



MANITOBA
Pulse Soybean
GROWERS

**2016 Annual General Meeting
Wednesday, February 10
Victoria Inn, Winnipeg, MB**



2015 Board of Directors



Kyle Friesen (Chair) - Altona



Albert Turski - La Salle



Ben Martens - Boissevain



Jason Voth (Vice Chair) - Altona



Rick Vaags - Dugald



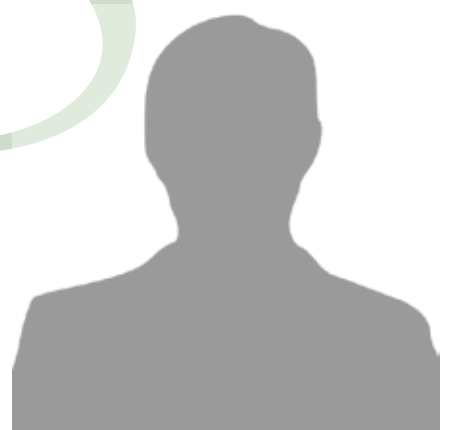
Joni Sawatzky - Altona



Ernie Sirski - Dauphin



Frank Prince - Waskada



Andy Scheurer - Dugald

2015 MPSG Committee Listing (Chair is listed first)

1. **Executive:** K. Friesen, J. Voth, E. Sirski, F. Labelle
2. **Governance and H/R:** E. Sirski, F. Prince, F. Labelle
3. **Finance/Audit:** J. Voth, R. Vaags, F. Labelle, S. Robinson
4. **Resolutions:** A. Scheurer, B. Martens, A. Turski
5. **Nominations:** A. Scheurer, B. Martens, A. Turski
6. **Communications/Member Relations/Market Development:** E. Sirski, R. Vaags, A. Scheurer, F. Labelle, G. Kirby, K. Podolsky, S. Robinson
7. **Research:** J. Voth, A. Turski, B. Martens, F. Prince, F. Labelle, K. Podolsky, L. Grenkow, W. Voogt, industry advisors

Sub-Committees:

- Peas, Fababeans, Lentils and Chickpeas:** B. Martens, F. Prince, D. Lange, B. Conner, Y. Lawley, F. Labelle, K. Podolsky, L. Grenkow
- Edible Bean:** J. Voth, B. Martens, J. Sawatzky, D. Lange, A. Hou, Y. Lawley, B. Conner, F. Labelle, K. Podolsky, L. Grenkow
- Soybean:** A. Turski, F. Prince, R. Vaags, J. Sawatzky, A. Scheurer, D. Lange, A. Hou, Y. Lawley, F. Labelle, K. Podolsky, L. Grenkow

MPSG Representatives:

1. **Canadian Grain Commission Pulse Sub-Committee:** F. Labelle
2. **Grain Growers of Canada:** K. Friesen, R. Vaags (alt), A. Turski (alt)
3. **Keystone Agricultural Producers:** R. Vaags, K. Friesen, F. Labelle
General Council: F. Labelle
Pulse/Oilseed Sub Committee: F. Labelle
Commodity Group: R. Vaags, K. Friesen
4. **MCVET:** J. Sawatzky, D. Lange (adv.)
5. **PGDC /PRCPSC:** J. Sawatzky, B. Martens (alt.), D. Lange (adv.)
6. **Pulse Canada:** R. Vaags, F. Prince (alt), F. Labelle (adv.)
Sustainability: F. Prince
7. **Soy Canada:** E. Sirski
9. **Western Canadian Pulse Growers Association**
WGRF: D'Arcy Hilgartner (APG)
CGC Western Grain Standards Committee: E. Sirski (exp. 2018)
(4 year term that rotates between: APG, SPG and MPSG)

Agenda

Time	Item	Presenter	Action
8:00 am	Call to order of Special Meeting MPSG	Kyle Friesen	
8:00 am	Approval of Agenda – Special Meeting	Kyle Friesen	Motion to Approve
8:00 am	Special Meeting – Approval of By-Laws	Kyle Friesen	Motion to Adopt
8:15 am	Adjourn Special Meeting		Motion to Adjourn
8:15 am	Call to Order Annual Meeting	Kyle Friesen	
8:15 am	Approval of Agenda – Annual Meeting	Kyle Friesen	Motion to Approve
8:16 am	Minutes of the 2015 Annual Meeting	Sandy Robinson	Motion to Adopt
8:20 am	Election Procedures	Kyle Friesen	Motion to Approve
8:23 am	Nominating Committee Report	Albert Turski	
8:25 am	Auditors Report 2015	Dale George	Motion to Adopt
	Appointment of Auditors	Kyle Friesen	Motion to Appoint
8:35 am	Board and Manager’s Report	Francois Labelle	
8:40 am	Election of Directors	Kyle Friesen	
8:42 am	Strategic Plan	Kyle Friesen	
8:47 am	Research Report	Kristen Podolsky	
8:58 am	Resolution Committee Report	Kyle Friesen	
8:58 am	Other Business	Kyle Friesen	
9:00 am	Adjourn		Motion to adjourn

January 4, 2015

Re: Notice of Resolution to Amend By-laws

Dear MPSG Member:

With great pleasure, I present the proposed amended by-laws for consideration at the Annual General Meeting scheduled for February 10, 2016, at 8:00 am at the Victoria Inn Hotel and Convention Centre, Winnipeg, MB.

Our organization has experienced unprecedented growth since the current constitution and by-laws were last amended in 2012. In that time, seeded acres have increased by nearly 70% to over 1.5-million acres. Membership now includes more than 3,800 Manitoba farmers producing over \$600-million of pulse and soybean crops annually.

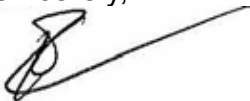
The maturing of our growers' group is reflected in a new corporate name - Manitoba Pulse & Soybean Growers. By-laws have been amended to support the name change and satisfy requirements within the Corporations Act of Manitoba. As proposed, the by-laws ensure that we remain legally compliant and functionally nimble during future years of anticipated growth, working on behalf of members in Manitoba and advancing all phases of the provincial pulse and soybean crop-growing industry.

