

on the

RISE

REACHING NEW HEIGHTS WITH PULSES

SASKATCHEWAN
pulse
Growers




ANNUAL REPORT 2015/2016



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WHO WE ARE

In 1976, the Saskatchewan Pulse Crop Growers Association was formed by a group of pulse growers to learn about the developing pulse industry.

HISTORY

In a 1983 vote, growers chose to institute a mandatory, non-refundable levy 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 works on behalf of 17,000 Saskatchewan pulse growers.

FUNDING

A levy of one per cent calculated on the gross value of sale (plus GST) is deducted at the first point of sale or distribution when a grower sells a pulse crop. As of August 1, 2016, the levy has been temporarily lowered for a one year period from one per cent to 0.67 per cent calculated on the gross value of sale (plus GST). In many cases, levy dollars are leveraged with funds from other industry and government partners.

VISION

Nourishing the world with profitable pulse production.

MISSION

To provide leadership and create opportunities for profitable growth for the Saskatchewan pulse industry.

PROGRAMS

Grower levy dollars are strategically invested back into the industry by supporting the following SPG programs:

RESEARCH & DEVELOPMENT

SPG invests approximately 60 per cent of its annual budget into research and development in the areas of breeding and genetic improvement, agronomy, health and nutrition, and end-use processing to ensure global competitiveness, profitability, and growth for the Saskatchewan pulse industry.

AGRONOMY

Providing growers and agronomists with accurate and timely information on production, varieties, and best management practices for existing and emerging pulse crops to ensure pulses continue to remain a profitable piece of a sustainable crop rotation throughout Saskatchewan.

VARIETY COMMERCIALIZATION

The Variety Release Program supplies royalty-free breeder seed to growers in Saskatchewan, and other participating provinces, while specialty varieties are tendered to companies who bid on the opportunity to grow, disseminate, and commercialize seeds that are in a unique market class.

MARKET PROMOTION

Maintaining and expanding demand for Saskatchewan pulse crops in traditional and emerging markets, both domestically and internationally, by promoting their health and nutritional benefits. Market promotion activities include a campaign to promote lentils in North America, local promotions to showcase Saskatchewan-grown pulse crops, and collaboration with the national and international pulse industry on a number of strategic initiatives.

COMMUNICATIONS

Providing growers with relevant and timely information needed to make business decisions on the farm. Key communications initiatives include: agronomy communications such as the *Pulse Advisor Newsletter* and radio program, *PulsePoint* magazine, *Pulse Market Report*, *PulseResearch* magazine, website (saskpulse.com), CropSphere agriculture conference, and regional pulse meetings.

To learn more about SPG and the different program areas, please visit saskpulse.com and follow us on Twitter [@saskpulse](https://twitter.com/saskpulse).

FOCUSED ON RESULTS

The theme of our annual report this year, *On The Rise*, could easily be the theme for the Canadian, and even global pulse sector.

The 2015/16-year was a year of growth for pulses: growth in acres, growth in demand, and growth in profitability. The better part of this year was spent promoting 2016 International Year of Pulses, a designation that has provided our industry with a new platform to enable growth. At Saskatchewan Pulse Growers (SPG), we focus on four key result areas (KRA) that we believe will support growth like we experienced in 2015/16:

KRA 1: BOOSTING PROFITABILITY

We believe that we are able to grow on-farm profitability through increasing yields of established pulse crops. We are working to achieve this through unlocking yield potential of varieties being developed and by reducing agronomic constraints growers are facing such as weed and disease pressures. The on-farm gains for growers come from continued enhancement of genetic yield potential and from reducing the agronomic constraints to achieving that yield potential.

KRA 2: IMPACTING DEMAND

At SPG we know that it is important that we not only produce more, but that we also work to build new demand for pulse crops. We are aiming to develop new areas of demand by expanding the use of pulses in already established markets, and by working to support new areas of demand.

This includes the promotion of pulses as a whole food in North America and working with food companies to increase the utilization of pulse ingredients, such as starches and flours, in the development of food products.

KRA 3: EVOLVING NEW CROP OPTIONS

To us, success in this KRA is defined as at least one pulse crop option for every acre of land in Saskatchewan. The two crops currently at the forefront of these discussions are soybeans and faba beans, both of which are crops that we believe have the ability to cover more acres in the province in upcoming growing seasons. Soybeans because of the increased availability of short season varieties, and faba beans because they withstand disease pressures in wet areas better than other available pulse crops.

KRA 4: REACHING FURTHER

The vast majority of the pulses we as farmers are growing are destined for export markets around the globe. It is vitally important that we are able to maintain access to our primary export markets and to ensure that Canada is viewed as a reliable and consistent supplier. Our work in this KRA is focused on reaching further by expanding market access and by ensuring growers have access to a high functioning transportation system and that trade barriers are resolved.

In 2015/16, we introduced a one-year reduction to the pulse levy, lowering from one per cent to 0.67 per cent as of August 1, 2016. We recognized that the results we were seeing in the KRAs mentioned

above, such as increased pulse acres and growing market demand, would lead to a record high value of production for pulses in 2016/17. With this in mind, along with a significant accumulated reserve, we felt it was appropriate to temporarily reduce the levy to better match revenues with expenses and to keep more money in the pockets of growers.

Despite a challenging growing and harvest season in many areas of the province, we are at a truly exciting time in the pulse industry. As 2016 International Year of Pulses draws to a close, the demand for our products, and our ability to produce them, only continues to increase. As we move into 2016/17, I am excited to see where this new growth will lead us.

As a Saskatchewan farmer, I believe we are in great position to fill new demand in a way that allows our own farms to remain profitable and sustainable into the future.

Sincerely,



Tim Wiens, Chair



THE BOARD

TIM WIENS, CHAIR HERSCHEL, SK

Tim Wiens joined the SPG Board of Directors in 2012 and began serving as Chair in 2015. He farms in the Herschel area where he operates a rotation of one-third cereals, one-third canola, and one-third pulses. Tim has prior board experience having served on the Board of the Agriculture Council of Saskatchewan for three years, as well as nine years on the Board of SaskCanola. He currently serves on the Research and Development and Audit and Finance Committees in his role as Chair of the Board. In his time with SPG, Tim has served on the Boards for Pulse Canada and Farm and Food Care Saskatchewan, and was a former Chair of the SPG Audit and Finance Committee.

COREY LOESSIN, VICE-CHAIR RADISSON, SK

Corey Loessin joined the SPG Board of Directors in 2012. Corey and his wife Joan Heath, along with their children Audra and Aidan, farm in northwestern Saskatchewan growing various crops including peas, lentils, and faba beans. He holds a Bachelor of Science in Agriculture degree from the University of Saskatchewan (U of S) and worked as a District Agriculturalist in Alberta for several years prior to returning to Saskatchewan to farm. While farming, he also taught crop science courses at the U of S for 12 years. Corey is the chair of the SPG Research and Development Committee and serves on the Pulse Canada Board.

GERRID GUST DAVIDSON, SK

Gerrid Gust joined the SPG Board of Directors in 2016. Together with family, Gerrid manages and operates a fourth generation farm, in Davidson, SK. They run a straight grain operation, where the focus is on producing high quality crops including peas, red lentils, durum, canola, and winter wheat, with pulses making up approximately 30-50 per cent of their rotation. Gerrid has been involved in farm policy for the past 10 years starting with the Western Canadian Wheat Growers, chairing from 2009-2013. He also served on the Western Grains Research Foundation (WGRF) from 2007-2015. In 2012, he was asked by the provincial government to help set up the Saskatchewan Wheat Development Commission. Gerrid serves on SPG's Audit and Finance and Research and Development Committees, and is also SPG's representative on the Board of Farm and Food Care Saskatchewan.

