



# CWRC

Canadian Wheat Research Coalition

## 2018-2019 Annual Report







The Canadian Wheat Research Coalition (CWRC), is a collaboration between the Saskatchewan Wheat Development Commission (Sask Wheat), the Alberta Wheat Commission (AWC), and the Manitoba Wheat and Barley Growers Association (MWBGA).

The CWRC will facilitate a collaborative approach to producer funding of regional and national research projects in variety development and agronomy including the Canadian National Wheat Cluster and core wheat breeding agreements with Agriculture and Agri-Food Canada and the universities. Additional regional projects that align with variety development and agronomic priorities will also be considered for funding through the CWRC.

The CWRC will be administered by a host commission, which will rotate every three years starting with Sask Wheat.





## Message from the Chair

Jason Lenz, Chair

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The 2018-2019 crop year was a year of growth and attainment for the Canadian Wheat Research Coalition (CWRC).

Now fully established as an organization, the CWRC worked with Agriculture and Agri-Food Canada (AAFC) and wheat funding organizations from across the country to establish the new Canadian National Wheat Cluster (CNWC).

The CNWC is worth nearly \$25 million over five years. Projects funded through the CNWC will address common issues that farmers face and will lead to improved varieties and agronomic practices.

This is a unique partnership of organizations, from the federal government to producer commissions from across Canada. We hope to provide Canadian wheat farmers with the technology and information they need to improve their farming operations while maintaining Canada's reputation for providing quality wheat for markets around the globe.

The CWRC will continue to facilitate additional collaborative research projects in variety development and agronomy, notably the successors to the core wheat breeding agreements with AAFC and western Canadian universities. Additional regional projects that align with variety development and agronomic priorities will also be considered for funding through the CWRC.

The CWRC will be administered by a host commission, which rotates through the founding member commissions. Currently, the Saskatchewan Wheat Development Commission (Sask Wheat) is the host commission.

I would like to thank my fellow directors from the Alberta Wheat Commission (AWC), the Manitoba Wheat and Barley Growers Association (MWBGA), and Sask Wheat for the time and dedication they have provided to the CWRC in addition to all of their other responsibilities. I would also like to thank the staff of our founding members, who worked hard to establish both the CWRC and the CNWC and continue to work closely with researchers and AAFC officials.

I would also like to extend my thanks to our past chair, Terry Young, who stepped down earlier this year after his term ended as an AWC director.

I believe we have a strong organization that is well positioned to identify and provide funding to research that will benefit western Canadian wheat farmers well into the future. On a personal note as a wheat farmer, I see great value in the CWRC's collaborative, producer-led approach to research investment. On our farm we always look forward to growing new, high-performing varieties and improving our agronomic practices – a result of projects being funded through mechanisms like the CNWC. Some of the highest performing varieties on the market today such as AAC Brandon – which any western Canadian farmer would be familiar with – or AAC Penhold and AAC Redwater, both of which perform well on my farm in Alberta, are the result of farmer-funded wheat breeding. The CWRC's model will allow for more success stories like this to come out of the CNWC in the future. I look forward to seeing results of these projects and communicating them to farmers.





## Message from the President

Harvey Brooks, President

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The Canadian Wheat Research Coalition (CWRC) continues to show the benefits of collaboration.

The CWRC was established in 2017 by the Saskatchewan Wheat Development Commission (Sask Wheat), Alberta Wheat Commission (AWC), and Manitoba Wheat and Barley Growers Association (MWBGA) to improve the net relative profitability of wheat for western Canadian producers.

The CWRC has facilitated a collaborative approach to producer funding of regional and national research projects in variety development and agronomy, allowing our organizations to collaborate in hosting the new Canadian National Wheat Cluster. Soon, we will add to that successor programming to core wheat breeding agreements with Agriculture and Agri-Food Canada and western Canadian universities. The CWRC is also positioned to host additional regional projects that align with variety development and agronomic priorities will also be considered for funding through the CWRC.