You can review the proposed amended by-laws in the accompanying document entitled Manitoba Pulse & Soybean Growers Inc. By-law No. 1. In addition, both the existing and proposed by-laws are available for viewing on the MPSG website at:
<http://www.manitobapulse.ca/about-us/association-history/association-business/>.

As always, our Executive Director is available to answer questions about the by-laws. Please contact Francois Labelle at 204-745-6488 or francois@manitobapulse.ca.

I look forward to your participation in the 2016 Annual General Meeting and wish you continued success in the new year.

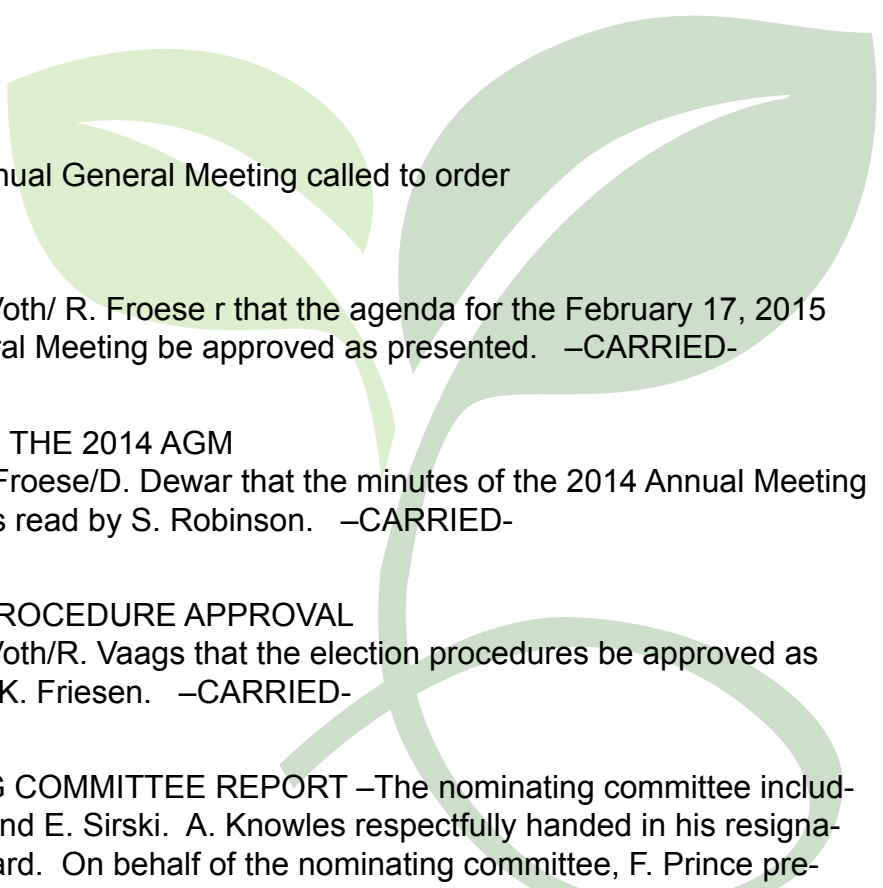
Sincerely,



Kyle Friesen
Chair
Manitoba Pulse & Soybean Growers

2015 Annual General Meeting
 February 17, 2015
 Victoria Inn Hotel and Convention Centre

Minutes

- 
- | Agenda Item | |
|---|-------------|
| 1. 2:50 pm – Annual General Meeting called to order | K. Friesen |
| 2. AGENDA
MOTION: J. Voth/ R. Froese r that the agenda for the February 17, 2015 Annual General Meeting be approved as presented. –CARRIED- | K. Friesen |
| 3. MINUTES OF THE 2014 AGM
MOTION: R. Froese/D. Dewar that the minutes of the 2014 Annual Meeting be adopted as read by S. Robinson. –CARRIED- | S. Robinson |
| 4. ELECTION PROCEDURE APPROVAL
MOTION: J. Voth/R. Vaags that the election procedures be approved as presented by K. Friesen. –CARRIED- | K. Friesen |
| 5. NOMINATING COMMITTEE REPORT –The nominating committee included F. Prince and E. Sirski. A. Knowles respectfully handed in his resignation to the board. On behalf of the nominating committee, F. Prince presented the following name for a 2 year term (2015-2017): Albert Turski; and the following names for 3 year terms (2015-2018): Ben Martens and Andy Scheurer.
K. Friesen CALLED FOR NOMINATIONS from the floor with none forthcoming.
MOTION: R. Froese/D. Dewar that the nominations cease – CARRIED - | F. Prince |

Agenda Item

6. FINANCIAL REPORT D. George
MOTION: R. Froese/A. Scheurer that the 2014 audited financial statements be adopted as presented by Dale George of D.F. George Chartered Accountants Inc. -CARRIED-
APPOINTMENT OF AUDITORS
MOTION: J. Voth/ D. Rourke that D.F. George Chartered Accountants Inc. be appointed auditors for the Manitoba Pulse Growers Association for 2015. -CARRIED -
7. BRANDING ANNOUNCEMENT –F. Labelle announced the re-branding of the organization and presented the new name and logo. F. Labelle
8. RESEARCH PRESENTATION – K. Podolsky provided a summary of the 2014 research and highlighted the leveraged funding received through various programs. K. Podolsky
9. ELECTION RESULTS K. Friesen
Albert Turski was elected by acclamation for the 2015-2017 term and Ben Martens and Andy Scheurer were elected by acclamation for the 2015-2018 term.
- RESOLUTIONS COMMITTEE REPORT –K. Friesen reported that resolutions could not be received from the floor based on the MPGA By-laws and that no resolutions were submitted prior to the deadline. K. Friesen
- CALL FOR OTHER BUSINESS -There was no other business to report K. Friesen
- ADJOURN 3:30 pm
MOTION: J. Voth that the 2015 Annual General Meeting be adjourned. -CARRIED-

Reports

Pg 9-10

**Message from Board Chair
Kyle Friesen**



Pg 11-13

**Executive Director's Report
Francois Labelle**



Pg 14-17

**Production and Research Report
Kristen Podolsky**



Pg 18-19

**Communications Committee Report
Ernie Sirski**



Message from MPSG Board Chair Kyle Friesen

With mixed emotions I am writing my final report as Chair of the Manitoba Pulse Growers Association, as it was called when I began my tenure nearly 6 years ago. Looking back, it is almost unfathomable where we have come over that time. If I recall correctly, when I began on the board, we were working with a budget of around \$600,000/year; the vast majority of that was contributed by dry bean production in Manitoba; and we had two full-time staff members. We now employ six people full-time and conduct leading-edge research; our current contributions to research alone exceed the entire budget from 2010 when I joined the board. Our overall current budget exceeds \$2M and our association is in excellent financial health to continue leading not only the pulse industry but agriculture as a whole into the future.

