

Saskatchewan
Co-operative Wheat Producers
Limited

THIRTEENTH
ANNUAL
REPORT

Annual Meetings of growers will be held at all points in the Province in the next two months. It will be of value in arriving at a proper understanding of the present policies of your organization if you will take this Report with you when attending your annual meeting.

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McGILL UNIVERSITY

*Proposed Agenda of Business for
Annual Meeting*

1. Appointment of Chairman.
2. Notice of Annual Meeting.
3. Resolution to Adopt Agenda.
4. Minutes of Previous Meeting.
5. Report of Resolutions Committee.
6. Report of Board of Directors.
7. Resolution to Receive Directors' Report.
8. Discussion of Directors' Report.
9. Financial Statement and Auditors' Report.
10. Discussion of Financial Statement.
11. Adoption of Directors' Report.
12. Adoption of Financial Statement.
13. Remuneration of Auditors.
14. Appointment of Auditors.
15. Consideration of Amendments to Articles of Association.
16. Consideration of Resolutions set out in Notice of Meeting.
17. Consideration of other matters that may properly come before the Meeting, introduced by Delegates.
18. Fraternal Delegates.
19. Adjournment.

SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

Directors' Report

Regina, Saskatchewan,
2nd November, 1937.

Since the last annual meeting of delegates this organization has sustained a great loss in the death of Mr. L. C. Brouillette, President of Saskatchewan Co-operative Wheat Producers Limited since 1931, who passed away in St. Paul's Hospital, Vancouver, on Thursday, 22nd April, 1937.

Mr. Brouillette was a member of the provisional Board of Directors in 1923-24 and played an important part in the organization of the Company. Following the election of the permanent Board of Directors in 1924, he was elected Vice-President and held that office until the death, in 1931, of the late A. J. McPhail whom he succeeded as President.

The late Mr. Brouillette was a consistent advocate of co-operative effort and farm organization as the only means of meeting many of the agricultural problems of the day. In the wider sphere, he appreciated and worked for the development of the Co-operative Movement on an international basis, not alone for the economic advantages which could be expected for the agricultural industry, but also because he firmly believed that international co-operation, particularly amongst the agricultural people of the world, provided the only basis upon which a permanent world peace could be established. His courage, sincerity, and tenacity of purpose in the affairs of this organization were well known to all. Like his predecessor in office, he passed away in the prime of life. His loss will be felt keenly not only by this organization but also by the sister organizations in Alberta and Manitoba, and the Co-operative Movement generally. The contribution which Mr. Brouillette was able to make in the last and best years of his life strengthened and enriched the movement for agricultural co-operation—the development of which he had made his life work.

Your directors also deeply regret to record the death of Mr. A. E. Wilson of Indian Head, Sask. The late Mr. Wilson acted as President of the provisional Board of Directors of this organization in 1923-24, and for a number of years thereafter continued to act as a member of the permanent Board of Directors. His sound business judgment, which was at all times available to his fellow directors in the earlier years of this organization, played an important part in helping to meet many of the business problems with which the organization was faced.

In presenting its Thirteenth Annual Report to the annual meeting of Wheat Pool Delegates, your Board of Directors, as in the past, has endeavoured to submit

a complete picture of the operation of your organization for the year ended 31st July, 1937. As in previous years, the reports of Canadian Co-operative Wheat Producers Limited and Canadian Pool Agencies Limited are included herewith.

Consolidated Balance Sheet

A copy of the Consolidated Balance Sheet, prepared by Messrs. Geo. A. Touche & Co., Auditors, showing the position of the Wheat Pool organization as at 31st July, 1937, together with explanatory notes on the principal items, will be found attached to this report as Statement No. 1. This Balance Sheet brings together in one statement the accounts of Saskatchewan Co-operative Wheat Producers Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited, and Modern Press Limited.

It will be noted from the Balance Sheet that total current assets of the entire organization amount to \$8,829,487.25, with total current liabilities of \$1,729,249.27. The difference between these two items, \$7,100,237.98, represents the current position of the organization. After providing for the completion of the approved building programme and work under construction at the end of the fiscal year estimated to cost \$70,000.00, there remains a balance of \$7,030,237.98 available as working capital for the season 1937-38. This compares with working capital position of \$7,375,222.93 a year ago, a reduction in working capital during the year of \$344,984.95.

It will be noted from the Auditors' Report that no provision for depreciation for the year has been made in respect to country elevators and coal sheds, terminal elevators and equipment, and agents' residences. This matter will be dealt with later in the report.

Consolidated Capital Statement

Attached to this report (Statement No. 2) will be found the usual Consolidated Capital Statement, which sets out in detail the current financial position of the organization as at 31st July, 1937.

Source of Capital Funds, Analysis of Capital Expenditures and Surplus Capital

Statement No. 3 has been prepared by the Treasurer of the organization to show in detail the composition of your surplus capital as at 31st July, 1937. The items appearing in the statement are largely self-explanatory. It will be noted, however, that no reference is made to depreciation reserve. It should be pointed out that for the purpose of accounting depreciation reserve does not provide new capital but merely liquidates capital previously invested or expended in the fixed assets of the organization against which the reserve applies.

It will also be noted from this statement that the various reserve accounts of Saskatchewan Pool Elevators Limited are in liquid form, with the exception of Reserve Account of which \$208,549.49 has been expended in fixed assets, investments, etc., and that of the total commercial reserve amounting to \$6,567,851.17 the sum of \$3,121,390.93 is in liquid form as compared with \$3,085,769.81 as at 31st July, 1936.

The balance of Undivided Profits Account, after deducting the amounts required to provide for the various instalments of principal paid to the Province

of Saskatchewan in respect to the 1929-30 Pool overpayment liability, is shown as \$523,530.60, while the payment due to the Province in 1938 amounts to \$571,884.52. The amount of \$100,000.00 which was set up as a reserve for sinking fund in connection with the 1929-30 Pool overpayment, and which is in liquid form, can be used for the purpose of meeting this payment and is more than sufficient to make up the difference.

Consolidated Statement of Assets, Direct Liabilities and Growers' Equity

Attached hereto (Statement No. 4) will be found the usual Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1937. This statement shows a balance of assets over liabilities of \$11,698,210.63, which represents the equity of the growers in the assets of the organization at the end of the fiscal year. This is an increase of \$286,278.71 over the amount shown at 31st July, 1936.

With the increase in assets, as indicated above, and with the decrease in direct liabilities during the year as a result of payments of principal to the Province of Saskatchewan and to the Manufacturers' Life Insurance Company, the growers' equity is now shown as 51.448 per cent. of the book value of the Company's assets as compared with 49.628 per cent. last year—an increase of 1.820 per cent. during the year.

While the growers' equity is shown as 51.448 per cent. of the book value of the Company's assets, it may be pointed out that the value of the growers' equity, namely \$11,698,210.63, is equal to 62.018 per cent. of the total amount of \$18,862,551.24 subscribed by the shareholders in the form of capital by way of elevator deductions and commercial reserve. In arriving at these figures the fixed assets of the organization have been included at their present book values, and, as indicated above, no allowance was made for depreciation during the past year on country elevators, coal sheds, agents' residences and terminals.

Saskatchewan Co-operative Wheat Producers Limited

Enrollment of New Members

The following statement shows the number of applications for shares received and allotted by the Board since February, 1934, when the policy of accepting new members by way of applications for shares was initiated. It will be noted that there has been a gradual increase in the number of shares allotted each year since the inception of the new policy.

<i>Year Ended</i>	<i>Shares Allotted</i>	<i>Total Shares Issued</i>
31st July, 1934.....	515	104,354
31st July, 1935.....	695	104,942
31st July, 1936.....	869	105,717
31st July, 1937.....	1,016	106,640

The importance of maintaining membership at the highest possible level will be fully appreciated by Pool delegates. Your Board believes that it is particularly important that the younger men, starting farming on their own, should attach themselves to this organization at the beginning of their farming operations. In a number of cases sons of present members of the organization are undertaking active farm operations previously carried on by their parents. In order that it

may adequately reflect the viewpoint of the Saskatchewan farmer and continue to give the widest possible service to the agricultural industry of this province, it is important that these young men should be included in the Pool membership.

Financial Statements

A complete copy of the Financial Statements of Saskatchewan Co-operative Wheat Producers Limited, together with Auditors' Report from Messrs. Geo. A. Touche & Co., covering last year's business, has been submitted separately to the delegates.

Balance Sheet

It will be noted that total current assets as at 31st July, 1937, amount to \$3,863,810.05 and current liabilities to \$482,741.60. The difference between these two items, \$3,381,068.45, represents the current position of the parent Company and is available for the purpose of working capital. This represents an increase of \$61,492.71 over the amount of working capital reported a year ago.

Income and Expense

Total income for the year ended 31st July, 1937, amounted to \$450,156.93. Details of income will be found in Statement No. 2, Page 20 of the Auditors' Report. Total operating expense, details of which are set out in Statement No. 2A, Page 21 of the Auditors' Report, amount to \$381,878.34. The surplus of income over expense amounts to \$68,278.59. From this surplus the sum of \$50,000.00 has been set up as an investment reserve in connection with capital invested in Canadian Co-operative Wheat Producers Limited. The balance of the surplus, \$18,278.59, has been applied as a reduction of the Company's share of the 1929-30 Pool overpayment.

There is included in the operating expenses of the Company the sum of \$47,719.19, representing the operating deficit of Modern Press Limited for the year ended 31st July, 1937.

Provision has also been made for depreciation on fixed assets amounting to \$16,206.37.

Saskatchewan Pool Elevators Limited

Saskatchewan Pool Elevators Limited now owns and operates 1,090 elevators in all parts of the province. The maximum number of elevators actually in operation during the past season was 1,029.

Grain Handled

A total of 54,471,987 bushels of all grain was handled through Pool country elevators for the year ended 31st July, 1937. Your Company also handled a total of 728,996 bushels of grain loaded over the platform, making a total of all grain handled for the year of 55,200,983 bushels. Comparative figures for the last three years' handlings are as follows:

Country Elevator Receipts

<i>Grain</i>	1936-37 (Bushels)	1935-36 (Bushels)	1934-35 (Bushels)
Wheat.....	43,621,558	52,437,630	45,087,559
Oats.....	6,628,739	7,586,521	6,317,882
Barley.....	3,162,247	3,075,411	2,004,969
Flax.....	595,641	470,912	178,349
Rye.....	463,802	808,182	189,980
Totals.....	54,471,987	64,378,656	53,777,839

Platform Receipts

	(Bushels)
1936-37.....	728,996
1935-36.....	917,608
1934-35.....	1,360,191

The average volume of grain handled per elevator during the year under review, based on 1,029 elevators operated, amounts to 52,937 bushels as compared with an average handling per elevator of 60,449 bushels for the previous year.

During the year under review Saskatchewan Pool Elevators Limited handled 47.92 per cent. of all wheat delivered to country elevators in the province as compared with 45.05 per cent. the previous year. Of all grain delivered to country elevators in Saskatchewan for the 1936-37 season, 46.86 per cent. was handled by the Pool Elevator System as compared with 45.30 per cent. last year—an increase of 1.56 per cent.

The percentage of platform shipments handled by Saskatchewan Pool Elevators Limited is shown at 67.46 per cent., as compared with 50.51 per cent. a year ago.

Attached to this report (Statement No. 5) will be found the usual statement showing the total volume of grain handled by the Company since the inception of the organization.

Grading Statements

The Company's grading statements at the end of the fiscal year showed a net grade loss of \$100,726.20 as compared with \$78,105.40 for the previous year, or \$2.94 per car as against \$2.10 per car a year ago.

Overages and Shortages

The following figures show the overages and shortages in all grain handled through Pool country elevators during the past year as compared with the previous season:

	1936-37	1935-36
Overage —Wheat 56,984 bushels.....	.13%	.35%
Oats 86,999 bushels.....	1.31%	1.28%
Barley 21,106 bushels.....	.67%	.73%
Shortage —Flax (15,555) bushels.....	(2.61%)	(1.34%)
Rye (2,247) bushels.....	(.49%)	(.78%)

Insurance

Four country elevators and one engine house were destroyed by fire during the past season as against three elevators and three engine houses in the previous year.

Insurance claims for buildings and contents amounted to \$63,720.37 compared with \$55,510.67 last year. All claims were settled in full by the insurance companies. Loss ratio figures out at 53.1 per cent. as compared with 40.07 per cent. the previous year.

Financial Statements

The Auditors' Report covering the year's operations is included in the Financial Statement submitted separately to delegates.

For the year under review, crop production was smaller than in the previous year but of considerably better quality. The percentage of cars of wheat grading within the contract grades was 88 per cent. as compared with 65 per cent. in the previous season. The price of grain during the year was also considerably higher. The net value to farmers at country stations of wheat delivered in Saskatchewan, as compared to

the previous year, is shown by Sanford Evans Statistical Service as follows:

1936-37— 82,855,000 bushels valued at \$72,528,072.35
1935-36—102,563,000 bushels valued at \$61,579,196.70

As in the previous year, the only capital commitment to meet was the instalment of the 1929-30 Pool overpayment. This amounted to \$544,651.92 less \$175,-776.75 prepaid at 31st July, 1936. Interest for the year amounted to \$583,556.45 and payment in each case was made or provided for.

There are no direct liabilities against the Company's assets other than the contingent liability in connection with the 1929-30 Pool overpayment. This now stands at \$11,039,900.30.

It will be noted from the Company's Balance Sheet that total current assets of Saskatchewan Pool Elevators Limited as at 31st July, 1937, are shown at \$6,605,-216.72, with current liabilities of \$2,906,341.18. The difference between these two items, \$3,698,875.54, represents the current position of the Company at the end of the fiscal year. After providing for contingent liabilities of \$70,000.00 in connection with building programme and work under construction, the balance of \$3,628,875.54 represents the amount available as working capital at the end of the season. This shows a reduction from the previous year of \$403,707.35. With the use of the working capital of Saskatchewan Co-operative Wheat Producers Limited, the total available working capital for the organization amounts to \$7,030,237.98 compared with last year's amount of \$7,375,222.93, a reduction of \$345,984.95.

During the year under review, it was necessary to make use of bank credits for a very limited period only as a result of the lack of favorable spreads between cash and future prices. It should be noted that the same situation again prevails at the present time.

Country elevator earnings and expenses and Profit and Loss Account for the year ended 31st July, 1937, appear as Statement No. 2, Page 47 of the Auditors' Report. This statement shows total operating revenue of \$3,709,089.28. After deducting operating expenses amounting to \$3,115,082.86 and depreciation on office furniture and fixtures, autos, and sundry equipment, amounting to \$10,210.21, the balance of \$583,796.21 represents the net earnings of the country elevator department before providing for depreciation on country elevators, coal sheds and agents' residences. For the previous year, the net earnings of the Company amounted to \$877,352.79 after providing \$752,027.71 as depreciation on country elevators, etc. A comparable figure for the year 1935-36 would show net earnings, before providing for depreciation, of \$1,629,380.50, as compared with \$594,006.42 for the current year. The Elevator System showed a net earning per bushel (before depreciation) for the year under review of 1.076 cents as compared with 2.496 cents per bushel for the previous year.

Terminal Elevator Earnings and Expenses

The Profit and Loss Account of Saskatchewan Pool Terminals Limited for the year ended 31st July, 1937, appears as Statement No. 2, Page 59 of the Auditors' Report. Total operating revenue amounts to \$1,544,-823.22, with operating expenses amounting to \$1,280,-023.08, leaving operating earnings for the year under

review of \$264,800.14, before providing for depreciation. This compares with operating earnings, before depreciation, of \$514,826.60 for the previous year, or a comparative earning per bushel of grain handled through Pool terminals of .601 cents against 1.038 cents per bushel the previous year.