The Wheat Cluster was announced at CropSphere 2019 in January by the Honourable Lawrence MacAulay, the former Minister of Agriculture and Agri-Food (AAFC). Getting to that point was no small undertaking, as funding for the Wheat Cluster comes from AAFC and 10 producer and private organizations from across Canada. It was a detailed and often difficult task and the staff deserves credit for a job well done.

The research being funded through the CWRC will carry on the investments by Western Grains Research Foundation (WGRF) made on behalf of producers in core breeding agreements and the 5-year National Wheat Cluster that has just been completed, maintaining plant breeders, technicians, and specialists involved in all efforts to enable AAFC and the universities to finish wheat varieties for the benefit of producers. For wheat, research has shown a tremendous rate of return to producers of \$20.40 for every producer dollar invested, a return that the three Prairie wheat commissions intend to continue through investments in the core breeding agreements and the CNWC through the CWRC.

Western Canadian wheat producers have made a tremendous commitment to wheat research and the development of new varieties over the past few decades, a commitment that has led to improved varieties with increased yields, resistance to serious pests and diseases, and desirable end-use characteristics. This is a critical effort that needs to be continued, and the work of the CWRC will enable innovation that will benefit farmers and the entire agriculture sector.





# Board of Directors



**Jason Lenz**  
Chair

Alberta Wheat Commission



**Laura Reiter**  
Vice-Chair

Saskatchewan Wheat  
Development Commission



**Fred Greig**  
Secretary/Treasurer

Manitoba Wheat and Barley  
Growers Association



**Cale Jefferies**

Manitoba Wheat and Barley  
Growers Association



**Jake Leguee**

Saskatchewan Wheat  
Development Commission



**Ken Rosaasen**

Saskatchewan Wheat  
Development Commission



**Jason Saunders**

Alberta Wheat Commission



**Gary Stanford**

Alberta Wheat Commission



**PRESIDENT: Harvey Brooks**

Saskatchewan Wheat  
Development Commission

# Canadian National Wheat Cluster

Canadian wheat farmers will see significant benefits through the Canadian National Wheat Cluster. Worth nearly \$25 million over five years, projects funded through the Wheat Cluster address common issues that farmers face and will lead to improved varieties and agronomic practices.

The Wheat Cluster was announced at CropSphere 2019 on January 15 by the Hon. Lawrence MacAulay, the former Minister of Agriculture and Agri-Food (AAFC). Funding for the Wheat Cluster will come from AAFC through the Canadian Agricultural Partnership's AgriScience program and 10 producer and private organizations from across Canada.

The Wheat Cluster program runs from 2018 to 2023. It has four theme areas, which guide the research funded through it:



*From left: Fred Greig, CWRC Secretary/Treasurer; Hon. Lawrence MacAulay, former Minister of Agriculture and Agri-Food; Laura Reiter, CWRC Vice-Chair; Terry Young, former CWRC Chair.*

Theme 1: Cultivar development to enhance competitiveness and sustainability

Theme 2: Pre-breeding for future resistance to disease and insects

Theme 3: Insect resistance to protect grain yield and quality

Theme 4: Crop management to capture the genetic potential and minimize environmental footprint



**Field signs** and a **website** were developed to recognize the funders and of the Canadian National Wheat Cluster and to provide further information on the Canadian Wheat Research Coalition and the projects funded under the Wheat Cluster. The website will be updated with news and information on the core breeding agreements and other research opportunities in the future.



## Canadian National Wheat Cluster Funders



## Successor Programming to Core Wheat Breeding Agreements

The CWRC will become the funding organization for the core wheat breeding agreement renewals that are currently in place with the western Canadian universities (University of Alberta, University of Manitoba and University of Saskatchewan), and the Agriculture and Agri-Food Canada (AAFC) research facilities. These agreements provide core funding to these research programs that cover a five-year timeframe.