I cannot take any of the credit for the tremendous growth that our association has achieved. I only had the opportunity to help guide its activities as the pulse industry reaped the rewards of forward-thinking board members of the past. It is these board members, with the foresight to invest in opportunities and ideas, who have provided farmers with another economical crop option for nearly every growing region in Manitoba and, increasingly, across western Canada.

Looking forward and attempting to anticipate what the future may hold for agriculture is truly what our farm associations must strive to achieve. In an increasingly global economic marketplace we must anticipate how changes beyond our borders, and beyond our control or influence, will impact our industry and how we can prepare for these changes and view them as opportunities rather than threats. In the meantime, we must also seek to understand local and domestic consumption habits, consumer preferences and influence that have the potential to drastically affect our decisions in the way we operate our farms. As society becomes increasingly distanced from the farm, the people involved in agriculture have a critical responsibility to educate and inform the public about our industry and the role we play in providing a safe, secure, nutritious food supply now and in a future world filled with 9-billion-plus people. Remember, that disengaged population has voting power with the potential to influence public policy in ways that may impact how we operate. To counter this, every individual involved in agriculture must educate themselves in order to be confident in conversations with friends, families and neighbours; to educate people not only on the facts but also the emotion, passion and commitment of farmers and people who have chosen agriculture as a way of life.

Another consideration is how long we can sustain the current model of multiple associations providing overlapping representation to the same membership. When I look at the various groups that represent agriculture, I see a great opportunity to improve efficiency of grower levy funds through collaboration, communication and possibly consolidation. The goal is to accomplish more collectively than we are able to accomplish individually. This means the ag industry will have to change from a position of individuality - where all commodities in each jurisdiction have the desire for their

own unique voice - to a position of community where we develop consistent objectives brought forward by an overarching group representing a broad spectrum within the industry. This will require a change in perspective as we leave behind the protectionist ideals of individual commodities and embrace the concept that, in order for one segment of agriculture to be successful, we must have all segments thriving and successful.

For instance, in the cropping world, we need numerous profitable and sustainable choices to allow farmers to rotate crops and avoid various challenges that arise in a mono-crop style system. In turn, the crop segment requires a thriving livestock industry to create long-term demand for the feed grains we grow. Moving forward, when we take public positions, we must be sure that they are not compromising other segments of agriculture that are critical to our own survival.

During a trade mission to China with the federal Deputy Minister of Agriculture and a prestigious group of leaders in Canadian agriculture, I was able to experience the immense opportunities available in the vast export markets present around the globe. As a resource and export-based economy, we must prioritize competitive access to these markets and ensure we have consistent and reliable trade arrangements that allow us to maximize the potential that these markets provide. Enriching these opportunities does not solely consist of trying to export the most raw product into these markets at the best price but developing an agricultural export strategy to increase both the return on our exports and the value that we contribute to the Canadian economy. An example would be tapping into China's immense demand for protein. As much as I wish pulses would fill this demand, a large portion will likely be filled by the pork industry and there have been efforts to export Canadian production knowledge, genetics and feed grains to the Chinese to feed these animals. Instead of this fragmented approach, why not develop a strategy where we export the finished meat products and retain the economic benefits of value-added production. Numerous environmental benefits could also be realized, such as reducing the volume of product that must be freighted to the export markets and utilizing the manure byproduct as fertilizer to nourish the crops that we are growing. This can improve sustainability, reduce our carbon footprint and create economic growth in regions of the country that may currently be experiencing employment hardships. There may be obstacles that prevent this specific example from being realized but we need everyone around the ag table to engage in broad, high-level thinking to realize the potential of our opportunities.

As agriculture and the world in which we operate continue to evolve, we must adapt our thinking and approaches to maintain pace and, ideally, stay far enough ahead to influence these changes, supporting and encouraging our best and brightest to engage in leading our industry into the future.

On a personal note, I want to thank all the passionate, dedicated people serving the pulse and soybean industry. During my time on the Board, I have enjoyed meeting and working alongside many of these individuals and I look forward to maintaining and building these relationships in the years ahead. Thanks to you for making my time on the Board productive and fulfilling.

MPSG Executive Director's Report **Francois Labelle**

The pulse and soybean industry in Manitoba continues to be very healthy – acres are still increasing in soybeans and we are seeing recovery in acres of peas.

Soybean distribution remains concentrated in the eastern part of the province. The highest percentage of increased acres has been in the west although we're not yet seeing large acres. Potential remains for growth and we forecast 2-million acres province-wide by 2018 or 2020.

2015 also brought record yields – what some call the true potential of the crop. Now we need to work on attaining these yields consistently; finding answers through research.

We've seen a real up-and-down in acres of edible beans, from over 300,000 acres in the early 2000s to 130,000 acres now. Values are a big driver on beans. They are not cheap to grow and have some risk attached so, if the value reward is there, we can see edible beans in the 125,000 to 150,000 acre range going forward unless a new market develops. That could happen as more pulse fractions are included in food items.