The above figures show a substantial reduction in earnings from previous seasons, this again arising from the absence of carrying charges on grain combined with smaller handlings.

Buffalo Terminal

Profit and Loss Account for the Buffalo Terminal Department is shown as Statement No. 4, Page 49 of the Auditors' Report. This shows an operating revenue of \$60,200.04, with operating expense of \$86,483.60, leaving an operating deficit of \$26,283.56. It should be noted that the operating expense includes an item of \$52,013.55 representing rental paid to Saskatchewan Pool Elevators Limited. Omitting this charge, the Buffalo plant showed an actual cash return of \$25,729.99 in excess of the actual cash outlay for expenses. This compares with an actual cash return of \$19,632.71 for the previous year.

The Buffalo terminal continues to be operated under lease by the Cargill Grain Company of Minneapolis.

Combined Country and Terminal Earnings

The Summary of Profits (Statement No. 3, Page 48, of the Auditors' Report) shows combined operating revenue of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited of \$5,314,112.54 for the year ended 31st July, 1937. Operating expenses for the season total \$4,481,589.54, leaving combined operating earnings of the country and terminal system amounting to \$832,523.00, before providing for depreciation. After deducting sundry items of depreciation amounting to \$10,747.56, but before providing for depreciation on country and terminal elevators, etc., there is shown a net earning of \$821,775.44.

Distribution of Earnings

The following statement shows the distribution of earnings:

Operating Earnings for the year ended 31st July, 1937....	\$832,523.00
<i>Deduct:</i>	
Depreciation Reserve.....	\$ 10,747.56
Loss on Realization of Assets.....	2,619.74
Proportion of Pool Expenses.....	55,953.79
Interest on 1929-30 Pool Overpayment....	583,556.45
	<u>652,877.54</u>
Balance representing Net Earnings.....	<u>\$179,645.46</u>

This amount of \$179,645.46 has been transferred to the credit of Undivided Profits Account.

Attached to this report (Statement No. 6) will be found a statement of earnings covering the entire period of the operations of the Company from 1st August, 1925, to 31st July, 1937, together with details of the distribution of these earnings.

The reduction in earnings in the line and terminal departments, as compared to a year ago, is accounted for by a reduction in handlings of over 10,000,000 bushels of grain, and by the lack of carrying charges on purchased grain. The unusual condition which prevailed during the year under review, with spot prices

for wheat and other grains being quoted at higher levels than the distant futures, made it impossible to utilize the Company's large storage facilities as a means of securing revenue by the usual practice of carrying quantities of purchased grain in store during the winter months and obtaining as revenue the spread which normally prevailed between spot and future prices.

Reference has been made in this report to the fact that due to existing conditions no provision has been made for the current year for depreciation on fixed assets. The total depreciation reserve already provided on the present fixed assets of the Company amounted to \$10,940,409.30 at 31st July, 1937. This amount is equal to 42.329 per cent. of the book value of these assets. In the opinion of your Board, the absence of the usual provision for depreciation on plant and equipment for the past year will not affect the position of the Company seriously, in view of the amount already set up as a reserve for depreciation, and in view of the fact that plant and equipment have been maintained in efficient working condition by the annual expenditure of large amounts for replacement and repairs. It is apparent that the earnings for the present season (1937-38) will not be sufficient to provide depreciation for the current year. Your Board fully realizes that the continued absence of this item of depreciation over a period of years would become a very serious matter. Present conditions have justified the wisdom of the policy followed in the past few years of setting aside substantial reserves for depreciation on plant and equipment, and indicate the importance of providing a liberal allowance for depreciation whenever possible.

Saskatchewan Pool Terminals Limited

For the crop year, 1st August, 1936, to 31st July, 1937, Pool terminal elevators at Port Arthur handled a total of 44,025,646 bushels of all grains, as compared with 49,584,944 bushels for the same period in the previous year. This represents a reduction of five and a half million bushels from the previous year's handling.

Reflecting the steady movement of the crop, grain in store as at 31st July, 1937, amounted to only 661,351 bushels, the smallest volume in the history of these terminals. This small volume of grain in store assumes added significance in the light of the outcry of what was regarded as a burdensome carryover only a year or two ago.

Last season's crop started to move very early. Owing to the heavy export demand, grain moved east rapidly, leaving stocks at the close of navigation extremely light. This, together with the fact that receipts after the close of navigation were very light, meant that earnings in the form of storage during the winter months were lower than in any other year since the Pool commenced operations.

Last year Pool Terminal No. 5 was operated under lease by Manitoba Pool Elevators Limited. For the current year the Manitoba Pool has renewed lease on Terminal No. 5, and has also taken over Terminal No. 4 on a temporary basis.

The following statement shows the total volume of grain handled by Pool Terminals during the past season as compared with the previous year:

	1936-37 (Bushels)	1935-36 (Bushels)
Terminal No. 4.....	7,289,662	14,733,717
Terminal No. 6.....	16,129,442	14,595,636
Terminal No. 7.....	20,606,542	20,255,591
Totals.....	<u>44,025,646</u>	<u>49,584,944</u>

As indicated above, grain in store in Pool terminal elevators as at 31st July, 1937, amounted to only 661,351 bushels, as compared with 5,371,520 bushels the previous season.

Due to the very light crop, making it unnecessary to divert cars of grain, only 2,280 bushels of grain shipped by Manitoba Pool Elevators Limited were unloaded in Saskatchewan Pool Terminals last year.

It may be of interest to delegates to know that out of a total of 105,703 cars of grain unloaded at the Head of the Lakes last season 29,536 cars, or approximately 28 per cent. of the total, were unloaded in Saskatchewan Pool Terminals. This compares with approximately 31 per cent. unloaded the previous season, and reflects the lighter Saskatchewan crop.

During the year under review screenings were shipped and sold from Pool terminals as follows:

Refuse Screenings.....	17,511 tons
Standard Recleaned Screenings.....	5,814 tons
Mixed Feed Oats.....	626,433 bushels

Prices received for screenings were substantially higher than in previous years. Refuse screenings were sold during the year at an average price of \$15.24 per ton compared with \$2.50 per ton the previous season. Standard re-cleaned screenings were disposed of at an average price of \$25.08 per ton, against \$10.63 the previous season, while mixed feed oats averaged 36¼ cents per bushel as against 20¼ cents per bushel a year ago.

In a year of light handlings the value of these by-products of terminal operations is readily appreciated, and it may be noted that the relatively favorable showing it was possible to make in terminal operations this year was due in no small measure to the satisfactory disposal of these by-products.

The entire Terminal System was maintained in first-class working condition throughout the year. Major repairs, replacements and the installation of new equipment included the following:

Elevator No. 4:

Two new No. 16 Superior separators, together with two screw conveyors, were installed at a cost of approximately \$11,100.00. Two additional No. 16 Superior separators were partly installed, but on account of the decision to close the elevator, it was decided to forego completion of this work until a later date. It may be pointed out that the four Superior separators replace six Monitors, and these new machines will do the work of both Monitor and Carter Disc Cleaners.

Elevator No. 6:

Four new No. 16 Superior separators were installed in Elevator No. 6 in July, 1937. The C.N.R. agreed to pay for this machinery and to assume the cost of installation. Major repairs included a complete overhaul of car dumps, installation of one leg belt and the installation of four new Mayo spouts.

Elevator No. 7:

No new machinery was installed in Elevator No. 7, but the discs on four Big 5 Carter Disc machines were renewed. Eight of these machines have now been renewed, leaving four still to be done. Major repairs included the rebuilding of four new shipping spouts, and screw conveyor drives were changed to a new type. It is anticipated that substantial reductions in power charges will be secured by this new type of drive.

Coarse Grains Department

Total sales of wheat and coarse grains for seed and feed, including sales by agents from country elevators and carlot sales, for the fiscal year ended 31st July, 1937, totalled 7,791,276 bushels, as follows:

	<i>Bushels</i>
Wheat.....	2,144,174
Oats.....	5,057,330
Barley.....	440,419
Flax.....	5,986
Rye.....	143,367

This compares with total sales a year ago of 5,038,035 bushels, representing an increase of over 2,750,000 bushels.

Distribution of Registered and Certified Seed Grains

During the year under review, your organization again purchased and distributed a quantity of high-class seed grain at cost. A total of 21,192 bushels of registered and certified seed were purchased. Of this amount 7,729 bushels were supplied to Junior Grain Clubs, the balance having been re-sold to patrons of Pool elevators through local agents.

In addition to this movement of less than carlot quantities of seed grain, your organization again co-operated with the Field Crops Branch of the Department of Agriculture in assisting to dispose of a number of carlots of registered and certified seed in exchange for local stocks.

Churchill

Saskatchewan Pool Elevators Limited shipped to Churchill, to arrive for the 1936 shipping season, 1,645,694 bushels of wheat which had been carried over from the previous crop for account of the Canadian Wheat Board. No wheat was shipped to Churchill during the past summer as with the premium situation at the Head of the Lakes the risks involved were too great. As a result only two cargoes of wheat, amounting to approximately 614,000 bushels, carried over from the previous year, were shipped during the 1937 season.

The record of wheat exports via Churchill now stands as follows:

	<i>Bushels</i>
1931 (Trial Cargo).....	545,000
1932.....	2,736,000
1933.....	2,708,000
1934.....	4,050,000
1935.....	2,407,000
1936.....	4,293,000
1937.....	614,000
Total.....	<u>17,353,000</u>

Of the above total, 14,660,000 bushels, representing 84.5 per cent., have been supplied by the Saskatchewan

Wheat Pool organization, either exported directly or shipped to Churchill and sold to one of the international exporting firms.

Saskatchewan Wheat Pool Construction Company Limited

This construction subsidiary commenced the 1937 season with a fairly comprehensive building and repair programme, covering both elevators and agents' cottages. Due to the general crop failure, however, it was decided to curtail the estimated expenditure, and, as a consequence, a number of replacements of elevator machinery units were not proceeded with. A survey of the major activities of the Construction Department during the 1937 building season includes the following:

Elevators Rebuilt

Carlyle.....	35,000 bushel elevator built on old site.
Leslie.....	38,000 bushel elevator built on old site.
Markinch.....	40,000 bushel elevator built on new site.

New Elevators

Carrot River.....	35,000 bushel elevator equipped with small Hart-Carter combination cleaner.
Makwa.....	15,000 bushel elevator built with new lumber, but equipped with used machinery.
Porcupine Plain.....	35,000 bushel elevator equipped with small Hart-Carter combination cleaner.

Only two elevators were constructed with entirely new material this year, Porcupine Plain and Carrot River.

Building costs for the 1937 season are approximately seven per cent. higher than corresponding costs for the 1936 season. This amounts to approximately a \$900.00 increase in the case of a 35,000 bushel elevator, and can be attributed to the increased demand for lumber in the world markets. Approximate price of a new 35,000 bushel elevator, without cleaner, is \$13,650.00, which includes an item of \$300.00 for overhead charges.

Elevators Purchased

Two elevators were purchased during the past season, a 25,000 bushel house at Amsterdam, and a 30,000 bushel elevator purchased at White Fox and transferred to Choiceland.

Elevators Destroyed by Fire and Rebuilt

Birch Hills.....	30,000 bushel elevator and 20,000 bushel annex were replaced by a 35,000 bushel elevator equipped with Large-Type Hart-Carter combination cleaner.
Macklin.....	25,000 bushel elevator and 14,000 bushel annex were replaced with a 35,000 bushel elevator.
Valparaiso.....	45,000 bushel elevator was rebuilt to 35,000 bushel capacity.

Cleaners

A total of twenty-seven new cleaners were installed in new and old elevators, including the following:

- Six large Hart-Carter combination cleaners.
- Thirteen small Hart-Carter combination cleaners.
- Eight Hart-Emerson cylinder cleaners.

In addition to the above installation the transfer of twelve other cleaners was also completed.

Engines: A total of sixteen new Fuel-Diesel engines were installed in new and old elevators, and five engines were transferred.

Scales: Thirty-six new 15-ton scales were installed in new and old elevators, while four smaller scales were transferred to other elevators.

Air Dumps: Eighteen air dumps were rebuilt to New-Type (high lift), and new elevators were provided with the latest type of dumping machinery.

Elevators Repainted: A total of 149 elevators and three annexes were repainted during the year.

Cottages: Additional cottages for elevator agents were built or acquired during the year at Cloan, Ens, Leslie and Tregarva, and one-room additions were built to agents' cottages at Boharm and Whittome. Paint was ordered out to twenty-one points, and the agents were instructed to re-paint the exterior of cottages.

Pool Elevator Laboratory Service

In recent years Saskatchewan Pool Elevators Limited has maintained an additional service to Pool members in supplying moisture tests and germination tests for seed grain. As indicating the scope of this service, the following figures show the number of tests made each year since the inception of this service:

	<i>Germination Tests</i>	<i>Moisture Tests</i>
1929-30.....	1,091	1,311
1930-31.....	905	5,675
1931-32.....	390	4,019
1932-33.....	940	890
1933-34.....	3,572	5,791
1934-35.....	13,224	1,493
1935-36.....	18,081	1,079
1936-37.....	5,910	136

In addition to these tests, this department also checks large numbers of samples for grade and dockage. Several thousand samples of different kinds of grain have also been prepared and distributed to school children to assist in school work.

Modern Press Limited

Financial Statements

Full particulars of the operations of Modern Press Limited for the year ended 31st July, 1937, are contained in the Financial Statement and Auditors' Report covering the operation of the organization submitted separately to the delegates. Profit and Loss Account for Modern Press Limited appears as Statement No. 2 on Pages 32 and 33 of the Auditors' Report. This shows that, after providing for depreciation on fixed assets amounting to \$5,310.37, and making provision for doubtful accounts to the extent of \$1,000.00, the operations of Modern Press Limited show a net loss of \$47,719.19, made up of a loss of \$49,305.19 from the publication of The Western Producer, less a profit of \$1,586.00 in the Job Printing Department. This result compares with a net loss of \$49,048.90 the previous year. The net deficit for the year has again been charged to Saskatchewan Co-operative Wheat Producers Limited.

Job Printing Department

This department shows a reduction in revenue of \$9,226.39 over the previous year, and a decrease in net profit of \$7,955.63. Net profit for the current year amounts to \$1,586.00 as compared with \$9,541.63 a year ago.

