

2011-12

ANNUAL REPORT

PLANNING FOR GROWTH



SASKATCHEWAN
pulse
Growers



Saskatchewan Pulse Growers (SPG) is guided by a vision and mission, which have played a role in setting the three strategic goals of the organization.

VISION

To be the world leader in growth, quality, and value in the pulse industry.

MISSION

To provide leadership for a profitable Saskatchewan pulse industry through research, market development, and communications.

STRATEGIC GOALS

GOAL 1:

To improve the on-farm yield of pulse crops in Saskatchewan by 30% by 2025.

GOAL 2:

To market seven million tonnes of Saskatchewan pulses by 2025.

GOAL 3:

To ensure unimpeded market access for Saskatchewan pulse exports.

A **WORLD LEADER** IN
GROWTH, QUALITY,
AND **VALUE** IN THE PULSE INDUSTRY.

BUSINESS FOR GROWTH

HISTORY

In 1976, the Saskatchewan Pulse Crop Growers Association (SPGCA) was formed by a group of pulse growers to learn about the developing pulse industry. In a 1983 vote, growers chose to institute a mandatory, non-refundable check-off to fund programs that would develop the pulse industry, thus creating the Saskatchewan Pulse Crop Development Board, now known as Saskatchewan Pulse Growers or SPG. Today, SPG represents 17,000 Saskatchewan pulse producers.

LEADERSHIP

Accountable to and funded by growers, SPG's strategic direction is guided by a seven-member, grower-elected Board of Directors, and 14 highly skilled and professional staff.

FUNDING

A mandatory, non-refundable 1% check-off of the gross value of sale (plus GST) is deducted at the first point of sale or distribution when a grower sells a pulse crop. In many cases, check-off dollars are leveraged with funds from other industry and government partners.

PROGRAMS

Grower check-off dollars are strategically invested back into the industry by supporting the following SPG programs:

Research and Development (R&D)

Ensuring competitiveness, profitability, and growth for the Saskatchewan pulse industry by investing approximately 60% of SPG's annual budget into R&D. Funding is invested into plant breeding, genetic improvement, optimizing agronomic practices, and end-use processing and utilization.

Variety Commercialization

Developing new pulse varieties through the University of Saskatchewan's Crop Development Centre's pulse breeding program. The Variety Release Program offers royalty-free breeder seed to Select-status seed growers in Saskatchewan and Alberta, while specialty varieties are tendered to seed companies who bid on the opportunity to grow, disseminate, and commercialize seeds that are in a unique or niche market class.

Communications

Ensuring growers have access to information that can help them make business decisions on their farm. Some key communications initiatives include:

PulsePoint magazine, *Pulse Market Report*, our annual report, our website (www.saskpulse.com), the annual Pulse Days conference, annual Regional Pulse Development Workshops, Pulse School webisodes, research communications, and various social media campaigns.

Market Promotion

Maintaining and expanding demand for Saskatchewan pulse crops in traditional and emerging markets, both domestically and internationally, by promoting the health and nutritional benefits of pulse crops. Market promotion activities include a campaign to promote Canadian lentils in North America, local promotions to showcase Saskatchewan-grown pulse crops, and an international strategy to expand green lentil use in India.

Operations

Combining industry knowledge and individual expertise to deliver programs to support the three-year strategic plan developed by the SPG Board.

Policy

Providing leadership on issues such as government investment and regulation, transportation, producer security, crop protection, and crop insurance.

To learn more about SPG and the different program areas, please visit www.saskpulse.com.

2011-12 SPG TEAM

Carl Potts

Executive Director

RESEARCH AND
DEVELOPMENT

Jeff Parker

Director of Research
and Development

Crystal Chan

Research Project
Manager

Carl Lynn

Research Project
Manager
(Term)

Allison Fletcher

Research Project
Manager (On leave)

Raelene Regier

Commercial Seed
Manager

COMMUNICATIONS
AND MARKET
PROMOTION

Amanda Ryan

Director of
Communications and
Market Promotion

Rachel Kehrig

Manager, North
American Market
Promotion

Delaney Seiferling

Communications
Manager

ADMINISTRATION
AND FINANCE

Deborah Fortosky

Controller

Melanie Goring

Accounting Clerk

Cara Hildebrand

Accounting Clerk

Shelly Weber

Administration
Program Manager

Jennifer Saunders

Administrative
Assistant

Wylma Pilling

Administrative
Assistant



LEADING GROWTH

Left to right: Shawn Buhr, Vicki Dutton, Morgan Nunweiler, Bert Vandenberg, Lee Moats, Jim Moen, Dan Flynn

2011-12 BOARD OF DIRECTORS

MORGAN NUNWEILER · Chair

Kindersley, SK · 306-831-7667
mcnunweiler@sasktel.net

Morgan and his wife Carly farm in the Rosetown area, where 25% of their land is dedicated to pulse production. Morgan has a Bachelor of Science degree in Agriculture from the University of Saskatchewan, along with a Certified Crops Science Consultant certificate, and a Professional Agrologist (PAG) certificate. Morgan joined the SPG Board in 2011.

DAN FLYNN · Vice-Chair

Beechy, SK · 306-859-7885
danflynn@dijholdingsltd.com

Dan farms near Beechy with his father Jim, where half of his land is seeded to pulse crops, including red lentils, large green lentils, and yellow peas. Dan has a diploma in Agriculture from the University of Saskatchewan, majoring in Crop Production. Dan joined the SPG Board in 2010.

SHAWN BUHR · Director

Lucky Lake, SK · 306-858-7256
srbuhr.jbfarms@sasktel.net

Shawn and his wife Tracey have produced pulses on their 6,400-acre farm for nearly 20 years. Pulses make

up 20-40% of their rotation and include red lentils and peas. Shawn has a Bachelor of Science degree in Agriculture (Ag-Economics) and a Bachelor of Arts degree in Economics from the University of Saskatchewan. Shawn served as a Director with the SPG Board from 1998-2004, and re-joined the SPG Board in 2012.

VICKI DUTTON · Director

Paynton, SK · 306-441-6699
westernvicki@gmail.com

Vicki farms with her husband David and son George in the Paynton area, where pulse crops represent 25% of their rotation and include peas and red lentils. They are also Select Status seed growers. Vicki is university educated and has a certificate in horticulture. Vicki joined the SPG Board in 2010.