After hitting a low in pea acres in 2011, we saw 72,000 acres in 2015; many of those in the valley with yields averaging in the high 50 bpa. That caught the interest of many growers and we are hearing forecasts of 100,000 acres for 2016. Those numbers would return us to pre-2005 levels when we consistently grew over 125,000 acres. Will we attain those acres again? Maybe more? If weather co-operates, we will see 150,000 acres by 2018. Interestingly, on many farms especially in the valley, we have almost gone a full generation since peas were last grown and that means lots of questions on how to grow them. Practices have changed in 20 years. New fungicides are available. We need to be cautious on rotation, as some root diseases could push peas out again.

Lentils – yes lentils. A few thousand acres in 2015 and projections of 20,000 acres in the coming season. If we move to a dryer cycle, lentils will do well. They can be planted early and ripen before the hot August weather. In the 80's, we grew lots of lentils in Manitoba with good returns. Today, there are many new varieties with better yields so we need to watch these but lentils are weather-dependent.

Fababeans are also making a comeback. For many years in Manitoba, we grew 8,000 to 10,000 acres annually. In 2015, we hit 9,000 acres. We can grow fababeans as long as there is a market. Low tannin varieties are great for feed and the fractioning market likes faba's as they get high yields in the processing.

What is the next emerging pulse crop? Mung beans, lima beans ? Who knows but we always need

to be on the lookout for the next one. Foresight in the late 1990s put funds into soybean research and look how that has worked out.

Board meetings and Directors' commitment

Directors spend a lot of personal time to advance the industry. Aside from the five Board meetings and the various Committee meetings in the past year, Directors were involved in a number of other functions including gatherings and conventions which took them away from their farms and businesses anywhere from 10 to 30 days. Add to that even more hours of conference calls and telephone discussions, responding to emails, and reading reports and industry literature.

Research

I won't spend a lot of time on research because we have a separate report which I invite you to read. However, there is one point I do want to make regarding research spending. We hear this particular question from farmers and Directors, and we ask the same question every time we consider funding new research projects: what is the benefit to you, the grower who pays the check-off dollars?

This question has guided MPSG to increasing our commitment to independent research so we can study products to make sure they work and assist you in conducting sound research on your own land through the On Farm programs.

Market Development / Sustainability

Compared to research, we spend a more modest portion of our budget on market development and sustainability. By working with other industry groups, we are able to have a much stronger voice and be heard by politicians, government department officials, industry representatives and other growers' and consumers' associations.

Pulse Canada (PC) is the envy of many, doing leading-edge work in market development in Canada and internationally. Their initiatives with the food industry to get pulses and pulse fractions included in many food items are paying dividends. PC is also taking a lead on maximum residue limit (MRL) issues, making certain the entire industry knows where there are concerns and providing information to groups including MPSG to communicate back to you.

Soy Canada is just getting going as a national voice for the soybean industry. As part of the original forming group, we have a director on the executive. We see potential but are mindful that we do not need another new group working on the same issues (including MRLs). We need to work together to get the best value for growers.

MPSG is also undertaking initiatives in 2016 to raise consumer awareness and demand within Manitoba. Our local market only consumes a small fraction of our crop and we have discussed for many years about how or if we might approach the consumer demand side of the food chain. As time evolves and we talk more about social licenses and the right to farm, it's increasingly important that we tell our story.

Sustainability is a great example of “good news” for the soybean and pulses industry. While governments and consumers talk about the need to address climate change, we know our crops are naturally reducing the carbon footprint because of their nitrogen-fixing abilities. We need to make certain our industry get credit and recognition at a public level.

Also, when we talk sustainability, we need to ensure that growers are effectively represented. MPSG has been involved in a number of meeting on sustainability but the sad part is your Director is sometimes the only grower at the table - lots of staff and industry representatives but few farmers. In the coming months, we want to make certain the grower's voice is loud and clear in these discussions .

Transportation remains an issue. Yes, grain is moving but all is not well. For example, Bill C-30 amended the Canada Transportation Act and the Canada Grain Act in May, 2015, increasing inter-switching zones to 160-km. However, a sunset clause is scheduled to kill that regulation on July 31, 2016 and the railways are lobbying governments, provincial and federal, to make it happen. We remain active in the Ag Transport Coalition with Pulse Canada and a handful of other groups, ensuring the growers' side is represented in the critical issue of agriculture transportation.

It is important that you as a member of MPSG let your Directors know what is important to both you and the industry so that we, as the organization representing all soybean and pulse growers in Manitoba, can set the best course now and into the future.

Thanks,
Francois

MPSG Research and Production Report
Kristen Podolsky, MPSG Production Specialist

An investment of \$1,392,386 towards 27 new research projects was made in 2015. Looking at this investment from an individual farm perspective, equates to \$0.89/ac for all soybean and pulse acres in the province. This research investment goes towards developing best management practices and new varieties that ensure you are producing the most profitable crops. The 2015 research investment contributes towards our total research program valued at \$4.5 million dollars.

In addition to research investment, new strategies to disseminate results and ensure BMPs are adopted at the farm level and an expanded team to leverage investments were initiated in 2015. Here are the highlights:

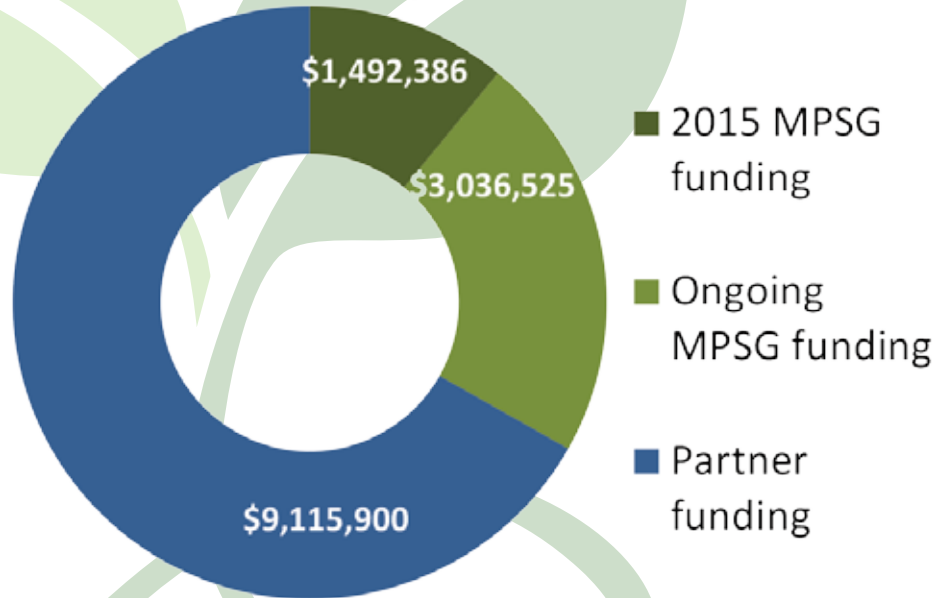
RESEARCH

Developing a Strategic Research Plan

Building a new Strategic Research Plan to address gaps and build capacity was a top priority for MPSG’s research program in 2015. The past two years have been spent alongside farmers, researchers and industry partners to identify what MPSG can do over the next 2-5 years to improve our knowledge of soybean and pulse production in Manitoba, target research to meet priorities and to increase farmer profitability over the short and long term. A new research plan was adopted by the Board of Directors with particular emphasis on applied research, on-farm research, diversifying agronomy research to include pulse crops and recognition of the differences in knowledge required for new and experienced soybean farmers. Stay tuned in 2016 for details on the implementing the new Strategic Research Plan.

Leveraging of Check-off dollars

\$1 = \$3



Success with Growing Forward 2

We continue efforts to leverage research funding from the Growing Forward 2 (GF2) federal-provincial policy framework and by working with other research funding organizations such as West-

ern Grains Research Foundation (WGRF). As the Growing Forward 2 program draws to a close in 2018, targeted efforts were made to apply for funding to the Agriculture Research Development Initiative (ARDI) to support 3 year research projects for the remainder of the program. A total of \$200,801 was received from the ARDI program in addition to \$43,660 from WGRF.

GF2 offers a suite of programs in addition to ARDI; we made a conscious effort to explore all our possible options. The GF2 On-Farm program was utilized to wholly support two seed treatment trials (\$50,000); these projects were developed as part of a seed treatment action plan developed by MPSG in response to concerns surrounding insecticide seed treatments. In addition, a successful application was made to the GF2: Growing Competitiveness – Agri-Extension program to develop new production resources for soybean and edible bean production (\$23,362).

Expanded Research Team

MPSG has been extremely successful in acquiring program funding from 2014-2015. With success comes increased demand to administer contracts and ensure reporting requirements are met. In order to ensure we are able to meet our contractual obligations and be on top of all potential funding opportunities, two new staff members joined us; Research Technician Laryssa Grenkow and



Program Administrator Wendy Voogt. Laryssa will be assisting with the implementation of the new research strategy and managing research reporting and crop variety evaluation trials. Wendy will be responsible for administering research and funding programs.

New Hail Damage Research

Concerns have been raised by farmers regarding hail adjusting procedures currently used in Manitoba. To address these concerns, new research protocols were developed in consultation with MASC and projects were launched at multiple field sites in Manitoba in 2015. This research is looking at the impact of various levels of defoliation and node removal on soybean yield and quality at different crop stages. The data will be used to validate or improve current adjusting procedures which are currently based on data developed outside of our growing region. Summer student James Carriere was hired to assist with these trials.

PRODUCTION

New extension events a hit

We are extremely pleased with the launch of two new keystone events hosted by MPSG and delivered by MPSG funded researchers as well as MAFRD extension specialists. Getting it Right (GIR) Soybean Production meeting was hosted in Portage on January 28 in collaboration with North Dakota Soybean Council. We launched this as our winter extension event exclusive to farmers. The goal is deliver the latest in research and production knowledge to farmers in a casual learning environment as well as take the opportunity to show them the value of their check-off dollars. The Soybean Management and Research Transfer (SMART) Day was hosted in Carman on July 22. This event was launched as our summer extension event open to farmers and our industry partners as a means to showcase the importance of research and deliver production knowledge in situ. Both events hosted nearly 200 people each.

Production resources



MPSG has gone mobile! As a means to get research results directly into the hands of farmers and agronomists, we developed a mobile app to assist with seeding rate decisions, plant stand assessments and yield estimation. The first two tools directly utilize research results. Check it out!

The Bean Report and Soybean School were also continued in 2015, as well as several new production resources:

- Soybean seed treatment risk assessment
- Soybean maturity guide
- Fungicide decision worksheet for managing white mould in dry beans
- Phosphorus fertilization strategies
- Root rot in pea and lentil, from Saskatchewan Pulse Growers Assoc.

2015 RESEARCH PROJECTS

Soybean

- Soybean special input trial
- Effects of soybean seed treatment on yield and plant vigor
- Comprehensive soybean seed treatment evaluation
- Effects of lower seeding rates on yields - western Manitoba
- Soybean hail damage re-growth assessment
- Soybean seeding date x maturity assessment

- Soybean inoculant trial
- Evaluation of soybean breeding lines for iron deficiency chlorosis (IDC) resistance in greenhouse
- Soybean protein content variation among genotypes grown in Manitoba and Ottawa
- Supporting western and northern expansion of soybean and corn in Canada, photosynthetic cold stress
- SoyaGen: Improving yield and disease resistance in short-season soybean
- Variation in soybean seed quality parameters: The Manitoba Advantage

Edible bean

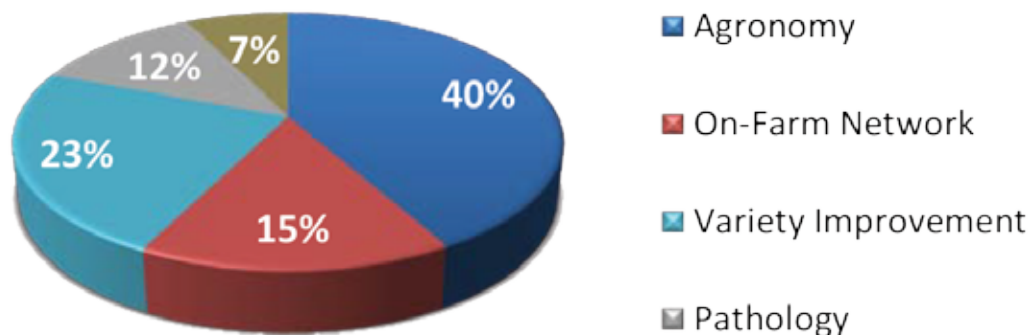
Evaluation of fungicide options on pinto beans