A comparison of operations of the Company for the year with those of the previous year are shown below:

	1936-37	1935-36	<i>Increase (Decrease)</i>
Job Sales.....	\$59,960.58	\$69,186.97	(\$9,226.39)
Cost of Sales.....	24,982.57	26,082.62	(1,100.05)
Expenses.....	30,736.79	30,933.95	(197.16)
Profit before Depreciation.....	\$ 4,241.19	\$12,170.40	(\$7,929.21)
Depreciation.....	2,655.19	2,628.77	(26.42)
Net Profit.....	<u>\$ 1,586.00</u>	<u>\$ 9,541.63</u>	<u>(\$7,955.63)</u>

The Western Producer

As at 31st July, 1937, The Western Producer showed a total net paid circulation of 106,019, as compared with 101,749 copies for the last issue in July, 1936, and 84,392 copies for the last issue in July, 1935. Steady progress has been made in increasing circulation in the other western provinces. Distribution of circulation by provinces at the end of the fiscal year was as follows:

	<i>Copies</i>
Saskatchewan.....	59,930
Manitoba.....	16,202
Alberta.....	20,984
British Columbia.....	5,025
Miscellaneous.....	3,878

A comparison of operations for the year under review with those of the previous year is shown below:

	1936-37	1935-36	<i>Increase (Decrease)</i>
Advertising.....	\$ 72,463.68	\$56,578.16	\$15,885.52
Subscriptions.....	22,658.76	28,475.29	(5,816.53)
Miscellaneous.....	827.32	488.69	338.63
Total Revenue.....	\$ 95,949.76	\$85,542.14	\$10,407.62
Newsprint.....	40,360.08	35,892.79	4,467.29
Expenses.....	102,239.69	105,611.11	(3,371.42)
Loss before Depreciation.....	\$ 46,650.01	\$55,961.76	(\$ 9,311.75)
Depreciation.....	2,655.18	2,628.77	26.41
Loss for Year.....	<u>\$ 49,305.19</u>	<u>\$58,590.53</u>	<u>(\$ 9,285.34)</u>

It will be noted that the deficit arising from the year's operations is \$9,285.34 less than the previous year. Advertising revenue increased substantially, but this was offset to a considerable extent by the increased cost of newsprint.

The following figures provide a general picture of production and costs incidental to the publication of The Western Producer during the past three years:

	1934-35	1935-36	1936-37
Total Net Press Run.....	4,102,962	5,155,946	5,740,575
Average Net Run per Issue..	78,903	97,282	110,396
Total Cost per Copy.....	3.2437c	2.7955c	2.5307c
Total Cost per 52 Issues (per copy).....	\$1.686	\$1.482	\$1.315964
Lowest Net Press Run.....	61,950	89,523	102,400
Highest Net Press Run.....	90,162	103,850	114,350

The average number of subscribers for the year under review totalled 110,396, as compared with 97,282 and 78,903 subscribers in the two previous years.

During the year 1936-37 two issues of a 24-page size and 50 issues of a 32-page size were produced.

It will be noted from the foregoing that there has been a substantial increase in circulation of The Western Producer in Manitoba over the previous year. This has been accomplished as a result of the successful completion of negotiations with the Manitoba Pool

under which The Western Producer has become the official organ of the Co-operative Movement in Manitoba.

As has been pointed out in these reports year by year, the publication of The Western Producer has resulted in an annual deficit. This year the deficit works out at 44.65 cents per subscriber per annum, or slightly less than one cent per subscriber per issue.

Your Board is satisfied that the placing of The Western Producer in over 100,000 homes in Western Canada is playing an important part in the increased appreciation of the value of the Co-operative Movement in Western Canada. Suggestions have been advanced from time to time that an effort should be made to appraise this value, and to credit the paper with the amount arrived at. It would be difficult, if not impossible, to place a cash value on the service which The Western Producer renders as a publicity medium, not only to this organization, but to the Co-operative Movement as a whole. The very conditions which have reduced farm income to the vanishing point have also militated against the income of The Western Producer. Given a return of farm purchasing power in Saskatchewan, it is logical to assume that the revenue of The Western Producer will show a substantial increase. The importance of maintaining a strong co-operative press in Western Canada as a medium for the presentation of the views of the organized farmers cannot be over-estimated, and your Board believes that full value for the money expended is being received, both by this organization, and in the wider field of co-operative development.

Canadian Co-operative Wheat Producers Limited

The annual report of the Board of Directors of Canadian Co-operative Wheat Producers Limited is attached hereto. This report will show in some detail the views of the three Wheat Pool organizations as presented to the Royal Grain Enquiry Commission, as well as other activities of an interprovincial nature.

Canadian Pool Agencies Limited

Also attached to this report will be found the report of the Board of Directors of Canadian Pool Agencies Limited to the annual meeting of its shareholders.

The Balance Sheet for the year ended 31st July, 1937, and Statement of Income and Expense of this interprovincial Pool Subsidiary are also attached hereto as Statements Nos. 10 and 11 respectively.

The result of operations for the year under review shows a profit of \$39,771.75 as compared with a profit of \$47,071.35 last year. The decrease in earnings is largely due to the smaller grain stocks carried in country and terminal elevators.

As in previous years, a dividend of six per cent. on the paid up capital stock of the Company was paid to the three provincial Pool organizations, who are the shareholders of the Company, and a patronage dividend was also paid on the basis of business contributed. Details of these dividends are as follows:

	<i>Stock Dividend</i>	<i>Patronage Dividend</i>	<i>Total</i>
Manitoba.....	\$ 399.60	\$ 6,729.32	\$ 7,128.92
Saskatchewan.....	400.20	26,366.84	26,767.04
Alberta.....	400.20	12,775.17	13,175.37
Totals.....	\$ 1,200.00	\$45,871.33	\$47,071.33

Publicity

Increased interest in co-operative development was indicated during the past year in the demand made upon the Publicity Department for pamphlets and for library books dealing with Co-operation. Both the supply of pamphlets on this subject and the library shelves were augmented.

Special crop reports prepared for The Western Producer were placed upon an interprovincial basis for the first time, the Manitoba and Alberta Pool organizations co-operating in this work.

The Publicity Department also supplied to The Western Producer reports on the 1937 session of the Saskatchewan Legislature, as well as reports on a considerable part of the sittings of the Royal Grain Enquiry Commission. The submissions of the Wheat Pool organizations to the Royal Grain Enquiry Commission were published in full in The Western Producer, and later were assembled and distributed in pamphlet form.

As in previous years, contact was maintained with the country weekly and non-English press circulating in the province. An increased amount of advertising space was taken in the country weeklies and non-English papers, which, apart from The Western Producer, were the principal advertising media employed.

The usual Pool calendar was prepared and widely distributed to the number of approximately 130,000 copies.

Pool Library

During the year under review, 5,063 books were mailed to country borrowers, compared with 5,321 books the previous year. This represents the third highest number of books borrowed since the library was opened.

As indicated in previous reports, the Pool library contains a first class selection of books on Agriculture, Co-operation, Sociology, Trade and Commerce, etc., and is available to all members of the organization.

Attached to this report (Statement No. 7) will be found statistical data covering the operations of the library.

Country Organization

Wheat Pool Committees

The value of the Wheat Pool committees continues to be manifest in these difficult times in carrying on co-operative education and organization, and in maintaining and building membership and morale. A realization of the importance of the contribution they can make to the welfare of the association and to agriculture in Saskatchewan is evidenced by the greater number of committee meetings held during the year than in the past, and the increased number of general meetings of shareholders initiated by them.

The total number of Wheat Pool committees on record as at 31st July, 1937, was 1,183, as compared with 1,176 at the same period last year, and 1,160 in 1935. The usual schedule showing the number of committees by district and sub-district is attached hereto as Statement No. 8. Of this number, 1,036 were re-organized during the year as compared with 1,029 in 1936 and 1,013 in 1935. Adding these to the thirteen new committees organized during the year, it will be

seen that there were 134 committees that did not report their general annual meetings. Fifty of these have not reported for two years or more, and the delegates have been requested to give the matter of reorganization their attention. The sub-districts in which these committees are situated will be shown by comparing Statement No. 8 with Statement No. 9, which is a schedule of committees reorganized during the year, listed by district and sub-district.

Committee Conventions

Sub-district conventions of Wheat Pool committees were again held this year in which all sub-districts participated.

In view of the agreement arrived at between the various co-operative associations of the province, resulting in collaboration in our educational and organization activities, some changes were made in the convention agenda, and the committees gave considerable attention to ways and means of developing the Co-operative Movement in Saskatchewan. An indication of this trend of thought is found in the following resolution passed by the committees of District 15, Sub-district 9:

Whereas the discussion in this convention on the work and responsibilities of the local committees has clearly shown that it is desirable to formulate a policy that will be a guide to all local committees for the coming year;

Therefore be it resolved that the committees give the following matters their best attention for the coming year:

1. A study of the growers in their communities with a view to securing all grain for Pool elevators.
2. The setting up of Study Groups among the adults to study and advance the principles of co-operation.
3. The training of children in the committees' respective territories in public speaking, confining this to co-operation, so that they may stage an oratorical contest in the near future; and,
4. That each committee come prepared to give a detailed report at the next convention on the efforts and results of the foregoing recommendations.

Representatives of the Livestock Pool, the Poultry Pool, the Saskatoon Dairy Pool, the Saskatchewan Co-operative Wholesale Society and the Co-operative Refineries, were invited to attend the conventions and outline the activities of their organizations. At a majority of the conventions arrangements were made to co-operate with these associations in the work of building up membership and volume.

Co-ordination

At the last annual meeting of delegates a resolution was passed approving the steps taken by the Board of Directors looking toward a greater measure of co-ordination in organization and educational activities between the co-operative associations of Saskatchewan, and recommending that the Board continue to investigate the possibilities of greater co-ordination. A second resolution instructed the Board to unite in every way possible with other co-operative activities and enterprises in order that co-operative education and organization should be carried on to the fullest possible extent.

Arising from further negotiations between the Livestock Pool, the Poultry Pool, the Saskatoon Dairy Pool, the Saskatchewan Co-operative Wholesale Society and your organization, an agreement was completed, the general terms of which are as follows:

- (a) That beginning 1st April, 1937, the Wheat Pool should maintain a staff of at least eighteen district representatives, viz., one to each of the sixteen districts, and two to serve the

Ukrainian and French population of the province; the said staff to remain under the direction and supervision of the Saskatchewan Wheat Pool.

- (b) That the duties of the staff should be confined to general co-operative organization and education; the special work of organization on a commodity basis, and the correction of difficulties of a technical nature related to their particular commodities being conducted by the commodity associations concerned.
- (c) That the contributions made by the associations, other than the Wheat Pool, should be: The Saskatchewan Livestock Pool \$3,500.00; the Saskatchewan Poultry Pool \$3,500.00; the Saskatoon Dairy Pool \$1,600.00; and the Saskatchewan Co-operative Wholesale Society \$1,000.00, per annum, payable quarterly in advance.
- (d) That the terms of the agreement may be reviewed and revised at a joint meeting of the Executive committees of the associations concerned, subject to confirmation by each Board of Directors, and the agreement may be terminated by any one of the associations giving twelve months' notice in writing to the other parties to the agreement.

Since 1st April, 1937, when the terms of the agreement came into effect, there has developed a closer relationship between the various co-operative associations, resulting in a clearer and more sympathetic understanding of our mutual objectives.

As already indicated, advantage was taken of the committee conventions to extend the spirit of the agreement to the Wheat Pool organization in the country, and the associations concerned have expressed their satisfaction with the results secured. There has developed a constant consultation between the various associations in matters of policy and operation, and in this direction the spirit of the resolutions of the last annual meeting is being realized.

Co-operative Education

The issue of monthly programmes has been continued regularly during the past year. An indication of their interest is that more Wheat Pool committees are asking that all members of the committees be placed individually on the mailing list.

In addition to the regular issues of monthly programmes, programmes on Crop Insurance, State Hospitalization, and Credit Unions, were received with considerable interest, judging from the response from the committees.

The programme, setting out a plan and material for the use of co-operative study groups, also received encouraging attention. This material was selected from previous programmes and papers and pamphlets issued separately by the organization. Over three hundred sets of this material have already been sent out on special request, and the demand is still keen. The Saskatchewan Wheat Pool Employees' Association has adopted this programme as part of its activities this year, and Pool elevator agents are also studying it in groups.

Programmes, describing the operations and organization of the other large co-operative associations in Saskatchewan, have also received considerable attention, as well as programmes on co-operative development in Denmark and Sweden.

In an effort to comply with the wishes of the delegates for the showing of films portraying the achievements of co-operatives in other lands, all known sources of supply have been searched. The chief difficulty seems to be that the best of these are sound productions. Most of the silent films are concerned with the mechani-

cal side of the industrial activities of co-operative societies, similar to those issued by the English and Scottish Wholesale Societies already shown throughout the province by the Country Organization staff. Some of these are still in use, and two films, entitled "Co-operatives in Sweden," and "A Trip to Co-operative Europe" have recently been purchased. Others will be acquired as the opportunity arises. A number of general education films have also been obtained, and are used for showing to school children, as well as at our general meetings of growers.

Junior Co-operative Activities

Variety Testing Projects

Bread Wheats: With the development of two new Canadian rust resistant wheats (APEX, developed at the University of Saskatchewan, from a composite crossing programme involving the varieties H.44-24 (a rust resistant type), Marquis, Kanred and Iumillo; and RENOWN, produced at the Dominion Rust Research Laboratory, Winnipeg, from a cross between Reward and H.44-24), your Board approved another province-wide project with a view to testing these two new wheats with THATCHER, and other well-known standard varieties. This project was planned in co-operation with the University of Saskatchewan and the Dominion Experimental Stations. Eight varieties were selected and six varieties sown in each plot. Marquis, Reward, Thatcher, Apex and Renown, were used in all tests, the sixth variety being selected from Ceres, Reliance or Garnet, according to the suitability of the variety for the particular area in which it was to be sown.

As in previous years, the project was conducted by Junior Co-operators, and consisted in all of 337 tests, and, with one exception, at least two plots were located in each sub-district.

While the severity of the weather conditions prevailing during the season took a heavy toll, a reasonable percentage of the plots were harvested, and it is believed that some worthwhile information will be obtained, particularly in regard to the drought resistance of each variety. While our report will contain only one year's information covering the Apex and Renown varieties, and, in this regard, will of necessity be only of a preliminary nature, it will, to a considerable degree, substantiate the data collected last year in connection with Thatcher wheat and the other standard varieties.

Durum Wheat: At the request of the National Research Council, a test of a small nature was undertaken to study the characteristics of the different varieties of Durum wheat when grown in that part of the province most suitable for the production of Durums. The varieties used were Mindum, Pelissier, and Golden Ball, with the common wheat, "Thatcher," constituting the fourth variety in each plot. Unfortunately these tests were all situated in that part of the province most severely stricken by drought, and although a few plots survived, the information available will be of a very meagre nature.

Thatcher Wheat under Field Conditions: In addition to these variety testing projects, requests were made to each of last year's Junior Co-operators to report to us on the results secured from the two bushels of Thatcher wheat awarded to them in connection with last year's

test as compared with the variety which was most commonly grown on the farm.

Samples taken from the reports received to date would indicate that, when Thatcher and Marquis are compared, Thatcher is slightly stronger in straw, 3.5 days earlier, slightly more than one inch shorter, and out-yields the standard variety by .9 bushels per acre. An estimate of the grades shows seven per cent. of the Marquis variety to be One Hard; 80 per cent. One Northern; 13 per cent. Two Northern. Thatcher shows six per cent. One Hard; 50 per cent. One Northern, and 44 per cent. Two Northern.

When a comparison is made between Thatcher and Ceres the data collected shows that Thatcher is two days earlier, slightly stronger in straw, two inches taller, and out-yields Ceres by 1.5 bushels per acre. The estimated grade of Ceres is shown as 100 per cent. One Northern. The Thatcher variety is shown as 50 per cent. One Northern, and 50 per cent. Two Northern.

Thatcher, when compared with Reward, is again stronger in straw, 1.2 inches shorter, and 4.3 days later. It out-yields the Reward variety, however, by five bushels per acre. Grades of the Reward variety are estimated as seven per cent. One Hard; 53 per cent. One Northern; 27 per cent. Two Northern; and thirteen per cent. Three Northern. Thatcher shows seven per cent. One Hard; 53 per cent. One Northern; 27 per cent. Two Northern; and thirteen per cent. Four Northern.

