

MANITOBA
Pulse Soybean
GROWERS



Annual General Meeting 2017

WEDNESDAY, FEBRUARY 15, 2017

Victoria Inn Hotel and Convention Centre
Winnipeg, Manitoba

▼2016 MPSG BOARD OF DIRECTORS AND STAFF

Elected Producer Directors

Chair – Jason Voth – *Altona*

Vice Chair – Frank Prince – *Deloraine*

Ben Martens – *Boissevain*

Calvin Penner – *Elm Creek*

John Preun – *St. Andrews*

*Melvin Rattai – *Beausejour*

Ernie Sirski – *Dauphin*

Albert Turski – *La Salle*

Rick Vaags – *Dugald*

**Appointed Director*

Advisory Directors

Anfu Hou, Agriculture and Agri-Food

Canada – Cereal Research Centre

Dennis Lange, Manitoba Agriculture

Yvonne Lawley, Department of Plant

Science, University of Manitoba

Staff

Executive Director – François Labelle

Email – francois@manitobapulse.ca

Business Manager – Sandy Robinson

Email – sandy@manitobapulse.ca

Director of Communications – Toban Dyck

Email – toban@manitobapulse.ca

Director of Research and Production –

Laryssa Grenkow

Email – laryssa@manitobapulse.ca

Production Specialist – Cassandra Tkachuk

Email – cassandra@manitobapulse.ca

On-Farm Specialist – Greg Bartley

Email – greg@manitobapulse.ca

Program Administrator – Wendy Voogt

Email – wendy@manitobapulse.ca

▼2016 MPSG COMMITTEES AND REPRESENTATIVES

MPSG COMMITTEES – *The first named is chair*

Executive – J. Voth, F. Prince, E. Sirski, F. Labelle

Governance/HR – F. Prince, E. Sirski, F. Labelle

Finance – J. Preun, R. Vaags, F. Labelle, S. Robinson

Resolutions – J. Preun, C. Penner, A. Turski, B. Martens

Nominations – J. Preun, C. Penner, A. Turski, B. Martens

Communications/Member Relations/Market

Development – E. Sirski, R. Vaags, T. Dyck, C. Penner,

F. Labelle, K. Podolsky, S. Robinson

Research – A. Turski, J. Voth, R. Vaags, B. Martens, F. Prince,

J. Preun, C. Penner, F. Labelle, K. Podolsky, L. Grenkow,

W. Voogt, G. Bartley, industry advisors

MPSG REPRESENTATIVES

Canadian Grain Commission Pulse Sub-Committee

– F. Labelle

Grain Growers of Canada – B. Martens

Keystone Agricultural Producers – R. Vaags, C. Penner,

F. Labelle

• **General Council** – F. Labelle

• **Pulse/Oilseed Sub-Committee** – F. Labelle

• **Commodity Group** – R. Vaags, C. Penner

MCVET – L. Grenkow, D. Lange

PGDC/PRCPSC – B. Martens, L. Grenkow, D. Lange

Pulse Canada – R. Vaags, B. Martens (alt), F. Prince (alt)

• **Sustainability** – F. Prince

Soy Canada – E. Sirski

Western Canadian Pulse Growers Association

• **WGRF** – Corey Loessin (SPG)

• **CGC Western Grain Standards Committee** – E. Sirski
(exp. 2018) *This is a four-year term that rotates between APG, SPG and MPSG.*

► **AGENDA** | 8:00 am – 8:45 am

TIME	ITEM	PRESENTER	ACTION
8:00 am	Call to Order	Jason Voth	
8:01 am	Approval of Agenda – Annual Meeting	Jason Voth	Motion to approve
8:03 am	Minutes of the 2016 Annual Meeting	Jason Voth	Motion to adopt
8:08 am	Nominating Committee Report and Confirmation of Directors	John Preun	
8:11 am	Auditor's Report 2016	Dale George	Motion to adopt
	Appointment of Auditors	Jason Voth	Motion to appoint
8:21 am	Board and Manager's Report	François Labelle	
8:26 am	Collaboration Statement	Jason Voth	
8:30 am	Research Report	Laryssa Grenkow	
8:40 am	Resolution Committee Report	Jason Voth	
8:42 am	Other Business	Jason Voth	
8:45 am	Adjourn	Jason Voth	Motion to adjourn