- Suitability of pinto and navy bean varieties for direct harvest
- Optimizing plant spatial arrangement and weed management for field bean production
- Manitoba Crop Variety Evaluation Trials for dry beans
- Consumer taste testing of recipes containing pulses
- Thermal treatment of pulse flours for application in cold processed foods
- The effect of whole cooked beans & peas on satiation, satiety and food intake in children
- Extraction and functional characterization of cholesterol-binding indigestible proteins from Manitoba-grown pulses
- Effect of black and navy beans on blood vessel function and modelling
- Pre-commercialization of breaded cheese curds
- Development of a pulse based protein drink mix for the vegan athlete
- Developing pulse-based shelf stable chili using retort processing

Pea

- Pea-canola intercropping
- Evaluation of seeding rate and fungicide use in field pea
- Variety development of field peas and faba beans

\$4.5M Research Program by Priority Area



MPSG Communications/Member Relations/Market Development Report **Ernie Sirski, Committee Chair**

The Board has placed new emphasis on communications and marketing by earmarking funds in 2016 for a significant consumer awareness campaign. The Communications Committee developed a year-long project to education Manitobans of all ages about pulses, with the goal of increasing local consumption and growing our market share as more people realize that pulses are nutritious, health and environmentally sustainable.

Our efforts within Manitoba will leverage a global campaign - the *International Year of Pulses 2016*, as declared by the United Nations. We are rolling out several initiatives including a new MPSG mascot; a two-person 'Bean Team' to speak at schools, stores and community events; a redesigned website with an online Pulse Pledge; new collaborations with groups including Ag In The Classroom, Manitoba Food Processors Association, Canadian Diabetes Association; Festival du Voyageur and the Kleefeld Chili Cookoff; and the Food and Farm Discovery Centre at Glenlea, MB. MPSG will also fund projects across the province designed to increase awareness and use.

The importance of taking our message directly to consumers cannot be understated. Governments create policy based on public opinion and consumer needs. As a growers' group, we are seizing the occasion to influence the marketplace and the people who drive it.



'BeanTeam' members Brandon Clayton and Lindsey Andronak

In the past year, MPSG has consistently identified and acted on opportunities to improve MPSG brand recognition, expand market share and deliver relevant information to farmers, industry, government and the public.

Committee members have attended meetings and special events involving Grain Growers of Canada, Keystone Agricultural Producers (KAP), Pulse Canada, Manitoba Ag Days, the Chief Executive Officer from India Pulses and Grain Association, Soy Canada, Manitoba Consumer Monitor Food Panel and Buy Manitoba.

Board chair Kyle Friesen took part in a successful federal trade mission to China, discussing opportunities with Chinese officials for enhanced exports of Manitoba soybeans and pulses.

Dialogue continue with government and industry to develop a soybean processing plant in this province, as identified by MPSG's feasibility study released in 2015.

Several successful public events have been held in the past year, paving the way for return engagements in 2016, including: *Open Farm Day* at the Food and Farm Discovery Centre, Glen MB; interactive kiosk at the Great West Life building in Winnipeg promoting healthy eating; MPSG launch for *International Year of Pulses* attended by the provincial Minister of Agriculture; information kiosk at the Manitoba Home Economics Teachers Association SAGE Conference.

MPSG is partnering with Ag In The Classroom during *Agriculture Literacy Week* Feb 29-Mar 4. Directors and the 'Bean Team' will be presenting to hundreds of students in dozens of classes in several communities. Later in March, we will also take part in *Ag In The City*, an annual display from agricultural groups held at the Forks in Winnipeg.

'Kid Bean' is set to debut at this year's Festival du Voyageur and will be a familiar sight throughout the province for the next six months. The MPSG 'Bean Team' began public engagements in February and plan to attend more than 100 schools and community events.

MPSG has been on radio, TV and in print. CBC, Golden West Radio, CKLQ and Manitoba Cooperator carried stories on MPSG outreach including *Getting It Right* Soybean Conference and *International Year of Pulses*. We will be taking part in a new season of *Great Tastes of Manitoba* on CTV, following great reaction to last year's *Culinary Creations with Pulse Flours and Purees*.

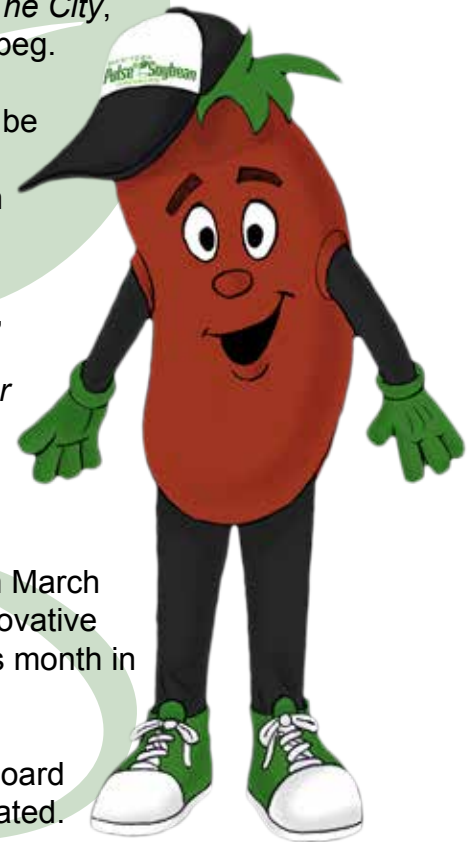
We sponsored and helped judge two Mission ImpULSEible events in March and December last year, where culinary arts students presented innovative recipes inspired by pulses. Our Manitoba champion is competing this month in the national competition in BC.