Only one test is available, giving a comparison between Thatcher and Red Bobs No. 222. This test shows Thatcher to be considerably weaker in straw than Red Bobs, some six inches shorter, and three bushels less in yielding ability. The Red Bobs variety is some two days earlier than Thatcher. Both varieties are graded One Northern.

Only one test is available between Thatcher and Renown. This test shows that these varieties are equal in straw strength, and are of identical height. Thatcher, however, is shown to be one day earlier, but is out-yielded by Renown by three bushels per acre. Both of these varieties are also graded One Northern.

When Thatcher and Garnet are compared, Thatcher appears to be slightly stronger in straw, but is one inch shorter in height. Garnet is approximately three days earlier than Thatcher, but is out-yielded by the rust resistant variety by 2.4 bushels. Garnet shows grades of 40 per cent. One C.W. and 60 per cent. Three Northern. The estimated grades of Thatcher are 20 per cent. One Hard; 20 per cent. One Northern; and 60 per cent. Two Northern.

Complete reports have not yet been received covering the projects undertaken during the current year, and the foregoing preliminary information is given at this time because of the widespread publicity which has been given to Thatcher wheat.

In view of the destruction of a large number of plots during the current year, it will not be possible to issue so comprehensive a report as was done in the case of the 1936 Junior Variety Testing Project. However, the data will be assembled and steps taken to make the information available both to the Junior Co-operators and to Pool delegates, and others interested.

The position of Thatcher wheat is dealt with later in this report.

Junior Club Work

Grain Clubs

During the year under review your organization continued its active support of the Junior Grain Clubs throughout the province. This work was also seriously interfered with as a result of the widespread crop failure throughout the province. A total of 249 Junior Grain Clubs, a large percentage of which were organized under the auspices of the Pool organization, started the year. Some 75 of these Clubs had to abandon their standing crop competition, and 106 Clubs have not been able to hold a seed fair. Such a record might be taken as indicating that the Clubs in the drought area had received such a set back that they might be expected to give up entirely and not attempt to carry on. However, our information is that the great majority of the Clubs have realized the value of this organization for older farm boys and young farmers, and have decided to keep their club undertaking active.

The Extension Department of the University of Saskatchewan has communicated with all clubs in the drought area, urging them to keep their club organization active by using it for educational, social, and athletic gatherings. In this way an effort is being made to bring to club members a realization that their club has a wider objective than merely acting as a seed growing organization. To encourage this educational work, the Extension Department hopes to be able to offer each club the service of a lecturer during the winter months, and the Department looks forward to a development within the clubs, involving addresses and discussions on agricultural, economic, co-operative and other subjects.

That the club movement is beginning to assume an important part in the life of the community in which the clubs are located is indicated by a report of a meeting sponsored by one of these clubs northwest of Swift Current, when almost the whole community, numbering some 350 people, turned out to honor a team from the Junior Grain Club which had achieved high ranking at the Regina Farm Boys' Camp.

It was also significant at both the Saskatoon and Regina Farm Boys' Camps that the number of teams sponsored by Junior Grain Clubs throughout the province showed a substantial increase, and also secured a high percentage of the high placings in the various competitions.

In this connection, it may also be pointed out that the Annual Grain Show conducted by the Prince Albert Board of Trade, has now become a Grain Exhibition for Junior Grain Clubs. At the current year's Show ten Junior Grain Clubs, operating in the territory adjacent to Prince Albert, entered ninety exhibits of grain, all of which were of a very high standard. An oratory contest for club members was also held in connection with this Grain Show.

Girls' Homecraft Clubs

The Girls' Homecrafts Clubs sponsored by the Women's Department of the University of Saskatchewan have now finished their third season of activity, and a review of the work done shows definitely that these clubs are meeting a need amongst the girls of the rural communities.

During the summer of 1937, 76 clubs worked on the tomato project, 22 on home decoration, and 11 on sewing, making a total of 109 active clubs, with an approximate enrollment of 2,300 girls, under 180 leaders. While the number of clubs is practically the same as a year ago, there has been an increase in total membership. Some clubs have been discontinued because of girls moving from the district. Others have lapsed through lack of efficient leadership or difficulties in transportation. As against this there is evidence of increasing interest and development in other districts, as shown by a substantial number of requests for information and assistance in organizing.

At the present time there are 102 active clubs, while nine clubs which were inactive during the summer months are resuming work for the winter.

The most common project undertaken was the tomato project, and a substantial improvement was observed in clubs undertaking this work for the second year. The interest and initiative of some of the members of these clubs was shown when they undertook experimental work, comparing different varieties of tomatoes, different methods of cultivation, etc.

In all of these new developments your organization has been able to render practical assistance. The Western Producer provided publicity for this movement in an illustrated full-page account of the activities of the summer season which directly resulted in the organization of a number of new clubs. Wheat Pool delegates and members of the Field Staff rendered valuable service in attending achievement days, addressing meetings of the clubs, and encouraging the formation of new clubs.

General

In order to assist in carrying on the increased work involved in the Junior Club Movement a grant of \$7,500.00 was made to the University of Saskatchewan.

At a public gathering in Saskatoon, the former President of the University stated that it would have been impossible to have carried on this work without this assistance from the Pool organization. In view of existing conditions in the province, and the necessity for the greatest possible measure of economy in operation for the current year, your Board would welcome an expression of opinion from this meeting on the question of further assistance to this important work for the coming year.

Other Co-operative Activities

Saskatchewan Co-operative Conference

This conference has continued to provide a common meeting place for representatives of the larger producer co-operative organizations, as well as the farmers' educational organization, at which matters affecting the entire agricultural industry are reviewed. Regular meetings have been held during the past year, all of which were attended by representatives of your Board of Directors.

As a direct result of the meetings of this conference, a greater degree of unity between the various member co-operatives is being developed than has hitherto been found possible. The successful completion of the agreement for closer co-ordination in organization and educational activities throughout the province can be regarded as a practical example of what may be secured

from the operations of this conference. The work of the co-operative organizations is under review at all meetings, and the conference is gradually becoming the coordinating body for the activities of its members.

Co-operative Union of Canada

Membership in this national body was maintained during the year.

British Co-operative Wholesale Society

As in previous years, an opportunity was afforded for representatives of your organization to meet with two directors of the English Co-operative Wholesale Society who visited Canada in the late summer. Advantage was taken of their presence to secure their views on present-day trends in co-operative distribution in Great Britain. Other matters discussed included the possibilities of closer co-operation between British co-operatives, and your organization, in other fields.

Western Agricultural Conference

As indicated in previous reports, a Western Agricultural Conference has been established, representative of the co-operative units of the four western provinces. Each of these provinces has a common interest in endeavoring to secure adequate marketing legislation for primary products, and close contact is maintained through the western conference so that when the time arrives to deal with national marketing legislation, Manitoba, Saskatchewan, Alberta and British Columbia will be in a position to present their united views on this important question.

Canadian Chamber of Agriculture

A year ago Pool delegates were advised of the preliminary steps taken to establish a national body representative of the agricultural interests of Canada. While this organization is still in the development stage, substantial progress can be reported. In the four western provinces the provincial co-operative concerns are member bodies in the national chamber, while in Eastern Canada satisfactory progress has been made in setting up a provincial conference of co-operatives in Ontario and the Maritime provinces. The need for a national body to assist in formulating and promoting national agricultural policies to meet changing national and international economic conditions cannot be challenged. While there may be certain differences in agricultural thought as between the Western provinces and Eastern and Maritime provinces, it is obvious that farmers throughout Canada have much more in common than there are points on which they differ. By uniting on those matters of common interest, for example, adequate marketing legislation, results of value to the whole agricultural industry of Canada may be anticipated.

Demurrage Charges at Terminals

During the past year application was made by the railway companies, under the Railways Act, to the Board of Railway Commissioners, asking that a demurrage tariff be imposed on railway cars containing bulk grain held more than two days at terminal points. Ordinarily such a tariff would not be of much concern to terminal elevators, but in periods of congestion due to heavy deliveries it might well become a very serious matter for reasons quite beyond the control of the

terminals, and could result in heavy demurrage charges. Any additional burden thus imposed would almost certainly find its way back to the producers. In consequence, Pool counsel was authorized to oppose this application.

A four-day hearing was held at Ottawa at which the railway companies maintained that the application was not being made by them in order to obtain additional revenue, but simply to provide penalties for holding up cars. Having heard all the evidence and arguments the Board of Railway Commissioners decided that this was a case of the railways having to accept certain hazards in the grain business, and disallowed the tariff as filed by the companies, and dismissed their application.

New Wheat Varieties

Thatcher

During the present season widespread publicity has been given to the rust resistant variety of wheat known as Thatcher, recently introduced to Western Canada. This has been included in the Wheat Variety Testing Projects for the last two years, and certain information as to its characteristics has been secured. This year, claims are being made that, in addition to its value as a rust resistant variety, Thatcher has also shown a marked ability to withstand drought, and to have produced heavy yields.

During the past two years Thatcher wheat has been grown in comparatively small quantities by many farmers in Saskatchewan and Manitoba. With the heavy yields in Manitoba for the current year, a large volume of this variety is now available for seed purposes.

As a result of the publicity given to the claims made for Thatcher, there is every likelihood that it may be introduced into areas in Western Canada which are not subject to rust. In consequence, it can be anticipated that, with a large acreage seeded to Thatcher, next season's commercial shipments from the Head of the Lakes are likely to carry a substantial mixture of this variety.

In view of this probable development, your Board was of the opinion that steps should be taken to establish the quality of this new wheat as early as possible so that growers may have all the necessary information as to its value before spring seeding. Milling and baking tests have already been made, and, according to published reports, these appear to be quite satisfactory so far as quality is concerned.

Your Board was also of the opinion, however, that since Great Britain must continue to provide the market for a substantial share of our wheat exports, it was important to ascertain whether this variety was suitable for blending with the wheats which usually constitute the mix used in British mills. Further, that British and Continental mills should be familiar with the qualities of a Canadian wheat containing a substantial percentage of Thatcher before commercial shipments are made. In consequence, a recommendation was forwarded to the Department of Trade and Commerce suggesting that a commercial shipment of Thatcher wheat should be assembled and forwarded to representative overseas mills, so that commercial tests might be made and millers satisfied that the value of our Canadian wheat for blending purposes would

not be lessened as a result of a substantial percentage of this variety in export shipments.

Your Board is glad to report that the Minister of Trade and Commerce has advised that the Board of Grain Commissioners, in co-operation with the Canadian Wheat Board, has been requested to assemble a shipment of about 30,000 bushels of Thatcher wheat for an experimental shipment to overseas millers.

Garnet

As Pool delegates will remember, following strong representations from this organization, arrangements were made to set up separate grades for Garnet wheat. The experience of the past two years has justified the decision to exclude Garnet from the top grades of standard wheat varieties.

The present regulations provide that where Red Spring wheat contains in excess of three per cent. of Garnet this will be graded Three Northern. With the short crop production during the current year, the inclusion of Garnet wheat in the Three Northern grade has been a major factor in the heavy discount on the price of this grade. The records to date indicate that the shipments of Three Northern wheat from Montreal during the present season contain over 70 per cent. of Garnet wheat. A year ago a somewhat similar situation developed at Vancouver, with Three Northern shipments from Vancouver selling at a substantial discount under similar shipments from Montreal, due to the heavy percentage of Garnet wheat shipped from Northern Alberta to the Pacific Coast. It would appear that the heavy discount on Three Northern prevailing at the present time can be attributed to a great extent to the fact that overseas millers do not want Garnet wheat included in the standard varieties.

Under these circumstances, your Board believes that Garnet wheat should be graded only in Garnet grades, separate from the standard grades of wheat, and has recommended that two additional Garnet grades be set up for this purpose. Further, that steps should be taken as soon as possible to replace Garnet with a more desirable variety which would be suitable to the areas in which Garnet is now grown, and which would be more acceptable to purchasers.

Your Board has also recommended that the present definition of No. 3 and No. 4 Northern grades, as set out in the Canada Grain Act, should be amended to provide that the wheat included in these grades should be equal to Marquis.

Amendment to Act of Incorporation

At the last annual meeting of delegates, a resolution was passed reading as follows:

"That the Board proceed to secure the necessary changes in the Act of Incorporation to provide the Company with the necessary power to promote or engage in any line of business which can be carried on to the advantage of Pool members, or in the interests of Saskatchewan agriculture generally."

In order to give effect to this resolution, arrangements were made to secure an amendment from the Saskatchewan Legislature to the Pool Act of Incorporation which would enable the Pool organization to promote or engage in any co-operative or fraternal enterprise in the interests of its members, or of Saskatchewan agriculture generally. Changes were made by the Private Bills Committee of the Legislature in the word-

ing of the amendment as submitted, which were agreed to by the Pool organization with the result that the amendment to the Act was passed, giving the Pool the right to extend its activities by investing its commercial reserve in certain types of co-operative activity. This Act, as finally passed, reads as follows:

1937 CHAPTER 99

An Act to amend an Act to incorporate Saskatchewan Co-operative Wheat Producers Limited. (Assented to April 16, 1937.)

WHEREAS your petitioner was incorporated under THE COMPANIES ACT on the twenty-fifth day of August, 1923; and,

WHEREAS an Act was assented to on the twenty-fifth day of March, 1924, confirming the said incorporation; and,

WHEREAS your petitioner has heretofore been engaged in the co-operative handling and marketing of grain; and,

WHEREAS divers persons have heretofore entered into contracts to deliver grain to your petitioner and have delivered considerable quantities of grain to your petitioner; and,

WHEREAS your petitioner, in accordance with the terms of such contracts, deducted from the proceeds of the sale of such grain certain sums of money for a commercial reserve to be used for any of the purposes or activities of your petitioner; and,

WHEREAS your petitioner is desirous of possessing the right to extend its activities to other branches of co-operative enterprises and in that connection to possess the right to invest the said commercial reserve in such other co-operative endeavours; and,

WHEREAS a petition has been presented praying for amendment to an Act to incorporate Saskatchewan Co-operative Wheat Producers Limited, being Chapter 66 of the Statutes of 1924, for the purposes hereinbefore stated; and,

WHEREAS it is expedient to grant the prayer of the said petition;

THEREFORE His Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

1. Section 4 of Chapter 66 of the Statutes of 1924, being AN ACT TO INCORPORATE SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED, is amended by inserting after clause (r) the following:

"(r-i) to invest its commercial reserve in any co-operative association incorporated under THE CO-OPERATIVE ASSOCIATIONS ACT or THE CO-OPERATIVE MARKETING ASSOCIATIONS ACT, or any company incorporated by special Act of the Parliament of Canada or the Legislature of Saskatchewan."

2. This Act shall come into force only upon proclamation of the Lieutenant Governor issued after receipt by the Minister of Agriculture of a resolution approving of the exercise by the Company of the powers hereby conferred, passed at the next regular annual general meeting of the delegates with the assent of at least two-thirds of the delegates present at such meeting. Written notice of such meeting stating the time, place and purpose of the meeting, shall be given by the Company to all shareholders at least thirty days before the meeting is held.

In order to comply with the requirements of the second section of this Act, 99,750 copies of a letter have been mailed to Pool members of whom we have record, advising the time and place of this annual meeting of delegates, and that during the meeting a resolution, approving of the exercise by the Company of the powers referred to in the Act, will be submitted for the consideration of the delegates.

