



# PULSES IN THE SPOTLIGHT



# VISION

Nourishing the world with  
profitable pulse production

# MISSION

To provide leadership and create  
opportunities for profitable growth  
for Saskatchewan pulses



## Pulses in the Spotlight

*The International Year of Pulses (IYP) catapulted pulses into the spotlight, and pulses have stayed in the spotlight well into 2017. Profitability of growers remains the principal focus for Saskatchewan Pulse Growers (SPG), and we are working to leverage that attention on pulses to deliver results in our five key areas.*

### UNLOCKING YIELD POTENTIAL

The theme of pulses in the spotlight rang true in 2017, where pulse acreage levels were the second highest on record, following only the 2016 growing season. SPG is working to reduce yield constraints such as weed and disease pressures. This will enable an environment where a variety's full yield potential can be realized. SPG's on-going, long-term investment into the pulse crop breeding program at the Crop Development Centre plays a role by providing Saskatchewan growers access to the highest performing varieties available, royalty-free.

### INCREASING DEMAND

Pulses were perhaps in the spotlight most literally in the area of increasing demand. Following IYP, consumer and media interest in pulses has remained strong, with SPG continuing to promote the health, nutrition, and sustainability benefits to consumer influencers, such as dietitians, bloggers, and foodservice. Also this year, there were a number of public announcements related to investments into pulse ingredient processing facilities. The work to increase consumer interest in pulses, partnered with the processing capacity to deliver pulse-based ingredients to major food manufacturers, is opening new doors and new markets for pulses and pulse ingredients.

### EVOLVING NEW CROP OPTIONS

We have a goal of at least one viable pulse crop for every acre of arable land in Saskatchewan. At SPG, we are making investments into research and development for both soybeans and faba beans as we believe they have the ability to contribute to our goal. There was strong grower interest in soybeans in 2017, with over 850,000 acres planted in the province, and faba beans are showing promise due to their higher protein content.

### REACHING FURTHER

When it comes to market access and transportation, it is critical that Canada is viewed as a reliable and consistent supplier of pulses in key export markets around the world. Pulses were in the spotlight in the area of market access this past year as a result of challenges in reaching workable trade solutions for Canadian pulse exports destined for India. The Canadian pulse industry continues to work tirelessly on this issue in conjunction with the Government of Canada, in effort to remove restrictions to market access to India.

### CONNECTING WITH GROWERS

This area was recently added to SPG's strategic plan in order to represent the importance we place on engaging and connecting with pulse growers. SPG is focused on the needs and potential of growers across Saskatchewan. A key component to success is to engage with growers like you, and to receive feedback and input from you on priority areas to continue building a successful Saskatchewan pulse industry.

When looking to further the success of the Saskatchewan pulse industry we know that the answer is not just to produce more, but to also build additional demand, and to have consistent and reliable market access to that demand. Each of these pieces together will allow SPG to deliver on our mission to create opportunities for profitable growth for Saskatchewan pulses.

Sincerely,

**Corey Loessin**, Chair



Corey Loessin

Jackie Carleton

Gerrid Gust

Jean Harrington

Lee Moats

Brad Blackwell

Trent Richards

## THE BOARD

### COREY LOESSIN, 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 3,000 acres in northwestern Saskatchewan growing peas, lentils, faba beans, canola, and wheat. 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. Previous board experience includes Director on the Saskatchewan Soil Conservation Association Board and the Sask Ag Grads Association. Corey serves as a director on the Pulse Canada Board, and as the western pulse representative on the Western Grains Research Foundation Board. Corey served three years as Research and Development Committee Chair, two years as Board Vice-Chair, and is currently Chair of the SPG Board.

### GERRID GUST, VICE-CHAIR 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 Board 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 Research and Development Committee and is Chair of the Nominations Committee. He is also SPG's representative on the Board of Farm and Food Care Saskatchewan.



### **BRAD BLACKWELL** DINSMORE, SK

Brad Blackwell joined the SPG Board of Directors in 2017. He operates a family farm at Dinsmore where they grow 8,000 acres of lentils, chickpeas, soybeans, flax, and wheat. Pulse crops account for approximately 33 per cent of their acres. Brad has been an active member of the Dinsmore Kinsmen Club since 1995, as well as a part of Telemiracle 27-31. He currently serves on SPG's Research and Development Committee and is Chair of the Audit and Finance Committee.

### **JACKIE CARLETON** SASKATOON, SK

Jackie Carleton joined the SPG Board of Directors in 2017. She manages and operates a 4,000-acre farm with her husband in Bracken, SK. Peas and lentils account for one-third of their crop rotation. Aside from farming, Jackie began her agriculture career operating and managing a pulse processing, seed cleaning, and producer car loading facility. Following that, she worked as a grain brokerage agent prior to becoming the Purchasing Manager for the Pulse Division of LegumexWalker. In 2015 she resigned her duties to focus on the operations of their farm. Jackie currently serves as a SPG representative on the Board of Pulse Canada and is a member of SPG's Audit and Finance Committee.