► 2016 ANNUAL GENERAL MEETING MINUTES

February 10, 2016 | Victoria Inn Hotel and Convention Centre, Winnipeg, MB

ITEM	AGENDA ITEM	PRESENTER
1	8:00 am – Call to order special meeting of MPSG	K. Friesen
2	Agenda, Special Meeting – MOTION: R. Froese/J. Voth that the agenda for the special meeting of members to amend by-laws be approved – CARRIED –	K. Friesen
3	After discussion, the following motion was put forward: MOTION: R. Froese/E. Sirski that the draft by-laws, as circulated to the membership on January 6, 2016 be adopted – CARRIED –	K. Friesen
4	Adjourn Special Meeting MOTION: J. Voth/R. Froese to adjourn special meeting – CARRIED –	K. Friesen
5	Call to order of the AGM	K. Friesen
6	Agenda, AGM Due to limited time, the minutes of the 2015 meeting will not be read as they are included in the annual report that was distributed to attendees. MOTION: D. Chorney/B. Martens to approve the agenda as amended – CARRIED –	K. Friesen
7	Election Procedures K. Friesen reviewed the election procedures MOTION: J. Sawatzky/J. Voth that the election procedures be approved as presented – CARRIED –	K. Friesen
8	Nominating Committee Report On behalf of the nominating committee, A. Turski presented the following names for the 3 year term (2016-2019): John Preun, Calvin Penner, and Jason Voth. The following name was presented for a 1 year term (2016-2017): Rick Vaags. K. Friesen called for nominations from the floor with none forthcoming. MOTION: E. Sirski/B. Martens that the nominations cease – CARRIED –	A. Turski
9	Auditors Report MOTION: R. Froese/A. Turski that the 2015 audited financial statements be adopted as presented by Dale George of D.F. George Chartered Accountants Inc. – CARRIED – Appointment of Auditors MOTION: J. Voth/B. Martens that D.F. George Chartered Accountants Inc. be appointed auditors for the Manitoba Pulse & Soybean Growers for 2016 – CARRIED –	D.F. George
10	Board and Manager's Report F. Labelle reviewed the 2015 Board and Manager's report, which was included in the annual general meeting package distributed to attendees.	F. Labelle
11	Election Results John Preun, Calvin Penner and Jason Voth were elected to the board for the 2016-2019 term and Rick Vaags was elected for the 2016-2017 term.	K. Friesen
12	Strategic Plan Presentation K. Friesen reported that a new strategic plan has been developed and a short video was played.	F. Labelle
13	Research Report K. Podolsky presented the 2015 research and production report.	K. Podolsky
14	Resolution Committee Report K. Friesen reported that resolutions could not be received from the floor, per the by-laws, and that no resolutions were submitted prior to the deadline of November 11, 2015.	K. Friesen
15	Other Business F. Labelle presented plaques to the outgoing directors.	F. Labelle
16	Adjourn MOTION: E. Sirski that the 2016 annual general meeting be adjourned – CARRIED –	K. Friesen



CHAIR'S MESSAGE

Jason Voth, Chair

Long hours, ruts, rain event after rain event, and installing tracks on the combine. This could sum up last year for me, but 2016 was more than the day-to-day challenges of my farm.

2016 pummelled itself into our collective memory. The agriculture sector was broadsided with a surprise or two. And so was the world. We all witnessed a lot of change over the course of 365 days.

The Winnipeg Jets remain a middling team and soybeans are still profitable – these are perhaps the only things that stayed the same throughout the year.

But that's not the point. The point is to embrace change. Last year taught me as much. No matter how thick the fog, no matter how far you can see ahead, one foot must go in front of the other on the hope that things will clear up. To stop is not an option.

If 2016 was a year to forget, 2017 is that next step forward. We don't know what it will bring, but it's here and it's happening. My farm had to plod forward and adapt. Manitoba Pulse & Soybean Growers are adapting, too.

Edible beans had a relatively stable 2016 in the markets, and acres look like they will hold steady at about 100,000 for this growing season. And things look bright for pea growers in Manitoba this year, with the announcement of Roquette's \$400-million pea processing facility going up in Portage la Prairie.

As farmers, we hope this will open up a lucrative market for locally grown peas.

MPSG will continue to be in close contact with Roquette, working with them to drive up pea acres while making sure Manitoba's pea farmers are well supported.

Soybean acres continue to increase at record speeds. Early predictions for the 2017 growing season suggest soy acres could exceed two million. This is rapid growth. And it's growth that MPSG is watching very closely, making sure us farmers are armed with the best, independent, most up-to-date research and resources in order to grow soybeans and pulses sustainably and economically.

The thing with change is that you can't foresee it. MPSG has had an exceptional year at the hands of a great staff team. While that team remains intact, it does not look the same as it did one year from now.

Former MPSG Production Specialist Kristen Podolsky left her post at the association to take on a Research Agronomist position at the University of Manitoba where she will focus on pulses and soybeans. It's a position partially funded by MPSG, so she'll still work closely with our research and production team. Outreach Coordinator Lindsey Andronak, whom you may know as Kid Bean, has also left the association.

These changes have meant a shuffle at the MPSG office. But, rest assured, staff at MPSG remain bent on making sure us farmers are getting the most value possible for our dollars. This I am sure of.

MPSG continues to foster healthy relationships with the provincial government. I was pleased with the result of the election in the spring of 2016. We have been very happy with the level of attention Premier Brian Pallister's government has given the agriculture industry. We've had many positive meetings with Agriculture Minister Ralph Eichler, and we hope to have many more in the future.

As a farmer representing farmers, I've come to appreciate how important these relationships are. MPSG works on many portfolios that affect us farmers. It works on transportation, trade, MRLs, neonic legislation, and many more behind the scenes issues that require constant attention. If we're not at the table when these decisions are discussed or made, then our voices will not be heard.

MPSG staff do great work in this regard. They work hard with MPSG's sister organizations to make sure Manitoba farmers are represented at every policy level and at every table. This is invaluable. I can't stress that enough.

In many ways, 2016 could also be summed up in the words, 'working together.' It's a phrase I've heard often over the last 12 months.

Remember those times when your neighbour helped you combine your remaining wheat? Do you remember how fun it was to work together? Do you remember how quickly two or three combines could finish a quarter-section. It was efficient. The trucks kept moving. Everything was functioning at capacity. Things were getting done.