JEAN HARRINGTON GLENDSIDE, SK

Jean Harrington joined the SPG Board of Directors in 2014. Jean and her husband John crop 7,400 acres as part of a family farm operation in the Glenside area. Pulses and specialty crops generally make up one-third of their rotation, with canola and wheat rounding out the balance. Marketing crops on the family farm turned into a business for her in 2001 when she founded Prairie Farm Brokerage. The business operated as a full service brokerage until 2012 when it began to function as a consulting firm for ag marketing.

Since then Jean has been a market consultant for a small group of clients. Jean previously served on the Pulse Canada and Soy Canada Boards and was SPG's representative to a producer association coalition tasked with preparing a joint submission for the Canada Transportation Act Review. Jean currently serves on SPG's Audit and Finance and Research and Development Committees, and is Chair of the Nominations Committee. She also serves on the Canadian Grain Commission Western Standards Committee.

LEE MOATS RICETON, SK

Lee Moats joined the SPG Board of Directors in 2011 and serves as Chair of the Pulse Canada Board of Directors. He farms with his wife Laurie and son Joshua on a fourth-generation family farm in the Riceton area where they operate a zero-till farm, growing lentils, canola, and winter wheat. Lee has a Bachelor of Science in Agriculture degree with a major in agronomy, and has been a Professional Agrologist for over 30 years. In addition to farming, he also worked for Saskatchewan Ministry of Agriculture for eight years, and Ducks Unlimited Canada for 20 years. Lee currently serves as Chair of SPG's Audit and Finance Committee. He has also served as a Director on the Saskatchewan Soil Conservation Association Board, as a Commissioner on the Saskatchewan Winter Cereal Development Commission, and currently serves as President of the Cross-Country Co-op.

MORGAN NUNWEILER ROSETOWN, SK

Morgan Nunweiler joined the SPG Board of Directors in 2011 and served as Chair from 2012-2015. He farms with his wife Carly near Rosetown where they include lentils, canola, and durum in their regular crop rotation. He has a Bachelor of Science in Agriculture from the University of Saskatchewan and is a Professional Agrologist. He has been active in the agriculture industry since 2002. Morgan has worked with Syngenta and Novozymes, now Monsanto BioAg, as his interest in pulse crops grew and attracted him to the inoculant side of the industry. Today he continues to work with Monsanto BioAg during winter months. Morgan also serves on the Pulse Canada Board of Directors and SPG's Research and Development Committee.

TRENT RICHARDS ASSINIBOIA, SK

Trent Richards joined the SPG Board of Directors in 2016. Trent and his wife Tracy continue to operate a third generation farm in the Assiniboia area located in south-central Saskatchewan. Trent currently continuously crops with lentils, peas, and soybeans making up one-third of the acres, with cereals, canola, flax, and spices making up the remaining acres. Trent attended the University of Saskatchewan where he was enrolled in vocational agriculture. After school he operated a custom spraying business where he applied chemical, and sold sprayer parts. Trent served on the Assiniboia curling rink board, and Assiniboia civic improvement board. Trent also serves on the Boards of Soy Canada and Pulse Canada.

AN INDUSTRY ON THE RISE

The 2015/16 year was one for the history books.

What was already set to be an exciting year for the pulse industry with the kick off of 2016 International Year of Pulses, only grew with quality crops coming off the combine in the fall of 2015, record-high prices for pulses into the New Year, and more pulses planted in Saskatchewan in the spring of 2016 than any other crop year on record.

It was clear that the pulse industry in Saskatchewan was *On The Rise*, and at SPG we were able to build on the momentum of these industry milestones to achieve new outcomes in our program areas.

After multiple years of preparation, on January 6, 2016 we saw the International Year of Pulses kick-off in Canada with a Pulse Feast event held in Toronto. Some of Canada's top food media and culinary trendsetters joined members of the pulse industry at an event hosted by Canadian International Year of Pulses Ambassador Chef Michael Smith. Chef Michael challenged the crowd to also become advocates for pulses, noting that he believed pulses were more than the latest food trend, but about to become a plant protein staple in our diets.

We also hosted an International Year of Pulses event in Regina in June, 2016 as part of the Farm Progress Show. We brought together over 400 Saskatchewan growers, researchers, government, and industry representatives to recognize the contributions of all sectors of the industry in growing the Saskatchewan pulse sector from nearly non-existent in the 1970s to being world-leaders today.

We grew our investment levels in the area of research to new heights in 2015/16 with the approval of 24 new research projects resulting in \$9.2 million in new research funding commitments. As part of this new funding, we have increased our support for research aimed at delivering relief from root rot diseases such as *Aphanomyces*. Some of our most significant research investments included \$2 million into the weeds research program

led by Dr. Chris Willenborg at the University of Saskatchewan and \$1.8 million of funding into a project looking to increase utilization of pulse flours in baked goods with the Canadian International Grains Institute and the United Kingdom's leading baked good supplier, Warburtons.

Our single biggest funding commitment made in 2015/16 was for our pulse breeding agreement with the University of Saskatchewan's Crop Development Centre (CDC). We committed nearly \$23 million over a five-year period to support the breeding and development of pulse crops at the CDC, more than doubling SPG's contribution to the CDC breeding program over the previous-five year period. This funding will allow varieties to continue to be provided to growers royalty-free through SPG's Variety Release Program through 2020.

In 2015/16 we continued our efforts to promote lentils as part of our Canadian Lentils brand, targeting chefs, dietitians, social influencers/bloggers, and food media through a series of targeted programs and events such as our hands-on dietitians workshops hosted during Dietitians of Canada's Nutrition Month and our Star of the Show web series featuring Canadian food bloggers.

New this year in the area of market promotion and development was the launch of a consumer campaign targeted to increase the awareness of the pulse category and to familiarize the word pulses amongst millennials in the United States (U.S.) and Canada. This campaign, led by Pulse Canada and the USA Dry Pea and Lentil Council, is a collaborative effort across the Canadian and U.S. pulse industries.

With all of the above activities working together to help growers produce more crops with higher yields and to create new demand for pulse crops, it is clear to see the need for continued emphasis on maintaining market access to export countries around the globe, and the need to ensure Canada is viewed as a consistent and reliable supplier of pulse crops to fill these new demand areas.

Pulse Canada has been leading work on behalf of the Canadian pulse industry related to transportation. With the results of the Canada Transportation Act Review released in early 2016, Pulse Canada was able to provide a cohesive industry response to government outlining the recommendations that aligned with the position of industry and those that did not. It is in large part because of our unified voice through Pulse Canada,

that the pulse industry is viewed as a key partner on transportation topics by government.

The International Year of Pulses has been a year that has far exceeded the expectations here in Saskatchewan and around the globe. What is to come in the 2016/17 year will rely heavily on our ability to build on the success we have seen this past year, and I have no doubt that growers and industry are ready to do just that.