LEE MOATS · Director

Riceton, SK · 306-536-8348
lmoats@sasktel.net

Lee and his family farm a third generation, 2,660-acre farm where they have adopted a no-till system. Pulse crops make up 25-40% of their annual acreage. Lee has been a Professional Agrologist for 29 years. Lee joined the SPG board in 2011.

JIM MOEN · Director

Cabri, SK · 306-587-7452
jim.moen@sasktel.net

Jim and his wife Nancy farm 3,200 acres where pulses represent 40% of their rotation and include green and red lentils, kabuli chickpeas, and field peas. They are also Select Status seed growers. Jim has a Bachelor's degree in Agriculture. Jim served as a Director with the SPG Board from 2002-2007, and re-joined the SPG Board in 2012.

BERT VANDENBERG · Director

Saskatoon, SK · 306-242-4099

Dr. Bert Vandenberg is a Plant Breeder with the University of Saskatchewan's Crop Development Centre. Bert has a Bachelor's degree in Crop Science and International Agriculture, a Master of Science degree in Crop Science, and a Ph.D. in Lentil Genetics and Plant Breeding. Bert has served on the executive committees of many of the world's major pulse research organizations. Bert joined the SPG Board in 2012.



As I look back over my first year as Chair of the Saskatchewan Pulse Growers (SPG) Board of Directors, I can confidently say that it has been another year full of strategic achievements, and that we have fortified our foundation for building sustainable growth in our exciting industry.

We have made major progress in the past year on carving out strategic direction for the future and planning for achieving our goals. Our three strategic goals (outlined on the inside cover of this report) are being carried out through all of SPG's programs and we have already seen progress and gains in several areas.

TO IMPROVE THE ON-FARM YIELD BY 30% BY 2025.

Our research and development initiatives reflect a variety of areas that are driving this strategic goal. These include an increased focus on inoculant, weed, and agronomy research. We are currently funding a five-year program addressing weed control issues specific to pulses. We also continue to focus heavily on maintaining genetic gains in new pulse varieties, through our partnership with the Crop Development Centre (CDC).

TO MARKET SEVEN MILLION TONNES BY 2025.

Beyond our extensive work in furthering demand for our product in traditional and non-traditional markets at home and abroad, SPG has also focused on new opportunities for processed pulse products through our partnership with Pulse Canada and other private industry members. Additionally we have been focused on identifying areas of potential for new and emerging crops. For example, this past year we developed a commercialization plan for faba bean in Saskatchewan and are currently working on a similar plan for soybean crops (expect to hear more about this from SPG in coming months).

TO ENSURE UNIMPEDED ACCESS FOR SASKATCHEWAN PULSE EXPORTS.

This is a goal we are continually working on, by being proactive in our partnerships with Pulse Canada, trade organizations, and other industry representatives. One example of the work we do on market access issues came earlier this year, with the European Union's revision of its maximum

residue limit (MRL) for glyphosate in lentil to 10 parts per million (PPM), up from its previous limit of 0.1 PPM. This revision was prompted and expedited by efforts led by Pulse Canada, SPG, and international partners, who were working on behalf of lentils growers in Canada who use glyphosate for pre-harvest management.

Looking back over the past five years of activity for our industry, we have seen rapid growth in the numbers of pulses being grown in this province, and higher and more volatile prices for international exports. This growth has led to an accumulated surplus from collected check-off dollars at SPG, and the Board is currently looking at options to put this surplus to use in a way that will continue to build sustainable growth for Saskatchewan pulses.

Thank you for your support and assistance in leading the pulse industry into another successful year.

Morgan Nunweiler



In my first year at SPG, I have been fortunate to be able to work with an engaged Board of Directors and a skilled, professional staff. Deborah Fortosky and Jeff Parker joined the SPG management team this year, and are already making major contributions to the organization.

In 2011-12, SPG focused on building on existing partnerships and collaborations, in order to achieve the maximum value for growers' check-off investments in research and market development.

SPG issued a call for proposals in early 2012, resulting in an increase in SPG-funded research (leveraged with government funding) in our priority research areas – genetic improvement, optimizing agronomic performance, and end-use processing and utilization. Leveraging the organization's experience in research project management, SPG is in the final year of administering the Pulse Science Cluster on behalf of the Canadian pulse industry. Over the past three years, the Pulse Science Cluster has undertaken 18 projects worth \$9.9 million. We expect to build on this in the next phase of research in agriculture policy, *Growing Forward 2*. SPG also partnered with the

Saskatchewan Ministry of Agriculture's (SMA) Agriculture Development Fund (ADF) on four pulse research projects worth \$1,438,693. This longstanding partnership continues to pay dividends for Saskatchewan growers through the completion of high-priority research.

This year SPG also expanded the Pea Genetic Improvement Program (PGIP) to incent more pea breeding organizations to partner with us. This is a strategic way to expand our current investment in the program and to develop even more varieties with attributes of interest to Saskatchewan growers.

Although Canada is the world's leading exporter of lentil and pea, SPG continues to monitor the global competition. In collaboration with the members of the Pulse Industry Roundtable, SPG initiated a study this year that will assess the current and future competitiveness of pea and lentil production in Russia, Ukraine, and Kazakhstan. Results from this study will be communicated at Pulse Days 2013 and at regional pulse workshops in February 2013.

SPG's strategic plan also recognizes the need to expand market demand for

Saskatchewan pulses in North America and internationally. In 2011-12 SPG initiated some exciting market promotion initiatives, including building partnerships with leading food and nutrition industry members, such as Chef Michael Smith of the Food Network, top dietitians, and leading food bloggers. Work is also underway to build new markets for split green lentils in India, Canada's largest market for pulses.

Looking forward, SPG will continue to refine its strategy to deliver short-term results in areas that impact Saskatchewan growers' bottom lines today, and longer-term results that will help to enhance Canada's position as the leading supplier of pulses to a growing and hungry world. Aligned with the vision of all those that built the foundations of Saskatchewan's pulse industry, SPG will continue to strive for a level of foresight and innovation that will lead to sustainable, profitable growth going forward.

It has been a pleasure to serve the growers of Saskatchewan this year and I look forward to another exciting year.

Carl Potts

2011-12 YEAR IN REVIEW



Left: Al Slinkard and Nicole Avramenko, Centre: Mavis Jaques and Lena Syrový, Right: Tanya Der and Mission InPULSEible winners

SEPTEMBER 2011

Nicole Avramenko is named the recipient of the Alfred E. Slinkard Postgraduate Scholarship and Angelena Syrový is named the recipient of the Don Jaques Memorial Postgraduate Fellowship.