A new Strategic Plan has been developed with input from staff and Board members; a short video outlining the guiding document was also created.

Committee members have also been meeting with other provincial grower organizations representing canola, corn, sunflowers, wheat and barley to discuss areas of joint concern and potential partnerships to improve efficiency, effectiveness and value for the growers' dollar. And, MPSG has been an active partner in Crop Connect.

2016 will be a remarkable year as we engage new audiences, building awareness and knowledge to grow our soybean and pulse industry.

-Ernie



Manitoba Pulse Growers Association Inc.

Independent Auditor's Report

Financial Statements

December 31, 2015

Manitoba Pulse Growers Association Inc.

December 31, 2015

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D.F. George Chartered Accountant Inc.
Box 567, 113 2nd Street SW
Carman, Manitoba
R0G 0J0

Independent Auditor's Report

To the Members
Manitoba Pulse Growers Association Inc.

I have audited the accompanying financial statements of Manitoba Pulse Growers Association Inc., which comprise the statement of financial position as at December 31, 2015 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

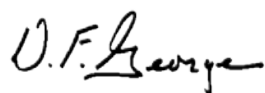
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Pulse Growers Association Inc. as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



D.F. George Chartered Accountant Inc.

Carman, Manitoba
February 01, 2016

Manitoba Pulse Growers Association Inc.

Statement of Financial Position

December 31, 2015

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash (notes 2 and 3)	\$ 4,470,918	\$ 4,193,502
Investment (note 4)	110,007	111,149
Accounts receivable	24,352	64,023
Prepays	76,121	105,366
	<u>4,681,398</u>	<u>4,474,040</u>
Capital Assets, at Net Book Value (notes 2 and 5)	<u>253,045</u>	<u>245,144</u>
Total Assets	<u>\$ 4,934,443</u>	<u>\$ 4,719,184</u>

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

Manitoba Pulse Growers Association Inc.

Statement of Financial Position

December 31, 2015

	2015	2014
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 33,995	\$ 59,916
Deferred income - Canadian Pulse Research Workshop	36,954	36,954
Total Current Liabilities	70,949	96,870
Long Term Debt		
Deferred grant (note 6)	136,308	118,453
Total Liabilities	207,257	215,323
Net Assets		
Invested in capital assets	116,737	126,691
Restricted (note 8)	2,744,708	2,744,708
Unrestricted	1,865,741	1,632,462
	4,727,186	4,503,861
Total Liabilities and Net Assets	\$ 4,934,443	\$ 4,719,184

Approved on Behalf of the Board:


_____, Director


_____, Director

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

Manitoba Pulse Growers Association Inc.

Statement of Changes in Net Assets

For the Year Ended December 31, 2015

	Invested in Capital Assets	Restricted	Unrestricted	2015	2014
Balance, beginning of year	\$ 126,691	\$ 2,744,708	\$ 1,632,462	\$ 4,503,861	\$ 4,177,274
Excess (deficiency) revenues over expenses	(9,454)	-	232,779	223,325	326,587
Investment in capital assets	38,271	-	(38,271)	-	-
Increase in deferred grant	(38,771)	-	38,771	-	-
Balance, end of year	\$ 116,737	\$ 2,744,708	\$ 1,865,741	\$ 4,727,186	\$ 4,503,861

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

Manitoba Pulse Growers Association Inc.

Statement of Operations

For the Year Ended December 31, 2015

	2015	2014	Unaudited Budget 2015
Revenue			
Check-off - net of refunds (note 7)	\$ 2,618,200	\$ 2,205,819	\$ 2,116,000
Managed projects	81,291	63,803	-
Variety trials	99,151	80,665	-
Research and production	4,500	2,600	1,000
Investments			-
-interest	72,374	66,007	70,000
-realized gains	2,293	1,104	-
-unrealized gains (losses)	(3,435)	5,106	-
Amortization of deferred grant	20,916	13,161	-
Government grants	106,409	114,723	-
	3,001,699	2,552,988	2,187,000
Expenses			
Schedule 1	2,778,374	2,226,401	2,278,657
Excess (deficiency) of revenues over expenses	\$ 223,325	\$ 326,587	\$ (91,657)

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

Manitoba Pulse Growers Association Inc.

For the Year Ended December 31, 2015

Schedule of Expenses

	2015	2014	Unaudited Budget 2015
Expenses			
Administration	\$ 152,345	\$ 91,952	\$ 125,250
Crop Connect conference	26,197	14,500	26,197
Employees	333,732	251,007	354,450
Managed projects	37,299	87,574	-
Market development	273,775	187,219	335,500
Member relations	101,293	95,104	123,000
Memberships	40,760	41,927	57,260
Research	1,681,623	1,313,961	1,100,000
Travel	131,350	143,157	157,000
Total expenses	\$ 2,778,374	\$ 2,226,401	\$ 2,278,657

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

Manitoba Pulse Growers Association Inc.

Statement of Cash Flows

For the Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Excess (deficiency) revenues over expenses	\$ 223,325	\$ 326,587
Increase (decrease) in working capital		
Amortization		
-deferred grant	(20,916)	(13,161)
-capital assets	30,370	13,271
Accounts receivables	39,671	(27,070)
Prepays	29,245	(35,046)
Investments	1,142	(6,210)
Deposit on equipment	-	55,690
Accounts payables	(25,922)	36,993
Deferred income	-	36,954
Cash from (to) operations	<u>276,915</u>	<u>388,008</u>
FINANCING AND INVESTING ACTIVITIES:		
Acquisition of capital assets	(38,270)	(258,416)
Government capital grant	38,771	131,614
Cash from (to) financing and investing	<u>501</u>	<u>(126,802)</u>
Net increase (decrease) in cash	277,416	261,206
Cash at beginning of year	4,193,502	3,932,296
Cash at end of year	<u>\$ 4,470,918</u>	<u>\$ 4,193,502</u>

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

Manitoba Pulse Growers Association Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

1 Purpose of the Association

Manitoba Pulse Growers Association Inc. is a member organization committed to represent the interests of the pulse growers of Manitoba in matters relating to pulses, in areas of research, market development, and liaison. The association is incorporated under the Manitoba Corporations Act as a not-for-profit organization and is exempt under the Income Tax Act under section 149 (1)(e) as an agricultural organization.