Sincerely,



Carl Potts, Executive Director

OUR STAFF



CARL POTTS
Executive Director
cpotts@saskpulse.com



LORI CHAPMAN
Executive Assistant
lchapman@saskpulse.com



CONSTANCE CHIREMBA
Research Project Manager
cchiremba@saskpulse.com



GLENDA CLEZY
Agronomy Specialist
gclezy@saskpulse.com



ALLISON FLETCHER
Research Project Manager
afletcher@saskpulse.com



LURIE FRIESEN
Research Project Manager
lfriesen@saskpulse.com



CHERYL GORE
Administrative Assistant
cgore@saskpulse.com



AMBER JOHNSON
Market Promotion Manager
ajohnson@saskpulse.com



JEFF JUHNKE
Director of Finance
and Operations
jjuhnke@saskpulse.com



RACHEL KEHRIG
Director of Communications
and Market Promotion
rkehrig@saskpulse.com



EMILY KOOB
Research Program Assistant
ekoob@saskpulse.com



ANDREA LAUDER
Communications Manager
alauder@saskpulse.com



DR. LISETTE MASCARENHAS
Director of Research
and Development
lmascarenhas@saskpulse.com



MARGARET PARSONS
Senior Accounting Technician
mparsons@saskpulse.com



SHERRILYN PHELPS
Agronomy and Seed
Program Manager
sphelps@saskpulse.com



SHIRLEY TOMS
Senior Research Program Manager
stoms@saskpulse.com



SHELLY WEBER
Levy Manager
sweber@saskpulse.com

YEAR IN REVIEW

A snapshot of program highlights from the 2015/16 year



\$9.2 MILLION invested into new research projects



54% increase in **@saskpulse** Twitter followers to over **5,300 total**

\$23 MILLION IN FUNDING supported pulse crop breeding at the Crop Development Centre 

 **24** new research projects approved



30% OF PULSE LEVY qualifies for SR & ED tax credit



40 NEW Pulse Advisor Newsletter articles



Levy temporarily lowered to **0.67%** as of Aug. 1, 2016



6 NEW PULSE VARIETIES released through the Variety Release Program



1,900 MEDIA STORIES published about the International Year of Pulses



320,000 VIEWS on the Canadian Lentils YouTube channel

41

research projects featured in PulseResearch magazine



RESEARCH LEVERAGING AND PARTNERSHIPS

Last year, our investment in research projects leveraged

**\$3.7 MILLION IN
ADDITIONAL
EXTERNAL FUNDING**

RESEARCH PARTNERS

Agriculture and Agri-Food Canada

Agriculture Bioproducts Innovation Program

Agricultural Research and Extension Council of Alberta

AGT Food and Ingredients

AgWest Bio

Alberta Ministry of Agriculture and Forestry

Alberta Pulse Growers

Canadian Field Crop Research Alliance

Canadian International Grains Institute

Crop Development Centre

Genome Canada/Genome Prairie/Genome Quebec

Grain Farmers of Ontario

Indian Head Agricultural Research Foundation

InfraReady Products Limited

Institute of Field and Vegetable Crops

Irrigation Crop Diversification Corporation

Manitoba Canola Growers Association

Manitoba Food Development Centre

Manitoba Pulse and Soybean Growers

McMaster University

Memorial University

Natural Sciences and Engineering Research Council of Canada

Northeast Agricultural Research Foundation

Ontario Bean Growers

Organic Federation of Canada

Pulse Canada

Richardson Centre for Functional Foods and Nutraceuticals

Saskatchewan Food Industry Development Centre

Saskatchewan Ministry of Agriculture

SaskCanola

Sask Wheat

Sprayers 101

Tamil Nadu Agricultural University

Trent University

Université Laval

University of Alberta

University of Calgary

University of California - Davis

University of Guelph

University of Florida

University of Manitoba

University of Saskatchewan

University of Toronto

Western Grains Research Foundation

Wheatland Conservation Area

OUR KEY RESULT AREAS



Saskatchewan Pulse Growers strives to move the pulse industry forward by focusing our efforts into four key result areas.

Each of these areas represents a core component of our mission to provide leadership and create profitable growth opportunities for the Saskatchewan pulse industry.

1. BOOST

Boosting profitability through increasing yields of established pulse crops by unlocking yield potential and reducing agronomic constraints growers are facing.

The on-farm yield gains for growers come from continued enhancement of genetic yield potential and from reducing the agronomic constraints to achieving that yield potential.

2. IMPACT

Impacting demand by expanding the use of pulses through increased export demand and new market opportunities.

SPG recognizes that profitable growth of the pulse industry will require the expansion of pulse utilization in traditional supply chains and in new markets and uses.

3. EVOLVE

Evolving through the development of new pulse crop options with the goal of a viable pulse crop option for every acre of land in Saskatchewan.

To ensure pulses are a profitable and sustainable crop alternative for all growers in Saskatchewan, SPG will strive to ensure a pulse crop is available for every acre in Saskatchewan.

4. REACH

Reaching further through expanded market access by ensuring growers have access to a high functioning transportation system and that trade barriers are resolved.

Pulse growers are currently dependent on a few large export markets for a high percentage of the pulses produced in Saskatchewan. Maintaining access to existing markets is critical for profitability today and into the future.

KRA 1: BOOSTING PROFITABILITY

\$23 MILLION

in funding supported pulse crop breeding at the Crop Development Centre

\$23 MILLION IN FUNDING FOR PULSE BREEDING

In June of 2016, we announced our commitment of nearly \$23 million in funding for the pulse-breeding program at the University of Saskatchewan's Crop Development Centre over a five-year period. This investment is more than double the amount we provided in the previous five-year period. The funding will ensure that growers continue to have access to the best pulse varieties in the world, royalty-free through 2020. This funding is in addition to the many projects we fund supporting pre-breeding work that results in the tools and materials that are utilized as part of the breeding program.

DEVELOPING A STRATEGY FOR LONG-TERM WEED MANAGEMENT

Managing weeds in pulse crops is one of the largest constraints to pulse production. In 2015/16, we announced over \$2 million in funding for a weed research program at the University of Saskatchewan, led by Dr. Chris Willenborg.

The work is a continuation of a previous program that focused on the development and registration of new herbicides for pulse production.

This new program will extend the direction of the program to include weed ecology and biology, and a continued emphasis on integrated crop and weed management. The goal of the weed program is to better manage the growing problem with herbicide resistant weeds in pulse crops, and to find integrated solutions that improve weed control and reduce the cost of weed management to pulse growers.

ENHANCING THE LONG-TERM SUSTAINABILITY OF PULSE CULTIVATION

The need to increase crop yields while minimizing negative environmental impacts of crop production is a major challenge pulse growers face. This is one of the reasons we are funding a new research project being led by Dr. Yantai Gan. The project is looking to develop a systems approach that will allow the integration of multiple improved agronomic practices that will increase crop yield and reduce input levels.

This work will increase growers' economic returns and minimize the environmental footprint of pulse production.

MARKER-ASSISTED SELECTION FOR APHANOMYCES RESISTANCE IN PEA

Research being led by Dr. Sabine Banniza at the University of Saskatchewan is looking to use marker-assisted selection to enable rapid development of pea varieties that have *Aphanomyces* resistance. Building on research undertaken in France and the United States, Dr. Banniza believes the research will assist in the development of adapted yellow and green pea lines that have resistance to *Aphanomyces* root rot and can be integrated into CDC varieties. This is one of several tools we are funding to explore how to build *Aphanomyces* resistance into cultivated, high-yielding pea and lentil varieties already adapted to Saskatchewan.

DIVERSIFYING ORGANIC CROPPING OPTIONS THROUGH INTERCROPPING

Consumer demand for organically produced food has led some growers in the province to employ organic production systems. This is why we chose to fund research led by Dr. Myriam Fernandez at Agriculture and Agri-Food Canada, Swift Current, that is studying how organic growers can best use crop rotations to improve pulse yields.

The benefits of intercropping, and how it impacts weed control, soil fertility, yield, and quality are all being examined at various seed ratios to determine which combinations will help organic producers achieve the greatest agronomic and economic benefits. Research into organic production systems provides knowledge that applies to conventional production systems as well.

VARIETY RELEASE PROGRAM

In 2016, two small red lentil varieties, a green pea variety, two yellow pea varieties, and forage pea variety were all made available to Select-status seed growers through our Variety Release Program. This brought the total number of pulse varieties released through our Variety Release Program to 115, since 1997.