It will be noted that, while the Act has been passed by the Legislature, it can come into force only by proclamation of the Lieutenant Governor, issued after the Minister of Agriculture has received copy of a resolution approving of the exercise by the Company of the powers conferred by the amendment. This resolution must be passed at this annual meeting of delegates by a majority of at least two-thirds of the delegates

present at the meeting. The necessary resolution has been prepared, and will be submitted separately to the delegates.

A good deal of misunderstanding has developed in connection with this amendment, much of which can be attributed to the opposition set up before the Private Bills Committee of the Legislature, at the time this amending Act was under consideration, by interests opposed to co-operative development.

The necessity of maintaining a strong financial position for the handling and marketing of grain must be the first and most important factor in the consideration of any future co-operative development which may take place under the power conferred by this Act.

In order to ensure success, your Board believes that any new activity should be undertaken only after there is satisfactory evidence that there is a strong demand from the Pool membership for such activity, and that it would provide additional essential services on a co-operative basis in the agricultural life of the province. Further, that any new development should meet with the approval of a substantial majority of the members of this organization as expressed through their duly elected delegates.

Your Board is strongly of the opinion, therefore, that before any new activity is undertaken under the additional power provided by this amendment, proposals for such new activity should be submitted for the consideration of the Wheat Pool delegates, and that any proposals so submitted should receive the support and approval of at least two-thirds of the delegates in attendance at the general meeting.

Future Policy

In the report of Canadian Co-operative Wheat Producers Limited reference is made to the Royal Grain Enquiry Commission appointed last year to investigate various aspects of the production and marketing of grain. The commission has now conducted a very extensive survey of grain marketing practices and methods not only in Canada, but in the U.K. and continental countries, and the U.S.A.

At the last annual meeting the hope was expressed that the report and recommendations of the Royal Grain Enquiry Commission would have been available prior to this time so that consideration could be given by this meeting to future marketing policies in the light of the decisions arrived at by the commission. The work of the commission has not yet been completed, although it is anticipated that its report will be in the hands of the Dominion government in time for submission to the next session of Parliament.

In view of the terms of reference constituting the commission, it may be anticipated that any recommendations made in its report to the Dominion government will have a direct bearing on the future grain marketing policy which may be developed by this organization. Your Board believes that the findings of the commission should be available for the information of the delegates before final decisions on future policy are made.

Under these circumstances, we would recommend to the delegates that discussion on future marketing policy should be deferred until such time as the report and recommendations of the Royal Grain Enquiry Commission have been received and considered; further,

that when the necessary information is available a special general meeting of delegates should be called at a suitable date at which the whole question of the future policy of this organization as related to the future marketing of grain will be under consideration in the light of the commission's report.

The question of the wider development of co-operative distribution of commodities has been the subject of consideration by your Board during the past year.

In recent years the policy of this organization has been to support the activities of the Saskatchewan Co-operative Wholesale Society in the distribution of commodities. This matter has been under consideration at different conferences between representatives of the Wholesale Society and your Board, and at the present time a joint committee, representing the two organizations, is making a survey of this whole field in an effort to determine the best methods to be followed in this important development. Your Board believes that it should be possible for this committee to arrive at certain definite conclusions as to the steps to be taken in the best interests of the Co-operative Movement. It is suggested, therefore, that the future policy of this organization in relation to the aggressive development of co-operative distribution throughout the province should also be considered at the time of the proposed special meeting.

Milling

At the last annual meeting of delegates a resolution was passed approving the steps taken by the Board in conducting a survey of the milling question, and recommending that the necessary steps be taken to start a project in a small way in order to get the experience necessary to establish the most suitable type of mill to operate.

During the past year a committee of your Board carried on investigations in connection with the cost of small mills, quality of flour produced, etc. At the same time a questionnaire was forwarded to Pool delegates asking their co-operation in securing information relative to small mills now in operation throughout the province. The answers received to this questionnaire indicated that there was a substantial difference of opinion amongst the delegates as to whether milling operations should be undertaken by a small mill or through a large commercial mill.

Since all the necessary information is available in connection with small mills relative to the cost of mill equipment, quality of flour produced, etc., and in view of the expressions of opinion received from a large number of delegates at variance with the foregoing resolution, no action has been taken to acquire a small mill for experimental purposes. Your Board is of the opinion, and would recommend to this meeting, that when the time comes to extend the operations of your organization into the milling industry, the development should provide for the acquisition of a large mill centrally located. We are satisfied that the large mill will prove to be the most economic unit in this field.

McPhail Memorial Foundation

In view of the continued serious economic condition of the farming industry in this province, it was not deemed advisable to initiate any activity during the past year in connection with the proposed McPhail

Memorial Foundation. With any evidence of a return to normal conditions, which would enable individuals to assist financially in the work of the Foundation, your Board believes that steps should be taken to initiate the programme approved by the general meeting of delegates two years ago.

Staff

Your Board takes this opportunity of expressing its appreciation of the continued loyal and efficient service of the Staff as a whole, both in the Head Office and subsidiary offices, and in the country.

Conclusion

The widespread and complete failure of the 1937 crop must be regarded as the greatest disaster which Saskatchewan farmers and their families have been called upon to face in any year since this province was first settled. It is difficult to realize that only nine years ago wheat production in this province reached the peak of 321,000,000 bushels as compared with an estimated production for this year of around 36,000,000 bushels.

Under conditions such as these, it is worth remembering that in all parts of the world co-operative effort has made its greatest progress during periods of difficulty and distress. It is in the very nature of co-operation that it can, and does inspire men and women to try to overcome difficulties by joining with others in similar condition and with a common objective. Your Board firmly believes that this objective can be attained in Saskatchewan in proportion as Saskatchewan farmers are prepared to co-ordinate their own interests with those of their fellow-members in this organization.

Respectfully submitted,

J. H. WESSON, *President*
A. F. SPROULE, *Vice-President*
BROOKS CATTON
L. WIDDUP
A. D. YOUNG
MARSH ADAMS
OLAF NYLUND
HENRY LEWIS
T. G. BOBIER
R. A. ROBINSON
FRANK WOTHERSPOON
L. W. ELLIOTT
J. I. BELL
A. E. HOKANSON
J. P. JENKINS
W. A. URTON

GEORGE A. TOUCHE & CO.

Chartered Accountants

356 MAIN STREET
WINNIPEG

22nd September, 1937.

To the Shareholders,
Saskatchewan Co-operative Wheat Producers
Limited,
Regina, Saskatchewan.

We have examined the books and accounts of Saskatchewan Co-operative Wheat Producers Limited, Modern Press Limited, Saskatchewan Pool Elevators Limited, and Saskatchewan Pool Terminals Limited, for the year ended 31st July, 1937, and have reported in statutory form on the Balance Sheets of each of these Companies.

The items of Growers' Accounts shown under Accounts Receivable Deferred are stated at amounts representing the actual debits accrued to these accounts, but as these values are dependent on the future operations of the Pool organizations, the Balance Sheet figures must not be read as representing the actual current values.

No provision for depreciation for the year has been provided in respect of country elevators and coal sheds, terminal elevators and equipment, and agents' residences.

We have obtained all the information and explanations we have required, and subject to the above qualifications, in our opinion, the appended Balance Sheet is properly drawn up so as to present in consolidated form a true and correct view of the state of the organization's affairs according to the best of our information and the explanations given, and as shown by the books of the various companies; and in our opinion, all the transactions of the companies that have come to our notice have been within the objects and powers of the companies.

GEORGE A. TOUCHE & CO.,

Chartered Accountants, Auditors.

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED, MODERN PRESS LIMITED
SASKATCHEWAN POOL ELEVATORS LIMITED, and SASKATCHEWAN POOL TERMINALS LIMITED
CONSOLIDATED BALANCE SHEET AT 31st JULY, 1937**

ASSETS**Cash and Securities**

Cash in Banks.....	\$ 4,760,505.74
Cash Funds—Payors.....	75,057.73
Dominion of Canada and Province of Saskatchewan Bonds (at cost).....	2,022,432.50

\$ 6,857,995.97

Accounts Receivable—Current

Sundry.....	1,367,740.56
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Stocks of Grain—less Stored Grain

(as certified by responsible officials).....	598,413.80
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Stock in Trade—Modern Press, Limited

(as certified by responsible officials).....	5,336.92
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Total Current Assets.....

\$ 8,829,487.25

Accounts Receivable, Deferred

Growers' Overpayments 1929-1930 Pool.....	\$12,903,754.47
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Province of Saskatchewan

Surplus Interest.....\$135,281.39

Province of Saskatchewan

Sinking Fund Interest Account..... 220,050.00

355,331.39

Growers' Accounts.....

66,057.03

13,325,142.89

LIABILITIES AND CAPITAL**Cheques, Vouchers, etc., Outstanding**

Cheques and Money Orders.....	\$ 278,046.83
Grain Drafts, Cash Tickets, etc.....	432,064.24
Outstanding Certificates	28,403.33

\$ 738,514.40

Accounts Payable—Current

Province of Saskatchewan re 1929-1930 Pool

Overpayment

Principal.....\$544,651.92

Accrued Interest..... 216,615.25

\$761,267.17

Less Prepayment of Principal..... 541,271.86

\$ 219,995.31

Sundry.....

770,739.56

990,734.87

Total Current Liabilities.....

\$ 1,729,249.27

Deferred Liabilities

Province of Saskatchewan re 1929-1930 Pool

Overpayment.....

Deferred Interest on 1928-1929 Deductions.....

\$11,039,900.30

281,110.83

11,321,011.13

Investments and Memberships (At Cost)

Canadian Co-operative Wheat Producers, Ltd.....	\$50,000.00
Canadian Pool Agencies, Ltd.....	6,670.00
Consumers' Co-operative Refineries Ltd.....	632.45
Winnipeg Grain Exchange.....	23,850.00
Winnipeg Grain & Produce Exchange Clearing Association, Ltd.....	12,250.00
Lake Shippers' Clearance Association....	3,000.00
Rural Telephone Shares.....	1,342.00
	<hr/>
	\$ 97,544.45
Less Reserve.....	50,000.00

47,544.45

Fixed Assets (less Reserves for Depreciation)

Country Elevators and Coal Sheds.....	\$ 8,497,294.74
Terminal Elevators.....	5,537,086.29
Land, Buildings and Machinery—Regina and Saskatoon.....	192,205.84
Agents' Residences.....	331,616.78
Work under Construction.....	116,724.55
Sites—Terminal Elevators, etc.....	363,390.20
Office Furniture and Fixtures.....	33,576.33
Automobiles and Sundry Equipment.....	57,316.70
	<hr/>

15,129,211.43

Deferred Charges

Overpayment 1929-1930 Pool—Company's Share..	\$ 284,219.00
Operating Expenses 1930-1931 Pool.....	377,804.53
Sundry.....	105,785.68
	<hr/>

767,809.21

\$38,099,195.23

Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
Capital.....	106,640.00
Reserve.....	3,125,450.08
Reserve for Sinking Fund 1929-1930 Pool Overpayment.....	100,000.00
Insurance Reserve.....	87,305.03
Undivided Profits.....	2,873,628.48
Contingent Liabilities	
In respect of Buildings and Work under Construction—Estimated.....	\$70,000.00

Approved on behalf of the Board.

J. H. WESSON, Director.
A. F. SPROULE, Director.

\$38,099,195.23

This is the Balance Sheet referred to in our report of 22nd September, 1937.

GEORGE A. TOUCHE & CO., Chartered Accountants, Auditors.

CONSOLIDATED BALANCE SHEET

The following explanations prepared by the Treasurer may be of value in considering the foregoing statements:

ASSETS

CASH AND SECURITIES:

Dominion of Canada and Province of Saskatchewan Bonds—\$2,022,432.50: This represents \$200,000.00 Dominion of Canada, 3% Perpetual Bonds and \$2,072,000.00 Province of Saskatchewan, 4½% Debentures, 1951, at cost.

ACCOUNTS RECEIVABLE—CURRENT:

Sundry—\$1,367,740.56: In addition to an amount of \$1,039,497.81 covering sales of grain to the Province of Saskatchewan for purposes of Relief, the above item is composed principally of advances and freight on stored grain, and handling charges on grain in store in country and terminal elevators, collectible when the grain is sold.

Stocks of Grain—Less Stored Grain—\$598,413.80: This amount represents the value of grain on hand in country and terminal elevators at 31st July, 1937, less the liability for stored grain. Values have been based upon Winnipeg cash closing prices at that date, less freight where necessary.

Stock-in-Trade—\$5,336.92: Includes the value of Job Stock, Work in Progress and Newsprint on Hand at Modern Press Limited, Saskatoon, at the date of the Balance Sheet.

ACCOUNTS RECEIVABLE—DEFERRED:

Growers' Overpayments, 1929-1930 Pool—\$12,903,754.47: The amount shown represents the balance due by growers in respect of excess initial payments on deliveries to the 1929-1930 Pools, after writing down the maximum overpayment on any grade of grain to 18 cents per bushel and applying credits from the final payment of the 1928-1929 crop. The reduction of \$48.84 from the balance shown at 31st July, 1936, is accounted for by minor adjustments in a number of accounts, amounting to \$10.95, plus cash repayments on other accounts, amounting to \$37.89.

Province of Saskatchewan—Surplus Interest Account and Sinking Fund Interest—\$355,331.39: Under the terms of the Supplementary Agreement with the Province of Saskatchewan, dated 17th March, 1933, any payments made by the Company in excess of monies expended by the Province in respect of the 1929-1930 Pool Overpayment Account, will accrue to the benefit of the Organization, to be taken into consideration in the final accounting in respect of the repayment of the liability referred to. As the rate of interest paid by the Company to the Province, namely 5%, is in excess of that paid by the Province on the 4½% Debentures, 1951, such excess payments have been made, and are reflected in the two above mentioned accounts, namely, Surplus Interest Account and Sinking Fund Interest Account.

Growers' Accounts—\$66,057.03: Items comprising this amount are made up as follows:

Growers' Accounts Receivable.....	\$11,725.24
Advances Against Reserves	2,477.36
Seed Grain Advances Against Reserves.....	37,887.87
Contract Notes 1928-1933 Pool.....	13,966.56
	<u>\$66,057.03</u>

Investments—\$47,544.45: During the year under review, a Reserve of \$50,000.00 was provided from the surplus Income of the Pool to provide against loss covering the Company's investment in Canadian Co-operative Wheat Producers Limited. Additional investments acquired by the Organization during the year included a membership in the Lake Shippers' Clearance Association, purchased at a cost of \$3,000.00, stock in Consumers Co-operative Refineries Limited, to the value of \$632.45, representing dividends on supplies purchased from that Association, and one share in Strehlow Rural Telephone Company, at a cost of \$5.00.

FIXED ASSETS:

Country Elevators and Coal Sheds—\$3,497,294.74: Included in this amount are the following items:

	Plant Value	Depreciation	Net
Country Elevators.....	\$14,545,994.93	\$6,052,633.52	\$8,493,361.41
Coal Sheds.....	6,259.75	2,326.42	3,933.33
	<u>\$14,552,254.68</u>	<u>\$6,054,959.94</u>	<u>\$8,497,294.74</u>

Terminal Elevators—\$5,537,086.29: The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net
Terminal No. 4.....	\$ 3,075,252.58	\$1,516,718.15	\$1,558,534.43
Terminal No. 5.....	1,198,691.90	585,771.23	612,920.67
Terminal No. 6.....	75,526.67	36,307.80	39,218.87
Terminal No. 7.....	3,945,121.59	1,535,376.27	2,409,745.32
Buffalo Terminal.....	1,795,205.48	878,538.48	916,667.00
	<u>\$10,089,798.22</u>	<u>\$4,552,711.93</u>	<u>\$5,537,086.29</u>

The above values are exclusive of Sites which are shown under the heading of "Sites—Terminal Elevators, etc.," details of which appear below. Terminal No. 6 is a leased elevator and the amount shown above in respect of same is for equipment only.