### **JEAN HARRINGTON** GLENSIDE, 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 arm for ag marketing. Since then Jean has been a market consultant for a small group of clients. Jean previously served on the Boards of Pulse Canada and Soy Canada and was SPG's representative

to a producer association coalition tasked with preparing a joint submission for the Canada Transportation Act Review. Jean is currently Chair of SPG's Research and Development Committee and serves on the Audit and Finance 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. He currently serves as Chair of the Pulse Canada Board of Directors. Lee 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, winter wheat, and fall rye. 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 the Saskatchewan Ministry of Agriculture for eight years, and Ducks Unlimited Canada for 20 years. Lee has served as a Director on the Saskatchewan Soil Conservation Association Board, as a Commissioner on the Saskatchewan Winter Cereal Development Commission, and serves as a volunteer fire fighter with the Riceton Volunteer Fire Department.

### **TRENT RICHARDS** ASSINIBOIA, SK

Trent Richards joined the SPG Board of Directors in 2016. Trent and his wife Tracy 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, and 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 is a member of SPG's Research and Development and Nominations Committees, and also serves on the Boards of Soy Canada and Pulse Canada.



# The 2017 growing season saw pulse acres reach levels second only to the 2016 record setting year.

*Lentils and peas maintained their position as a mainstay in crop rotations, while soybeans began appearing with increasing frequency in fields across Saskatchewan.*

In recent years SPG has developed an in-house agronomy program to place an increased focus on addressing gaps in agronomic information available to growers as acres continued to expand. Under this program we were able to execute two farm-scale field trials across 10 locations in the 2017 growing season. The first field trial studied the impact of seeding rates on weed control, and the second trial sought to establish recommended inoculation rates for soybeans grown in Saskatchewan. The results of the field trials are expected in late 2017, and work is already underway to establish additional trial programs for the 2018 growing season.

Soybean acres have continued to grow, with 850,000 acres planted in Saskatchewan in 2017. In April, we hosted a Soybean Croppportunity meeting where we brought together active soybean growers, industry representatives, and agronomy experts to provide input into priority areas for soybean research and extension in Saskatchewan, to help support this expanding crop.

SPG took part in Ag in Motion for the second time in the summer of 2017. We utilized the show's outdoor venue as an opportunity to showcase 55 different pulse varieties that Saskatchewan growers have access to royalty-free, as a result of our long-standing agreement with the breeding program at the University of Saskatchewan's Crop Development Centre.

In early 2017, it became evident that there were going to be market access challenges for Canadian pulses destined for India. In February, the Government of India notified us that they were not intending to extend the derogation for Canadian pulses past March 31, 2017, which allowed for Canadian pulses to be fumigated on arrival in India rather than prior to leaving Canada. Pulse Canada worked closely with the Government of Canada on negotiations with the Indian Government

that resulted in an extension of the derogation until June 30, and then again until September 30. However, after September 30, 2017 Canadian pulses became subject to substantial additional inspection fees on arrival. Pulse Canada continues to work closely with the Government of Canada to resolve market access issues for Canadian pulses into India.

When market access issues arise in major markets like India, it re-enforces the need for SPG and the Canadian pulse industry to focus on diversifying markets and building new demand for pulses. The Canadian pulse industry has set a goal to have 25 per cent of pulses produced in Canada into new-uses by 2025. To achieve this goal, we are working collaboratively with industry in leading the promotion of lentils in Canada and the United States under the Lentils.org promotional brand, and supporting the promotion of all pulses, through work being led by Pulse Canada and the USA Dry Pea and Lentil Council, on a North American consumer campaign. We also fund research in alignment with Canadian industry priorities in the areas of health and nutrition, utilization, and sustainability that will reduce barriers to pulse ingredient utilization by major food manufacturers.

Work in the areas of production, market access, and demand growth are pivotal to maintaining the strong industry growth we have seen in recent years. We know that increasing production alone is not enough, but that we need to maintain market access in key importing countries, and build new markets for Saskatchewan growers to remain profitable.

Sincerely,

**Carl Potts**, Executive Director



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# YEAR IN REVIEW

A snapshot of program  
highlights from the  
2016/17 year





**\$8.5 MILLION**  
invested into new  
research projects



**170 MILLION IMPRESSIONS**  
of Lentils.org content on social media



**6,700** followers of  
**@saskpulse** on Twitter



**90,000 VIEWS**  
on SPG's YouTube Channel

**20** on-farm replicated  
**pulse trials** 



**48 VARIETIES**  
included in Soybean  
Regional Variety Trials



**52 VARIETIES**  
displayed at Ag in Motion



**2** **new pea varieties** released to Select Seed  
Growers through Variety Release Program



**630,000**  
visits to Lentils.org



**62% OF PULSE LEVY**  
qualifies for SR & ED tax credit

# 117 PULSE VARIETIES

released royalty-free  
through our Variety Release  
Program since 1997

## BOOST:

### Increase Yield of Established Pulse Crops

*The on-farm yield gains for growers come from continued enhancement of genetic yield potential and from reducing the agronomic constraints to achieving that maximum economic yield potential. We believe that to support yield potential, we need to invest in furthering genetics, and to undertake work to reduce the impact of weeds and diseases.*



## PULSE REPLICATED ON FARM INDEPENDENT TRIALS - LENTIL SEEDING RATE

In 2017, SPG coordinated field scale trials in farmer's fields to test results from a research project conducted at the University of Saskatchewan. The research suggested there was increased yield potential and economic viability in utilizing higher seeding rates for small and extra small red lentils. Twelve farmers across Saskatchewan participated to evaluate the research findings and establish recommendations for Saskatchewan growers. Seeding rates tested included 1x, 1.5x, and 2x, targeting 120, 180, and 240 viable plants per square metre. Results from these trials will be available in early 2018.