As Chair of the MPSG board, it has been my job to start and/or facilitate discussions surrounding commodity groups becoming more efficient by working together. This topic, as you'll read in my report, is loaded. It fires people up. It elicits knee-jerk reactions from some and resounding praise from others.

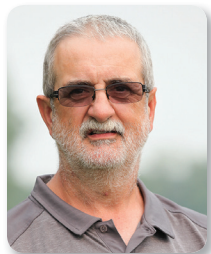
At MPSG, we feel moving forward with these talks is the right approach. I believe that by working together associations like ours can deliver more value to farmers while continuing to have a strong industry voice.

I'm full of hope for 2017. It's going to be a great year. It'll come with change. The unforeseen will jostle us in new ways. But, as a farmer, I'll continue to put one foot in front of the other. And at MPSG, we'll do the same.

Have a great growing season, everyone!

Sincerely,

Jason Voth



EXECUTIVE DIRECTOR'S MESSAGE

François Labelle, Executive Director

STATE OF THE CROP

Soybeans

It's a good crop. It gets good yields at good prices. There were some production challenges last year from excess water to disappointing yields in some traditional growing areas. We're hearing there will be more soybean acres in 2017. Possibly two million or more, and by 2022, that number is projected to increase to three million.

Peas

Peas jumped to 162,000 acres – record acres for the last 10 years. The most interesting factor regarding peas in 2016 was the distribution in the province. There were some in the Red River Valley as well as north of Winnipeg and into the western part of the province. Unfortunately, some acres were devastated by excess moisture, but other acres did very well. Interest remains in peas as long as prices are competitive with other crops.

Edible Beans

There were 112,000 acres of edible beans in 2016, which is consistent with the average for the last eight years. They were also challenged by excess moisture. There were some poor yields reported, but others did very well. The edible bean growers are a fairly dedicated group that are experienced, have land well suited and the know-how to grow the crop. Expect acres to stay in the same range for 2017 unless we see strong prices to attract acres from other crops.

Lentils

There were roughly 10,000 acres of lentils grown in Manitoba in 2016. Farmers reported average crops and lots of disease pressure. We do not expect acres will hold for 2017. Moisture is still the biggest challenge.

Fababeans

There were slightly less than 10,000 acres of faba beans planted in 2016. There is lots of interest among farmers in growing faba beans, because they are great nitrogen fixers and they work well in rotation and workload. The biggest issue is marketing, which some people are working on.

Board and Directors

The board met five times this past year and had a number of committee meetings and industry meetings that required farmer representation. Some directors have commented that they spent between 15 and 30 days on association meetings and business. It's important that all members understand this, as this dedicated group of growers, who let their name stand as directors, are spending time away from their farm businesses for the betterment of all pulse and soybean growers.

I would like to thank the directors for all the meetings as well as the time they spend discussing issues with myself and staff. Time goes by quickly when having a good discussion. And each such discussion takes directors away from their businesses.

Research

I will not go too in-depth on research activities, but we continue to do important research relevant to Manitoba farmers. When considering research projects, we always consider how it will benefit the bottom line of our farmers.

The research we do at MPSG is independent, and the results are not influenced by others. The results we get are analyzed to be statistically sound, and are released to the members in reports, releases, and posted on our website. They are also printed in our magazine, *Pulse Beat*, and our new publication, *Pulse Beat: The Science Edition*.

We do hear some people comment on our growing cash reserve, but please look carefully, as funds are allocated for research projects for the full life of the project and it appears in our budget as funding for future research commitments.

Having funds available has allowed us to pursue the position of the Agronomist in Residence at the University of Manitoba. We needed to make a long-term financial commitment to this through which we are able to work with the University in developing new programs specific to our industry. It was affordable for MPSG, and the position will allow us to get more research done. It will also allow us to address more issues.

Market Development

It was great news for MPSG that Roquette will be setting up a \$400-million food processing facility using yellow peas in Portage la Prairie. It will be one of the larger food processing facilities in Canada.

The board is committed to support the attraction of a soybean crush facility in Manitoba. With our growing acres of production plus the strength in our livestock sector, which is a ready market for the meal, this is a must. We would like to see this built in the best location in Manitoba. Discussions with industry people have started. It's just a matter of time before it happens, but we need to keep the discussion going.

Pulse Canada has unveiled an initiative to grow the pulse market. Its 25 by 2025 initiative is aiming to increase new market uses for

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pulse production by 25% by 2025. This is a bold target. We will be collaborating with Pulse Canada to make certain our efforts and resources are used to attain this.

IYP 2016

2016 was the UN-declared International Year of Pulses, which has been great exposure for the industry as a whole.

Many people talked about pulses in 2016 – consumers, chefs, and growers. They are a good all-around commodity. They taste great. They are healthy. And they are good for the environment. Data has shown that there was some increase in the consumption of pulses in 2016, a trend we'd like to see continue.

In some countries pulses have taken on a higher profile in food guides as being a healthy food that is environmentally sustainable. It would be a huge success if Canada's and the U.S.'s food guides were to do this, as well. There is still lots of interest from the food industry to use pulses. Pulse Canada is the lead on developing this market segment, and MPSG's work with them is a great example of collaboration.