RENEWAL OF TENDERED VARIETIES

Our Tender Release Program is designed for varieties developed through the breeding program at Crop Development Centre that we believe require additional market development in order to be successful. We may choose to tender the exclusive distribution rights for a variety that fits into this category for a selected period of time, in hopes that through partnership, these varieties will be more apt to be successfully accepted into the market. In 2016 we took the decision to renew the following agreements under our Tender Release Program:

- Slow-darkening Pinto Bean market class, held by Scoular Canada, renew to 2022
- Yellow Bean market class, held by Scoular Canada, renew to 2022
- Large Red Lentil market class, held by AGT Food and Ingredients, renew to 2020
- Green Cotyledon Lentil market class, held by AGT Food and Ingredients, renew to 2022
- Spanish Brown Lentil market class, held by Simpson Seeds Inc, renew to 2022

REGIONAL VARIETY TRIALS

We fund regional variety trials for peas, lentils, chickpeas, faba beans, and dry beans with researchers at several locations in order to collect data on varieties developed as part of our breeding agreement with the Crop Development Centre. Regional variety trials provide performance data on varieties across regions. The data is tracked over time so that growers can make the most informed variety choices for their farm. The regional variety trial data is included in the variety of grain crops publication that makes up the *Saskatchewan Seed Guide*. Tables are also included in our *Pulse Crops Seeding and Variety Guide*.



KRA 2: IMPACTING DEMAND

50,000

people took the Pulse Pledge this year

Increasing Utilization of Pulses in Food Products

To increase consumption of pulses, we know that one of the major areas of emphasis for our strategy is to promote the use of pulses to food companies. To do this, we must demonstrate the value pulses and pulse ingredients have to offer food companies and consumers, including improved nutritional profile and sustainability benefits.



GLOBAL PULSE BRAND

Pulse Canada led the implementation of a global marketing strategy for a Pulse brand in 2015/16. The strategy consists of establishing a cohort of International Committees and Pulse Associations to administer the Pulse brand to food companies and other pulse industry members. In July 2016, Pulse Canada and the American Pulse Association/USA Dry Pea and Lentil Council hosted a Pulse brand media launch event at the Institute of Food Technologist Annual Food Expo in Chicago. Media and food industry discovered how the Pulse brand and 'Made with Pulses' seal will both serve as tools to generate consumer awareness, increase consumption, and help consumers identify food products that contain pulse ingredients.

HEALTH CLAIMS FOR PULSES

The industry submitted a therapeutic health claim file for the cholesterol-lowering effects of whole beans to Health Canada in November of 2015. The health claim communicates the cholesterol-lowering efficacy of 130 grams per day whole, cooked beans. Pulse Canada also consulted with Health Canada to develop wording for a pulses and blood sugar response health claim that can be made for dry and canned pulses. A briefing document was developed for industry that summarizes the evidence for the claim and conditions for use in the marketplace.

SUSTAINABILITY INDICATOR REPORT

In 2015/16 Pulse Canada led the development of a report that tracks the sustainability performance of grains, oilseeds, and pulses produced in Canada from 1981 to 2011. This information will be used to showcase the sustainability benefits of pulses to food companies. The report demonstrates that the adoption of improved practices in Western Canada and Ontario has led to improved performance in four key indicators: greenhouse gas emissions, soil erosion, energy use, and land use efficiency.

BAKED PRODUCTS MADE WITH PULSES

We committed \$1.8 million in funding to a research project led by Warburtons, the United Kingdom's largest bakery brand, and the Canadian International Grains Institute (Cigi). The multi-year pulse research project aims to produce bakery products with improved protein, fibre, and micronutrient levels by including pulse ingredients within the product. Through this project, SPG aims to address some of the barriers to pulse ingredient utilization in baked goods, and ultimately increase the use of pulse flours by the food industry.

Shifting Consumer Behaviour

In order to increase demand for pulses, we are also looking to alter consumer eating habits to include pulses. Work is being done to promote pulses as a category in collaboration with the Canadian and United States pulse industries, and by targeting our focus on the promotion of one of Saskatchewan's leading pulse crops, lentils, through our Canadian Lentils promotional brand.

INTRODUCING A CATEGORY

PULSES CONSUMER PROMOTION CAMPAIGN

A campaign aiming to familiarize millennial consumers in the United States (U.S.) and Canada with pulses was launched in 2016 as a collaborative effort between the Canadian and U.S. pulse industries. The campaign includes a strong social media element, online advertising, and partnerships with bloggers and consumer influencers. As part of the campaign, partnerships with 195 consumer influencers and 20 bloggers reached 211 million consumers and digital advertisements achieved 56.8 million impressions.

TAKE THE PULSE PLEDGE

As an introduction to pulses, consumers were asked to take the Pulse Pledge, a commitment to eating pulses once a week for 10 weeks. Over 50,000 people across Canada and the United States took the Pulse Pledge in the first eight months of 2016. In a survey of consumers who have taken the Pulse Pledge, 75 per cent indicated that they are eating more pulses and 99 per cent said they plan to continue eating pulses.

PROMOTING LENTILS

Over the past five years we have worked to promote the versatility and health benefits of lentils through our promotional brand Canadian Lentils. This brand targets influencer groups that we believe have the ability to change consumer habits, including social influencers/bloggers, dietitians, chefs, and food media. The goal of this promotional brand is to increase the consumption of lentils within North America.

LENTILS.CA REDESIGN

In September 2015 we launched a fully redesigned Lentils.ca website. With a consultant, we completed user experience studies to better understand how our key influencer audiences would prefer to access the site based on their unique needs and interests. The information gathered led to improved design, layout, and mapping that we believe will best serve our audiences. The new website is also fully mobile responsive to function seamlessly across all devices both desktop and mobile. In its first year, the new website saw 370,000 visits.



NUTRITION MONTH WORKSHOPS

We continued to be a sponsor of the Dietitians of Canada's National Nutrition Month for 2016. In an effort to leverage this partnership, we brought hands-on lentil-centred programming to cities across Canada during the month of March. Seven workshops were held in five cities (Toronto, Vancouver, Calgary, Regina, and Winnipeg) where local registered dietitians were treated to a session that covered a nutritional overview of lentils and a hands-on cooking demonstration.



STAR OF THE SHOW

Under the Canadian Lentils brand, we launched a new web series featuring Chef Michael Smith called *Star of the Show*. In the web series Michael coached five of Canada's best food bloggers through the production of their very own lentil-themed cooking show. The goal of the project was to utilize the trusted channels the bloggers had developed with their readers as a way to deliver lentil-focused content. Launched in June, the web series received a combined total of 320,000 views on YouTube in the first three months.



KRA 3: EVOLVING NEW PULSE CROPS

FABA BEANS

are a crop option we believe is poised for growth in Saskatchewan



FABA BEANS

Faba beans are a high-yielding pulse crop, with the ability to fix large amounts of nitrogen, and are better suited to wet areas than other available pulse crops.

They also show a partial resistance to *Aphanomyces* root rot, which is a disease issue plaguing pea and lentil production in the province.

INOCULANT OPTIONS FOR FABA BEANS

We provided funding for a research project led by Garry Hnatowich that is looking to determine the effects of two inoculants at different rates and in combination on faba beans grown in different soil/climatic zones within Saskatchewan. Two faba bean varieties, CDC Snowdrop (zero-tannin) and FB9-4 (tannin), are being evaluated with two rhizobia inoculants, a peat-based seed applied formulation and granular in-furrow formulation. Multi-year trials have been established at the Wheatland Conservation Area Inc. (Swift Current), Western Applied Research Corporation (Scott), Indian Head Research Foundation, Northeast Agriculture Research Foundation (Melfort), East Central Research Foundation (Yorkton), Southeast Agriculture Research Foundation (Redvers), and the Irrigation Crop Diversification Corporation (ICDC, Outlook).