# **Canadian Wheat Research Coalition**

Financial Statements  
**March 31, 2019**





## *Independent auditor's report*

To the Board of Directors of Canadian Wheat Research Coalition

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Wheat Research Coalition (the Entity) as at March 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **What we have audited**

The Entity's financial statements comprise:

- the statements of financial position as at March 31, 2019 and 2018;
- the statements of operations and net assets for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### **Independence**

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

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*PricewaterhouseCoopers LLP*  
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In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Signed PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Saskatoon, Saskatchewan  
July 23, 2019

# Canadian Wheat Research Coalition

## Statement of Financial Position

As at March 31, 2019

	2019 \$	2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	898,856	1
Accounts receivable	134,492	-
	<u>1,033,348</u>	<u>1</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	851,825	188
Deferred revenue	25,967	-
	<u>877,792</u>	<u>188</u>
<b>Net assets</b>		
Unrestricted net assets	155,556	(187)
Internally restricted net assets	-	-
	<u>155,556</u>	<u>( 187)</u>
	<u>1,033,348</u>	<u>1</u>

Approved by the Board of Directors



Director

  
Gale J. Jenkins

Director

The accompanying notes are an integral part of these financial statements.



# Canadian Wheat Research Coalition

## Statement of Operations and Net Assets

For the year ended March 31, 2019

	2019 \$	2018 \$
<b>Revenue</b>		
Project contributions – CRDA (note 4)	1,429,034	-
Project contributions – AAFC (note 3)	819,419	-
Project contributions – Industry (note 4)	646,783	-
Seed funding	135,000	-
Interest income	1,999	-
	<u>3,032,235</u>	<u>-</u>
<b>Expenditures</b>		
Research		
Research projects – CRDA (note 5)	1,429,034	-
Research projects – CA (note 6)	1,197,845	-
Core breeding agreements	3,955	-
Other research costs	2,759	-
Science coordination (note 7)	108,008	-
Operations and administration		
Service contracts (note 7)	107,870	-
Professional fees	15,947	-
Communications	5,615	-
Board meetings	3,367	-
General and administrative	2,092	187
	<u>2,876,492</u>	<u>187</u>
<b>Excess (deficiency) of revenue over expenditures</b>	155,743	( 187)
<b>Unrestricted net assets – Beginning of year</b>	(187)	-
<b>Transfer to internally restricted net assets</b>	-	-
<b>Unrestricted net assets – End of year</b>	<u>155,556</u>	<u>( 187)</u>

The accompanying notes are an integral part of these financial statements.

# Canadian Wheat Research Coalition

## Statement of Cash Flows

For the year ended March 31, 2019

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	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	155,743	(187)
Changes in non-cash working capital items		
Accounts receivable	(134,492)	-
Accounts payable and accrued liabilities	851,637	188
Deferred revenue	25,967	-
	<hr/> 743,112	<hr/> 188
<b>Net change in cash and cash equivalents</b>	898,855	1
<b>Cash and cash equivalents – Beginning of year</b>	<hr/> 1	<hr/> -
<b>Cash and cash equivalents – End of year</b>	<hr/> 898,856	<hr/> 1

The accompanying notes are an integral part of these financial statements.



# Canadian Wheat Research Coalition

## Notes to Financial Statements

March 31, 2019

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### 1 Nature of business

The Canadian Wheat Research Coalition (the “coalition” or “CWRC”) was incorporated under the Canada Not-for-profit Corporations Act on August 9, 2017.

The purpose of the coalition is to coordinate key research proposals aimed at improving the relative profitability and competitiveness of wheat for Western Canadian producers and to pursue research-led breakthroughs in science and agronomics that expand the relative competitiveness of wheat.

### 2 Summary of significant accounting policies

#### a) Basis of presentation

These financial statements include only the accounts of the coalition’s Canadian National Wheat Cluster Project and are presented in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

#### b) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

#### c) Cash and cash equivalents

Cash consists of cash balances with banks and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

#### d) Revenue recognition

The coalition follows the deferral method of accounting for project contributions, including grants. 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. Restricted contributions for expenses of the current period are recognized as revenue in the current period and restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Interest income is recognized as it is earned. Contributions of materials and services are recognized only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the coalition’s operations and would otherwise have been purchased.