Government Relations and Interaction

MPSG interacts with the government on many issues, from good open dialogue with Agriculture Minister Ralph Eichler and the government of Brian Pallister to giving input on many files, provincially as well as federally. A day rarely goes by that we do not have contact with people connected to important policy issues.

Minister Eichler has been very supportive of our crop sector. He recognized International Year of Pulses in the legislature on June 16. We met a few times during the year with the Minister, and we have ongoing dialogue with the staff.

MRLs

MPSG works closely with Soy Canada and Pulse Canada on the issue of MRLs. We are working to get advisories out to growers to assure there are no marketing issues in countries we export to. As the world is constantly changing and we do not have a standard MRL limit, we need to have some constant monitoring of target markets and advise you the producers of issues or restrictions as they come up. This is very complex and time consuming and again we are working on this as efficiently as possible – collaborating with our sister provincial organizations as well as national groups.

Pesticide Regulation

With reviews going on all the time, MPSG needs to give input on uses and the importance of pesticides for our crops. Not that we want them at any cost. We must let our farmers know how to use them properly and sustainably. Industry is working with groups like MPSG on this. Together, we want to make sure decisions are based on sound science. MPSG represents you the farmers on this, but, again, we are also working with other groups to make sure things get done and done well.

Transportation

This is one of the first items I was working on three years ago when I came into the office as Executive Director. And that work is finally paying off. It appears the government is making changes that will benefit producers, but it's been a long game and the work is not not done yet.

All of this is only to mention some of our involvements. If we do not speak for our producers on these and other issues, no one will.

Collaboration

I have highlighted a number of areas, subjects or projects we work in collaboration with others on to advance our industry. We would not have the force or impact we have today, if we had been going at this alone.

In closing, I will leave you with one question: how much more would we be able to do for you if we worked in collaboration with all our provincial commodity groups?

As always, if you have any questions or comments, please let us know.

Sincerely,

François Labelle



► COLLABORATION

There are too many commodity groups. We're operating in silos, often wanting similar things; often doing similar things. We should be working together.

Together, our voice as farmers could be smarter and louder. Our dollars as farmers could be better spent, ensuring my farm and your farm are as profitable as they can be.

This association began in the spirit of collaboration. It was each pulse crop for itself until MPGA was formed. And then soybeans came along.

The model works. At the farm level, I collaborate all the time. I work together with my neighbours and friends to find efficiencies. I know others on the MPSG board farm this way, as well.

Farming has changed over the years. There are fewer farms than there were, say, 10, 20 years ago, and they have gotten quite a bit larger and more complex. And looking ahead 10 years, I'm certain the number of farms and farmers will be at record lows. Collaboration is a strategy for commodity groups to anticipate and tackle this future; a future where directors may be in short supply; a future where the agronomic needs of our farmers are broader than any specific crop.

There is now a basic understanding among farmers that in order for our operations to be sustainable, we can't promote one crop over another, or crop production over livestock.

As mainly a soybean, corn, and edible bean grower, I need to support wheat growers to make wheat profitable so that I can use it in my rotation for the long term. Similarly, I need to support the hog or cattle industry, both of which provide a feed market for my corn.

Farming has changed and it will continue to change. What does the future look like for commodity groups?

Over the course of the past year, MPSG has taken part in many collaboration-related meetings and discussions with the other commodity groups.

The process has been slow and frustrating. Action. We need action. We need to put one foot in front of the other. This has been my thought process.

But these things take time. These talks on working together have been a lesson in patience, which is a good thing. Every person operates at a different pace, and every voice at the table needs to be heard.

That said, after more than a year of discussions, we need to start making forward progress. Some have expressed fear over the possible outcome of commodity groups merging. To rule that out entirely would be naïve and dishonest, but for MPSG merging is not the explicit intention of these talks. It's collaboration.

As commodity groups, we need resources to tackle all the issues affecting Manitoba's farmers, and we need to find ways to do so together.

In the meantime, as Manitoba commodity groups continue discussion on working together, we must also look at ways MPSG can collaborate with its sister organizations across the prairie provinces.

As Chair, I welcome your feedback on this issue. This spring, MPSG will be circulating a member survey, which will give you an opportunity to provide feedback on collaboration, as well as many other things related to how MPSG can continue to deliver value to your farm.

I also encourage you to share your thoughts on collaboration with MPSG directors, and the directors of the many other commodity associations.

Thank you!

Jason Voth



RESEARCH & PRODUCTION REPORT

Laryssa Grenkow, Director of Research & Production

2016 represented a tremendous leap forward in the execution of MPSG's research and production (R&P) strategy. Many milestones were reached for the On-Farm Network and the Research Agronomist in Residence program at the University of Manitoba (U of M) has finally taken shape. In addition, MPSG maintained its annual investment in new research projects and ran an extensive production support program: increasing presence in the field, hosting extension events and publishing new resources.

MEET THE NEW R&P TEAM

With the objective of increasing the capacity of the On-Farm Network, MPSG hired an On-Farm Specialist, Greg Bartley. Greg brings on-farm trial expertise from his graduate studies where he managed soybean residue management trials. In 2016, Greg conducted MPSG's on-farm dry bean fungicide trials and has managed incoming data from contractors for all other trials. Greg will be working to release past trial results in new report formats and organize trial protocols and contractors for 2017. MPSG continues to expand the capacity of the Network and has hired Brent Wiebe as the On-Farm Technician to assist Greg with the implementation of dry bean, field pea and soybean trials across Manitoba in 2017.



