Food Canada
<b>GENERAL</b>				
SCHAS	Dr. Alfred E. Slinkard Scholarship	20,000		University of Saskatchewan
SCHDJ	Saskatchewan Pulse Crop Development Board Don Jaques Memorial Fellowship	20,000		University of Saskatchewan
<b>Total</b>		<b>\$3,113,474</b>		



Beans continue

to be the focus

of research in

the province.

## PARTNERS

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## To the Board of Directors of **Saskatchewan Pulse Crop Development Board**

We have audited Saskatchewan Pulse Crop Development Board's control as of August 31, 2005, to express an opinion as to the effectiveness of its control related to the following objectives:

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan to achieve its goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial reports.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing and investing.

We used the control framework developed by The Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Saskatchewan Pulse Crop Development Board's control. We did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives reliably.

Saskatchewan Pulse Crop Development Board's management is responsible for effective control related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by the CICA. Those standards require that we plan and perform an audit to obtain reasonable assurance as to effectiveness of Saskatchewan Pulse Crop Development Board's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

In our opinion, Saskatchewan Pulse Crop Development Board's control was effective, in all significant respects, related to the objectives stated above as of August 31, 2005, based on the CICA criteria of control framework.

Control can provide only reasonable, not absolute, assurance of achieving objectives reliably for two reasons. First, there are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities and management overriding control. Second, cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance, not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or the degree of compliance with control activities may deteriorate.

SASKATOON, SASKATCHEWAN

"HERGOTT DUVAL STACK & PARTNERS LLP"

November 10, 2005

Chartered Accountants



Chickpea is an  
 excellent crop for  
 generating spinoff  
 wealth in rural  
 Saskatchewan.

**PARTNERS**

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**Saskatchewan Pulse Crop Development Board and Saskatchewan Agri-Food Council**

Dear Sirs:

We have made an examination to determine whether the Saskatchewan Pulse Crop Development Board complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended August 31, 2005:

The Agri-Food Act, 2004

The Pulse Crop Development Plan Regulations

Our examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures, as we considered necessary in the circumstances.

In our opinion, the Saskatchewan Pulse Crop Development Board has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended August 31, 2005.

SASKATOON, SASKATCHEWAN

"HERGOTT DUVAL STACK &amp; PARTNERS LLP"

November 10, 2005

Chartered Accountants

**AUDITORS' REPORT**To the Members of **Saskatchewan Pulse Crop Development Board**

We have audited the statement of financial position of Saskatchewan Pulse Crop Development Board as at August 31, 2005, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

SASKATOON, SASKATCHEWAN

"HERGOTT DUVAL STACK &amp; PARTNERS LLP"

November 10, 2005

Chartered Accountants



*Pulses have  
significant health  
benefits, are  
reasonably priced,  
readily available  
and taste great.*

**STATEMENT OF FINANCIAL POSITION**

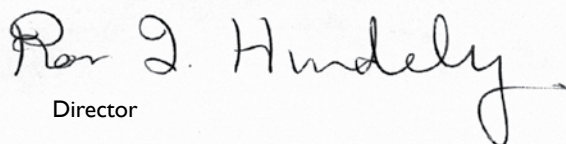
AUGUST 31, 2005

	2005	2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 991,381	\$ 813,630
Cash - externally restricted (Note 3)	242,370	137,174
Net Pulse Field Lab receivable (Note 3)	6,289	-
Investments (market value - \$1,831,916)	1,825,635	1,739,942
Accounts receivable	689,581	295,668
Inventory	12,627	13,660
Prepaid expenses	53,060	48,444
Accrued interest receivable	100,524	81,290
	<b>3,921,467</b>	<b>3,129,808</b>
Capital assets (Note 4)	355,053	341,124
Investments - restricted (market value - \$1,000,000)	1,000,000	1,000,000
	<b>\$ 5,276,520</b>	<b>\$ 4,470,932</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	<b>\$ 938,675</b>	<b>\$ 747,126</b>
<b>NET ASSETS</b>		
Externally restricted (Note 3)	248,659	137,174
Invested in capital assets	355,053	341,124
Internally restricted	1,000,000	1,000,000
Unrestricted	2,734,133	2,245,508
	<b>4,337,845</b>	<b>3,723,806</b>
	<b>\$ 5,276,520</b>	<b>\$ 4,470,932</b>