2 Significant Accounting Policies

a. Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. Outlined below are those policies considered significant for the association.

b. Change in Accounting Policy

In prior years the association applied fund accounting to its research and administration operations. The association is of the opinion by forgoing fund accounting the financial statements would provide more relevant information to its members. This change has been applied retrospectively.

c. Revenue Recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Check-off revenue and refunds are recognized as unrestricted contributions.

Investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

Contributed services or materials, the fair value of which are difficult to determine, are not recognized in the financial statements.

d. Cash and Cash Equivalents

Cash and cash equivalents includes two general bank accounts.

e. Capital Assets

Capital asset purchases under \$5,000 are expensed in the operating statement. Capital purchases of \$5,000 or more are recorded at cost and amortized over their estimated useful lives on a straight-line basis at an annual rate of 10% for machinery and 20% for leasehold improvements and vehicles. A half year's amortization is taken in the year of acquisition.

Manitoba Pulse Growers Association Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

2 Significant Accounting Policies continued

f. Research Projects

Research expenses are recognized in these financial statements in the period defined in the terms and conditions of the respective agreements and when the expenses have been incurred.

g. 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined.

The significant items subject to such estimates and assumptions include valuation of accounts receivable and the estimated useful life of capital assets.

h. Financial Instruments

The association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Transactions are recorded on a trade basis and transaction costs are expensed when incurred.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and long term debt. The fair value of the cash, accounts receivable and accounts payable approximates their carrying value due to their short-term nature.

i. Impairment of Long-lived Assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying value may not be fully recoverable. An impairment loss is recognized in the period when it is determined that the carrying amount of the asset exceeds the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is calculated as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Manitoba Pulse Growers Association Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

3 Cash

	<u>2015</u>	<u>2014</u>
Administration		
Chequing 2.2% (0% - 2014)	\$ 2,112,104	\$ 79,434
Savings 2.2% (1.8% - 2014)	-	1,421,470
	<u>2,112,104</u>	<u>1,500,904</u>
Research		
Chequing 2.2% (0% - 2014)	2,358,814	179,108
Savings 2.2% (1.8% - 2014)	-	2,513,490
	<u>2,358,814</u>	<u>2,692,598</u>
	<u>\$ 4,470,918</u>	<u>\$ 4,193,502</u>

4 Investment

	<u>2015</u>	<u>2014</u>
Quadrus fixed income funds	\$ 78,375	\$ 78,948
Quadrus foreign specialty funds	31,632	32,201
	<u>\$ 110,007</u>	<u>\$ 111,149</u>

5 Capital Assets

	2015	2015	2015	2014
	Cost	Accumulated Amortization	Net Value	Net Value
Leasehold improvements	\$ 7,016	\$ (2,105)	\$ 4,911	\$ 6,314
Machinery	251,399	(37,709)	213,690	238,830
Vehicle	38,271	(3,827)	34,444	-
	<u>\$ 296,686</u>	<u>\$ (43,641)</u>	<u>\$ 253,045</u>	<u>\$ 245,144</u>

Manitoba Pulse Growers Association Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

6 Deferred Grant

Government grants restricted for the purchase of capital assets are being amortized to income over 5 and 10 years on a straight line basis. The changes in the deferred grant balance for the period are as follows:

	2015	2014
Beginning balance	\$ 118,453	\$ -
Government grant received	38,771	131,614
Amount amortized to revenue	(20,916)	(13,161)
Ending balance	<u>\$ 136,308</u>	<u>\$ 118,453</u>

7 Check-off Revenue

	2015	2014
Gross check-offs	\$ 2,720,361	\$ 2,359,234
Check-offs refunded to producers 3.8% (6.5% - 2014)	(102,161)	(153,415)
Check-off - net of refunds	<u>\$ 2,618,200</u>	<u>\$ 2,205,819</u>

8 Restricted Net Assets

In fiscal 2013 the Board of Directors appropriated \$100,000 to a reserve from unrestricted net assets to be used to fund any possible future wind down costs of the association.

In addition, the Board of Directors have internally restricted \$2,644,708 specifically for research projects to meet financial commitments should there be a short fall in revenues. This reserve is reviewed annually.

The internally restricted funds are not available for other purposes without the approval of the Board of Directors.

Manitoba Pulse Growers Association Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

9 Commitments

The association has entered into funding agreements for long term research projects and has committed the following amounts.

Year	Amount
2016	\$ 1,039,127
2017	561,459
2018	96,925
2019	<u>19,550</u>
	<u>\$ 1,717,061</u>

Pulse Canada is a national organization comprised of pulse trade and grower organizations from Alberta, Saskatchewan, Manitoba and Ontario. The association is providing program and project funding to Pulse Canada. The amount committed for 2016 is \$80,000 plus \$150,000 in targeted funding.

The association has entered a lease agreement with Manitoba Corn Growers Association Inc. for office space in the annual amount of \$18,900 and expiring July 1, 2020.

10 Budget Figures

The Board of Directors approved the 2015 fiscal year budget on January 9, 2015. These figures are unaudited.

Manitoba Pulse Growers Association Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2015

11 Financial Instruments

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations at the balance sheet date of December 31, 2015.

Credit risk

Credit risk is the risk that the collectors of the levies (purchasers) will fail to remit to the association. The association is not exposed to significant credit risk as remittances are due quarterly and the purchasers are bound to perform such services under the Agricultural Producers Organization Funding Act.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade account payables are generally paid within thirty days. This risk is reduced due to the high dollar value in the bank accounts.

Interest rate risk

The association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the association to the fair value risk, while floating rate instruments subject it to cash flow risk. The association manages exposure by restricting the term of investments and holding the majority of funds in fluctuating rate accounts.

Other price risk

The association is exposed to other price risk through changes in market prices in connection with its investment in pooled funds.

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 and in turn the amount of check-off revenue collected.

12 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.