Greg Bartley

Production support demands and research activities outgrew the capacity of the full-time R&P staff in 2016. Three U of M students, Geertje Doornbos, James Carriere and Carlene Dmitriw joined the R&P team this summer to assist with research, scouting and extension, respectively. Geertje worked with the Production Specialist to conduct data collection and treatment application in the soybean hail damage and late planting date trials. James assisted with field scouting and disease surveys. Carlene implemented the Agronomy Engagement Program (see page 11) and travelled across Manitoba visiting agronomists and retailers, sharing with them MPSG's production resources. MPSG will continue the program in 2017 and has hired Jake Arye as the intern for the upcoming summer.

Kristen Podolsky MacMillan took the new position as Research Agronomist in Residence at the U of M and will lead the applied soybean and pulse research program (for more detail, see page 10).

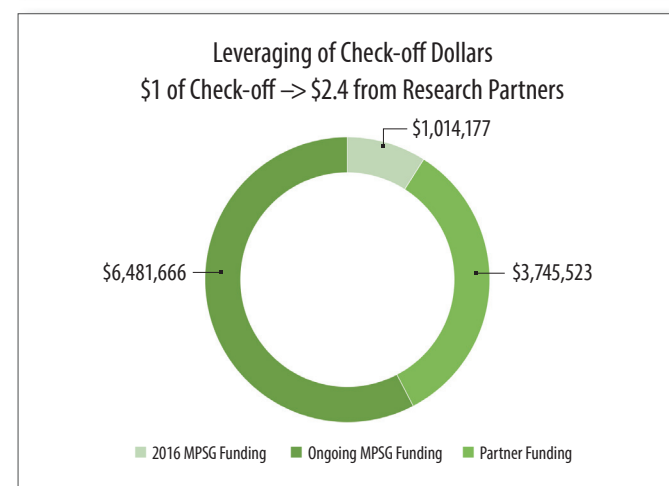
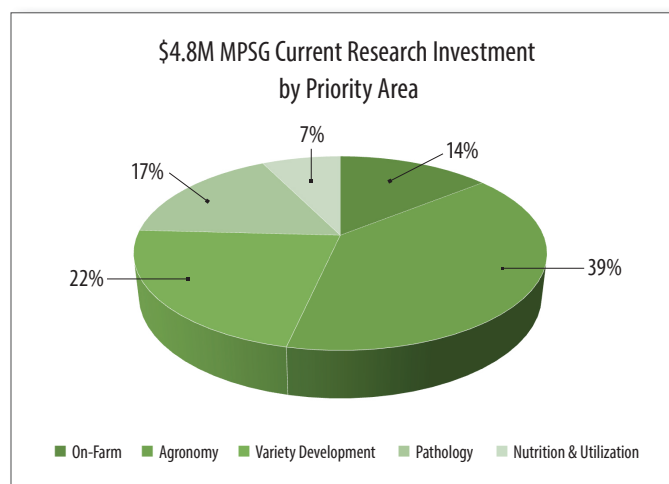
MPSG recently welcomed Cassandra Tkachuk as the new Production Specialist. Cassandra joined MPSG after defending her Masters' thesis in the Department of Plant Science at the University of Manitoba. Cassandra will spend this summer in the field, responding to production inquiries, scouting and participating in field days. Her eyes and ears will gather information to feed into the development of MPSG research priorities. She will also lead the development of MPSG production resources and *The Bean Report*.



Cassandra Tkachuk

RESEARCH

Research Investment



MPSG invested just over \$1 million in 22 new research projects in 2016. Considering on-going project commitments and leveraged funds, MPSG supports more than 60 projects valued at \$11 million. Each year, MPSG's research committee, including staff, directors and advisors compile a list of research priorities - gaps in knowledge, recommendations that require updating or validation under local conditions, tools to address production constraints or support for building market demand. MPSG R&P staff worked with researchers to develop projects to address the priorities and intake research proposals in fall. We then worked with funding agencies and other commodity groups to leverage funds and build collaborations. Some highlights of projects approved for funding in 2016 include:

- *Manitoba and General Herbicide-Resistant Weed Surveys* – Dr. Jeanette Gaultier, Manitoba Agriculture Weed Specialist
In collaboration with all other commodity groups, Western Grains Research Foundation (WGRF) and *Growing Forward 2* (GF2), MPSG led project administration for the weed surveys. These surveys are

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conducted in every province, every decade or so and soybeans were included in the survey for first time ever!

- *Defining and Refining the End of the Critical Period of Weed Control in Soybean for Manitoba – Dr. Rob Gulden, U of M Associate Professor*

Knowing the critical weed free period is important for making herbicide timing decisions, but the recommendations lacked local confirmation. MPSG and WGRF supported Dr. Gulden's lab to explore the effect of variety, row spacing and plant population on weed competition.