Approved by the Board



Director



Director



**STATEMENT OF OPERATIONS**

YEAR ENDED AUGUST 31, 2005

	2005		2004
	Budget	Actual	Actual
	(Note 10)		
<b>Revenue</b>			
Check-off	\$ 5,500,000	\$ 5,184,037	\$ 4,369,329
Research and development	-	25,500	4,500
Extension and communication	233,800	187,721	221,903
Variety release	284,950	299,878	275,648
Interest	80,000	128,416	108,415
Domestic market development	8,000	8,000	3,000
	<b>6,106,750</b>	<b>5,833,552</b>	<b>4,982,795</b>
<b>Expenses (Schedule 1)</b>			
Research and development	3,500,000	3,113,474	2,252,010
Extension and communication	411,700	378,364	352,032
Variety release	353,700	333,679	289,369
Pulse Canada (Note 6)	563,000	565,288	499,667
Directors	190,650	133,121	215,101
Office	754,550	741,238	603,363
Domestic market development	84,900	41,855	27,653
Policy development	50,000	23,979	53,357
	<b>5,908,500</b>	<b>5,330,998</b>	<b>4,292,552</b>
<b>Excess of revenue over expenses</b>	<b>\$ 198,250</b>	<b>\$ 502,554</b>	<b>\$ 690,243</b>

**STATEMENT OF CHANGES IN NET ASSETS**

YEAR ENDED AUGUST 31, 2005

Net Assets	Externally Restricted (Note 3)	Invested in Capital Assets	Internally Restricted	Unrestricted	2005	2004
Balance, beginning of the year	\$ 137,174	\$ 341,124	\$ 1,000,000	\$ 2,245,508	\$ 3,723,806	\$ 2,970,889
Excess of revenue over expenses	-	-	-	502,554	502,554	690,243
Pulse Field Lab						
Contributions	1,564,841	-	-	-	1,564,841	62,674
Expenditures	(1,453,356)	-	-	-	(1,453,356)	-
Purchase of capital assets	-	34,111	-	(34,111)	-	-
Loss on write down of capital assets	-	(6,326)	-	6,326	-	-
Amortization	-	(13,856)	-	13,856	-	-
<b>Balance, end of year</b>	<b>\$ 248,659</b>	<b>\$ 355,053</b>	<b>\$ 1,000,000</b>	<b>\$ 2,734,133</b>	<b>\$ 4,337,845</b>	<b>\$ 3,723,806</b>

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

**STATEMENT OF CASH FLOWS**

YEAR ENDED AUGUST 31, 2005

	2005	2004
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	\$ 502,554	\$ 690,243
Items not affecting cash		
Amortization	13,856	11,238
Loss on writedown of capital assets	6,326	8,005
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	(393,913)	287,622
Inventory	1,033	1,824
Prepaid expenses	(4,616)	(3,750)
Accrued interest receivable	(19,234)	(16,439)
Accounts payable	191,549	637,213
	<b>297,555</b>	<b>1,615,956</b>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(34,111)	(14,658)
Investments	(85,693)	(1,001,286)
	<b>(119,804)</b>	<b>(1,015,944)</b>
<b>Net increase in cash during the year</b>	<b>177,751</b>	<b>600,012</b>
Cash, beginning of year	813,630	213,618
<b>Cash, end of year</b>	<b>\$ 991,381</b>	<b>\$ 813,630</b>

**NOTES TO THE FINANCIAL STATEMENTS**

AUGUST 31, 2005

**1. Nature of organization**

The Saskatchewan Pulse Crop Development Board ("the Board") is a non-profit organization which was established in 1984 under the Agri-Food Act of Saskatchewan.