## APPLICATION OF GENOMICS TO INNOVATION IN THE LENTIL ECONOMY

Research being co-led by Dr. Kirstin Bett and Dr. Bert Vandenberg at the University of Saskatchewan, is applying genomics information gained through lentil genome mapping to improving lentil germplasm. Some key traits focused through this program are adaptability to Saskatchewan environments by understanding flowering genes, understanding the interaction between rhizobia and the various wild and adapted lines examined in the Applications of Genomics to Innovation in the Lentil Economy (AGILE) project, as well as resistance to diseases. The AGILE project is looking to increase the productivity and quality of lentils grown in Saskatchewan by adapting lentil germplasm from other breeding programs and from wild lentil relatives, which will result in improved varieties for the Saskatchewan growers.

## NEW VARIETIES

In 2017, a green pea variety (CDC Forest) and a yellow pea variety (CDC Canary) were made available

to select seed growers through SPG's Variety Release Program. This brought the total number of pulse varieties released through the Variety Release Program to 117 since 1997.

## INDUSTRY SUBMISSION ON NEONICS

SPG partnered with the Canadian pulse industry to undertake an evaluation of the science and process that were used in a review that led to a decision by Health Canada to phase out the neonicotinoid imidacloprid. The evaluation was used to prepare a submission to Health Canada to reconsider their proposed ban on imidacloprid during a 90-day comment period. The pulse industry is working together to prevent growers from losing the ability to utilize the entire class of neonicotinoid insecticides, some of which are utilized in pulse production and do not currently have any registered alternatives.

## NEW RESEARCH ON ROOT ROT

SPG initiated a new research project in 2017, being co-led by Dr. Syama Chatterton and Dr. Steve Shirtliffe, studying the impact of fall-seeded cover crops in rotation as a way to reduce *Aphanomyces* root rot in pea crops. The study will also examine the impacts of cover crops on the rotational crop yield and the soil health. This project is part of SPG's overall investment of nearly \$1.9 million into finding solutions for root rots.

## NITROGEN IN THE RHIZOSPHERE OF PULSE CROPS

Research led by Dr. Richard Farrell at the University of Saskatchewan on the availability of fixed nitrogen for crops that follow a pulse crop was completed in 2017. The project found that wheat yields were close to 30 per cent greater when grown in succession with a pulse crop, compared to a wheat-on-wheat rotation. The study also suggested that more nitrogen was available following a lentil crop than other pulse crops.

## IMPACT:

# Expand Utilization of Pulse Crops

*The Canadian pulse industry has set a goal of “25 by 2025”. This means the pulse industry will strive to build new use markets, such as food ingredient and foodservice, for at least 25 per cent of Canada’s pulse production by the year 2025. To do this, we must demonstrate the value pulses and pulse ingredients have to offer food companies and consumers, including their nutritional benefits and the role pulses can play in sustainable food production.*

### PULSE BRAND PROGRAM



The Pulse Brand logo is featured globally on food products including AGT’s Clic brand products, Weston Foods’ Country Harvest bread, Overwaitea’s Western

Family bread, Hershey Company’s Stand Harvest Clusters, and Princes Food and Drink’s Napolina and Batchelor’s canned pulses.

### FOOD AND HEALTH RESEARCH

In July, Pulse Canada published a study that examined the potential annual healthcare and societal cost savings from increased pulse consumption in Canada. The study found that pulse consumption can yield between \$6.2 million and \$315 million in savings on annual healthcare and related costs of Type 2 diabetes and cardiovascular disease. In August, two studies co-authored by Pulse Canada were published that discuss the effects of regulatory frameworks on protein content claims in North America. The studies provide suggestions for modernizing regulations to promote food innovation for health and sustainability.

### NORTH AMERICAN CONSUMER PROMOTION CAMPAIGN

Pulse Canada continued its partnership with the USA Dry Pea & Lentil Council and the American Pulse Association to promote pulses to consumers in Canada and the United States. Throughout 2016/17, the pulse consumer promotion campaign earned

over 1.8 billion impressions through social media advertising, media coverage, and partnerships with bloggers and dietitians.



In June, the campaign launched a promotional effort called the Half-Cup Habit Challenge. The goal of the Half-Cup Habit is to encourage North American consumers to eat a half-cup of pulses, three times per week. By August 31, over 21,000 consumers had signed up for the Half-Cup Habit Challenge.

### UNIVERSITY FOODSERVICE PROMOTION

In April, SPG under their promotional brand Lentils.org, partnered with the University of Massachusetts (UMass) at their Amherst campus location, to promote lentils in one of their on-campus dining halls. During the promotion, lentils overtook the menu in one of their dining halls, with many options showcasing the versatility of lentils. Some of the lentil dishes featured were twists on the familiar, including variations on burgers and pasta sauce that were blends of meat and lentils, while others played into the growing two-bite snack trend such as the Coconut and Banana Lentil Bites. Approximately 6,500 students ate a dish containing lentils as a result of the one-day promotion. The success of the program has opened the door for further collaboration between SPG and UMass.