- *Determining Efficacy of qPCR to Determine Bradyrhizobium japonicum Populations in Fields – Dr. Ivan Oresnik, U of M Professor*
A soil test to determine the number of rhizobium levels has been developed, but needs validation and correlation with soybean nodulation and yield from on-farm data. Supported by GF2, Dr. Oresnik teamed up with On-Farm Network contractor, Tone Ag Consulting, to sample soybeans with and without inoculant on fields with a history of soybean.
- *Characterizing the Fusarium Species that Affect Major Crops in Manitoba – Dr. Fouad Daayf, U of M Professor*
The Fusarium species causing head blight in cereals was recently found in soybean. Manitoba Wheat and Barley Growers Association and MPSG are supporting this research to determine the cross-pathogenicity of the fusarium species, which may lead to new recommendations regarding crop rotation strategies for fields heavily infected with FHB.
- *Effect of Genotype and Environment on Pulse Flour Quality and Baking Performance – Elaine Sopiwnyk, Cigi Director, Grain Quality*
Warburtons, the UK's largest bakery brand, is interested in incorporating pulse flours into their bread, presenting a major opportunity to increase pulse demand. MPSG, Saskatchewan Pulse Growers (SPG), WGRF and GF2 are providing support for the project. Utilizing samples from MPSG and SPG variety trials, Cigi is leading a project, to test the effect of variety and growing location on flour quality.

On-Farm Network

The On-Farm Network is growing both in the number of trials and geographic reach. In 2016, MPSG supported 11 projects through the Network and, with the help of three contractors, ran 51 trial locations. Because the trials are replicated over various locations, soils types, varieties and farm equipment types, results can be pooled to determine the frequency of response to a particular input across a range of conditions, allowing MPSG to make robust production recommendations. These trials also complement small plot research trials: the on-farm trials can validate the observations seen in small plots. The extensive data collected requires coordination, analysis and summarization. MPSG On-Farm Specialist Greg Bartley, is working to improve the efficiency and precision of data collection methods and expedite result reporting to farmers and industry. New On-Farm Projects for 2016 included:

- Seed Applied vs. No Inoculant on Soybean

- With vs. Without Seed Treatment on Soybean
- Comparing Accuracy of Yield Data between Calibrated Yield Monitor and Scale
- Product Evaluation for IDC Prevention in Soybean

Applied Soybean and Pulse Research Agronomist in Residence

MPSG R&P staff have led various applied research projects (e.g. soybean hail damage, soybean inoculant strategies) in response to farmers' appetite for local, applicable production information. Due to the lack of agronomic research capacity in the province, MPSG began working collaboratively with the University of Manitoba and the Government of Manitoba to establish a new program - the first of its kind - to increase our ability to conduct these types of trials. Kristen Podolsky MacMillan has been hired as the Research Agronomist and is now taken up residence at the Department of Plant Science at the U of M. Her experience in the field will position her well to lead the applied research program, which will focus on agronomy of dry bean and soybeans. Kristen will bridge the gap between academic research and application of research results at the farm level and will initiate projects at the Carman U of M research farm and provincial Diversification Centres. She will maintain some of her commitment to extension and also teach in the U of M diploma program.

MPSG has committed \$2 million over five years to the program. The provincial government has also committed to funding the first two years of the program and the U of M will provide various in-kind contributions required to support the Agronomist's research program.

PRODUCTION

Production Resources

MPSG was successful in obtaining \$23,362 in leveraged funds through GF2 Growing Competitiveness Agri-Extension Program for the development and production of fact sheets and updates for the Bean App.

Recently completed research in phosphorus fertility and on-farm inoculant trials allowed MPSG, in collaboration with experts at the U of M and Manitoba Agriculture, to create new production recommendations, compiled in the *Soybean Fertility Fact Sheet*. The fact sheet provides an overview of fertilization strategies for the macronutrients and more specifically addresses inoculant strategies and management options for iron deficiency chlorosis.

The diagrams of the *Soybean Plant Development* guide complements the previously released soybean growth stage guide and scouting calendar. The new guide highlights what important crop scouting activities should occur at each crop stage and provides an estimate of time to each growth stages after planting which is useful for planning input applications.

Increased pea acreage in 2016 necessitated a resource of basic agronomic considerations for new pea growers. The *Field Pea Production Tips* outlines recommendations for field selection, seeding and fertility, crop protection products and harvest. Research from Saskatchewan looking at response to multiple inputs is included.

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on-farm network

In collaboration with the other provincial pulse organizations and Pulse Canada, MPSG released two updated resources. The *Root Rot in Peas and Lentils* booklet provides farmers with updates on root rot research, including prevalent species from recent surveys, effective management options and ongoing efforts to improve varietal resistance.

Pulse Canada has also led the initiative to provide our provinces with a two-page fact sheet outlining desiccation product information as it relates to marketability in various countries. Pulse farmers are encouraged to check the table before they spray to ensure their harvested product is accepted for market.



Bean App Features



The MPSG Bean App was updated and was made available on the Android platform in 2016. The app also now includes two new features: a mobile version of the Growth Staging Guide and a calculator for the White Mould Risk Assessment for Dry Bean.

Extension Events

MPSG held the Getting it Right Soybean Production Meeting in Portage la Prairie on January 28, 2016, hosting approximately 140 farmer participants and 14 presenters. The event is farmer-focused, providing reliable, unbiased production knowledge directly from researchers and extension specialists to farmers.

Farmers' heard from MPSG-funded researchers, Dr. Yvonne Lawley and Dr. Don Flaten, present results of their trials regarding seeding soybean at various soil temperatures and seeding rates and phosphorus fertility for soybean rotations. Invited speakers, Dr. Michael Wunsch and Chris Gaesser from North Dakota and Iowa, respectively, discussed risk assessment and



management decisions for white mould control and experiences from participation in the Iowa On-Farm Network.