The mission of the Board is to provide leadership for an innovative, profitable and sustainable Saskatchewan pulse industry, through research, market development and communication, in collaboration with stakeholders.

**2. Significant accounting policies**

The financial statements have been prepared to reflect the following significant accounting policies:

**Investments**

Investments are recorded at the lower of cost and fair market value.

**Inventory**

Inventory is stated at the lower of cost and net realizable value.

**Capital assets**

Land and equipment are stated at cost. Equipment is amortized using the declining balance method at a rate of 20 to 50%. On acquisitions of equipment during the year, amortization is calculated at one-half the annual rate.

**Appropriation of funds**

The Board of Directors has approved the appropriation of certain funds generated from operations to be set aside to be used in the future as an operating reserve. The amounts of these appropriations and the appropriated balances are accounted for and disclosed separately in the financial statements as internally restricted funds.

**Revenue recognition**

Check-off are recognized at the time of settlement.

Pledges related to the fundraising effort for the Pulse Field Lab are recognized when collected as a direct increase to the externally restricted net asset fund.

Research contributions and donations are recognized in these financial statements in the period defined in the terms and conditions of the respective agreements.

The organization follows the deferral method of accounting for contributions. Externally restricted contributions other than those related to the Pulse Field Lab capital project 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 assured.

**Income taxes**

No provision for income taxes has been made in these financial statements as the organization is exempt from income tax under Section 149 (1) of the Income Tax Act.



*For 2004-2005*

*Canadian pulse*

*production*

*accounts for 8%*

*of global pulse*

*production.*

**NOTES TO THE FINANCIAL STATEMENTS**

AUGUST 31, 2005

**2. Significant accounting policies** *continued***Use of estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated net recoverable amount could change by a material amount.

Management periodically reviews the carrying value of the capital assets to ensure that the carrying value can be recovered from future cash flows. Management also periodically reviews the useful lives of the capital assets to determine, in their judgement, an adequate charge against income for amortization expense.

**3. Externally restricted contributions**

In 2002, the Saskatchewan Pulse Crop Development Board launched a capital fundraising campaign to raise \$1.5 million to expand pulse research facilities at the University of Saskatchewan. This represents approximately 50% of the estimated \$3 million required to fund the establishment of a Pulse Field Lab Facility ("the Facility"). The remaining funding will come from the Saskatchewan Agriculture Food & Rural Revitalization Agri-Food Innovation Fund. As of August 31, 2005, construction on the pulse field lab research facility was approximately two-thirds complete, with the fundraising efforts of the Board contributing \$1,453,356 toward project costs to the end of August 31, 2005.

In addition to project management, communications, and fundraising support, the Board has committed to funding \$750,000 for the Facility, of which \$329,892 has been received from industry, while another \$335,333 has been pledged to August 31, 2005. To the extent that the full \$750,000 is not funded by the fundraising campaign efforts, the Board will contribute the funds necessary to meet the fundraising target, provided that the funds are required to complete the pulse field lab facility. The total potential liability of the Board, when considering the above pledges and amounts received, is expected to be under \$90,000.

Included in the net pulse field lab receivable amount of \$6,289, are accounts receivable and accounts payable of \$272,493 and \$266,204 respectively, which were outstanding as at August 31, 2005.

**4. Capital assets**

		2005		2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 95,408	\$ 43,355	\$ 52,053	\$ 38,124
Land	303,000	-	303,000	303,000
	<b>\$ 398,408</b>	<b>\$ 43,355</b>	<b>\$ 355,053</b>	<b>\$ 341,124</b>

**5. Financial instruments**

The carrying value of current financial assets and current financial liabilities are considered to approximate their fair market value unless otherwise disclosed.