## LENTILS & UTENSILS DINNER SERIES CAMPAIGN



In May, food media and food bloggers across North America were invited to a series of pop-up dinners profiling the versatility of lentils through unique culinary applications in top restaurants.

SPG hosted the dinner series, themed as Lentils & Utensils, under their promotional brand Lentils.org. The series included stops in Chicago, IL, Portland, OR, Los Angeles, CA, and Vancouver, BC. The goal of the campaign was to engage influencers to create social media content and blog posts, as well as to create short promotional videos about each event that would appeal to different urban markets across North America. The videos that were developed earned close to one million views in the one-month period following their launch.

## WARBURTONS LAUNCHES PULSE-BASED PRODUCTS

In the fall of 2016, the United Kingdom's leading independent baker, Warburtons, launched a new line of high protein and high fibre bread products made with pulses. The launch of these products increased the company's category sales by 30 per cent, a substantial increase in a category such as white breads that has been considered stagnant in recent years. With the goal of expanding pulse-based product offerings in the baked goods category,

SPG is providing funding to a research project underway between Warburtons and the Canadian International Grains Institute (Cigi) that is studying the effects of various pre- and post-milling treatments for pulses destined to become flours, and how that impacts their functionality and flavour profile in baked goods. As a result of the research, Warburtons is planning to launch even more pulse-based products in 2018.

## GROWTH IN PULSE PROCESSING CAPACITY

In 2016/17, two major investments into pea processing facilities were announced, demonstrating the demand growth potential for pulse ingredients. Roquette announced the construction of a pea processing facility in Portage la Prairie, MB that it expects to handle 120,000 tonnes of peas per year once complete. Additionally, Verdient Foods unveiled its pea processing facility in Vanscoy, SK that is anticipated to process up to 160,000 tonnes of peas per year once functioning at full capacity.



# 48 SOYBEAN VARIETIES

were tested in variety trials  
across Saskatchewan

## EVOLVE:

### Development & Adoption of New Crops

*To ensure pulses are a profitable and sustainable crop option for all growers in Saskatchewan, SPG is striving to ensure at least one pulse crop is available for every acre of arable land in Saskatchewan. We believe fostering the development of soybeans, faba beans, and chickpeas is a key piece to achieving our goal.*



## **PULSE REPLICATED ON FARM INDEPENDENT TRIALS - SOYBEAN INOCULATION**

SPG coordinated field scale trials to determine if an increased rate of in-furrow inoculant for soybeans is the appropriate recommendation for Saskatchewan growers. Inoculant rates of 1x, 1.5x, and 2x (in-furrow) were tested across 10 locations in Saskatchewan. Results will be available in early 2018.

## **REGIONAL SOYBEAN VARIETY TRIALS**

SPG coordinated the soybean regional variety trials for Western Canada in 2017. Forty-eight soybean varieties were tested at 10 locations across Saskatchewan including Redvers, Halbrite, Scott, Melfort, Indian Head, Saskatoon, Rosthern, Kamsack, Outlook, and Outlook Irrigated. The results from these trials will be made available in early 2018.

## **SOYBEAN CROPPORTUNITY MEETING**

Early in 2017, SPG invited growers, industry experts, and other stakeholders to a Soybean Croppportunity meeting. The meeting, held on an annual basis, allows for SPG to gather input on priority areas for soybeans in Saskatchewan including research, field trials, and extension related activities. The primary feedback to SPG was to emphasize the focus placed on developing early maturing, higher yielding soybeans, as this was the key barrier to adoption for growers in Saskatchewan. Increasing protein content was also raised as a priority, as work is being done to increase pod height to mitigate harvest losses.

## **IMPROVING DISEASE RESISTANCE IN SHORT SEASON SOYBEANS**

Research being undertaken by Dr. Francois Belzile at the Université Laval is looking to support the expansion of soybeans into more acres in Western Canada by utilizing genomics to develop more effective tools and methods for breeding shorter-season soybean varieties. Results from the research are anticipated to provide breeders with the tools needed to expedite development of earlier maturing, higher yielding, and disease resistant soybean varieties adapted for Saskatchewan.

## **NUTRIENT CONTENT IN SOYBEAN RESIDUES**

Dr. Jeff Schoenau at the University of Saskatchewan recently completed research that evaluated the plant nutrient content, uptake, and composition of soybean residue in Saskatchewan, and the contribution that soybean residue makes to the nutrition and yield in the following cereal and canola crops. Results found that requirements for added fertilizer in wheat and canola crops after soybeans were similar to those required after peas and lentils. However, soybean crops contained significantly higher amounts of phosphorus and potassium than pea and lentil crops, which means that in the longer-term there will be higher fertilizer requirements to prevent soil nutrient depletion for crops following soybeans than following peas and lentils.

## **MARKETS FOR FABA BEANS**

Most faba beans produced in Saskatchewan are currently destined for feed markets. As part of the goal to increase the adoption of new pulse crops in Saskatchewan, SPG is funding research by Dr. Shannon Hood-Niefer at the Saskatchewan Food Industry Development Centre looking to explore potential areas for utilization of faba beans as an ingredient for human consumption. This work has found that faba bean ingredients have an advantage in food processing applications due to their neutral colour and flavour as well as their high protein content.