The afternoon table talk session provided a new and unique experience where small groups gathered at stations hosted by specialists from U of M, MARFD and MPSG to discuss a range of topics including residue management, crop scouting, crop rotation, variety selection, data interpretation, herbicide efficacy, non-GM soybeans, field pea agronomy and inputs for soybeans.



MPSG hosted the Soybean Management and Research Transfer (SMART) Day at the University of Manitoba Ian N. Morrison Research

Farm in Carman, MB on July 20, 2016. A total of 85 farmers, agronomists and media representatives participated. Five agronomy lessons (Soybean Nitrogen Dynamics, Soybean Aphids and Predators: Scouting and Management, Soil Erosion and Management, Seed Handling for Improved Emergence, Soybean Disease Management) were taught by 13 public sector researchers and extension specialists from four institutions. Participants were split into small groups to facilitate an interactive approach to knowledge dissemination and networking amongst both participants and presenters. Lessons focused on identifying and managing production constraints in soybeans and soybean crop rotations. Current soybean research being conducted at the research farm was showcased and results were presented. In addition, researchers presented the methodology and tools used in research trials, allowing participants to gain a broader understanding and appreciation for research. MPSG was successful in obtaining \$5,000 in leveraged funds through GF2 Growing Competitiveness Agri-Extension Program for this event.

Soybean Stop – On-Farm Network Field Tour



The On-Farm Network held a field tour on June 30th, 2016 in eastern Manitoba at three field trials to give participants a look at the trial sites mid-season. Greg Bartley hosted approximately 25 farmers and agronomists at the informal field tour showcasing the trials 1) Seed Applied vs. No Inoculant on Soybean, 2) With vs. Without Seed Treatment on Soybean, 3) Product Evaluation for IDC Prevention in Soybean.

Agronomy Engagement Program

In response to the demand for MPSG to increase our presence in western and northern areas of the province, MPSG developed the Agronomy Engagement Program. In the summer of 2016, Carlene Dmytriw, our summer intern, travelled across Manitoba to engage and inform agronomists about MPSG's production support and agronomic tools available for soybean and pulses. Carlene visited 74 retailers and seed dealers, distributing MPSG's laminated resource materials and promoting the research and communications available to assist them with production decisions.

**Manitoba Pulse & Soybean
Growers Inc.**

Independent Auditor's Report

Financial Statements

December 31, 2016

Manitoba Pulse & Soybean Growers Inc.

December 31, 2016

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George & Associates Chartered Professional Accountants Inc.
Box 567, 113 2nd Street SW
Carman, Manitoba
R0G 0J0

Independent Auditor's Report

To the Members
Manitoba Pulse & Soybean Growers Inc.

We have audited the accompanying financial statements of Manitoba Pulse & Soybean Growers Inc., which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

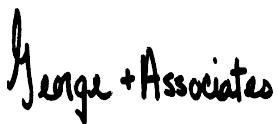
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Pulse & Soybean Growers Inc. as at December 31, 2016 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.



George & Associates Chartered Professional Accountants Inc.

Carman, Manitoba
February 14, 2017

Manitoba Pulse & Soybean Growers Inc.

Statement of Financial Position

December 31, 2016

	2016	2015
Assets		
Current Assets		
Cash (notes 2 and 3)	\$ 5,676,054	\$ 4,470,918
Short-term investments (note 4)	119,040	110,007
Accounts receivable	60	24,352
Prepays	74,163	76,121
	<u>5,869,317</u>	<u>4,681,398</u>
Capital Assets (notes 2 and 5)		
Cost	296,686	296,686
Accumulated amortization	(74,012)	(43,642)
	<u>222,674</u>	<u>253,044</u>
Total Assets	<u>\$ 6,091,991</u>	<u>\$ 4,934,442</u>

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


Manitoba Pulse & Soybean Growers Inc.

Statement of Financial Position

December 31, 2016

	2016	2015
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 210,745	\$ 33,994
Canadian Pulse Research Workshop payable	46,432	-
Canadian Pulse Research Workshop deferred	-	36,954
Total Current Liabilities	257,177	70,948
Long-term Liabilities		
Deferred grants (note 6)	115,392	136,308
Total Liabilities	372,569	207,256
Net Assets		
Invested in capital assets	107,282	116,737
Restricted (note 8)	3,744,323	2,744,708
Unrestricted	1,867,817	1,865,741
	5,719,422	4,727,186
Total Liabilities and Net Assets	\$ 6,091,991	\$ 4,934,442

Approved on Behalf of the Board:

 _____, Director

 _____, Director

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

Manitoba Pulse & Soybean Growers Inc.

Statement of Changes in Net Assets

For the Year Ended December 31, 2016

	Invested in Capital Assets	Restricted	Unrestricted	2016	2015
Balance, beginning of year	\$ 116,737	\$ 2,744,708	\$ 1,865,741	\$ 4,727,186	\$ 4,503,861
Excess (deficiency) revenues over expenses	(9,455)	-	1,001,691	992,236	223,325
Increase in restricted funds	-	999,615	(999,615)	-	-
Balance, end of year	\$ 107,282	\$ 3,744,323	\$ 1,867,817	\$ 5,719,422	\$ 4,727,186

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

Manitoba Pulse & Soybean Growers Inc.

