

**FINANCIAL  
STATEMENTS**

**Prairie Oat Growers  
Association Inc.**

**Year Ended July 31, 2009**

**Prairie Oat Growers Association Inc.**

Yorkton, Saskatchewan

July 31, 2009

(Unaudited)

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**PARKERQUINE LLP**  
**Chartered Accountants Business Advisors**

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**Review Engagement Report**

To the members  
Prairie Oat Growers Association Inc.

We have reviewed the Statement of Financial Position of Prairie Oat Growers Association Inc. as at July 31, 2009 and the Statements of Operations and Cash Flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization's management.

A review does not constitute an audit and consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

**PARKERQUINE LLP**

**Per:** *Mandy Pice* CA

Yorkton, SK  
August 4, 2011

**Prairie Oat Growers Association Inc.**  
 Yorkton, Saskatchewan  
 Statement of Financial Position as at July 31, 2009  
 (Unaudited)

|  | 2009      | 2008      |
|--|-----------|-----------|
| <b>Assets</b>  |           |           |
| <b>Current Assets</b>  |           |           |
| Cash and cash equivalents                                      | 7,183     | 8,919     |
| Accounts receivable  | 71,618    | 2,925     |
| Prepaid expenses   | 417       |           |
|  | 79,218    | 11,844    |
| <b>Capital Assets - note 4</b>                                 | 968       | 0         |
|  | \$ 80,186 | \$ 11,844 |
| <b>Liabilities and Net Assets</b>                              |           |           |
| <b>Current Liabilities</b>                                     |           |           |
| Accounts payable and accrued liabilities - note 5              | 74,262    | 5,920     |
| <b>Net Assets</b>  |           |           |
| Balance, beginning of year                                     | 5,924     | 8,982     |
| Add: Excess (deficiency) of revenue over expenses for the year | 0         | ( 3,058)  |
| Balance, end of year   | 5,924     | 5,924     |
|  | \$ 80,186 | \$ 11,844 |

Approved on behalf of the board:

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# Prairie Oat Growers Association Inc.

Statement of Operations  
For the year ended July 31, 2009  
(Unaudited)

|   | 2009           | 2008               |
|---|----------------|--------------------|
| <b>Revenue</b>  |                |                    |
| <i>Funding contributions:</i>   |                |                    |
| Manitoba Oat Growers Association  | 23,495         |                    |
| Saskatchewan Oat Development Commission                                 | 61,480         | 15,000             |
| <i>Other revenues:</i>  |                |                    |
| Conference revenues   | 21,349         | 22,588             |
| Memberships   | 50             | 150                |
| Producer meeting registrations  | 340            | 1,680              |
| Other   | 950            |                    |
|   | <u>107,664</u> | <u>39,418</u>      |
| <b>Expenses</b>   |                |                    |
| Administration services   | 42,666         | 12,000             |
| Advertising and promotion   | 2,596          | 1,931              |
| Bank charges  | 49             | 56                 |
| Conference costs  | 9,243          | 18,201             |
| Directors' meeting  | 588            | 203                |
| Directors' travel and administration                                    | 10,252         | 5,280              |
| Manager's expenses  | 12,348         | 286                |
| Market development  | 3,568          |                    |
| Meetings - producers  | 3,730          |                    |
| Office  | 14,371         | 178                |
| Professional fees   | 1,006          | 666                |
| Rent - building   | 819            |                    |
| Telephone   | 5,263          | 266                |
| Website design and maintenance  | 923            | 409                |
| Website information development   |                | 3,000              |
|   | <u>107,422</u> | <u>42,476</u>      |
| <b>Excess (Deficiency) of Revenue over Expenses Before Amortization</b> | 242            | ( 3,058)           |
| <b>Amortization</b>   |                |                    |
| Furniture, fixtures and equipment                                       | <u>242</u>     | <u>0</u>           |
| <b>Excess (Deficiency) of Revenue over Expenses for the Year</b>        | <u>\$ 0</u>    | <u>\$ ( 3,058)</u> |

*The notes to financial statements are an integral part of these financial statements.*

**Prairie Oat Growers Association Inc.**

Statement of Cash Flows

For the year ended July 31, 2009

(Unaudited)

|  | 2009             | 2008            |
|--|------------------|-----------------|
| <b>Cash Provided By (Used In):</b>                             |                  |                 |
| Operations   |                  |                 |
| Excess (deficiency) of revenue over expenses for the year      | 0                | ( 3,058)        |
| Add items not requiring cash resources                         |                  |                 |
| Amortization   | 242              |                 |
| Net change in working capital                                  | <u>( 768)</u>    | <u>3,294</u>    |
|  | ( 526)           | 236             |
| Investing activities   |                  |                 |
| Capital asset purchases  | <u>( 1,210)</u>  | <u>0</u>        |
| <b>Net Cash Increase (Decrease) for the Year</b>               | ( 1,736)         | 236             |
| Cash position, beginning of year                               | <u>8,919</u>     | <u>8,683</u>    |
| <b>Cash Position, End of Year</b>                              | <u>\$ 7,183</u>  | <u>\$ 8,919</u> |
| <b>Represented By:</b>   |                  |                 |
| Cash and cash equivalents                                      | <u>\$ 7,183</u>  | <u>\$ 8,919</u> |
| Net change in working capital consists of:                     |                  |                 |
| Decrease (increase) - accounts receivable                      | ( 68,693)        | ( 2,925)        |
| - prepaid expenses   | ( 417)           | 1,409           |
| Increase (decrease) - accounts payable and accrued liabilities | <u>68,342</u>    | <u>4,810</u>    |
|  | <u>\$ ( 768)</u> | <u>\$ 3,294</u> |