## **CHICKPEA BREEDING**

Chickpea acres in Saskatchewan have remained stagnant in recent years because chickpeas, while high value, are still considered to be a challenging crop due to longer growing periods of current varieties and disease pressure. Research led by Dr. Bunyamin Tar'an is using results of the chickpea genome-mapping project completed in 2014 to accelerate work on developing earlier maturing varieties. This work includes utilizing chickpea germplasm from across the globe, as well as evaluating wild chickpea cultivars for traits that will support the development of chickpeas that are better adapted to Saskatchewan growing conditions, and will allow for increased adoption by growers.

# TRANSPORTATION 2030



A transportation strategy to advance a more transparent, balanced, and efficient rail system

**REACH:**

## Decrease Barriers to Market Access

*Maintaining and expanding access to key export markets around the world is critical. 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 market access and transportation that impact pulse farmers at a national level.*





## NON-TARIFF TRADE BARRIERS

Pulse Canada worked to address a number of trade issues in 2016/17, including:

1. Blackleg detection in the canola present in foreign material occurring in peas exported from Canada
2. A Fusarium strain of quarantine concern to Myanmar
3. Issues with lentils into Egypt due to the presence of sclerotia from white mould
4. Notices of noncompliance from Colombia on presence of soil in shipments of lentils
5. Detention of containers of lentils in Panama due to the detection of weed seeds from round-leaved mallow
6. The revisiting of the alleged detection by Turkey in early 2016 of low-level presence of GM events in red lentils

Pulse Canada also worked with Government of Canada officials to address unworkable fumigation proposals from India and Pakistan, elevating the issue to the highest levels of government. Pulse Canada is working to have Canada's systems approach recognized as substantially equivalent to blanket fumigation requirements.

## IMPORT REQUIREMENTS

There was significant progress in the area of longer-term policies to harmonize import requirements. The World Trade Organization's Sanitary and Phytosanitary Committee held its first-ever maximum residue limit (MRL) workshop in 2016/17, with Pulse Canada invited as one of only three industry presenters globally to attend and address the government-only event. The Government of Canada's Low Level Presence (LLP) policy was also officially approved in 2016/17. When implemented by Canada, the policy will eliminate the zero tolerance that currently applies to GM events that are unapproved in Canada but approved elsewhere in the world, and replace them with tolerances of 0.2 per cent or 3.0 per cent, subject to specific triggers.

## FREE TRADE AGREEMENTS

Trade liberalization in the area of tariffs and free trade agreements (FTAs) was mixed in 2016/17, with the North American Free Trade Agreements renegotiation, the U.S. election, Brexit, and other electoral results with nationalist themes, but also approval of the Canada-European Union FTA and exploratory talks toward new potential FTAs. Pulse Canada provided input on the need for further trade liberalization, including exploratory talks by China and Canada towards a FTA, exploratory talks with Association of Southeast Asian Nations (ASEAN) countries, and the Canada-India FTA. Morocco temporarily suspended the 40 per cent import duties on Canadian lentils and chickpeas for all of 2016/17, but then later reinstated those duties.

## TRANSPORTATION 2030 STRATEGY

In 2016/17, Pulse Canada provided input to Transport Canada on the design of the Transportation 2030 strategy to advance a more transparent, balanced, and efficient rail system. The strategy proposes to address several long-standing issues for the pulse and special crops sector, and the grains sector in general, by committing to:

- Establish the ability to apply reciprocal penalties between railway companies and their customers in their service level agreements
- Better define "adequate and suitable service"
- Improve access and timelines for Canadian Transportation Agency decisions
- Address the future of the Maximum Revenue Entitlement and extended interswitching

As a first step in the implementation of the Transportation 2030 strategy, the federal government introduced the Transportation Modernization Act in May 2017. Pulse Canada will continue to work with government and industry stakeholders to prepare for the new legislation that will move through parliament in 2017/18.

# 800 GROWERS

surveyed on levy  
refundability

## CONNECT:

### Increase SPG's Engagement with Growers

*At SPG, we endeavour to understand and meet the needs of pulse growers in Saskatchewan. To achieve this, we seek to gain input from growers, and to provide you with relevant, practical, and useful information.*



## AG IN MOTION

SPG showcased 52 current and soon-to-be released pulse varieties at Ag in Motion. Select seed growers were invited to view varieties that would be coming available to them in upcoming years, and commercial growers had the opportunity to see how varieties performed compared to one another in a side-by-side setting.



Over 25,000 people attended Ag in Motion, with many growers inquiring about available faba bean and pea varieties, and asking questions on soybean production. SPG also facilitated live, large-scale demonstrations on the impact different seeding rates and herbicides had on weed control.

## MAINTAIN NON-REFUNDABLE LEVY

After consulting broadly with producers, SPG decided to maintain a non-refundable pulse levy.

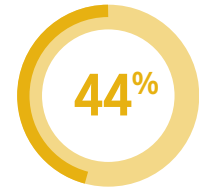
The discussion related to levy refundability began at SPG's 2016 Annual General Meeting (AGM) where a resolution was received requesting the pulse levy be made refundable. In the months that followed the AGM, SPG obtained input on the subject from growers across Saskatchewan. This was done by encouraging discussions at regional meetings, through calls, emails, and letters directly to SPG, by notifying all pulse growers via mail of an open call for feedback on SPG's website, and by conducting a statistically-valid survey of 800 growers through Insightrix Research.