NOVEMBER 2011

SPG announces the hiring of a new Executive Director, Carl Potts, previously of Pulse Canada. Carl brings with him more than 10 years of experience in the grain industry in the areas of international market development, market access, trade policy, and government and industry relations.

DECEMBER 2011

Shawn Buhr of Lucky Lake, Jim Moen of Cabri, and Bert Vandenberg of Saskatoon, are newly elected to the SPG Board of Directors.

The export value of all pulses in Canada in 2011 is \$2,197,929,880 with \$1,847,746,566 of that coming from Saskatchewan.

JANUARY 2012

SPG's annual Pulse Days conference brings more than 900 producers, researchers, and industry representatives to Saskatoon to learn about 'new horizons' for the pulse industry, in the areas of growing, selling, marketing, and more.

More than 85 Select Status seed growers attend the Select Grower Winter Meeting during Crop Production Week.

The 2012 releases for the Variety Release Program are finalized. This includes two new pea varieties, four new lentil varieties, two new bean varieties, and the first ever faba bean variety.

Murad Al-Katib, CEO of Saskcan Pulse Trading, is named the 2011 Pulse Promoter of the Year.

FEBRUARY 2012

More than 750 producers attend the Regional Pulse Development Workshops in Melfort, Rosetown, Swift Current, Moose Jaw, and Weyburn.

For the 2011 tax year, 45% of the Saskatchewan pulse check-off qualifies for the investment tax credit through the Scientific Research and Experimental Development (SR&ED) program.

MARCH 2012

SPG, under the trademark Canadian Lentils, launches 12 new lentil-focused web videos on www.lentils.ca featuring Canada's best known celebrity chef, Chef Michael Smith. To promote the launch of the web videos Chef Michael Smith appears on Breakfast Television Toronto.

SPG hosts the *Lentil Recipe Revelations Blogger Challenge*, inviting bloggers across Canada to submit lentil recipes. A Curried Lentil Poutine recipe is named the winner. To view the recipes visit www.lentils.ca.

APRIL 2012

SPG and Pulse Canada host the Saskatchewan regional portion of *Mission ImPULSEible*, a national student product development competition. This year's winners, culinary students from SIAST, create a pulse-based, gluten-free pasta.

SPG is successful in receiving a funding commitment in the amount of \$210,706 from the Canadian Agricultural Adaptation Program (CAAP) for the Lentil Retail Pilot Project over two years. The project is focused on obtaining the information necessary to increase the retail sales and consumption of Canadian produced lentil products across Canada.

MAY 2012

In 2012, pulse growers in Saskatchewan seed 4.7 million acres of pulse crops, including 2.2 million acres of peas, 2.3 million acres of lentils, and 150,000 acres of chickpeas.

JUNE 2012

SPG awards five, first-year undergraduate students with a \$5,000 scholarship. The recipients are all children of Saskatchewan pulse growers who have been accepted into post-secondary education programs that benefit the pulse industry. The recipients include Brayden Connor from Beechy, Hokken Johnson from Hawarden, Jensen Wendell from Shellbrook, Jessica Hill from Moose Jaw, and Joel Karstens from Wilkie.

SPG and Real Agriculture launch *Pulse School*, a series of online videos aimed at educating farmers on growing, marketing, and selling pulse crops. These short videos feature interviews with industry experts in a variety of areas, and are available on the SPG website.

SPG and BASF Canada host an event to celebrate the success of the Clearfield Production System for lentils and the success of the partnership between SPG, the Crop Development Centre, and BASF. The event brings in 260 growers, who were treated to dinner and an inspirational talk from speaker Catriona Le May Doan about the power of partnerships.

JULY 2012

SPG holds its annual Select Grower Field Day. Pulse breeders at the University of Saskatchewan's Crop Development Centre tour more than 70 attendees through plots featuring new pulse varieties and sample pulse foods including a Field Pea Lemon Cake and Red Lentil Bannock.

SPG hosts a group of 16 top dietitians in Saskatoon to showcase the Canadian lentil industry, including a visit to a farm outside Rosetown, a processing facility, and the University of Saskatchewan's Food Centre.

AUGUST 2012

In August, SPG staff attended Food Day Canada in P.E.I., a national celebration of Canadian food, farmers, and home cooking, to host the finalists of the Canada-wide "Love Your Lentils" competition. Also on hand was the Canadian Lentils ambassador and celebrity chef, Chef Michael Smith.



2011 PULSE PROMOTER OF THE YEAR

BASF

MURAD AL-KATIB

In 2001, Murad was the first employee of Saskcan Pulse Trading. Four years later, he had been named one of Canada's *Top 40 Under 40*, and was the recipient of Saskatchewan's *ABEX Business of the Year* award.

As President and CEO of Alliance Grain Traders Inc., Murad serves as the company's guiding vision in all aspects of the business. Murad is also a member of the company's Board of Directors.

Murad has a Bachelor's degree in Commerce from the University of Saskatchewan, and a Master's degree in International Management from the American Graduate School of International Management (Thunderbird) in Arizona.

After finishing his studies, Murad left his role as Manager of International Finance for the Government of Saskatchewan in 2001 to help found Saskcan Pulse Trading, the company that provided the nucleus for Alliance Grain Traders. Under his guidance, Alliance Grain Trading has grown into a world leader in value-added pulses, staple foods and specialty crops, expanding into food and ingredient markets around the globe.

Murad has served on the Board of Directors of the Canadian Special Crops Association and Pulse Canada, the national associations for the pulses and specialty crop industries. In 2006, he was appointed to the Advisory Board for Small and Medium Enterprise for the Canadian Minister of International Trade. In 2004, he was selected as the Prairie Regional Winner of the Ernst and Young "2004 Emerging Entrepreneur" award, and in 2005 was named one of Canada's Top 40 under 40 Years Old by the Caldwell Partners and the Globe and Mail.

Congratulations Murad. Thank you for your hard work and support for our industry.

2011-12 HIGHLIGHTS

COMMUNICATIONS PROGRAM



COMMUNICATIONS

SPG's communications program aims to ensure that pulse growers in Saskatchewan have access to the information they need to continually grow, sell, and market high quality, competitive pulse crops. SPG's communications program also aims to continually adapt our initiatives to meet the requirements of a diverse group of growers.