Statement of Operations

For the Year Ended December 31, 2016

	2016	2015	Unaudited Budget 2016
Revenue			
Check-off - net of refunds (note 7)	\$ 3,619,413	\$ 2,618,200	\$ 2,473,800
Managed projects	114,495	81,291	-
Variety trials	126,943	99,151	-
Research and productions	5,651	4,500	4,500
Investments			-
-Interest	100,322	72,374	75,000
-Realized gains	1,315	2,293	-
-Unrealized gains (losses)	7,718	(3,435)	-
Amortization of deferred grants	20,916	20,916	-
Government grants	549,935	106,409	30,000
	4,546,708	3,001,699	2,583,300
Expenses			
Schedule 1	3,554,472	2,778,374	2,956,260
Excess (deficiency) of revenues over expenses	\$ 992,236	\$ 223,325	\$ (372,960)

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

Manitoba Pulse & Soybean Growers Inc.

For the Year Ended December 31, 2016

Schedule of Expenses

	2016	2015	Unaudited Budget 2016
Expenses			
Administration	\$ 382,939	\$ 375,394	\$ 337,500
Board	109,244	109,680	122,500
Office	158,245	132,273	129,000
Market development and memberships	604,382	334,535	747,260
Member relations	66,933	101,606	101,500
Research	1,914,981	1,433,397	1,200,000
Managed research	114,744	152,299	-
Program delivery	126,984	113,226	216,000
Extension and production	76,020	25,964	102,500
Total expenses	\$ 3,554,472	\$ 2,778,374	\$ 2,956,260

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

Manitoba Pulse & Soybean Growers Inc.

Statement of Cash Flows

For the Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES:		
Excess (deficiency) revenues over expenses	\$ 992,235	\$ 223,325
Increase (decrease) in working capital		
Amortization of capital assets	30,372	30,370
Short-term investments	(9,033)	1,142
Accounts receivable	24,292	39,671
Prepays	1,958	29,245
Accounts payable	223,182	(25,922)
CPRW deferred	(36,954)	-
Cash from (to) operations	1,226,052	297,831
FINANCING AND INVESTING ACTIVITIES:		
Acquisition of capital assets	-	(38,270)
Deferred grants	(20,916)	17,855
Cash from (to) financing and investing	(20,916)	(20,415)
Net increase (decrease) in cash	1,205,136	277,416
Cash at beginning of year	4,470,918	4,193,502
Cash at end of year	\$ 5,676,054	\$ 4,470,918

Cash and cash equivalents consist of the following:

Cash	\$ 5,676,054	\$ 4,470,918
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The accompanying notes are an integral part of these financial statements.

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2016

1 Purpose of the Association

Manitoba Pulse & Soybean Growers 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. 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.

c. Cash and Cash Equivalents

Cash and cash equivalents includes a general bank account.

d. 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.

e. 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.

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2016

2 Significant Accounting Policies continued

f. 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.

g. 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.

h. 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.

3 Cash

	2016	2015
Administration		
Chequing 2.0% (2.2% - 2015)	\$ 5,676,054	\$ 2,112,104
Research		
Chequing (2.20% - 2015)	-	2,358,814
	<u>\$ 5,676,054</u>	<u>\$ 4,470,918</u>

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2016

4 Short-term Investments

	2016	2015
Quadrus fixed income funds	\$ 82,162	\$ 78,375
Quadrus foreign specialty funds	36,878	31,632
	<u>\$ 119,040</u>	<u>\$ 110,007</u>

5 Capital Assets

	2016	2016	2016	2015
	Cost	Accumulated Amortization	Net Value	Net Value
Leasehold improvements	\$ 7,016	\$ (3,508)	\$ 3,508	\$ 4,911
Machinery	251,399	(62,850)	188,549	213,690
Vehicle	38,271	(7,654)	30,617	34,443
	<u>\$ 296,686</u>	<u>\$ (74,012)</u>	<u>\$ 222,674</u>	<u>\$ 253,044</u>

6 Deferred Grants

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:

	2016	2015
Beginning balance	\$ 136,308	\$ 118,453
Government grants received	-	38,771
Amount amortized to revenue	(20,916)	(20,916)
Ending balance	<u>\$ 115,392</u>	<u>\$ 136,308</u>

7 Check-off Revenue

	2016	2015
Gross check-offs	\$ 3,824,700	\$ 2,720,362
Check-offs refunded to producers 5.4% (3.8% - 2015)	(205,287)	(102,162)
Check-off - net of refunds	<u>\$ 3,619,413</u>	<u>\$ 2,618,200</u>

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2016

8 Restricted Net Assets

In fiscal 2013 the 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. This reserve was increased to \$300,000 in the current year. The Directors also established an operating reserve in the amount of \$300,000 in fiscal 2016.

In addition, the Directors have internally restricted \$3,144,323 specifically for future research projects. This reserve is reviewed annually.

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

9 Commitments

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

Year	Amount
2017	\$ 1,190,652
2018	659,121
2019	494,550
2020	400,000
2021	400,000
	<u>\$ 3,144,323</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 2017 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 2016 fiscal year budget on February 10, 2016. These figures are unaudited.

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2016

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.

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.



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