Land, Buildings and Machinery, Regina and Saskatoon—\$192,205.84: This includes the following items:

	Plant Value	Depreciation	Net
Regina			
Head Office Building.....	\$180,000.00	\$ 92,250.00	\$ 87,750.00
Site.....	25,397.75	....	25,397.75
Fixtures and Equipment.....	11,595.77	6,346.81	5,248.96
Saskatoon			
Modern Press Building.....	25,566.49	7,214.26	18,352.23
Site.....	9,200.00	....	9,200.00
Machinery and Equipment	65,605.26	19,348.36	46,256.90
	<u>\$317,365.27</u>	<u>\$125,159.43</u>	<u>\$192,205.84</u>

Agents' Residences—\$331,616.78: Included in this asset are 333 Agents' Residences, valued at \$526,944.99, against which there is a Reserve for Depreciation amounting to \$195,328.21.

Work Under Construction—\$116,724.55: This represents sundry construction work in progress at various points at the year end and deposits paid on two elevators in course of purchase. The balance of the approved programme of Capital Expenditures, amounting to \$70,000.00, is shown as a Contingent Liability.

Sites—Terminal Elevators, etc.—\$363,390.20: The following is a summary of the Sites which comprise this amount:

Terminal No. 4.....	\$ 91,000.00
Terminal No. 5.....	34,500.00
Terminal No. 7.....	80,678.30
Buffalo Terminal.....	123,603.94
Elevator Sites.....	1,151.25
Cottage Sites.....	32,456.71
	<u>\$363,390.20</u>

DEFERRED CHARGES:

Overpayment 1929-1930 Pool—Company's Share—\$284,219.00: This amount includes all overpayments of the 1929-1930 Pool in excess of 18 cents per bushel on any grade of grain, and, in addition, includes the discount on bonds issued by the Province of Saskatchewan in reimbursing the lending banks. Details of these charges, and of various items applied in reduction of the account, will be found in the following summary:

Cost of writing down overpayment to maximum of 18 cents per bushel.....	\$ 949,443.01
Discount on bonds issued by the Province of Saskatchewan.....	275,040.00
	<u>\$1,224,483.01</u>

Deductions

Saskatchewan Pool Elevators Limited, 1929-1930 Adjustment Account.....	\$197,656.30
Credit received in respect of excess interest paid Province of Saskatchewan.....	194.98
Balance of excess interest paid Province of Saskatchewan.....	135,281.39
Interest on 4½% Debentures, 1951 Sinking Fund.....	220,050.00
Surplus Income 1931-1936 inclusive	368,802.75
Surplus Income 1936-1937.....	18,278.59
	<u>940,264.01</u>
	<u>\$ 284,219.00</u>

Operating Expenses 1930-1931 Pool—\$377,804.53: This amount comprises the net operating expenses of the 1930-1931 Pool, and, as no provision was made in the 1930 Wheat Crop Equalization Payments Act for payment, the amount becomes a charge to be written off from the future earnings of the Company.

Sundry—\$105,785.68: This item represents expenditures made which are chargeable to future seasons, and includes the following:

Repair Parts and Supplies on Hand.....	\$ 45,572.11
Prepaid Taxes, Insurance and Expenses.....	\$0,213.57
	<u>\$105,785.68</u>

LIABILITIES

CHEQUES, VOUCHERS, ETC., OUTSTANDING:

Outstanding Certificates—\$28,403.33: This represents the amount due on Growers' Certificates, covering deliveries to the various season's Wheat and Coarse Grains Pools, which have not been presented to Head Office for payment.

ACCOUNTS PAYABLE—CURRENT:

Province of Saskatchewan—\$219,995.31: This amount represents the balance of the principal payment due 15th September, last, together with interest accrued to 31st July, 1937, on the total liability to the Province of Saskatchewan in respect of the 1929-1930 Pool Overpayment.

Sundry—\$770,739.56: This item consists principally of Customers' Margin Accounts, Loan Accounts and Accrued Expenses.

DEFERRED LIABILITIES:

Province of Saskatchewan re 1929-1930 Pool Overpayment—\$11,039,900.30: This represents the balance owing on the above account after completing payment of the instalment of principal due 15th September, 1937, the balance of which is provided for above under the heading of "Accounts Payable—Current," and after payment to the Province, during the past year, of an amount of \$168,254.05, representing repayment of a Loan to Canadian Co-operative Wheat Producers Limited of \$24,979.77, and distribution of our share of the Contingency Reserve set up by the latter Company in respect of the 1928 and 1929 Pools, amounting to \$143,274.28. The balance of the liability is payable in fourteen amortized payments of principal and interest, commencing 15th September, 1938.

Deferred Interest on 1928-1929 Deductions—\$281,110.83: This amount of interest, payment of which has been deferred, is made up as follows:

Elevator Deductions, 6% from 1st September, 1929, to 31st August, 1930.....	\$199,195.04
Commercial Reserve, 5% from 1st September, 1929, to 31st August, 1930.....	81,915.79
	<u>\$281,110.83</u>

CAPITAL, RESERVES, ETC.:

Elevator Deductions—\$12,183,060.07, Commercial Reserve—\$6,567,851.17: Funds in respect of Elevator Deductions are invested in the Saskatchewan Pool Elevators Limited, and in respect of Commercial Reserve, in the remaining investments, fixed assets and loans to Saskatchewan Pool Elevators Limited.

Capital—\$106,640.00: This amount includes new capital subscribed during the year, to the extent of \$923.00.

Reserve Account—\$3,125,450.08: Details of this account are shown below:

Balance at 1st August, 1936.....	\$3,127,596.61
Add:	
Canadian Pool Agencies Limited, Share of Profits—Season 1935-1936.....	26,366.84
Adjustment of Terminal Overages, Season 1935-1936.....	4,107.09
Dividend from Consumers' Co-operative Refineries Limited (Applied on Stock).....	632.45
	<u>\$3,158,702.99</u>
Deduct:	
Income Tax, Season 1935-1936.....	33,252.91
	<u>\$3,125,450.08</u>

Reserve for Sinking Fund re 1929-1930 Pool Overpayment—\$100,000.00: This amount was set aside from the earnings of Season 1932-1933 to provide a Reserve for such amounts, due by Growers in respect of the 1929-1930 Pool Overpayment, as may be ultimately found to be uncollectible, and is in accordance with the plan of repayment of the Growers' Overpayments as approved by the delegates.

Insurance Reserve—\$87,305.03: This Reserve was established to provide for any losses which might be incurred in excess of the amounts for which Agents and Payors are bonded, and replaces the usual excess coverage which has been discontinued. Losses charged to this account during the year under review amounted to \$2,280.25.

Undivided Profits—\$2,873,628.48: In addition to the sum of \$179,645.46 transferred from this season's earnings this amount includes earnings of Saskatchewan Pool Elevators Limited, set aside during Seasons 1929-1936 inclusive, distribution of which has been deferred.



SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED
MODERN PRESS LIMITED
SASKATCHEWAN POOL ELEVATORS LIMITED
and
SASKATCHEWAN POOL TERMINALS LIMITED

STATEMENT No. 2

CONSOLIDATED CAPITAL STATEMENT AS AT 31st JULY, 1937

Capital Receipts	Dr.	Cr.	Brought Forward.....	\$17,948,696.85	\$25,048,934.83
Elevator Deductions.....		\$12,188,060.07	Approved Programme of Building and Work under Construction (Estimated Expenditures)		
Commercial Reserve.....		6,567,851.17	Country Elevators, Agents' Residences and Cleaners.....	\$ 150,000.00	
Capital Reserve.....		106,640.00	Sundry Capital Replacements.....	36,724.55	
Reserve for Sinking Fund re 1929-1930 Pool Overpayment.....		3,125,450.08		<u>\$ 186,724.55</u>	
Insurance Reserve.....		100,000.00	Less Paid on Account (Work under Construction).....	116,724.55	
Undivided Profits.....		87,305.03			70,000.00
		2,873,628.48	Balance—Surplus available as Working Capital for Season 1937-1938.....		7,030,237.98
Capital Expenditures					
Fixed and Sundry Assets					
Fixed Assets (Less Reserve for Depreciation).....	\$15,129,211.43				
Investments and Memberships.....	47,544.45				
	<u>\$15,176,755.88</u>				
Deferred Accounts					
Accounts Receivable—Deferred.....	\$13,325,142.89				
Deferred Charges.....	767,809.21				
	<u>\$14,092,952.10</u>				
Less Deferred Liabilities.....	11,321,011.13				
	<u>2,771,940.97</u>				
Carried Forward.....	\$17,948,696.85	\$25,048,934.83		<u>\$25,048,934.83</u>	<u>\$25,048,934.83</u>

STATEMENT No. 2 (2)

CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1937

Current Assets.....	\$8,829,487.25
Current Liabilities.....	<u>1,729,249.27</u>
Current Position as per Balance Sheet.....	\$7,100,237.98
Less:	
Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....	<u>70,000.00</u>
Balance—Surplus available as Working Capital for Season 1937-1938.....	<u>\$7,030,237.98</u>

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED
MODERN PRESS LIMITED**

SASKATCHEWAN POOL ELEVATORS LIMITED

and

SASKATCHEWAN POOL TERMINALS LIMITED

STATEMENT No. 3

SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL, AS AT 31st JULY, 1937

	Capital	Commercial Reserve	Elevator Deductions	Reserve	Reserve for Sinking Fund 1929-30 Pool Overpayment
SOURCE OF CAPITAL FUNDS					
40 Stock Subscriptions	\$ 106,640.00				
Deductions from Pool Payments		\$ 6,567,851.17	\$12,188,060.07		
From Surplus Earnings				\$ 3,125,450.08	\$ 100,000.00
TOTAL RECEIPTS	<u>\$ 106,640.00</u>	<u>\$ 6,567,851.17</u>	<u>\$12,188,060.07</u>	<u>\$ 3,125,450.08</u>	<u>\$ 100,000.00</u>
ANALYSIS OF CAPITAL EXPENDITURES					
Fixed Assets (Including Expenditures approved for completion of Programme of Building and Work under Construction)	\$ 106,640.00	\$ 2,826,618.15	\$12,188,060.07	\$ 77,893.21	
Investments		11,920.00		35,624.45	
1929-1930 Pool Overpayment		153,306.68			
Operating Expenses 1930-1931 Pool		377,804.53			
Advances, etc., to Growers		66,057.03			
Supplies and Prepaid Accounts		10,753.85		95,031.83	
TOTAL EXPENDITURES	<u>\$ 106,640.00</u>	<u>\$ 3,446,460.24</u>	<u>\$12,188,060.07</u>	<u>\$ 208,549.49</u>	
BALANCE—SURPLUS CAPITAL	<u>\$</u>	<u>\$ 3,121,390.93</u>	<u>\$</u>	<u>\$ 2,916,900.59</u>	<u>\$ 100,000.00</u>

STATEMENT No. 3—Continued

	Insurance Reserve	Undivided Profits and Loss Account	Deferred Interest 1928-29 Deductions	Deferred Loans Outstanding Province of Saskatchewan	TOTAL
SOURCE OF CAPITAL FUNDS					
Stock Subscriptions .....	.....	.....	.....	.....	\$ 106,640.00
Deductions from Pool Payments .....	.....	.....	.....	.....	18,755,911.24
From Surplus Earnings	\$ 87,305.03	\$ 2,873,628.48	\$ 281,110.83	.....	6,467,494.42
Province of Saskatchewan—Loan .....	.....	.....	.....	\$11,039,900.30	11,039,900.30
TOTAL RECEIPTS	<u>\$ 87,305.03</u>	<u>\$ 2,873,628.48</u>	<u>\$ 281,110.83</u>	<u>\$11,039,900.30</u>	<u>\$36,369,945.96</u>
ANALYSIS OF CAPITAL EXPENDITURES					
Fixed Assets (Including Expenditures approved for completion of Programme of Building and Work under Construction) .....	.....	.....	.....	.....	\$15,199,211.43
Investments .....	.....	.....	.....	.....	47,544.45
1929-1930 Pool Overpayment .....	.....	\$ 2,350,097.88	.....	\$11,039,900.30	13,543,304.86
Operating Expenses 1930-1931 Pool .....	.....	.....	.....	.....	377,804.53
Advances, etc., to Growers .....	.....	.....	.....	.....	66,057.03
Supplies and Prepaid Accounts .....	.....	.....	.....	.....	105,785.68
TOTAL EXPENDITURES	<u>\$</u>	<u>\$ 2,350,097.88</u>	<u>\$</u>	<u>\$11,039,900.30</u>	<u>\$29,339,707.98</u>
BALANCE—SURPLUS CAPITAL	<u>\$ 87,305.03</u>	<u>\$ 523,530.60</u>	<u>\$ 281,110.83</u>	<u>\$</u>	<u>\$ 7,030,237.98</u>
TOTAL CURRENT ASSETS —(As per Consolidated Balance Sheet, Statement "1") .....	.....	.....	.....	.....	\$ 8,829,487.25
TOTAL CURRENT LIABILITIES —(As per Consolidated Balance Sheet, Statement "1") .....	.....	.....	.....	.....	1,729,249.27
BALANCE—Current Position .....	.....	.....	.....	.....	\$ 7,100,237.98
<i>Less</i> Estimated Capital Expenditures to complete Programme of Building and Work under Construction .....	.....	.....	.....	.....	70,000.00
BALANCE—Surplus Capital .....	.....	.....	.....	.....	<u>\$ 7,030,237.98</u>

STATEMENT No. 4

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS
LIMITED
MODERN PRESS LIMITED
SASKATCHEWAN POOL ELEVATORS LIMITED
and
SASKATCHEWAN POOL TERMINALS LIMITED**

**STATEMENT OF ASSETS, DIRECT LIABILITIES AND
GROWERS' EQUITY AS AT 31st JULY, 1937**

ASSETS

Fixed Assets (<i>Less</i> Reserve for Depreciation).....	\$15,129,211.43
Investments and Memberships (<i>Less</i> Reserve).....	47,544.45
Other Assets (Deferred Accounts Receivable, etc.)	
Province of Saskatchewan—Surplus Interest Account.....	135,281.39
Province of Saskatchewan—Sinking Fund Interest Account.....	220,050.00
Elevator Supplies and Prepaid Accounts	105,785.68
Surplus Capital (After providing for Expenditures to complete Programme of Building and Work under Construction)	7,030,237.98
Amount provided to complete Programme of Building and Work under Construction.....	70,000.00
Total Net Assets (Exclusive of amounts due by Growers).....	<u><u>\$22,738,110.93</u></u>

LIABILITIES (Exclusive of Liabilities to Shareholders)

		Equity
Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$11,039,900.30	48.552%
TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS	\$11,039,900.30	48.552%
BALANCE OF ASSETS OVER LIABILITIES —Growers' Equity.....	11,698,210.63	51.448%
	<u><u>\$22,738,110.93</u></u>	<u><u>100.000%</u></u>

STATEMENT OF GRAIN HANDLINGS

SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED

As at 31st July, 1937

TOTAL HANDLED (ALL GRAINS)