In 2011-12, SPG published quarterly issues of PulsePoint magazine, as well as monthly Pulse Market Reports (both of which are increasingly being distributed electronically to growers in order to send information faster and more efficiently).

SPG also hosted another successful Pulse Days conference in January 2012, bringing in approximately 900 pulse growers, researchers, industry members and more, as well as a series of regional pulse workshops in major pulse producing areas across the province in early February 2012 with more than 200 growers in attendance at some locations.

In June 2012, SPG launched Pulse School, a series of online videos aimed at educating

farmers on growing, marketing, and selling pulse crops. These short videos, produced in partnership with Real Agriculture, feature interviews with industry experts in a variety of areas, and are available on SPG's website.

SPG also published and distributed pulse production manuals for pea, lentil, and chickpea crops across the province throughout 2011-12, to provide pulse growers with accurate and up-to-date information on how to best grow pulse varieties in Saskatchewan.

In August 2012, SPG launched a new website, designed to make it easy for pulse growers to easily find all the information they need to best manage their businesses, and to access information not only computers, but also smartphones and tablets.

MARKET PROMOTIONS PROGRAM

"SPG RECEIVED MORE THAN **52 BLOG ENTRIES** FOR THE *LENTIL RECIPE REVELATIONS* CHALLENGE."

"MORE THAN **32,000 VOTES** WERE CAST IN THE MONTH OF MAY FOR THE *LOVE YOUR LENTILS* CULINARY COMPETITION."

NORTH AMERICA MARKET PROMOTION

SPG is working toward increasing awareness and consumption of lentils in North America, all pulses in Saskatchewan, and lentils and peas in South Asia.

In 2011-12 SPG launched the Canadian Lentil awareness campaign, which included 12 lentil-based webisodes created by Canada's best known celebrity chef, Chef Michael Smith. To promote the launch of the videos, SPG hosted a press event in Toronto in March 2012 for 16 key food media representatives including *Canadian Living*, *Chatelaine*, *Canadian Press*, and *Food Network Canada Online*. In addition to the press event, Chef Michael Smith also appeared on *Breakfast Television Toronto* where he promoted the website and sampled different lentil recipes.

In an effort to connect with the ever growing online blogging community, Canadian Lentils hosted *Lentil Recipe Revelations*, a recipe challenge inviting bloggers to develop and post unique lentil recipes on their blogs and the Canadian Lentils Facebook page for the chance to win a number of prizes.

SPG received more than 52 blog entries throughout the competition, with a Curried Lentil Poutine recipe taking home the top prize. To view the top 20 recipes from the challenge visit www.lentils.ca.

SPG partnered with Pulse Canada to host the Saskatchewan portion of Mission ImPULSEible in April 2012. SIAST culinary students showcased food products that they had developed using peas, lentils, chickpea, and/or beans. A gluten-free, chickpea, pea, and lentil based pasta took first place in the regional competition in Saskatoon and second place at the national competition held at the Canadian Special Crops Association conference in Montreal, QC.

In coordination with Chef Michael Smith and Food Day Canada, Canadian Lentils hosted Love Your Lentils Canada, a culinary competition between 25 of Canada's top restaurants. Each restaurant featured a special lentil dish throughout the month of May 2012, encouraging their patrons to try the dish and vote for it online. More than 32,000 votes were cast in the month of May.

Canadian Lentils hosted a group of 16 top dietitians in Saskatoon in July 2012 to showcase the Canadian lentil industry. The group visited a lentil farm near Rosetown, toured a processing facility, explored the functions of the University of Saskatchewan's Food Centre while sampling lentil products they had developed, and took part in a hands-on lentil cooking challenge.



INTERNATIONAL MARKET PROMOTION

Based on research done by SPG and Tamil Nadu Agricultural University in India, SPG developed several recipes that substituted Canadian green lentils into traditional Indian dishes. These recipes were then commercially tested for the hotel, restaurant and catering (HORECA) industries in India,

and the results were positive. These results are the basis for SPG's continued efforts to create awareness for the HORECA sector in India.

In April 2012, SPG participated in a national culinary congress, hosted by the Indian Federation of Culinary Associations in Bangalore. The congress hosted 450 chefs, food industry consultants, and

media, who learned about the benefits of incorporating Canadian green lentils into their planning. In August 2012, SPG participated in another culinary exhibit hosted by the South Indian Culinary Association in Chennai, networking with the more than 300 food industry professionals in attendance and distributing green lentil recipes and promotion materials.

SPG also hosted competitions in two culinary arts schools, in which approximately 200 budding chefs created innovative recipes based on green lentils that combined traditional Indian cuisine with other global food trends.

Additionally, SPG is increasing linkages between Canadian exporters and Indian import companies that cater exclusively to the HORECA segment.

FOLLOW OUR SOCIAL MEDIA CAMPAIGNS

 @SaskPulse

 @CdnLentils

 /SaskPulse

 /CdnLentils

RESEARCH AND DEVELOPMENT

Saskatchewan Pulse Growers (SPG) invests approximately 60% of its annual budget into research and development (R&D), to ensure the competitiveness of Saskatchewan growers and the profitability of the pulse industry.

In 2011-12, SPG supported 74 active research projects, 16 of which were completed in the fiscal year. Some highlights:

- SPG-funded research led by Dr. David Jenkins (University of Toronto Department of Nutritional Sciences; St. Michael's Hospital Risk Factor Modification Centre) found that eating pulses can reduce heart risks and blood pressure for diabetes patients.
- SPG-funded research led by Dr. Philip Chilibeck, a professor of kinesiology at the University of Saskatchewan, showed that eating pulses regularly can reduce your cholesterol, a factor in cardiovascular disease.
- SPG-funded research led by Dr. Sabine Banniza, University of Saskatchewan Plant Sciences department, shed more insight into the genetics and resistant genes of Anthracnose, a disease found in lentil crops. These insights will help breeders develop advanced resistance in lentil varieties, and better final seed product for Saskatchewan growers.

SPG also committed to funding 19 new projects beginning in 2011-12:

- Three in the area of *optimizing agronomic practices*, including projects focused on improving the production of pea crops in Saskatchewan, and investigating the benefits of adding zinc fertilizer in a pulse-wheat rotation.
- Eight in the area of *genetic improvement*, including developing molecular markers for

faba bean breeding, shortening generation time for screening pulse crop varieties, and developing lentil varieties that are resistant to multiple fungal diseases.

- Eight in the area of *processing and utilization*, including projects looking at commercialization options for pulse flours, characterizing protein composition and quality of different pea varieties, and exploring the use of pulse flour in pet food and fish feed.