NITROGEN UPTAKE AND FIXATION BY FABA BEANS

Research being undertaken by Dr. Jeff Schoenau is looking to evaluate the nutrient content and the uptake and nitrogen fixation rate in faba bean varieties released through the Crop Development Centre. Understanding the total amount of nutrient contained in faba bean plants and the nutrient removal of harvested plants will play an important role in developing effective fertilizer recommendations for faba beans, in addition to understanding the potential impact on fertilizer requirements for all crops included in rotation with faba beans.

SOYBEANS

Soybean production in Saskatchewan has expanded in recent years as global demand for soybeans has made them a competitive crop option for Saskatchewan growers.

We anticipate growers will continue to expand soybean acres in upcoming years, and while soybean variety development is already well established by the private sector, we are funding soybean research that will assist growers with their on-farm management practices. Soybeans are also a non-host for *Aphanomyces*.

PHOSPHORUS MANAGEMENT IN SOYBEANS

We provided funding to a project initiated in 2015, led by Chris Holzapfel, that is investigating soybean response to phosphorus fertilizer rates and placement options under field conditions in Saskatchewan. The goal of the project is to improve phosphorus management recommendations for soybeans to allow for growers to produce the crop in the most economical and environmentally sustainable manner.

NITROGEN MANAGEMENT IN SOYBEANS

We also funded a second project led by Chris Holzapfel, which is examining soybean response to nitrogen fertilization strategies and granular inoculant rates under field conditions in Saskatchewan. Understanding the relationships between inoculant rates and nitrogen fertilizer practices and their impact on nitrogen uptake and seed yields will provide growers with management recommendations that will allow them to make the most profitable decisions when growing soybeans.

KRA 4: REACHING TO EXPAND MARKET ACCESS

of Canadian red lentils are exported to just five countries

Keeping Markets Open

Maintaining and expanding access to key export markets around the world and being viewed globally as reliable and consistent suppliers of pulse crops directly affects the ability for growers across Canada to be successful. That is why we, along with other provincial pulse organizations, provide funding to our national association Pulse Canada to lead work in program areas that impact pulse farmers on a national level.

FREE TRADE AGREEMENTS

The Trans-Pacific Partnership (TPP) was concluded and signed by Canada in 2015/16. While it still needs to be ratified, the TPP will create enabling conditions to harmonize trade rules, and it will also eliminate tariffs where pulses do not already have duty-free access into TPP countries (U.S., Japan, Australia, Peru, Malaysia, Vietnam, New Zealand, Chile, Singapore, Mexico, and Brunei).

NON-TARIFF TRADE BARRIERS

Several country-specific access issues required ongoing attention throughout the year, including alleged detections of genetically modified material in Turkey, new access into China for pulse crops other than peas, proposed requirements from China and Korea for registration of export facilities, India's fumigation derogation, and various phytosanitary certificate challenges.

In addition, key changes were implemented in 2015/16 on reduced testing associated with India's stem and bulb nematode issue. Proactive work around maximum residue limits (MRLs) continued, including securing key MRLs, and undertaking a technical analysis of where crop protection product use could result in noncompliance in importing

countries—leading to new recommendations in the 2016 grower MRL advisory. Efforts were also made to clarify the MRL policies of China, Korea, India, and other countries who are moving away from CODEX toward their own national MRL lists.

FACILITATING RELIABLE TRANSPORTATION

AG INDUSTRY COALITIONS

Pulse Canada and the Canadian Special Crops Association are key partners in the Ag Transport Coalition (ATC). The ATC has developed a multi-commodity/multi-organization transportation strategy focused on three key areas:

- Performance measurement
- Supply chain effectiveness
- Building industry capacity

The ATC produces weekly measurement reports on system performance from the shipper's perspective, reporting weekly on rail capacity provided relative to demand, as well as a range of other service-oriented indicators. The performance measurement work also provides participating companies with the ability to compare their company-specific logistics

performance with aggregated data that represents more than 90 per cent of all grain movement. These reports highlight key areas of performance on a weekly basis, providing both the industry and government with important objective and credible information about the performance of Canada's logistics system.

CTA REVIEW

Pulse Canada continues to actively work with industry partners and government to provide effective input into the Canada Transportation Act (CTA) Review. The David Emerson CTA Review report was released in February 2016. Pulse Canada delivered an assessment of the report to government in April, identifying those recommendations that closely align with the position of the industry, recommendations that are not aligned with the industry, and areas that may deliver positive outcomes with further discussion with industry. Pulse Canada will continue to focus on providing constructive and detailed input to government that promotes effective legislative and regulatory solutions to offset railway market power and ensure increased access to rail equipment and service for the pulse and special crops industry.

GLOBAL PROGRAMS

The United Nations officially launched 2016 International Year of Pulses in November of 2015.

Along with our national representatives Pulse Canada, we played a strong role in executing many International Year of Pulses (IYP) initiatives both at home here in Canada and around the world. Work at the global level was focused around four key pillars:

- **Creating Awareness:** Utilizing IYP as an opportunity to increase awareness of pulses around the world.
- **Food Security, Nutrition & Innovation:** Encouraging awareness and utilization of pulses to help address health, nutrition, and food security concerns facing the global community.
- **Market Access & Stability:** Working together as a united entity to address stable production and market access issues pulse crops are facing.
- **Productivity & Environmental Sustainability:** Drawing attention to the role pulses play in creating an environmentally sound food production system.

INTERNATIONAL YEAR OF PULSES GLOBAL RESULTS:



544 MILLION social media impressions and **4 MILLION** engagements



2.2 MILLION website visits



2,000 news articles mentioning IYP



533 IYP themed events took place



CANADIAN & SASKATCHEWAN PROGRAMS

International Year of Pulses kicked-off in Canada with an event in Toronto known as Pulse Feast.

The event was held in conjunction with 131 similar Pulse Feasts in 36 different countries around the world.



It brought together food media, culinary innovators, government officials, the pulse industry, and others to celebrate the launch of IYP. Chef Michael Smith, who was the Canadian IYP ambassador, welcomed attendees by highlighting the undeniable momentum that pulses have in gaining traction in Canadian kitchens.

PULSE DAY ON THE HILL

In March 2016, along with representatives from Pulse Canada and the Canadian pulse industry, we met with elected officials and departmental representatives. We utilized the spotlight IYP placed on pulses to draw attention to pulse industry priorities including transportation, market access, and health, nutrition and sustainability. The three days included 32 meetings with MPs and Senators, an appearance before the Senate Standing Committee on Agriculture, and an evening reception for MPs, Senators, and parliamentary staff.

COMMUNITY PROGRAMS

Throughout 2016, we took part in community programs and events supporting increased awareness of IYP and focusing on the nutritional and health benefits of pulses. Partnering with important organizations such as the Heart and Stroke Foundation, the Canadian Diabetes Foundation, Agriculture in the Classroom, Farm and Food Care Saskatchewan, and many others, we worked to raise the profile of pulse crops throughout Saskatchewan.



GROWER RECOGNITION EVENT

In June of 2016, we hosted an IYP event in Regina where 400 growers, industry, government, and research partners joined us to honour the contributions growers have made in developing a successful Saskatchewan pulse industry. Canadian IYP ambassador, Chef Michael Smith, spoke at the event, focusing on the important role Saskatchewan farmers have played in feeding the world healthy and sustainable food.

GROWER OUTREACH

ONE-YEAR LEVY REDUCTION

In the summer of 2016, we announced that we would be reducing the amount of levy collected on pulse and soybean crops in Saskatchewan from one per cent to 0.67 per cent for a one-year period, effective August 1, 2016.

As pulse acreage and production grew in the province, so too did the levy contributed by growers. Although at SPG we had continued to expand investment in priority areas of research and market development, revenue continued to grow more quickly and the organization accumulated significant surplus funds. In response to this successful growth, we recognized that we could still continue to make the necessary investments in research and market development in 2016/17 to support continued growth and create value to growers while reducing the amount of levy collected.