SASKATCHEWAN POOL ELEVATORS LIMITED

Country Elevators

Platform

Total

Number of Elevators Operated

Average Handling per Elevator

SASKATCHEWAN POOL TERMINALS LIMITED

Terminal No. 4

Terminal No. 5

Terminal No. 6

Terminal No. 7

Terminal No. 8

Total

BUFFALO TERMINAL ELEVATOR

1924-1936
(Bushels)

818,728,928

54,165,544

872,894,472

1936-1937
(Bushels)

54,471,987

728,996

55,200,983

1,029

52,937

1924-1937
(Bushels)

873,200,915

54,894,540

928,095,455

196,346,401

71,883,383

215,262,152

172,454,629

28,240,761

684,187,326

131,930,775

189,056,739

71,883,383

199,132,710

151,848,087

28,240,761

640,161,680

131,930,775

7,289,662

16,129,442

20,606,542

44,025,646

SASKATCHEWAN POOL ELEVATORS LIMITED

STATEMENT OF EARNINGS

1st August, 1925, to 31st July, 1937

	Total 1925-1936	Season 1936-1937	Total 1925-1937
NET EARNINGS (After adjusting for Income Tax paid and Loss on Realization of Assets).....	\$16,318,007.13	\$835,095.30	\$17,153,102.43
DISTRIBUTION OF EARNINGS			
Farm Storage.....	\$ 306,456.74		\$ 306,456.74
Share of Pool Expenses.....	682,853.97	\$ 55,953.79	738,807.76
Dividends to Pool.....	1,915,273.80		1,915,273.80
Excess Charges Refund.....	4,256,040.82		4,256,040.82
Interest Paid on 1929-1930 Pool Overpayment.....	3,166,583.27	583,556.45	3,750,139.72
Transferred to Reserve Account.....	3,125,450.08		3,125,450.08
Transferred to Insurance Reserve	71,365.43	15,939.60	87,305.03
Transferred to Sinking Fund Reserve re 1929-1930 Pool Overpayment.....	100,000.00		100,000.00
Transferred to Undivided Profits.....	2,693,983.02	179,645.46	2,873,628.48
TOTAL	\$16,318,007.13	\$835,095.30	\$17,153,102.43
Net Earnings (as above).....			\$17,153,102.43
Depreciation Reserve as at 31st July, 1937.....			10,940,409.30
Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited, from 1st August, 1926, to 31st August, 1933, in respect of the purchase of the Assets of the latter Company).....			2,150,331.29
TOTAL OPERATING EARNINGS—1st August, 1925, to 31st July, 1937.....			\$30,243,843.02
CAPITAL—AS AT 31st JULY, 1937.....			\$12,195,200.00

NOTE: The figures shown for the period 1925-1936 have been altered to include adjustments applicable to that period, but which were not determined in time to be included in the figures previously submitted.

LIBRARY RECORD FOR 1936-1937

	Books Mailed	Books Returned	Books	Requests Catalogues	Postage
1936					
August.....	147	188	10	7	\$ 11.80
September.....	203	237	9	4	20.16
October.....	240	261	27	13	24.81
November.....	259	216	87	.....	25.47
December.....	551	359	232	2,072	56.04
1937					
January.....	822	644	231	213	75.94
February.....	806	735	147	40	75.42
March.....	798	830	81	23	72.07
April.....	404	507	28	4	42.40
May.....	353	435	19	1	35.43
June.....	295	348	6	1	28.32
July.....	285	340	15	3	28.94
Totals.....	<u>5,163</u>	<u>5,100</u>	<u>892</u>	<u>2,381</u>	<u>\$496.80</u>

Number of Borrowers as at 31st July, 1937

Contract Signers.....	964
Agents.....	120
Total.....	<u>1,084</u>

WHEAT POOL COMMITTEES

STATEMENT No. 8

TOTAL NUMBER OF COMMITTEES 1936-1937

Sub-district	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....	3	5	7	10	7	7	8	11	6	9	73
District 2.....	8	4	6	8	5	6	9	8	13	7	74
District 3.....	3	4	3	6	6	6	5	5	4	6	48
District 4.....	3	7	9	4	5	2	4	7	3	6	50
District 5.....	10	7	5	7	8	5	6	10	9	5	72
District 6.....	9	10	6	8	10	12	13	7	7	9	91
District 7.....	8	5	6	5	7	8	6	5	11	6	67
District 8.....	10	9	11	8	7	10	6	8	6	4	79
District 9.....	5	7	4	9	4	9	7	6	6	6	63
District 10.....	6	7	4	8	15	8	2	7	6	10	73
District 11.....	9	11	12	6	6	7	12	7	12	9	91
District 12.....	9	8	9	7	7	6	7	8	12	8	81
District 13.....	12	11	4	13	7	12	5	7	9	11	91
District 14.....	5	8	6	7	9	15	12	8	8	11	89
District 15.....	9	8	5	8	6	5	6	5	7	10	69
District 16.....	6	7	8	7	4	11	6	9	8	6	72
Total											1183

STATEMENT No. 9

COMMITTEES REORGANIZED 1936-1937

Sub-district	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....	3	5	7	10	6	7	8	11	5	9	71
District 2.....	7	3	2	6	5	5	9	7	13	6	63
District 3.....	3	4	3	4	6	4	4	3	3	5	39
District 4.....	3	7	9	4	5	2	4	7	3	6	50
District 5.....	9	7	5	6	8	4	6	10	8	5	68
District 6.....	9	10	6	8	10	11	10	7	7	7	85
District 7.....	8	5	5	4	7	8	6	5	11	6	65
District 8.....	10	7	8	7	6	9	6	4	5	4	66
District 9.....	5	5	3	8	3	9	7	6	6	6	58
District 10.....	5	6	3	5	14	8	2	6	2	7	58
District 11.....	7	7	9	4	4	5	10	3	5	3	57
District 12.....	9	6	8	7	6	6	7	8	12	8	77
District 13.....	9	7	3	6	6	11	4	7	9	7	69
District 14.....	4	7	6	7	8	14	12	6	8	11	83
District 15.....	6	7	5	8	6	3	6	4	7	9	61
District 16.....	6	7	7	6	1	11	5	9	8	6	66
Total											1036

CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st AUGUST, 1937

STATEMENT No. 10

ASSETS

Agency Assets:

Cash in Banks.....	\$ 1,100.05
Insurance Accounts Receivable.....	119,557.18

Total Agency Assets..... \$120,657.23

Shareholders' Assets:

Cash in Banks.....	\$ 9,854.36
Cash on Hand.....	60.00

\$ 9,914.36

Accounts Receivable:

Commissions, etc., Receivable.....	\$22,069.95
Alberta Wheat Pool—Demand Loan.....	10,527.45
Sundry.....	1,729.93
	34,327.33

Investments (at cost):

\$55,000.00 Dominion of Canada Bonds, 3¼% June, 1966 (Quoted value August 31, 1937, \$54,312.50).....	55,143.75
Membership Deposits (Insurance Agents' Associations).....	200.00
Furniture and Equipment.....	\$ 5,820.50
Less Reserve for Depreciation.....	5,265.28
	555.22

100,140.66

\$220,797.89

LIABILITIES

Agency Liabilities:

Insurance Accounts Payable.....	\$ 98,587.28
Commissions, etc., Payable.....	22,069.95

Total Agency Liabilities..... \$120,657.23

Shareholders' Liabilities, etc.

Accounts Payable:

Saskatchewan Inspection Service.....	\$ 13,191.49
Unearned Commissions.....	10,194.62
Accrued Expenses.....	1,046.95

\$ 24,433.06

Reserves:

Reserve for Cancellations, etc.....	\$15,000.00
Reserve for Insurance Investigation.....	935.85
	15,935.85

Capital Stock—Authorized, \$20,000.00

Issued and Fully Paid—2,000 Shares of \$10.00 each	20,000.00
Earned Surplus.....	39,771.75

100,140.66

Approved on behalf of the Board:

P. F. BREDT, Director.

GEORGE BENNETT, Director.

\$220,797.89

Auditors' Report to the Shareholders:

We have examined the books and accounts of Canadian Pool Agencies Limited for the fiscal year ending August 31, 1937, and have obtained all the information and explanations which we have required.

Cash in banks has been reconciled with certificates obtained direct from the company's bankers. The securities covering the company's investment in Dominion of Canada bonds and the membership deposits have been verified by certificates from the depositories.

We report that, in our opinion, the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of Canadian Pool Agencies Limited as at August 31, 1937, according to the best of our information and the explanations given to us and as shown by the books of the company.

Winnipeg, October 4th, 1937.

PRICE, WATERHOUSE & CO., Auditors.

STATEMENT No. 11

CANADIAN POOL AGENCIES LIMITED

**STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 1937**

Income:

Commissions Earned.....	\$48,621.52
Interest.....	1,583.50
Interest on Investments.....	1,648.04
	<u>\$51,853.06</u>

Administrative and General Expenses:

Salaries.....	\$ 9,925.00
Administrative Expenses.....	1,500.00
Rent and Light.....	1,534.18
Office Supplies and Expenses.....	242.46
Telegraph and Telephones.....	289.24
Audit Fee.....	275.00
Printing and Stationery.....	179.80
Postage and Excise Stamps.....	132.46
Brokerage.....	89.15
Taxes and Licenses.....	263.04
Insurance and Advertising.....	74.48
Travelling Expenses.....	76.50

\$14,581.31

Less Allowance from Saskatchewan Inspection Service.....	2,500.00
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12,081.31

Net Income Transferred to Surplus.....	<u>\$39,771.75</u>
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EARNED SURPLUS ACCOUNT

Balance as at August 31, 1936.....	\$47,071.33
Less Capital Stock Dividend.....	\$ 1,200.00
Patronage Dividend.....	45,871.33
	<u>47,071.33</u>
Net Income for Year Ended August 31, 1937, (as above)	<u>39,771.75</u>
Earned Surplus as at August 31, 1937.....	<u>\$39,771.75</u>

Canadian Co-operative Wheat Producers Limited

DIRECTORS' REPORT 1936-1937

To the Shareholders,
Canadian Co-operative Wheat Producers Limited,
Winnipeg, Manitoba.

Gentlemen:

The Co-operative Movement in Western Canada suffered a heavy loss in the death of Louis C. Brouillette, President of your Central Board, who died on April 22, 1937. He passed away in the prime of life and fullness of usefulness as did your first President, A. J. McPhail. Mr. Brouillette's character has been well described as "above all things a devoted servant of Western Farmers, his life distinguished with the utmost sincerity of purpose; with intense loyalty to the principles he believed in and ability to express them."

Review of 1936-1937 Crop Year

The following is a review of the 1936-37 crop year by the Dominion Bureau of Statistics, Agricultural Branch:

"Certain basic factors in the crop year which has just closed stand out as having contributed to a fundamental readjustment in the world wheat situation. For the third successive year the season opened with a total world wheat crop, excluding Russia and China, which measured considerably below the average of the previous ten years. Whereas world wheat production averaged 3,713 million bushels in the 1926-35 decade, according to the International Institute of Agriculture's official tabulations, wheat production in 1936 amounted to 3,527 millions, a figure very close to the world production in 1934 and 1935. World carry-over stocks of wheat, after reaching a maximum of 1,149 million bushels in 1934, had been declining in the two following crop years, and were reduced to 738 million bushels on July 31, 1936. With a third year of short production in the 1936-37 crop season, carry-over stocks on July 31, 1937, were reduced to a tentative figure of 500 million bushels. This latter figure is approximately 100 million bushels below the 'normal' early post-war level. In keeping with the low world production and the reduced carry-over stocks, world supplies and requirements were brought into reasonably close adjustment for the first time since 1926-27.

Due to the peculiar distribution of crop shortages and surpluses in 1936, a larger world trade in wheat was inevitably invited. Even prior to the depression European countries had been striving for self-sufficiency in wheat production, and the plethora of import restrictions, milling quotas, foreign exchange difficulties and domestic production bonuses, which arose as world prices fell, succeeded in raising European production by approximately 300 million bushels and reducing imports by a corresponding amount. Total world shipments declined from a somewhat abnormal peak of 928 million bushels in 1928-29 to a low figure of 497 millions in 1935-36. In 1936, however, both Germany and Italy suffered serious crop reverses, and the remaining western European countries had below-average crops. The Danubian exporting countries, on the other hand, garnered their largest surplus in the post-war period. In North America serious drought affected both the United States and Canadian crops so that the former country continued on an import basis while carry-over stocks had to augment the small Canadian crop in order to provide a normal export volume. Although Australia reaped its fourth successive low crop, Argentina enjoyed a normal harvest. Such a combination of short crops in the central and western European countries and the United States made for an increased world trade in the 1936-37 season. World shipments totalled 596 million bushels, a gain of almost a hundred million bushels over the previous crop year."

Altered Wheat Situation

Following are some comments on the altered wheat situation from the same authority:

"Out of the experience of the 1936-37 season certain facts have been established which may be reckoned upon in a study of the altered wheat situation. They may be outlined as follows:

1.—The traditional importing countries in Europe, which virtually succeeded in closing their doors to wheat imports during the depression, will still buy wheat, but only if and when imports are necessary to augment a still strongly encouraged domestic production.

2.—Import tariffs and import prohibitions on the part of the European importing countries are capable of downward adjustment or removal as imports are actually needed. Indeed, much of the need for import tariffs has been obviated by the restoration of export wheat prices to their present levels. Tariff and other import barriers were raised during the depression, mainly with the objective of protecting domestic price levels on behalf of growers against the cheaply offered foreign wheats.

3.—When it is necessary for the Continental countries to augment their domestic supplies in any considerable degree, they will look for medium quality, cheaply priced wheats, and adjust internally the difference between the import prices and their domestic prices. Accordingly these countries are apt to use domestic supplies during the autumn months and to line up Danubian and Argentine offers, rather than bidding early in the season for Canadian supplies when the physical movement of the latter is heavy. This attitude on the part of Continental buyers fairly circumscribes the export outlets for Canadian wheat, limiting the latter to the export channels which were preserved even through the depression, namely, to the United Kingdom, Belgium, the Netherlands and the Scandinavian countries. France, Germany and Italy are likely to take Canadian wheats only in small amounts for mixing purposes."

Record Low Yields

The crop year 1936-37 was another year of tragedy for the majority of the wheat producers of Western Canada. It was the fourth year in succession when the Canadian wheat crop was substantially below normal, while the 1936 crop was the lowest in actual yield in twenty years, with the lowest yield per acre since wheat growing became an important industry in Canada. The final estimate of the Dominion Bureau of Statistics for the 1936 wheat yield in the prairie provinces was 212 million bushels, with a still poorer prairie crop in prospect, estimated on September 11, 1937, as only 164 million bushels, the lowest figure since 1914 when a crop of 161 million bushels was harvested from an acreage less than half the acreage sown to wheat this year. The appalling condition in the Province of Saskatchewan may be realized from the figures showing an estimated average yield for 1937 of 2.7 bushels per acre as compared with 13.7 bushels per acre in 1914.

Canadian exports of wheat and flour for the crop year 1936-37, according to the Department of National Revenue figures, was 197,726,457. The total Canadian wheat carryover of 36 million bushels for July 31, 1937, is considered a minimum figure, having in mind the export and domestic milling needs before supplies from the new harvest are available.