SPG's total investment in R&D in 2011-12 was \$6,112,405. That amount was leveraged with co-funding commitments from other agencies valuing approximately 110% of SPG's investment.

VARIETY RELEASE PROGRAM

As a result of SPG's long-term strategic funding agreement with the University of Saskatchewan's Crop Development Centre (CDC), SPG receives the exclusive distribution rights to all pulse varieties developed at the CDC. These varieties are released by one of two different commercialization models, the first being the Variety Release Program (VRP). Varieties released through the VRP are distributed to Select status seed growers on a royalty-free basis. Since the program began in 1997, 95 varieties have been released.

- In 2011, CDC-developed pea varieties made up approximately 85% of the total pea acres in Saskatchewan, up from 24% in 2006.
- 2011 marked the fourth year in a row CDC Golden was the most widely grown field pea variety in Saskatchewan, according to Saskatchewan Crop Insurance Corporation data. The green pea CDC Striker has been the most widely grown green pea for five years in a row.

- SPG and the CDC have also worked with BASF to develop and commercialize Clearfield Lentil (CL) varieties. The first Clearfield lentils were released through the VRP in 2006. As of 2011-12 CDC Maxim (CL) made up approximately 50% of the red lentil acres. A total of 12 Clearfield varieties have been released to date with at least one Clearfield option available in each lentil market class.

- 2012 marked the release of the first faba bean through the VRP. CDC FB 34-2 is a small-seeded, zero-tannin faba bean that offers producers another option in their crop rotation. The small seed size allows for easier production since no special equipment is required. SPG created the faba bean Croppportunity team in 2011 to assess opportunities for the crop in Saskatchewan.

TENDER RELEASE PROGRAM

The second commercialization model is the Tender Release Program, which deals with smaller market classes. Varieties released through this program are unique and highly differentiated which means identity preservation may be required to prevent contamination or market harm.

SPG has eight agreements in place where the exclusive rights to a variety or market class have been awarded to one company. These companies are required to develop the market, ensure a closed-loop system is in place for producing seed, and collect a royalty on seed sales. Since the program began, approximately \$400,000 has been generated from the sale of breeder seed, research contribution fees, and royalty payments, approximately \$87,000 of that in 2011-12. This money is then invested back into breeding programs.

"IN 2011-12,
SPG SUPPORTED
74
ACTIVE
RESEARCH
PROJECTS."

"SINCE THE VARIETY
RELEASE PROGRAM
BEGAN IN 1997,
95 VARIETIES
HAVE BEEN
RELEASED –
AN AVERAGE
OF 5.9 VARIETIES
PER YEAR."

Pulse Canada

2011-12

HIGHLIGHTS

In 2011-12, Pulse Canada continued its work to improve the profitability and viability of Canada's pulse sector by enhancing value and reducing costs. Over the past year important progress has been made in the areas of transportation, market access, health and nutrition, processing and functionality, and sustainability.

IMPROVING RAIL FREIGHT SERVICE



Progress continues to be made on improving rail freight service in Canada. Pulse Canada was the only association appointed to the government-led facilitation process to create a service-level agreement/dispute resolution template to be used between shippers and Canadian National Railway and Canadian Pacific Railway. Pulse Canada also co-chaired the Crop Logistics Working Group, which comprised of representatives from multiple agriculture sectors brought together to advance the position of the agriculture industry in transportation forums that include all industries. In both of the above committees, the pulse industry played an instrumental role by encouraging the broader agriculture industry and the shipping community to build on service-level agreement templates, dispute resolution themes, and performance measurement systems developed by the pulse and special crops industry.



Pulse Canada coordinated the largest ever rail shipper summit in Montreal, where shippers from several industries including automotive, recycling, fertilizer, chemicals, energy, forestry, and mining and their respective associations came together to develop united positions on legislation on critical issues related to transportation. Pulse Canada also played a leadership role in the development of draft legislation that would give shippers the right to a service-level agreement and a process to establish an agreement if negotiations fail. The result of these efforts was that the entire shipping community submitted one draft piece of legislation to government during the consultation phase, a feat viewed by many as unparalleled in the history of transport legislation consultations.

EU AND CODEX LENTIL / GLYPHOSATE MAXIMUM RESIDUE LIMITS (MRLS)

Following the disruption of lentil trade in 2011 that resulted from maximum residue limit (MRL) regulatory gaps in the European Union (EU), work by Pulse Canada and international partners resulted in a revised glyphosate MRL in two of the world's most challenging regulatory regimes, the EU and

CODEX. The EU MRL for glyphosate in lentils of 10 parts per million (PPM) came into force in June 2012, followed by a CODEX MRL of 5 PPM in July 2012.

SAFLUFENACIL AND OTHER HARVEST MANAGEMENT PRODUCTS

Pulse Canada worked with Saskatchewan Pulse Growers (SPG) and other provincial pulse organizations to develop grower communications outlining harvest management options for pulses for the 2012 crop year. Growers were encouraged to follow simple but important steps when applying harvest management products, including following the product label recommendations for rates and timing as well as consulting with their exporter or processor about which harvest management products are acceptable in specific market destinations. Pulse Canada continued field trials through the University of Saskatchewan that varied pesticide rates and looked at various tank mixes to reduce the residue levels in the lentil crops. Preliminary results show that through rate and tank mix options, residue levels may be reduced by a significant level and can reduce trade risk associated with pesticide residues.

NEW FREE TRADE AGREEMENTS

Pulse Canada provided input into the Canada-Japan Comprehensive Economic Partnership Agreement (CEPA) launched in 2011-12, which involved a presentation to the House of Commons Standing Committee on International Trade on the importance of expanding Japan's quota for pulses. Pulse Canada also provided input into Canada's entry into the Trans-Pacific Partnership, a free-trade agreement involving the United States (U.S.), Australia, New Zealand, Brunei, Chile, Malaysia, Peru, Singapore, and Vietnam, and submitted comments on Canada's intention to start exploratory discussions with Mercosur (a political and economic partnership group) countries, which include Brazil, Argentina, Paraguay, and Uruguay, with expected entry of Venezuela.

CANADA – MOROCCO FREE TRADE NEGOTIATIONS

Pulse Canada hosted a meeting of representatives of the Canadian and Moroccan pulse industries in Morocco, resulting in a joint position taken to Canadian and Moroccan Ministers of International Trade and Agriculture that stressed the need to eliminate tariffs on Canadian lentils. While some countries have tariff-free access, Canadian lentils face a 50% tariff. Morocco is a major market for small green lentils, importing 18,000 tonnes per year from Canada.