Through each of these channels SPG learned that the views of growers on whether the pulse levy should be refundable or non-refundable are mixed. This was evident in the letters/emails received, the informal discussions with growers, and in the survey undertaken by Insightrix Research, which showed

that 50 per cent of growers were in favour of a non-refundable levy and 44 per cent were in favour of a refundable levy (six per cent were indifferent).



*of growers were in favour of a non-refundable levy*



*of growers were in favour of a refundable levy*

## PULSE WEBINARS

SPG hosted four webinars in 2016/17 targeted to growers, agronomists, and industry. Webinar topics included:

- Nutrient requirements for pulse crops
- Scouting for diseases in pulse crops
- Soybean agronomy
- Handling and storage of pulses

## PULSE REGIONAL MEETINGS

Early in 2017, SPG partnered with the Saskatchewan Ministry of Agriculture to host Pulse Regional Meetings in Battleford, Rosetown, Swift Current, and Regina. Over 550 growers attended the meetings which covered topics including the latest pulse varieties available to growers, diseases facing pulses including root rots, new crop options for growers such as faba beans and soybeans, sustainability initiatives focused on pulses, and a pulse market outlook.

## LETTER TO PRIME MINISTER ON CARBON PRICING

SPG wrote a letter to Prime Minister Trudeau expressing opposition to a mandatory minimum price for carbon. SPG called to the Prime Minister's attention that imposing a minimum price on carbon would cause significant economic harm to pulse crop producers in Saskatchewan and to pulse consumers in markets around the world. In the letter, SPG also advocated for the Government to recognize the role agriculture, and more specifically farmers, play in reducing carbon emissions.

# 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, 2017 and the statements of operations, changes in net assets, and cash flows for the year the 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 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, 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 of August 31, 2017 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.

November 28, 2017  
Saskatoon, Saskatchewan

*Chartered Professional 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, 2017 and have issued our report thereon dated November 28, 2017. We have examined the system of internal control as of August 31, 2017 and have issued our report to you dated November 28, 2017. 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, 2017 and have issued our report to you dated November 28, 2017.

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.

November 28, 2017  
Saskatoon, Saskatchewan

Chartered Professional Accountants

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

We have audited Saskatchewan Pulse Crop Development Board's control as of August 31, 2017 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

## FINANCIAL STATEMENTS

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 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 become ineffective because of changes in internal and external conditions, or 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, 2017 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, 2017 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 November 28, 2017 which is the same date as the date of the report on the effectiveness of internal controls.

November 28, 2017  
Saskatoon, Saskatchewan



Chartered Professional 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, 2017.

- 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, 2017.

November 28, 2017  
Saskatoon, Saskatchewan



Chartered Professional Accountants



## SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

# Statement of Financial Position

as at August 31, 2017

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
		<i>Note 12</i>
Cash	974,156	328,539
Investments ( <i>Note 3</i> )	6,304,572	8,123,400
Accounts receivable ( <i>Note 4</i> )	1,639,033	1,971,880
Prepaid expenses	430,570	927,293
Accrued interest receivable	140,863	181,246
Breeder seed Inventory	481,294	324,232
	9,970,488	11,856,590
Internally restricted investments ( <i>Note 3</i> )	6,200,000	6,200,000
Investments ( <i>Note 3</i> )	7,421,071	11,641,259
Capital assets ( <i>Note 5</i> )	1,077,544	1,121,416
	24,669,103	30,819,265
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities ( <i>Note 6</i> )	875,898	3,542,675
	875,898	3,542,675
<b>NET ASSETS</b>		
Invested in capital assets	1,077,544	1,121,416
Internally restricted ( <i>Note 10</i> )	6,200,000	6,200,000
Unrestricted	16,515,661	19,955,174
	23,793,205	27,276,590
	24,669,103	30,819,265
Commitments ( <i>Notes 7, 8, and 9</i> )		

Approved by the Board:

Chair

Director

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

# Statement of Operations

	2017 Budget <i>(Unaudited) (Note 11)</i>	2017 Actual	2016 Actual
	\$	\$	\$
<b>REVENUE</b>			
<b>INDUSTRY REVENUE</b>			
Levy	20,234,000	15,981,530	22,099,540
Industry partnership	52,500	143,700	125,481
Variety commercialization	448,000	315,290	530,701
Advertising	100,000	86,531	93,248
Sponsorship	40,000	40,400	51,650
	<b>20,874,500</b>	<b>16,567,451</b>	<b>22,900,620</b>
<b>GOVERNMENT FUNDING</b>			
Agriculture and Agri-Food Canada - Cluster	218,600	163,784	254,800
Government of Saskatchewan	100,000	38,710	51,125
	<b>318,600</b>	<b>202,494</b>	<b>305,925</b>
<b>INTEREST AND DIVIDENDS</b>	<b>495,800</b>	<b>518,058</b>	<b>530,947</b>
<b>UNREALIZED GAINS (LOSSES)</b>	<b>-</b>	<b>8,233</b>	<b>65,303</b>
<b>OTHER REVENUE</b>	<b>5,000</b>	<b>21,951</b>	<b>12,174</b>
	<b>21,693,900</b>	<b>17,318,187</b>	<b>23,814,969</b>