*The notes to financial statements are an integral  
part of these financial statements.*

# Prairie Oat Growers Association Inc.

Notes to Financial Statements  
For the year ended July 31, 2009  
(Unaudited)

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## 1. Nature of Operations

The organization was incorporated on April 20, 1998 under the Non-Profit Corporations Act of Saskatchewan. The organization's purpose is to develop and support partnerships in the agricultural industry that will enhance the profitability of oats for the grower and increase its value to the customer.

## 2. Significant Accounting Policies

These financial statements are the responsibility of the organization's management and have been prepared in accordance with Canadian generally accepted accounting principles using the accounting policies as summarized below:

### (a) Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization. The assets are amortized on a straight-line basis at the following rates:

|                                   |         |
|-----------------------------------|---------|
| Furniture, fixtures and equipment | 5 years |
|-----------------------------------|---------|

### (b) Revenue

Funding contributions from the Saskatchewan Oat Development Commission and the Manitoba Oat Growers Association are recognized based on a cost-sharing agreement between the three parties. Related revenues are recognized in the year in which the expenses included in the cost sharing agreement are incurred.

Conference and meeting registration revenues are recognized when the related conference is held and any conditions relating to the revenues have been fulfilled.

### (c) Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the organization to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

## Prairie Oat Growers Association Inc.

Notes to Financial Statements  
For the year ended July 31, 2009  
(Unaudited)

### 3. Financial Instruments

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying amount of these financial instruments approximate their fair value due to their short-term maturity or capacity of prompt liquidation.

|                                   | 2009          | 2008            |
|-----------------------------------|---------------|-----------------|
| <b>4. Capital Assets</b>          |               |                 |
| Cost                              |               |                 |
| Furniture, fixtures and equipment | 1,210         |                 |
| Accumulated amortization          |               |                 |
| Furniture, fixtures and equipment | <u>242</u>    | <u>        </u> |
| Net book value                    | <u>\$ 968</u> | <u>\$ 0</u>     |

### 5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following items:

|                     |                  |                 |
|---------------------|------------------|-----------------|
| Accounts payable    | 74,262           | 920             |
| Accrued liabilities | <u>        </u>  | <u>5,000</u>    |
|                     | <u>\$ 74,262</u> | <u>\$ 5,920</u> |

### 6. Related-Party Transactions

Included in these financial statements are transactions with the Saskatchewan Oat Development Commission (SODC) and the Manitoba Oat Growers Association (MOGA), both of which are related by virtue of common board members. The Prairie Oat Growers Association Inc. provides administration services, overhead expenses and research and development projects of mutual benefit to the SODC and the MOGA. The SODC and the MOGA have agreed to jointly fund the operations of the organization via a cost sharing arrangement based on levy income net of levy refunds. The proportionate share attributable to each organization is determined annually. Any expenditures made by the organization which are for the sole benefit of either the SODC or the MOGA exclusively are recovered from that organization based on the cost to the Prairie Oat Growers Association Inc.

## Prairie Oat Growers Association Inc.

Notes to Financial Statements  
For the year ended July 31, 2009  
(Unaudited)

### 6. Related-Party Transactions - continued

Related-party transactions and balances included in the financial statements are as follows:

| <b>Financial Statement Accounts</b>                     | <b>Terms or Conditions</b> | <b>2009</b> | <b>2008</b> |
|---|----------------------------|-------------|-------------|
| Assets  |                            |             |             |
| Accounts receivable<br>(MOGA) - Prairie Oat<br>Breeding | no specific terms          | \$ 23,117   | \$ 0        |
| Consortium membership                                   |                            |             |             |
| Accounts receivable<br>(MOGA) - other                   | no specific terms          | 1,961       |             |
| Accounts receivable (SODC)                              | no specific terms          | 46,480      | 2,925       |
| Liabilities   |                            |             |             |
| Accounts payable (board of<br>director expenses)        | no specific terms          | 8,767       |             |
| Accounts payable<br>(management expenses)               | no specific terms          | 12,348      |             |
| Accounts payable (MOGA)                                 | no specific terms          | 34,505      |             |
| Accounts payable (SODC)                                 | no specific terms          | 18,000      |             |
| Revenue   |                            |             |             |
| Funding contributions<br>(MOGA)                         | no specific terms          | 23,495      |             |
| Funding contributions<br>(SODC)                         | no specific terms          | 61,480      |             |