SHARING THE SUSTAINABILITY STORY

Pulse Canada launched a report at the GrowCanada conference in Winnipeg, MB, in December 2011, titled *Application of Sustainable Agriculture Metrics to Selected Western Canadian Field Crops*. Using existing data and scientific models, the report profiled the advances that have been made over the past 20 years in spring and winter wheat, durum, oats, canola, flax, lentils, and peas. Conservation tillage and breeding advances have made large contributions to the sustainability of agriculture in Canada.

Pulse Canada shared these findings at the Sustainability Consortium event in January, and the Sustainable Agriculture Initiative in May. These events also provided an opportunity for Pulse Canada to communicate directly with some of the world's largest food companies, and explain how pulse ingredients could benefit their product lines.

Over the past six months Pulse Canada has worked with the Canadian Canola Growers Association, General Mills, CropLife Canada, Ducks Unlimited, and the Prairie Oat Growers Association to create an on-farm sustainability calculator. This valuable tool will allow growers to analyze the efficiency of their operation in regards to energy use, greenhouse gas emissions, soil erosion, and land use, and provide major food companies with information on Canada's enviable record for sustainable farming.



BOOSTING THE PROFILE OF PULSES IN THE FOODSERVICE SECTOR

In 2011-12, Pulse Canada broadened its scope of outreach to the food sector to include the foodservice industry. In North America, approximately 50% of all meals are now consumed outside the home. Companies in the food service sector are looking for new menu options to meet a variety of customer demands for foods that are healthy, nutrient-dense, vegetarian, low-allergenic (e.g. gluten-free), and environmentally friendly. Under this initiative, Pulse Canada has connected with institutional foodservice providers and food product distributors to offer resources and showcase culinary applications that utilize pulses. A food service recipe manual was created in collaboration with the Saskatoon Health Region and will be ready for distribution in early 2013. A nationwide link to foodservice professionals has also been established through the Canadian Association of Foodservice Professionals, offering opportunities for culinary demonstrations and recipe distribution.

DEVELOPING MARKETS IN THE GLOBAL FOOD SECTOR

Pulse Canada continues to explore new opportunities for Canadian pulse products in the global food processing sector. As part of this work, Pulse Canada collaborated with the Beijing-based Chinese Cereal and Oils Association (CCOA) to develop research projects with food manufacturers in China that will investigate the use of pea flour in Chinese staple foods such as noodles, steamed buns, and biscuits.

Partnerships with associations such as the CCOA provide opportunities to connect with major Chinese food companies and offer insight on how pulses can fit into regional food products. During a mission to the United Arab Emirates, Pulse Canada met with manufacturers of baked goods, noodles, pasta, snacks, crackers, biscuits, meat products, and yogurt, all of which were looking to innovate and gain a competitive edge in the marketplace by differentiating their products through nutrition, health, and sustainability attributes.

PULSE PROTEIN LABELLING

Pulse Canada has been working to identify labelling opportunities for pulses in Canada and internationally. New research on pulse protein quality was submitted and accepted by Health Canada in 2011. The new data means food manufacturers can now include statements like "Good Source of Protein" on labels of a variety of canned and dried pulses in Canada. Previously only cooked chickpeas (a 250 mL serving) could claim "Good Source of Protein."

"FOOD
MANUFACTURERS
CAN NOW INCLUDE
STATEMENTS LIKE
"GOOD
SOURCE OF
PROTEIN"
ON LABELS OF A
VARIETY OF CANNED
AND DRIED PULSES
IN CANADA."

**To the Members of
Saskatchewan Pulse Crop Development Board**

We have audited Saskatchewan Pulse Crop Development Board's control as of August 31, 2012, to express an opinion as to the effectiveness of its control related to the following objectives:

- To safeguard Board 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 Board resources, and 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.

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.

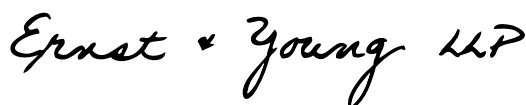
We conducted our audit in accordance with standards for assurance engagements established by the CICA. Those standards

require that we plan and perform an audit to obtain reasonable assurance as to the 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, 2012, 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
November 26, 2012


Chartered Accountants

**To the Members of
Saskatchewan Pulse Crop Development Board**


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, 2012:

The Agri Food Act, 2004
The Pulse Crop Development Plan Regulations

Our examination was made in accordance with Canadian 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, 2012.

SASKATOON, SASKATCHEWAN
November 26, 2012


Chartered Accountants

**To the Members of
Saskatchewan Pulse Crop Development Board**

We have audited the accompanying financial statements of Saskatchewan Pulse Crop Development Board, which comprise the statement of financial position as at August 31, 2012, and the statement of operations, statement of changes in net assets and statement of cash flows 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 generally accepted accounting principles, 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

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Pulse Crop Development Board as at August 31, 2012, and the results of its operations, changes in net assets, and its cash flows for the year then ended.

SASKATOON, SASKATCHEWAN
November 26, 2012

Ernst & Young LLP

Chartered Accountants

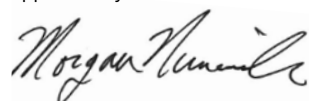
STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2012

	2012	(Note 11) 2011
ASSETS		
Current assets		
Cash	\$ 657,218	\$ 2,978,350
Investments (Note 3)	4,633,736	4,788,124
Accounts receivable	2,157,482	1,989,458
Prepaid expenses	116,459	306,855
Accrued interest receivable	109,351	115,793
	7,674,246	10,178,580
Investments - restricted (Note 3)	4,100,000	4,100,000
Investments (Note 3)	7,133,186	5,612,247
Capital assets (Note 4)	1,210,938	1,147,074
	20,118,370	21,037,901
LIABILITIES		
Current liabilities		
Accounts payable	\$ 1,417,471	\$ 2,802,907
Commitments (Note 5, 6 & 7)		
NET ASSETS		
Invested in capital assets	1,210,938	1,147,074
Internally restricted	4,100,000	4,100,000
Unrestricted	13,389,961	12,987,920
	\$ 18,700,899	\$ 18,234,994
	\$ 20,118,370	\$ 21,037,901

See accompanying notes to the financial statements.