**6. Pulse Canada**

Pulse Canada is a national organization comprised of the pulse trade and pulse grower organizations from Alberta, Saskatchewan, Manitoba and Ontario. Saskatchewan Pulse Grower payments comprise approximately 70% of Pulse Canada's revenue from growers and the trade in Canada. Pulse Canada's key activities include:

- tariff reduction
- acting on non-tariff trade barriers and trade irritants (peas to India and lentils to Algeria)



**NOTES TO THE FINANCIAL STATEMENTS**

AUGUST 31, 2005

**6. Pulse Canada** *continued*

- developing new markets for Canadian pulses (development of new pulse product value chains in the North American market)
- developing pulse quality profiles, development of an international initiative to standardize quality measurement
- communicating to pulse buyers
- increasing access to crop production strategies
- interacting with the federal government regarding research funding, programs and regulations.

**7. Research and development grants**

The Board of Directors has approved future funding for several research and development projects. Amounts committed to these projects in each of the next five years, assuming the terms of the contracts are fulfilled, are as follows:

2006	\$ 3,340,037
2007	2,080,973
2008	1,639,439
2009	1,439,529
2010	1,455,188

**8. Lease commitments**

A three-year lease agreement which expires in 2006, exists with the Saskatchewan Opportunities Corporation for the premises at 411 Downey Road, Saskatoon, Saskatchewan; multi-year agreements exist with various suppliers of office equipment. Yearly rental payments due in each of the next four years are as follows:

2006	\$ 64,307
2007	9,461
2008	4,524
2009	188

**9. Cash advance program**

Effective March 22, 2002, the administration of the Cash Advance Program was assigned to the Canadian Canola Growers Association ("CCGA"). Based on this agreement with the CCGA, the Board will have no further obligations as an administrator and will incur no additional liabilities with respect to cash advances issued from this date forth. Initially when the cash advance program became available to producers, the Board entered into an agreement with the Manitoba Corn Growers Association Inc. ("MCGA") to administer this program. The Board maintains obligation and liability relating to its activities as an administrator with the MCGA. As at the report date, there were approximately \$1,527,069 of producer advances outstanding from its previous administrator activities with the MCGA. These amounts were provided to the program through a bank loan and are guaranteed by the government.

**10. Budgeted figures**

These figures are based on the budget as presented at the Annual General Meeting held on January 10, 2005, and subsequently revised August 23, 2005, and have been reclassified to conform to the financial statement presentation.

**11. Subsequent event**

Subsequent to year end, the Board approved the purchase of 320 acres of research land at a cost of \$2,150 per acre, to be used for pulse crop research by the Crop Development Centre. The approximate purchase price of this land will be \$688,000.

**Schedule I**

## SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

**SCHEDULE OF EXPENSES**

YEAR ENDED AUGUST 31, 2005

	2005		2004
	Budget	Actual	Actual
	(Note 10)		
<b>Research and development</b>			
Agronomy	\$ 143,892	\$ 503,758	\$ 249,737
Breeding	1,482,288	1,943,802	1,854,425
Value added processes	45,055	625,914	91,348
General	40,000	40,000	56,500
Available for new projects	1,788,765	-	-
	<b>3,500,000</b>	<b>3,113,474</b>	<b>2,252,010</b>
<b>Extension and communication</b>			
Communications	206,400	169,170	164,993
Crop production week	176,300	178,873	147,189
Extension meetings	10,000	15,442	14,999
Field day	16,300	12,015	14,213
Other	2,700	2,864	10,638
	<b>411,700</b>	<b>378,364</b>	<b>352,032</b>
<b>Variety release</b>	<b>353,700</b>	<b>333,679</b>	<b>289,369</b>
<b>Pulse Canada (Note 6)</b>	<b>563,000</b>	<b>565,288</b>	<b>499,667</b>
<b>Directors</b>			
Communications	3,450	3,669	3,268
Election	23,000	-	24,950
Honoraria	60,000	58,862	79,859
Travel	65,300	49,318	80,450
Other	38,900	21,272	26,574
	<b>190,650</b>	<b>133,121</b>	<b>215,101</b>
<b>Office</b>			
Communications	15,700	14,892	13,973
Contract work	144,000	142,773	140,095
Fundraising	33,500	22,917	-
Office	86,750	91,864	75,033
Salaries and benefits	441,000	441,253	322,998
Travel	20,800	16,198	22,545
Other	12,800	11,341	28,719
	<b>754,550</b>	<b>741,238</b>	<b>603,363</b>
<b>Domestic market development</b>	<b>84,900</b>	<b>41,855</b>	<b>27,653</b>
<b>Policy development</b>	<b>50,000</b>	<b>23,979</b>	<b>53,357</b>
	<b>\$ 5,908,500</b>	<b>\$ 5,330,998</b>	<b>\$ 4,292,552</b>