Royal Grain Enquiry Commission

A Royal Commission to make "an intelligent, impersonal analysis of our wheat marketing problem", was proposed on April 30, 1936, by James R. Murray, Chief Commissioner of The Canadian Wheat Board, to the House of Commons' Special Committee, on the marketing of wheat and other grains under guarantee by the Dominion. The Committee in its report to the House recommended the appointment of a Royal Commission, and on June 27, 1936, the Hon. W. F. A. Turgeon, a Judge of the Saskatchewan Court of Appeal,

was appointed a Commissioner "to enquire into and report upon the subject of the production, buying, selling, holding, storing, transporting and exporting of Canadian grain and grain products". The Commission held its first session in Winnipeg on December 1, 1936, with other sessions held at Saskatoon, Vancouver, Edmonton, Calgary, Regina, and various centres overseas. Hon. J. L. Ralston, K.C., is chief counsel for the Commission, James E. Coyne, junior counsel, and Dr. T. W. Grindley, Secretary.

The Pool organizations were represented at all public sessions of the Commission by one or more counsel, M. M. Porter, K.C., appearing for the Alberta Wheat Pool; R. H. Milliken, K.C., and M. A. MacPherson, K.C., for the Saskatchewan Wheat Pool; and E. K. Williams, K.C., for Manitoba Pool Elevators.

The principal brief dealing fully with questions asked by the Commission was submitted by Mr. P. F. Bredt, President of Manitoba Pool Elevators, at Calgary, who gave a detailed review of Pool operations since the inception of the three provincial organizations and their Central Selling Agency, Canadian Co-operative Wheat Producers Limited. Mr. George Bennett, member of the Alberta Wheat Pool and Vice-President of the Central Board, gave his views on the wheat marketing problem as a working farmer. Representations on behalf of the three Pool organizations for a future grain marketing policy for Canada were submitted to the Commission by Mr. J. H. Wesson, President of the Saskatchewan Wheat Pool and member of the Central Executive.

The brief submitted by Mr. Bredt at Calgary gave a historical review of the origin of the Pools which went back through forty years of Western Canadian agriculture. The Pools came into being as an honest and sincere effort of producers to improve their standard of living, and to obtain for producers a larger share of each dollar the consumer paid for his wheat. The moving spirit behind the Wheat Pools was the desire to minimize the instability which Western Canada's basic occupation was labouring under due to the hazards imposed by nature and aggravated by the futures marketing system, in which speculative manipulation often tends to cause a decline in price in the fall months when the farmer must, from sheer necessity, sell his grain.

The accomplishments of the Pools, their sound financial standing, their democratic form of government, the operation of their selling organization, were outlined in detail. The frequent and wilful misinterpretations of Wheat Pool activities were fully answered both in the brief presented and through lengthy examination before the Commission.

Mr. George Bennett, Vice-President of your Central Board, also appearing at Calgary, gave his submission as a working farmer on "The Farmer and the Wheat Problem". He pointed out that, although agriculture is Canada's basic industry and the dominant industry in Western Canada, farmers, as a class, have not participated to the extent that they should have in the wealth they have created. The value of wheat production alone in the prairie provinces in the twenty-seven years 1910 to 1936 inclusive, as estimated by the Dominion Bureau of Statistics, was close to seven billion dollars, and yet the standard of living on prairie farms has never been high and has been progressively

lowering from one level to another during the past six years. The wealth producers of the West want better treatment. They work hard and want to get paid fair wages. They do not want to depend on an immense gambling institution for the returns they get from year to year. He thought that a scheme of farm storage should be considered, to be introduced in case wheat surpluses should again pile up, one in which the farmer could grow all the wheat he liked; but so long as there was a surplus he would only be allowed to sell his quota which would be arrived at on the basis of previous crops raised.

Mr. John H. Wesson, President of the Saskatchewan Wheat Pool, presented at Regina, the submission of the Pool organizations for "A National Grain Marketing Policy for Canada." He pointed out the radically changed world market for wheat with the decline in export demand as a result of the intensive campaign in European importing countries to encourage home production of wheat. Today the wheat problem is essentially a market problem. He quoted James R. Murray, then Chairman of the Canadian Wheat Board, as testifying before the Special Committee on the marketing of wheat and other grains that "normal crops on present acreage in exporting countries will give from six hundred and forty to seven hundred and forty million bushels of exportable surplus, while the available market may be only five hundred to five hundred and fifty million bushels."

The futures market is not equipped to meet surplus conditions. It was never organized to find a market. It has failed to function in the interests of producers in any marketing emergency during the past twenty years.

The Pool organizations recommended as the first step in the development of an adequate marketing programme that:

- (1) A national marketing board should be given complete control of the entire wheat crop of Western Canada, charged with the duty of marketing it at the best possible price.
- (2) Such board should set a reasonable initial payment at the time of delivery and make further payments from time to time as the grain is disposed of.
- (3) Such board should establish a sales office overseas and appoint agents in the principal importing countries for the purpose of pushing the sale of Canadian wheat and increasing consumer demand.
- (4) The board should have the power to subsidize the farmer in periods of depression.
- (5) The board should provide a uniform price for grain of like quality.
- (6) In the creation of the board provision should be made so that the growers shall have a voice in its operation.
- (7) We further believe that the way should be kept open for the possibility of co-operation between exporting and importing countries in dealing with the world wheat problem.

Canadian Wheat Board

James R. Murray, who succeeded John I. McFarland as Chief Commissioner of the Canadian Wheat Board, tendered his resignation to the Federal Government on July 22, 1937. The Board was reorganized on the same date with George McIvor as Chairman; R. C. Findlay, Treasurer of the Board since it was established, appointed as Vice-Chairman and Treasurer; and A. M. Shaw, Markets Commissioner for the Federal Department of Agriculture, as the third member of

the Board. The same policy as was carried on for the crop year 1936-37 is continued in force for 1937-38. The fixed price of 87½ cents per bushel is maintained, but no purchases can be made by the Board unless the open market price falls below 90 cents per bushel on the basis of No. 1 Northern at Fort William.

We reiterate our regret that the Federal Government has seen fit to restrict the operations of the Canadian Wheat Board. No opportunity has been given to the Board to function as producers expected the Board would operate when the Canada Wheat Board Act was placed on the Statute Books by the Parliament of Canada.

Central Meetings

Four meetings of the Central Board and six meetings of the Executive were held during the year, and in addition there were several informal meetings of members of the Executive in connection with the Turgeon Commission hearings. The close contact maintained between the three Pool organizations, through the full and frank discussions of producer problems, is largely responsible for the unanimity of policy by the Pools in dealing with questions affecting the welfare of the prairie farmers.

At a meeting of the Central Board in Regina on May 27, Paul F. Brett, President of Manitoba Pool Elevators Limited, was elected President to succeed our late President L. C. Brouillette, with George Bennett, of the Alberta Wheat Pool, continuing as Vice-President, and J. H. Wesson, President of the Saskatchewan Wheat Pool, was elected as the third member of the Executive.

Barley Feeding Experiments

A satisfactory domestic market for Western Canadian barleys has always been one of the objectives of the Pool organizations. With this end in view, feeding experiments by Eastern Agricultural Colleges, in co-operation with the Coarse Grains Departments of the Pools, were first carried on in 1929, when the necessary barley was supplied by our organization. Eastern feeders, however, have consistently objected to the amount of weed seeds and wild oats permitted in our feed barley grades, and, in order to meet these objections, a reclassification of barley grades was drawn up last year by the Coarse Grains Committee of the three Pools, and submitted to the National Barley Committee. With certain minor changes it was approved by this body. Expecting that the suggested changes would be incorporated into the Canada Grain Act before this there was a desire by Eastern livestock interests to have another series of feeding tests carried on, comparing all the new feed grades of barley with corn, oats, and certain other combinations. The Grain Act, however, was not opened up at the last session in Ottawa, and, consequently, only one series of five tests is being conducted in which barley is being used which corresponds as nearly as possible to the top feed barley grade in the proposed new classifications.

Feeding tests are being made at the following places:

- Two at Macdonald College in Quebec;
- One at the Ontario Agricultural College in Guelph, and,
- One each at the Dominion Experimental Stations of Ste. Anne de la Pocatiere, Quebec, and Nanpan, Nova Scotia.

The final results will not be known for some months, but when all the information is available a report will be prepared for distribution, the Federal Department of Agriculture having agreed to finance this part of the work. The preliminary report indicates that the barley fed hogs stand at the top of the list in so far as the live animals are concerned.

Conclusion

The past year has again demonstrated the strength of the Co-operative Movement on the prairies. While the continued drought in 1936 sharply reduced yields over wide areas in all three provinces, and seriously reduced the earnings of our organizations, our percentage of deliveries increased. Our three organizations again met in full their obligations to the provincial governments on account of the 1929 over-payment, and maintained their grain handling facilities in a high state of efficiency. There is great and increasing distress, anxiety, and hardship among our sorely tried western farmers, but there is evident the same steadfast loyalty to the principles of co-operation which established, and has maintained, our producers' co-operative organizations.

Respectfully submitted,

P. F. BREDT, President

GEORGE BENNETT, Vice-President } *Executive*

JOHN H. WESSON

L. HUTCHINSON

BEN S. PLUMER

BROOKS CATTON

L. WIDDUP

COLIN H. BURNELL

J. W. BALDWIN

Canadian Pool Agencies Limited

DIRECTORS' REPORT 1936-1937

To the Shareholders,
Canadian Pool Agencies Limited,
Winnipeg, Manitoba.

Gentlemen:

Appended hereto is the Balance Sheet of your Company as at 31st August, 1937, together with a statement of the income and expenses for the year ended as at the same date. The result of the operations of your Company for the year is a profit of \$39,771.75 as compared with a profit of \$47,071.33 last year. The decrease in the earnings for the past season is largely due to the smaller grain stocks carried in country and terminal elevators. In addition we had no Lake Marine business this year, and no shipments out of Churchill. Altogether our loss in commission revenue is approximately \$9,950.00 from the previous year's figures.

As was pointed out last year, your Company lost a very large percentage of its earnings when Central went out of the export business, although in the two seasons immediately preceding we were fortunate in having a good deal of Lake Marine and Outturn business, as well as a substantial volume of Marine insurance on Churchill shipments.

Following the usual practice your Agency has carried on its operations on the principle that service comes before profits, and it continues to serve the Pool organizations in protecting their interests in the insurance field in a manner which reflects adversely in the earnings of your Company.

We are glad to report that a very material reduction in the country elevator insurance rates is now in effect for the present season, and this, together with the extremely small crop in Saskatchewan, will reflect itself in further decreased earnings in our next year's report.

The following comments relative to the Balance Sheet and Operating Accounts may be of interest:

Balance Sheet

Agency Assets and Liabilities

The Assets included under this heading represent Trust Funds collected or to be collected, and are offset by the amount due to the Insurance Companies for business written, and to the Canadian Pool Agencies for commissions earned.

Shareholders' Assets and Liabilities

Accounts Receivable: Under this heading is an item of "Commissions Receivable", previously referred to as being due from the Agency Trust Funds, and which have been collected subsequent to the date of the Balance Sheet.

The item for Alberta Wheat Pool represents a Demand Loan made to them for the purpose of obtaining interest earnings on surplus funds, and is, of course, available to us when required.

Investments: The amount shown under this heading represents the cost price of a purchase of \$55,000.00 of Dominion of Canada Bonds, 3 $\frac{1}{4}$ % to expire June, 1966, the investment being made for the purpose of earning interest on surplus funds when the Provincial organizations had no further use for them. The market value of these Bonds at the date of the Balance Sheet represented an amount of \$54,312.50. Naturally these values are subject to fluctuation but offer the best medium of obtaining earning power without undue risk of loss. Bonds of a par value of \$25,000.00 were purchased during the present season.

Membership Deposits: This represents deposits which we are required to make to the Insurance Agents' Associations as a guarantee that we will comply with their rules and regulations, and are returnable in cash should we withdraw from membership.

Furniture and Equipment: Since this Asset has now been depreciated to its salvage value, no depreciation has been written off for this year, and this Asset will be carried at the amount shown in the Balance Sheet.

Accounts Payable

Saskatchewan Inspection Service: This represents the balance which we are carrying for the Saskatchewan Inspection Service, of which your Company is the Manager for the Underwriters.

Unearned Commissions: This amount includes a proportion of commissions due to subsequent years on policies written for a three-year period, and on other business where the commissions have not yet been completely earned.

Reserves

Reserves for Cancellations, etc: Due to the nature of our business, where the larger proportion of our policies become due immediately prior to the end of our financial year, it is necessary to set up adequate reserves to provide for cancellations, and for operating expenses in connection with the handling of the insurance, which, of course, reflect themselves in the operations of the ensuing year.

Reserve for Insurance Investigation: This amount represents the unexpended portion of the reserve set up previously for payment of fees and other expenses in respect of other branches of insurance which were being investigated.

Capital Stock: The ownership of the Capital Stock of the Company is held by the three Provincial organizations who contribute their business to us: Alberta and Saskatchewan having 667 shares each, while Manitoba holds 666 shares.

Earned Surplus: Details of the operations of this account are shown in the statement submitted.

Profit and Loss Account

Under the heading of "Expenses" is an item of \$1,500.00 representing Administrative Expenses, this

being an allowance made to the three Pools in respect of overhead and administrative charges for the year. The deduction from the total expenses of \$2,500.00 represents the Management Fee paid by the Saskatchewan Inspection Service for the supervision and administration of their operations.

Earned Surplus Account

As shown in the appended statement, a Capital Stock Dividend of 6% was paid during the year under review to the three Provincial organizations who are the Shareholders, while a Patronage Dividend was paid to each of them on the basis of business contributed. The details of these Dividends are as follows:

	Capital Stock	Dividends	
		Patronage	Total
Manitoba.....	\$ 399.60	\$ 6,729.32	\$ 7,128.92
Saskatchewan.....	400.20	26,366.84	26,767.04
Alberta.....	400.20	12,775.17	13,175.37
	<u>\$1,200.00</u>	<u>\$45,871.33</u>	<u>\$47,071.33</u>

The combined total of these two Dividends represents a return of 82.18% of the total commissions received by the Company.

Respectfully submitted,

P. F. BREDT, President	} <i>Executive</i>
GEORGE BENNETT, Vice-President	
JOHN H. WESSON	
L. HUTCHINSON	
BEN S. PLUMER	
BROOKS CATTON	
L. WIDDUP	
COLIN H. BURNELL	
J. W. BALDWIN	

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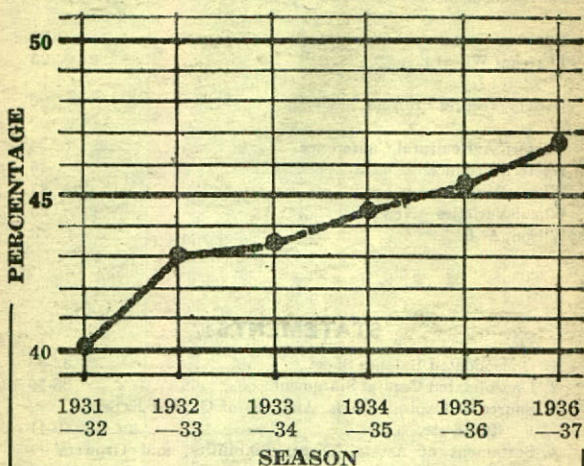
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**Pool Elevators' share of all grains
delivered to all elevators in
Saskatchewan**



FOR the splendid support which this farmer-owned system has received during recent difficult years, we wish to thank all our patrons.

How consistent the support has been we indicate in the above chart, showing percentage of deliveries of all grains to Pool Elevators as compared with total handlings by all country elevators in Saskatchewan. It covers the six-year period from August 1, 1931, to July 31, 1937.

The Company will endeavor to maintain the high standard of service which has gained for it so many friends.



**Saskatchewan Pool
Elevators Limited**

Head Office :: Regina