AG IN MOTION

We participated in the new Ag in Motion event for the first time this year. The outdoor venue allowed us to set up plots demonstrating our investment in pulse research including lentil seeding rates, variety development from the Crop Development Centre, and desiccation water volume rates.

DR. BOB TYLER NAMED PULSE PROMOTER

We were delighted to present Dr. Bob Tyler with the Pulse Promoter Award in 2016. Dr. Tyler is Professor of Food and Bioproduct Sciences and Associate Dean of Research and Graduate Studies in the College of Agriculture and Bioresources, and has focused 35 years of research on the utilization of pulse crops, with a particular focus on peas. His research group has undertaken projects on the modification of pea starch, the extrusion of pea protein concentrate from pea flour, and the manufacturing of pasta, snacks, and breakfast foods from pulse flours, amongst others.

PULSE RESEARCH MAGAZINE

The third edition of our annual *PulseResearch* magazine was made available to growers at the end of 2015/16. The publication showcased the breadth of research we funded, centering around seven key research themes: sustainability, root rot complex diseases, new crop options, maximizing production, variety development, animal feed, and pulse consumption and disease reduction. The magazine also included a list of all of the ongoing research projects we were funding in the 2015/16 year.

EXTENDING OUR REACH

Part of our strategy in the area of grower outreach is to collaborate with others on meetings and events that allow for information on pulse agronomy topics to reach even more farmers. We do this by helping to coordinate pulse topics and speakers at a number of events across the province. Some of the events that we supported to include more pulse-centred topics throughout 2015/16 included:

- Agricultural Biologicals Conference
- Agronomy Research Update 2015
- Canada-Saskatchewan Irrigation Diversification Centre Field Day
- Corn & Soybean Summit
- Crop Diagnostic School
- Soils & Crops 2016
- Scott Field Day
- North East Agriculture Research Foundation
- Western Applied Research Corporation Croppportunity Meeting

AGM & CROSPHERE

Over 200 people attended our Annual General Meeting (AGM) on January 11, 2016, held in conjunction with the annual CropSphere conference in Saskatoon. CropSphere, which we co-host with SaskCanola, Sask Wheat, SaskBarley, SaskFlax, and the Saskatchewan Oat Development Commission, welcomed over 650 attendees across two days of programming.

PULSE CROPS SEEDING & VARIETY GUIDE

Ahead of the 2016 growing season, we launched a brand new *Pulse Crops Seeding & Variety Guide* publication for growers. The publication covered a breadth of topics including up-to-date information on pulse crop varieties and regional variety trials, as well as information on rates of seed-placed fertilizers and actions to minimize impact of disease on seed.

ONLINE VOTING

We offered online voting for the first time in our Director Elections held in Fall of 2015. Unique voter IDs were distributed to all registered Saskatchewan pulse growers, and upwards of 1,000 growers embraced the move by casting their vote online at saskpulsevotes.com.

Independent Auditors' Report

To the Members of Saskatchewan Pulse Crop Development Board:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Saskatchewan Pulse Crop Development Board, which comprise the statement of financial position as at August 31, 2016 and the statements of operations, changes in net assets, and 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITORS' 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 amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we consider 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 is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saskatchewan Pulse Crop Development Board as at August 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

December 2, 2016
Saskatoon, Saskatchewan


Chartered Accountants

To the Members of Saskatchewan Pulse Crop Development Board:

We have made an examination to determine whether Saskatchewan Pulse Crop Development Board complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue raising, borrowing and investing activities during the year ended August 31, 2016.

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

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

In our opinion, 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, 2016.

December 2, 2016
Saskatoon, Saskatchewan



Chartered Accountants

To the Members of Saskatchewan Pulse Crop Development Board:

We have audited Saskatchewan Pulse Crop Development Board's control as of August 31, 2016 to express an opinion as to the effectiveness of its control related to the following objectives

1. 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.
2. To prepare reliable financial reports.
3. 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 Chartered Professional Accountants of Canada ("CPA Canada") 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.

CPA Canada defines controls 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 the standard for audits of internal control over financial reporting set out in the CPA Canada Handbook - Assurance. This standard requires that we plan and perform the 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.

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

Control can provide only reasonable, not absolute, assurance of achieving objectives reliably for two reasons. First, there are inherent limitations in control including judgement 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 become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

OPINION

In our opinion, based on the limitations noted above, Saskatchewan Pulse Crop Development Board's control was effective, in all material respects, to meet the objectives stated above as of August 31, 2016 based on the CPA Canada criteria of control framework.

We have also audited, in accordance with Canadian generally accepted auditing standards, the financial statements of Saskatchewan Pulse Crop Development Board, which comprise the statement of financial position as at August 31, 2016 and the statements of operations, change in net assets, cash flows, and a summary of significant accounting policies and other explanatory information. We have issued our report dated December 2, 2016 which is the same date as the date of the report on the effectiveness of internal controls.

December 2, 2016
Saskatoon, Saskatchewan

Chartered Accountants

To the Members of Saskatchewan Pulse Crop Development Board:

We have examined the financial statements of Saskatchewan Pulse Crop Development Board for the year ended August 31, 2016 and have issued our report thereon dated December 2, 2016. We have examined the system of internal control as at August 31, 2016 and have issued our report to you dated December 2, 2016. We have also made an examination to determine whether Saskatchewan Pulse Crop Development Board complied with specified legislative and related authorities pertaining to its financial reporting, safeguarding agency resources, spending, revenue-raising, borrowing and

investing activities during the year ended August 31, 2016 and have issued our report to you dated December 2, 2016.

Our examinations were 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 those instances, if any, that our study and evaluation of internal control disclosed conditions indicating that internal controls were inadequate or not complied with, substantive tests were performed to detect any case in which:

1. any officer or employee of Saskatchewan Pulse Crop Development Board has willfully or negligently omitted to collect or receive public money belonging to the Crown;
2. there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
3. an expenditure was made which was not properly vouchered or certified.

During the course of these examinations, nothing came to our attention that would indicate to us that:

1. any officer or employee of Saskatchewan Pulse Crop Development Board has willfully or negligently omitted to collect or receive public money belonging to the Crown;
2. there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
3. an expenditure was made which was not properly vouchered or certified.

December 2, 2016
Saskatoon, Saskatchewan

Chartered Accountants

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

Statement of Financial Position

as at August 31, 2016

	2016	2015
	\$	\$
ASSETS		
CURRENT		
Cash	1,416,708	990,510
Investments (Note 3)	8,123,400	7,429,068
Accounts receivable (Note 5)	3,353,743	3,500,205
Prepaid expenses	927,293	534,908
Accrued interest receivable	181,246	123,507
Breeder seed Inventory	324,232	475,792
	14,326,622	13,053,990
Internally restricted investments (Note 3)	6,200,000	6,200,000
Investments (Note 3)	11,641,259	7,849,815
Capital assets (Note 4)	1,121,416	1,138,258
	33,289,297	28,242,063
LIABILITIES		
CURRENT		
Accounts payable (Note 6)	6,012,707	4,489,493
	6,012,707	4,489,493
NET ASSETS		
Invested in capital assets	1,121,416	1,138,258
Internally restricted (Note 10)	6,200,000	6,200,000
Unrestricted	19,955,174	16,414,312
	27,276,590	23,752,570
	33,289,297	28,242,063
Commitments (Notes 7, 8, and 9)		

Approved by the Board:


Chair


Vice-Chair

Statement of Operations

for the year ended August 31, 2016

	2016 Budget (Unaudited) (Note 11)	2016 Actual	2015 Actual
	\$	\$	\$
REVENUE			
INDUSTRY REVENUE			
Levy	17,668,360	22,099,540	18,327,882
Industry partnership	134,081	125,481	225,280
Variety commercialization	385,200	530,701	300,973
Advertising	100,000	93,248	90,793
Sponsorship	40,000	51,650	39,050
	18,327,641	22,900,620	18,983,978
GOVERNMENT FUNDING			
Agriculture and Agri-Food Canada - Cluster	218,600	254,800	168,860
Government of Saskatchewan	100,000	51,125	48,000
	318,600	305,925	216,860
INTEREST AND DIVIDENDS	456,250	530,947	466,973
UNREALIZED GAINS (LOSSES)	-	65,303	(109,363)
OTHER REVENUE	3,500	12,174	36,901
	19,105,991	23,814,969	19,595,349

	2016 Budget (Unaudited) (Note 11)	2016 Actual	2015 Actual
	\$	\$	\$
EXPENSES			
RESEARCH AND DEVELOPMENT			
Pulse breeding	4,569,938	5,553,990	2,956,403
Agronomy and sustainability	2,344,581	1,433,806	1,927,507
Genetic improvement	1,813,763	1,449,289	1,651,477
Processing	1,148,620	1,165,593	1,712,792
Health outcomes	696,928	1,090,939	997,806
Strategy development and support	1,185,654	994,296	925,530
	11,759,484	11,687,913	10,171,515
MARKET PROMOTION			
Canadian lentil awareness	2,551,900	2,465,996	2,619,815
International market promotion	76,550	38,120	23,982
Product utilization, feed, and other promotion	647,104	801,460	223,632
	3,275,554	3,305,576	2,867,429
COMMUNICATION	1,289,306	1,164,905	1,120,195
PULSE CANADA (Note 7)	1,875,000	2,150,933	1,655,000
VARIETY COMMERCIALIZATION	446,117	528,529	497,794
LEADERSHIP AND MANAGEMENT			
Board of Directors	354,044	291,426	247,482
Management and administration	1,152,497	1,161,667	1,031,052
	20,152,002	20,290,949	17,590,467
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(1,046,011)	3,524,020	2,004,882

Statement of Changes in Net Assets

for the year ended August 31, 2016

	Invested in Capital Assets	Internally Restricted	Unrestricted	2016 Total	2015 Total
	\$	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	1,138,258	6,200,000	16,414,312	23,752,570	21,747,688
Excess of revenue over expenses	-	-	3,524,020	3,524,020	2,004,882
Purchase of capital assets	27,280	-	(27,280)	-	-
Disposition of capital assets	(6,277)	-	6,277	-	-
Amortization	(37,845)	-	37,845	-	-
NET ASSETS, END OF YEAR	1,121,416	6,200,000	19,955,174	27,276,590	23,752,570

Statement of Cash Flows

for the year ended August 31, 2016

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	3,524,020	2,004,882
CHANGES TO INCOME NOT INVOLVING CASH		
Amortization	37,845	34,045
Loss on disposition of capital assets	5,891	4,219
	3,567,756	2,043,146
CHANGES IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS		
Accounts receivable	146,462	352,120
Inventory	151,560	(196,712)
Prepaid expenses	(392,385)	(271,734)
Accrued interest receivable	(57,739)	6,875
Accounts payable	1,523,214	(282,943)
	1,371,112	(392,394)
Total from operating activities	4,938,868	1,650,752
INVESTING ACTIVITIES		
Proceeds from sale of capital assets	386	656
Purchases of capital assets	(27,280)	(5,238)
Net purchases of investments	(4,485,776)	(1,748,534)
Total from investing activities	(4,512,670)	(1,753,116)
INCREASE (DECREASE) IN CASH DURING THE YEAR	426,198	(102,364)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	990,510	1,092,874
CASH AND EQUIVALENTS, END OF YEAR	1,416,708	990,510

Notes to Financial Statements

for the year ended August 31, 2016

1. DESCRIPTION OF BUSINESS

The Saskatchewan Pulse Crop Development Board (“SPG”) is a non-profit organization which was established in 1984 under the Agri-Food Act of Saskatchewan. The mission of SPG is to provide leadership and create opportunities for profitable growth for the Saskatchewan pulse industry.

The Saskatchewan Pulse Crop Development Board collects a mandatory, non-refundable levy of 1% of the gross value of sales of pulse crops. For the period August 1, 2016 to July 31, 2017 the levy has been reduced to 0.67% of the gross value of sales of pulse crops.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the CPA Handbook – Accounting Standards for Not-for Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

(A) REVENUE RECOGNITION:

The organization follows the deferral method of accounting for contributions, which include government funding and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Levy revenue is recognized at the time of settlement.

Industry revenue including industry partnership, advertising and sponsorship are recognized as related activities occur and related costs are incurred.

Variety commercialization revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the selling price to the buyer is fixed, and collection is reasonably assured.

Interest, dividends, and other revenue are recognized as earned.

(B) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of balances with banks and short-term investments with maturities of three months or less.

(C) CAPITAL ASSETS:

Capital assets are recorded at cost, less accumulated amortization. SPG provides for amortization using the declining balance and straight-line methods at rates designed to amortize the cost of capital assets over their estimated useful lives. The annual amortization rates are as follows:

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

(D) IMPAIRMENT OF LONG-LIVED ASSETS:

Long-lived assets, which comprise capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition.

When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(E) INVENTORY:

The inventory balance consists of harvested beans, peas, chickpeas and lentils and is measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any provisions for impairment.

(F) 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 for contract based expenditures. Grant based expenditures are recorded when eligibility has been determined and the grant has been authorized.

(G) INCOME TAXES:

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

(H) FINANCIAL INSTRUMENT CLASSIFICATION:

Investments and internally restricted investments are recorded at fair value. Transactions are recorded on a trade basis and transaction costs are expensed as incurred.

Other financial instruments, including cash, accounts receivable, accrued interest receivable, and accounts payable and accrued liabilities, are initially recorded at their fair market value and are subsequently measured at amortized cost, net of any provisions for impairment.

(I) USE OF ESTIMATES:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Significant estimates include, but are not limited to the valuation of accounts receivable and inventory and the useful lives of property, plant and equipment.

(J) CONTRIBUTIONS IN-KIND:

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.

3. INVESTMENTS

The investments balance consists of the following:

	2016	2015
	\$	\$
Fixed income	23,713,631	18,705,631
Cash and cash equivalents	1,297,266	1,884,568
Equity funds	953,762	888,684
	25,964,659	21,478,883

	2016	2015
	\$	\$

CURRENT ASSETS

Investments	8,123,400	7,429,068
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LONG-TERM ASSETS

Internally restricted investments	6,200,000	6,200,000
Investments	11,641,259	7,849,815
	25,964,659	21,478,883

The investment balance is a result of the excesses of revenue over expenses from operations in prior years due to increased volume and value of pulse production. Expenses have increased at a lesser rate than revenue, resulting in growth of net assets. The surplus money is held in investments and provides flexibility to cover expenditure commitments in years where operations result in a cash deficit. SPG 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

The capital assets balance consists of the following:

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Equipment	255,123	211,728	43,395	45,540
Leasehold improvements	193,044	104,858	88,186	102,883
	448,167	316,586	131,581	148,423
Land	989,835	-	989,835	989,835
	1,438,002	316,586	1,121,416	1,138,258

5. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of the following:

	2016	2015
	\$	\$
Levy receivables	1,455,451	2,515,722
Pulse Science Cluster receivables (Note 12)	1,464,857	613,413
Other receivables	433,435	371,070
	3,353,743	3,500,205

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance consists of the following:

	2016	2015
	\$	\$
Trade payables	1,317,227	575,173
R&D contracts payable	1,941,438	2,139,732
Pulse Science Cluster payables (Note 12)	2,470,032	1,364,272
GST payable	60,367	116,671
Payroll liabilities	25,775	31,370
Accrued liabilities	197,868	262,275
	6,012,707	4,489,493

7. PULSE CANADA COMMITMENTS

Pulse Canada is the national industry association that represents growers, processors and traders of pulse crops in Canada. Direction and funding for Pulse Canada is provided by the Alberta Pulse Growers Commission, Saskatchewan Pulse Growers, the Manitoba Pulse and Soybean Growers Association, the Ontario Bean Growers, and the processors and exporters of Canadian peas, lentils, beans and chickpeas that are members of the Canadian Special Crops Association (CSCA). 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, and work to ensure no new additional trade barriers are introduced.
- Business Development: Health, Nutrition, Functionality and Sustainability: Increase demand for Canadian pulses in existing and new markets by marketing health, nutritional, functional and sustainability attributes.
- Transportation: To eliminate barriers associated with accessing equipment and rail service to reduce risk in transporting products.