## 2005 Board of Directors

### DEAN CORBETT CHAIRMAN

Dean, a third-generation farmer from Macrorie, attended the University of Saskatchewan and the University of Calgary. Before retiring he served as teacher and principal in Daysland, Alberta, and Macrorie and Loreburn, Saskatchewan. He is a baseball coach and President of the Saskatchewan Valley Hockey League.

### LLOYD AFFLECK DIRECTOR

Lloyd, who farms near Beechy, has grown pedigreed seed for the past 35 years – 20 of which have included pulses. He is currently Vice-Chair of the Pulse Canada Board. Lloyd has been active in the community, acting as Trustee with the Outlook School Division and a coach for minor-league hockey. Lloyd was previously a director with the Saskatchewan Pulse Crop Development Board from 1992 to 1995.

### MAURICE BERRY DIRECTOR

Maurice farms in southeast Saskatchewan near Carievale in a family partnership called Berry Farms. In 1998, he completed his three-year Diploma of Agriculture from the University of Saskatchewan. He is currently a Director on the Pulse Canada Board, RM councilor, a member of the Redvers and District Marketing Club and a Director of the South East Research Farm at Redvers.

### RON HUNDEBY VICE-CHAIRMAN

Ron operates a 3,300-acre grain farm near Elbow, and is also a pedigreed seed grower. Since graduating from the Voc. Ag. Program at the University of Saskatchewan, Ron has served on many boards and committees, including the Credit Union, national church board and the Elbow marketing club.

### JIM MOEN DIRECTOR

Jim farms 4,000-acres of pedigreed and commercial seed near Cabri. He has his Agriculture degree and is a member of the Saskatchewan Institute of Agrologists. He has worked as an agrologist and consultant throughout Saskatchewan and in Africa. He remains active in the Lions Club in Cabri.

### BARBARA PODHORODESKI DIRECTOR

Barbara operates a mixed-farming operation near the town of Shipman and earned her Agriculture degree from the University of Saskatchewan in 1990. She currently represents SPG on the Western Grains Research Foundation Board. She has worked with the PFRA and the Conservation Learning Centre, and is past-Chair of the Saskatchewan Canola Development Commission.

### JOHN BENNETT DIRECTOR

John has farmed in the Biggar area for more than 30 years. He has a no-till operation growing pulses, oilseed and cereals. John is past President of the Saskatchewan Soil Conservation Association (SSCA) and on the board of the Saskatchewan Research Council. He was named SSCA Farmer of the Year in 1993 and Canadian No-Till Farmer of the Year in 2000. He is also a speaker for the Agriculture Institute of Management in Saskatchewan (AIMS) on the topics of carbon credits and the Kyoto Accord.



Jim Moen, Maurice Berry, John Bennett,  
Lloyd Affleck, Ron Hundebey, Dean Corbett, Barbara Podhorodeski





### **Vision**

Saskatchewan will be a world leader in the production, processing, and marketing of high quality and high value pulse products for a viable and profitable pulse industry.

### **Mission**

To provide leadership for an innovative, profitable and sustainable Saskatchewan pulse industry, through research, market development and communication in collaboration with stakeholders.

### **Values**

At Saskatchewan Pulse Growers we:

- Strive for excellence
- Conduct ourselves with honesty and integrity
- Show respect for the individual
- Act with professionalism

### **Saskatchewan Pulse Growers**

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