Approved by the Board



Chair



Vice Chair

STATEMENT OF OPERATIONS

YEAR ENDED AUGUST 31, 2012

	(Note 8) 2012 BUDGET	2012 ACTUAL	(Note 11) 2011 ACTUAL
REVENUE			
Industry Revenue			
Levy	\$ 11,500,000	\$ 10,187,722	\$ 11,670,873
Industry partnership	81,000	68,927	84,500
Variety commercialization	288,000	245,481	226,042
Advertising	137,000	112,511	128,126
Sponsorship	109,000	130,540	115,610
	12,115,000	10,745,181	12,225,151
Government funding			
Agriculture and Agri-Food Canada - Canadian Agricultural Adaptation Program	250,000	15,325	-
Agriculture and Agri-Food Canada - PURENET	-	160,319	144,110
Agriculture and Agri-Food Canada - Cluster	139,700	127,116	129,052
Other	14,000	-	
	403,700	302,760	273,162
Investment income	380,000	388,592	412,577
Other revenue	47,100	41,995	31,062
	\$ 12,945,800	\$ 11,478,528	\$ 12,941,952
EXPENSES (Schedule 1)			
Research and development			
Agronomy and sustainability	\$ 1,390,998	\$ 849,519	\$ 1,670,486
Genetic improvement	4,491,780	4,373,612	4,310,533
Processing and utilization	1,052,022	368,093	650,825
Strategy development and support	484,270	521,181	617,188
	7,419,070	6,112,405	7,249,032
Market promotion	1,770,207	1,181,311	885,746
Communications	1,160,789	926,112	943,955
Pulse Canada (Note 5)	909,500	947,500	892,084
Variety commercialization	480,600	573,889	456,113
Leadership and management			
Board of Directors	369,000	204,728	298,042
Management and administration	1,198,434	972,065	969,267
Policy development	180,000	94,613	61,997
	\$ 13,487,600	\$ 11,012,623	\$ 11,756,236
(Deficiency) Excess of revenue over expenses	\$ (541,800)	\$ 465,905	\$ 1,185,716

See accompanying notes to the financial statements.

STATEMENT OF **CHANGES IN NET ASSETS**

YEAR ENDED AUGUST 31, 2012

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2012	2011
Balance, beginning of year	\$ 1,147,074	\$ 4,100,000	\$ 12,987,920	\$ 18,234,994	\$ 17,049,278
Excess of revenue over expenses			465,905	465,905	1,185,716
Purchase of capital assets	116,593		(116,593)		-
Disposition of capital assets	(1,516)		1,516		-
Gain on disposition of capital assets	629		(629)		-
Amortization	(51,842)		51,842		-
Balance, end of year	\$ 1,210,938	\$ 4,100,000	\$ 13,389,961	\$ 18,700,899	\$ 18,234,994

See accompanying notes to the financial statements.

STATEMENT OF **CASH FLOWS**

YEAR ENDED AUGUST 31, 2012

	2012	2011
Cash flows from operating activities		
Excess of revenue over expenses	\$ 465,905	\$ 1,185,716
Items not affecting cash		
Amortization	51,842	34,764
(Gain) loss on disposal of capital assets	(629)	1,289
	517,118	1,221,769
Net change in non-cash working capital items:		
Accounts receivable	(168,024)	(778,704)
Prepaid expenses	190,396	(86,075)
Accrued interest receivable	6,442	(2,355)
Accounts payable	(1,385,436)	1,647,398
	(839,504)	2,002,033
Cash flows from investing activities		
Proceeds from sale of capital assets	1,516	185
Purchases of capital assets	(116,593)	(132,953)
Net (purchases) disposals of investments	(1,366,551)	619,068
	\$ (1,481,628)	\$ 486,300
Net (decrease) increase in cash during the year	\$ (2,321,132)	\$ 2,488,333
Cash, beginning of year	2,978,350	490,017
Cash, end of year	\$ 657,218	\$ 2,978,350

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

1. NATURE OF OPERATIONS

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 a profitable Saskatchewan pulse industry, through research, market development and communication.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

Cash

Cash consists of cash on hand and balances with banks.

Investments

Portfolio equity investments are recorded at the lower of cost and fair market value. The remaining investments consists of money market funds and guaranteed investment certificates maturing or redeemable at various dates not exceeding 60 months, at interest rates of 1.45% to 3.65% and are recorded at cost which closely approximates fair value based on year end quoted prices.

Capital assets

Capital assets are recorded at cost. The Board provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Equipment	Declining balance	20%-50%
Leasehold improvements	Straight-line	7 years

Appropriation of funds

The Board 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 is recognized at the time of settlement.

Government assistance and grants are recognized as related costs are incurred.

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

The Board follows the deferral method of accounting for contributions. Externally-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 estimated and collection is reasonably assured.

Research and development expense recognition

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

Income taxes

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

Capital disclosures

The organization follows CICA Handbook Section 1535 Capital Disclosures which requires disclosure of: (i) the nature of externally-imposed capital requirements; (ii) whether the entity has complied with the requirements; and, (iii) if it has not complied, the consequences of such noncompliance. The organization does not have any externally-imposed restrictions on capital.

The organization has internally-imposed restrictions on net assets that are presented in Note 9.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial reporting for not-for-profit organizations

The Accounting Standards Board ("AcSB") has approved a new framework for

not-for-profit organizations that is based on existing generally accepted accounting principles and incorporates the 4400 series of standards which relate to situations unique to the not-for-profit sector. The new standards are available as of December 31, 2010 as Part III of the Canadian Institute of

Chartered Accountants ("CICA") Handbook - Accounting and are effective for reporting periods beginning on or after January 1, 2012. The impact of the changes to the organization's financial statements has not yet been determined.