SPG is providing program and project funding to Pulse Canada. The amount committed for future years are below:

Year ending August 31	\$
2017	1,734,315
2018	1,088,795
2019	77,000

8. RESEARCH AND DEVELOPMENT COMMITMENTS

SPG 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:

	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$
U of S/CDC Variety Development	5,502,487	5,885,851	5,661,724	5,705,220	123,506
Other	4,090,862	2,136,256	1,230,908	394,888	270,260
	9,593,349	8,022,107	6,892,632	6,100,108	393,766

9. COMMITMENTS

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, various communications and promotional contracts carrying over to 2017, and multi-year agreements with various suppliers of office equipment. Annual payments due in each of the next three years are as follows:

Year ending August 31:	\$
2017	736,915
2018	220,686
2019	3,509

10. INTERNALLY RESTRICTED NET ASSETS

SPG has approved the allocation of certain funds generated from operations to be set aside as internally restricted net assets to be used to cover potential shortfalls in levy revenue. Consistent with Board policy, SPG is currently holding \$6,200,000 (2015 - \$6,200,000) in internally restricted investments.

11. BUDGETED FIGURES

Budgeted figures are unaudited and are based on the budget approved by the Board on July 22, 2015 and presented at the Annual General Meeting. No revisions were made after this date.

12. PULSE SCIENCE CLUSTER

SPG provides administration and overall management of the Pulse Research spanning from April 1, 2013 to March 31, 2018. The Cluster is national in scope and includes research addressing the needs of pulse growers in other areas of Canada.

Only Cluster research expenditures funded by SPG and Cluster management expenditures and reimbursement of these expenditures are reflected in the Statement of Operations. The flow of Pulse Research Cluster funding benefiting external parties is reflected in the Statement of Financial Position. Throughout the lifespan of the Clusters balances fluctuate and as at August 31, 2016 the balances reported on the Statement of Financial Position are specifically Cash \$1,088,169 (2015 - \$793,041), Accounts receivable \$1,464,857 (2015 - \$613,413) and Accounts payable \$2,470,032 (2015 - \$1,364,272).

13. FINANCIAL INSTRUMENTS

INTEREST RATE RISK

SPG is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund that holds fixed income securities and its note receivable because the fair value will fluctuate due to changes in market rates.

CREDIT RISK

SPG is exposed to credit risk in connection with its accounts receivable and its investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

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.

OTHER PRICE RISK

SPG is exposed to other price risk through changes in market prices in connection with its investments in equity securities and pooled funds.

LIQUIDITY RISK

SPG is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

14. ALLOCATION OF EXPENSES

SPG presents the statement of operations by function with salaries, benefits, directly related staffing costs and some overhead costs allocated by function.

To request a copy of the Saskatchewan Pulse Growers payee listing, please call 306-668-5556.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

Schedule 1 – Schedule of Expenses

for the year ended August 31, 2016

	2016 Budget (Unaudited) (Note 11)	2016 Actual	2015 Actual
	\$	\$	\$
RESEARCH AND DEVELOPMENT			
PULSE BREEDING			
Variety improvement	3,745,093	4,729,422	2,155,705
Pea genetic improvement program	824,845	824,568	800,698
	4,569,938	5,553,990	2,956,403
AGRONOMY AND SUSTAINABILITY			
Weed management	362,142	439,371	203,711
Disease management	340,586	276,703	364,258
Rotation and plant nutrition management	103,887	80,210	57,837
Soil fertility	131,598	121,598	165,153
Nitrogen fixation	251,318	154,642	365,178
Sustainability	297,975	88,589	419,902
Pea yield	48,128	5,175	124,428
Post production	47,535	47,535	-
Other yield stability	761,412	219,983	227,040
	2,344,581	1,433,806	1,927,507
GENETIC IMPROVEMENT			
Breeding tools	1,593,658	1,110,027	1,417,195
Weed science	36,855	36,855	86,143
Disease resistance	103,523	204,033	73,798
Other yield enhancement	79,727	98,374	74,341
	1,813,763	1,449,289	1,651,477

Continued on next page

	2016 Budget <i>(Unaudited) (Note 11)</i>	2016 Actual	2015 Actual
	\$	\$	\$
PROCESSING AND UTILIZATION			
Pulse processing	929,671	976,576	1,622,527
Pulses and feed	218,949	189,017	90,265
	1,148,620	1,165,593	1,712,792
HEALTH OUTCOMES	696,928	1,090,939	997,806
STRATEGY DEVELOPMENT AND SUPPORT	1,185,654	994,296	925,530
	11,759,484	11,687,913	10,171,515

MARKET PROMOTION

CANADIAN LENTIL PROMOTION	2,551,900	2,465,996	2,619,815
INTERNATIONAL MARKET PROMOTION	76,550	38,120	23,982
OTHER PROMOTION AND SUPPORT	647,104	801,460	223,632
	3,275,554	3,305,576	2,867,429

COMMUNICATIONS

GROWER COMMUNICATIONS	914,500	805,345	760,860
INDUSTRY AND EXTERNAL COMMUNICATIONS AND SUPPORT	374,806	359,560	359,335
	1,289,306	1,164,905	1,120,195

PULSE CANADA

STRATEGIC INITIATIVES	1,200,000	1,385,433	1,200,000
INTERNATIONAL YEAR OF PULSES	675,000	765,500	455,000
	1,875,000	2,150,933	1,655,000

VARIETY COMMERCIALIZATION

BREEDER SEED	325,000	422,179	403,900
EXTENSION ACTIVITIES AND SUPPORT	121,117	106,350	93,894
	446,117	528,529	497,794

	2016 Budget <i>(Unaudited) (Note 11)</i>	2016 Actual	2015 Actual
	\$	\$	\$
LEADERSHIP AND MANAGEMENT			
BOARD OF DIRECTORS			
Election	65,910	63,926	9,381
Honouraria, benefits, and allowances	125,784	101,221	115,307
Professional fees	21,000	21,307	15,763
Travel	99,000	74,315	83,193
Other	42,350	30,657	23,838
	354,044	291,426	247,482
MANAGEMENT AND ADMINISTRATION			
Professional fees	147,000	147,573	110,676
Rent and occupancy	200,000	190,571	189,619
Salaries and benefits	517,477	544,832	508,860
Travel	40,920	34,554	34,910
Other	247,100	244,137	186,987
	1,152,497	1,161,667	1,031,052
	20,152,002	20,290,949	17,590,467



207-116 Research Drive
Saskatoon, SK S7N 3R3
P: 306.668.5556
F: 306.668.5557
E: pulse@saskpulse.com
saskpulse.com | lentils.ca
[@Saskpulse](#) | [@Cdnlentils](#)