	2017 Budget <i>(Unaudited) (Note 11)</i>	2017 Actual	2016 Actual
	\$	\$	\$
<b>EXPENSES</b>			
<b>RESEARCH AND DEVELOPMENT</b>			
Pulse breeding	4,580,685	4,959,223	5,553,990
Agronomy and sustainability	2,397,155	2,437,841	1,433,806
Genetic improvement	1,932,853	2,424,464	1,449,289
Processing	1,575,456	1,454,810	1,165,593
Health outcomes	699,257	512,341	1,090,939
Strategy development and support	1,742,813	1,014,102	994,296
	<b>12,928,219</b>	<b>12,802,781</b>	<b>11,687,913</b>
<b>MARKET PROMOTION</b>			
Canadian lentil awareness	2,550,300	2,604,920	2,465,996
International market promotion	41,550	-	38,120
Product utilization, feed, and other promotion	489,893	532,200	801,460
	<b>3,081,743</b>	<b>3,137,120</b>	<b>3,305,576</b>
<b>COMMUNICATION</b>			
PULSE CANADA <i>(Note 7)</i>	1,362,309	1,313,890	1,164,905
VARIETY COMMERCIALIZATION	1,799,436	1,719,436	2,150,933
VARIETY COMMERCIALIZATION	457,877	384,414	528,529
<b>LEADERSHIP AND MANAGEMENT</b>			
Board of Directors	349,758	294,306	291,426
Management and administration	1,169,339	1,149,625	1,161,667
	<b>21,148,681</b>	<b>20,801,572</b>	<b>20,290,949</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>545,219</b>	<b>(3,483,385)</b>	<b>3,524,020</b>

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

# Statement of Changes In Net Assets

for the year ended August 31, 2017

	Invested in Capital Assets	Internally Restricted	Unrestricted	2017 Total	2016 Total
	\$	\$	\$	\$	\$
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,121,416	6,200,000	19,955,174	27,276,590	23,752,570
Excess of revenue over expenses	-	-	(3,483,385)	(3,483,385)	3,524,020
Purchase of capital assets	54,544	-	(54,544)	-	-
Disposition of capital assets	(2,028)	-	2,028	-	-
Gain (loss) on disposition of capital assets	(3,176)	-	3,176	-	-
Amortization	(93,212)	-	93,212	-	-
<b>NET ASSETS, END OF YEAR</b>	1,077,544	6,200,000	16,515,661	23,793,205	27,276,590



## SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

# Statement of Cash Flows

for the year ended August 31, 2017

	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	(3,483,385)	3,524,020
<b>CHANGES TO INCOME NOT INVOLVING CASH</b>		
Amortization	93,212	37,845
Loss on disposition of capital assets	3,176	5,891
	(3,386,997)	3,567,756
<b>CHANGES IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>		
Accounts receivable	332,847	957,094
Inventory	(157,062)	151,560
Prepaid expenses	496,723	(392,385)
Accrued interest receivable	40,383	(57,739)
Accounts payable	(2,666,777)	417,454
	(1,953,886)	1,075,984
Total from operating activities	(5,340,883)	4,643,740
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of capital assets	2,028	386
Purchases of capital assets	(54,544)	(27,280)
Net purchases of investments	6,039,016	(4,485,776)
Total from investing activities	5,986,500	(4,512,670)
<b>INCREASE IN CASH DURING THE YEAR</b>	645,617	131,070
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	328,539	197,469
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	974,156	328,539

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

# Notes to Financial Statements

for the year ended August 31, 2017

## 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 of August 1, 2016 to July 31, 2018 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 that 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, faba 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:

	2017	2016
	\$	\$
Fixed income	17,838,646	23,713,631
Cash and cash equivalents	1,111,113	1,297,266
Equity funds	975,884	953,762
	19,925,643	25,964,659

	2017	2016
	\$	\$

#### CURRENT ASSETS

Investments	6,304,572	8,123,400
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#### LONG-TERM ASSETS

Internally restricted investments	6,200,000	6,200,000
Investments	7,421,071	11,641,259
	19,925,643	25,964,659

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. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of the following:

	2017	2016
	\$	\$
Levy receivables	1,205,100	1,455,451
Other receivables	433,933	516,429
	<b>1,639,033</b>	<b>1,971,880</b>

## 5. CAPITAL ASSETS

The capital assets balance consists of the following:

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Equipment	270,253	221,834	48,419	43,395
Leasehold improvements	207,291	167,501	39,790	88,186
	477,544	389,335	88,209	131,581
Land	989,335	-	989,335	989,835
	<b>1,466,879</b>	<b>389,335</b>	<b>1,077,544</b>	<b>1,121,416</b>

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2017	2016
	\$	\$
Trade payables	315,564	1,317,227
R&D contracts payable	466,996	1,941,438
GST payable	46,068	60,367
Payroll liabilities	36,805	25,775
Accrued liabilities	10,465	197,868
	<b>875,898</b>	<b>3,542,675</b>

### 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	\$
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:

	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$
U of S/CDC Variety Development	6,296,044	5,923,024	5,805,642	238,619	–
Other	3,028,590	1,673,492	548,325	328,970	–
	9,324,634	7,596,516	6,353,967	567,589	–

### 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 2018, 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	\$
2018	197,997
2019	1,500
2020	1,500





## 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 (2016 - \$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 June 16, 2016 and presented at the Annual General Meeting. No revisions were made after this date.