3. INVESTMENTS

	2012	2011
Fixed income	\$ 14,192,671	\$ 12,943,830
Cash and cash equivalents	1,002,661	868,674
Equity funds	671,590	687,867
Total investments	\$ 15,866,922	\$ 14,500,371

Classification of the investments on the Statement of Financial Position are presented as follows:

	2012	2011
Current Assets:		
Investments	\$ 4,633,736	\$ 4,788,124
Long-term Assets:		
Investments - restricted	4,100,000	4,100,000
Investments	7,133,186	5,612,247
Total Investments	\$ 15,866,922	\$ 14,500,371

The investment balance is a result of prior years' surpluses from operations due to increased volume and value of pulse exports. Expenditures have increased at a lesser rate than revenue, resulting in growth of the accumulated surplus. The surplus money is held in investments and provides flexibility to cover expenditure commitments in years where operations result in a cash deficit. The Board has set in place investment policy guidelines as to the portfolio mix in order to ensure the investments are safeguarded against large market fluctuations.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Equipment	\$ 269,382	\$ 211,653	\$ 57,729	\$ 57,179
Leasehold improvements	193,044	29,670	163,374	100,060
	462,426	241,323	221,103	157,239
Land	989,835	-	989,835	989,835
	\$ 1,452,261	\$ 241,323	\$ 1,210,938	\$ 1,147,074

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

5. PULSE CANADA COMMITMENTS

Pulse Canada is a national organization comprised of pulse trade and grower organizations from Alberta, Saskatchewan, Manitoba and Ontario. Pulse Canada's key activities include:

- Market Access: To minimize additional supply chain costs created by market access barriers such as import duties, taxes, sanitary and phytosanitary measures, regulatory and other barriers.
- Business Development - Human Food and Nutrition: To develop new market opportunities for pulses in food applications to increase the demand for Canadian grown pulses.
- Business Development - Animal Feed Nutrition: To develop new market opportunities for pulses in high value feed channels such as pet food and aquaculture.
- Transportation: To eliminate barriers associated with accessing equipment and rail service to reduce risk in transporting products.
- Environment: To capitalize on the environmental value of nitrogen fixing crops for sustainable food, feed and bioproducts.

The Board is providing program and project funding to Pulse Canada. The amount committed for the following year is as follows:

2013	\$ 541,500
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6. RESEARCH AND DEVELOPMENT COMMITMENTS

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

2013	\$ 3,926,826
2014	2,994,641
2015	2,603,145
2016	382,020

7. LEASE COMMITMENTS

Lease commitments include a seven year lease agreement with the Saskatchewan Opportunities Corporation for the premises at 207-116 Research Drive, Saskatoon, Saskatchewan, that expires June 2018, and multi-year agreements with various suppliers of office equipment. Yearly rental payments due in each of the next five years are as follows:

2013	\$ 233,900
2014	233,900
2015	231,925
2017	222,051
2018	222,051

8. BUDGETED FIGURES

These figures are based on the budget as presented at the Annual General Meeting held on January 9, 2012, and subsequently revised as approved by the Board of Directors on March 6, 2012, and have been reclassified to conform to the financial statement presentation.

9. CAPITAL DISCLOSURES

The Board's objectives when managing capital are to safeguard the organization's ability to operate and to continue to meet its mission. The organization's capital resources are managed to support achievement of its goals.

The Board has imposed internal restrictions on the organization's net assets for future expenditures upon their approval.

10. FINANCIAL INSTRUMENTS

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk from agents. However, the Board has a significant number of agents which minimizes concentration of credit risk.

Market risk

The Board is exposed to market risk through its investments in equity funds. The Board manages its exposure to market risk through restricting the amount of cash that can be invested in equity funds and investing the remaining cash into guaranteed investments.

Commodity price risk

Commodity price risk is the risk that revenue will fluctuate due to changes in market prices affecting the dollar amount of pulse crops sold.

11. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year net assets.

FINANCIAL STATEMENTS

SCHEDULE 1

AUGUST 31, 2012

	(Note 8)		(Note 11)
	2012 Budget	2012 Actual	2011 Actual
Research and development			
Agronomy and sustainability			
Weed management	\$ 51,388	\$ 72,389	\$ 133,504
Disease management	74,989	130,984	122,883
Rotation and plant nutrition management	106,086	125,029	410,381
Nitrogen fixation	230,003	213,788	127,386
Sustainability	51,793	27,088	676,872
Pea yield	206,176	245,456	168,719
Yield stability and available for new projects	670,563	34,785	30,741
	1,390,998	849,519	1,670,486
Genetic improvement			
Variety improvement	1,977,263	2,125,779	1,884,436
Pea Genetic Improvement Program	500,000	504,706	504,506
Genomics and breeding tools	989,173	1,141,015	1,128,179
Weed science	174,734	155,350	191,481
Disease resistance	140,540	127,662	209,806
Pulse biofortification	119,122	119,121	263,849
Yield enhancement and available for new projects	590,948	199,979	128,276
	4,491,780	4,373,612	4,310,533
Processing and utilization			
Pulses and people	124,773	140,781	291,910
Pulse processing	193,604	205,954	325,578
Pulses and reed	42,763	20,987	23,066
Available for new projects	690,882	371	10,271
	1,052,022	368,093	650,825
Strategy development and support	484,270	521,181	617,188
	7,419,070	6,112,405	7,249,032
Market promotion			
Canadian lentil promotion	1,020,000	834,113	539,880
International market promotion	361,000	133,503	147,911
Product utilization, feed and other promotion	389,207	213,695	197,955
	1,770,207	1,181,311	885,746

Continued

FINANCIAL STATEMENTS

SCHEDULE 1

AUGUST 31, 2012


Communications			
Grower communications	431,100	359,566	407,937
Industry and external communications and support	465,289	318,381	284,301
Pulse days and regional meetings	264,400	248,165	251,717
	1,160,789	926,112	943,955
Pulse Canada	909,500	947,500	892,084
Variety commercialization			
Breeder seed	390,200	491,950	386,118
Extension activities and support	86,400	81,423	69,995
Tender release program	4,000	516	-
	480,600	573,889	456,113
Leadership and management			
Board of Directors			
Election	32,000	28,389	26,173
Honouraria, benefits and allowances	139,200	79,890	109,100
Professional fees	28,400	27,946	37,944
Travel	123,400	48,990	89,926
Other	46,000	19,513	34,900
	369,000	204,728	298,042
Management and administration			
Professional fees	114,300	101,243	144,873
Rent and occupancy	230,000	218,688	96,118
Salaries and benefits	527,134	423,557	526,930
Travel	76,000	12,332	27,151
Other	251,000	216,245	174,195
	1,198,434	972,065	969,267
Policy development			
Carbon offset trading and other	10,000	6,613	20,481
Transportation	88,000	88,000	41,515
Available for new policy development initiatives	82,000	-	-
	180,000	94,613	61,997
	\$ 13,487,600	\$ 11,012,623	\$ 11,756,236


See accompanying notes to the financial statements

2011-12 **ANNUAL REPORT**

PLANNING FOR GROWTH

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SASKATCHEWAN
pulse
Growers