# Canadian Wheat Research Coalition

## Notes to Financial Statements

March 31, 2019

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e) Research project expenditures

Research project expenditures are recognized when the current year commitment to the research project is due under the terms of the research agreement.

f) Financial instruments

Financial assets and financial liabilities, consisting of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are initially recognized at fair value and subsequent measurement is at amortized cost. The commission does not consider itself to have significant exposure to credit risk, currency risk, interest rate risk, liquidity risk, market risk or other price risk.

### 3 Contribution agreement – Minister of Agriculture and Agri-Food

The coalition signed a contribution agreement with Agriculture and Agri-Food Canada effective April 1, 2018 and ending March 31, 2023, with a maximum total contribution of \$4,311,047 to the coalition, ranging from \$827,696 to \$882,508 per year. Any portion of the contribution not expended in each fiscal year will not be available in a subsequent fiscal year and will thereby reduce the amount of the total contribution. The contribution may be reduced or cancelled in the event that federal funding levels are changed by parliament during the term of the agreement. At any time before completion of the project, the agreement may be terminated with 60 days' written notice.

### 4 Contribution agreement – Funding Agencies

The coalition signed a funding agreement with the Alberta Wheat Commission, Canadian Field Crop Research Alliance, Manitoba Wheat and Barley Growers Association, Saskatchewan Wheat Development Commission, Saskatchewan Winter Cereals Development Commission, Western Grain Research Foundation, and Winter Cereals Manitoba Inc. (the "funding agencies") The agreement is effective April 1, 2018 and, unless terminated early, will expire upon satisfactory completion of all research reporting and payment obligations outlined in the agreement. The maximum total contributions to the coalition will be \$11,056,341, ranging from \$2,101,784 to \$2,267,335 per year.

The funding agencies have the right to withhold any payment of funds in the event that the research activity performance does not proceed in accordance with or conform to the agreement, or in the event that any report is not submitted to the funding agencies as outlined in the agreement, or the coalition materially breaches the agreement and does not remedy the breach within 30 days. Either the coalition or any funding agency may terminate the agreement, at any time and any reason, upon 90 days written notice.

### 5 Collaborative research and development agreement – Minister of Agriculture and Agri-Food

The coalition signed a collaborative research and development agreement (CRDA) with Agriculture and Agri-Food Canada effective April 1, 2018 and ending March 31, 2023. The agreement may be terminated by either party at any time upon 60 days' written notice. If terminated, the coalition would pay any funds owing under the agreement during the 60 day notice period plus any funds necessary to meet any commitments made prior

# Canadian Wheat Research Coalition

## Notes to Financial Statements

March 31, 2019

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to or during the notice period but not owing until after the notice period. The maximum total commitment of the coalition will be \$7,581,341 over the term of the agreement, as follows:

	\$
2019	1,429,034
2020	1,507,127
2021	1,539,171
2022	1,566,060
2023	1,539,949
	<hr/>
	7,581,341

### 6 Research project commitments

The total maximum commitment to projects awarded funding during the year ended March 31, 2019 is \$7,786,047. Research project expenditures of \$1,197,845 have been incurred related to these commitments as of March 31, 2019. The total maximum research expenditures related to these research projects are anticipated to be as follows:

	\$
2019	1,500,446
2020	1,549,823
2021	1,586,453
2022	1,568,526
2023	1,580,799
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	7,786,047

### 7 Service contracts including science coordination

The coalition signed a service contract with the Western Grains Research Foundation for science coordination and administration services effective from April 1, 2018 to October 31, 2018. The coalition signed a service contract with the Saskatchewan Wheat Development Commission for science coordination and administration services effective September 1, 2018 to December 31, 2023. The total commitment under both contracts is as follows:

	\$
2019	184,168
2020	191,100
2021	162,436
2022	182,072
2023	209,056





[WheatResearch.ca](http://WheatResearch.ca)