## 12. PRIOR PERIOD ADJUSTMENT

In prior years, SPG has included accounts related to the Pulse Science Cluster it has managed since April 1, 2013. SPG has reclassified this accounting for Pulse Science Cluster as resources that are not owned by SPG and concluded they should not be reflected as assets and liabilities of SPG. The result of this reclassification was a reduction in the year ending August 31, 2016 in cash of \$1,088,169, accounts receivable of \$1,381,863 and accounts payable of \$2,470,032. There was no impact on the Statement of Operations from this adjustment.

## 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.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

# Schedule 1 – Schedule of Expenses

for the year ended August 31, 2017

	2017 Budget <i>(Unaudited) (Note 11)</i>	2017 Actual	2016 Actual
	\$	\$	\$
<b>RESEARCH AND DEVELOPMENT</b>			
<b>PULSE BREEDING</b>			
Variety improvement	4,455,540	4,834,098	4,729,422
Pea genetic improvement program	125,145	125,125	824,568
	4,580,685	4,959,223	5,553,990
<b>AGRONOMY AND SUSTAINABILITY</b>			
Weed management	480,263	515,003	439,371
Disease management	328,917	398,812	276,703
Rotation and plant nutrition management	76,346	48,755	80,210
Soil fertility	116,016	101,575	121,598
Nitrogen fixation	221,466	280,356	154,642
Sustainability	392,168	403,584	88,589
Pea yield	-	113,675	5,175
Post production	11,885	33,348	47,535
Demonstration, outreach, and priorities	595,000	373,791	-
Other yield stability	175,094	168,942	219,983
	2,397,155	2,437,841	1,433,806
<b>GENETIC IMPROVEMENT</b>			
Breeding tools	1,588,948	2,012,578	1,110,027
Weed science	-	-	36,855
Disease resistance	183,598	183,598	204,033
Other yield enhancement	160,307	228,288	98,374
	1,932,853	2,424,464	1,449,289
<b>PROCESSING AND UTILIZATION</b>			
Pulse processing	1,354,353	1,256,823	976,576
Pulses and feed	221,103	197,987	189,017
	1,575,456	1,454,810	1,165,593
<b>HEALTH OUTCOMES</b>	<b>699,257</b>	<b>512,341</b>	<b>1,090,939</b>
<b>STRATEGY DEVELOPMENT AND SUPPORT</b>	<b>1,742,813</b>	<b>1,014,102</b>	<b>994,296</b>
	<b>12,928,219</b>	<b>12,802,781</b>	<b>11,687,913</b>



	2017 Budget <i>(Unaudited) (Note 11)</i>	2017 Actual	2016 Actual
	\$	\$	\$
<b>MARKET PROMOTION</b>			
CANADIAN LENTIL PROMOTION	2,550,300	2,604,920	2,465,996
INTERNATIONAL MARKET PROMOTION	41,550	-	38,120
OTHER PROMOTION AND SUPPORT	489,893	532,200	801,460
	<b>3,081,743</b>	<b>3,137,120</b>	<b>3,305,576</b>
<b>COMMUNICATIONS</b>			
GROWER COMMUNICATIONS	978,000	840,888	805,345
INDUSTRY AND EXTERNAL COMMUNICATIONS AND SUPPORT	384,309	473,002	359,560
	<b>1,362,309</b>	<b>1,313,890</b>	<b>1,164,905</b>
<b>PULSE CANADA</b>			
STRATEGIC INITIATIVES	1,799,436	1,719,436	1,385,433
INTERNATIONAL YEAR OF PULSES	-	-	765,500
	<b>1,799,436</b>	<b>1,719,436</b>	<b>2,150,933</b>
<b>VARIETY COMMERCIALIZATION</b>			
BREEDER SEED	345,214	227,438	422,179
EXTENSION ACTIVITIES AND SUPPORT	112,663	156,976	106,350
	<b>457,877</b>	<b>384,414</b>	<b>528,529</b>
<b>LEADERSHIP AND MANAGEMENT</b>			
<b>BOARD OF DIRECTORS</b>			
Election	66,250	79,594	63,926
Honouraria, benefits, and allowances	126,558	114,626	101,221
Professional fees	21,500	16,572	21,307
Travel	99,000	56,730	74,315
Other	36,450	26,784	30,657
	<b>349,758</b>	<b>294,306</b>	<b>291,426</b>
<b>MANAGEMENT AND ADMINISTRATION</b>			
Professional fees	177,500	159,819	147,573
Rent and occupancy	200,000	203,319	190,571
Salaries and benefits	522,519	507,755	544,832
Travel	35,920	24,294	34,554
Other	233,400	254,438	244,137
	<b>1,169,339</b>	<b>1,149,625</b>	<b>1,161,667</b>
	<b>21,148,681</b>	<b>20,801,572</b>	<b>20,290,949</b>



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