

**Saskatchewan Oat Development Commission  
operating as SaskOats**

**FINANCIAL STATEMENTS**

**Year Ended July 31, 2020**

# Saskatchewan Oat Development Commission

Regina, Saskatchewan

July 31, 2020

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## Independent Auditors' Report

To the Board of Directors  
Saskatchewan Oat Development Commission

### *Qualified Opinion*

We have audited the financial statements of Saskatchewan Oat Development Commission, (the non-profit), which comprise the Statement of Financial Position as at July 31, 2020 and the Statements of Operations, Changes in Net Assets and Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the non-profit as at July 31, 2020, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

The commission collects a check-off fee from Saskatchewan producers through buyers of oats. It was not practicable for us to verify whether all buyers of oats produced in Saskatchewan have collected and remitted the required check-off fee to the commission. In addition, the commission has engaged a third party to administer the check-off collection and refund administration, including the establishment and monitoring of all related controls. It was not practicable for us to examine the records of this third party. Accordingly, our verification of net check-off fee revenue was limited to the amounts recorded in the records of the commission. As such, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets, liabilities, net assets and cash flows of the commission.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the non-profit in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

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

The Board of Directors is responsible for overseeing the non-profit's financial reporting process.



*Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

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

**Baker Tilly SK LLP**

*Baker Tilly SK LLP*

Yorkton, SK  
November 4, 2020

# Saskatchewan Oat Development Commission

Regina, Saskatchewan

Statement of Financial Position as at July 31, 2020

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	537,673	466,776
Short-term investments - note 4	1,087,500	1,087,500
Accounts receivable - note 5	119,276	42,785
Accrued interest receivable	11,655	13,163
Prepaid expenses	5,950	833
	<u>1,762,054</u>	<u>1,611,057</u>
<b>Capital Assets - note 6</b>	<u>0</u>	<u>495</u>
	<u>\$ 1,762,054</u>	<u>\$ 1,611,552</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	55,382	92,884
Deferred revenue - note 7	<u>18,624</u>	<u>          </u>
	<u>74,006</u>	<u>92,884</u>
<b>Net Assets, Unrestricted</b>		
Balance, beginning of year	1,518,668	1,560,333
Add: Excess (deficiency) of revenue over expenses for the year	<u>169,380</u>	<u>( 41,665)</u>
Balance, end of year	<u>1,688,048</u>	<u>1,518,668</u>
	<u>\$ 1,762,054</u>	<u>\$ 1,611,552</u>

Approved on behalf of the board:



## Saskatchewan Oat Development Commission

Statement of Operations  
For the year ended July 31, 2020

	Budget	2020	2019
<b>Revenue</b>			
Producer check-off fees	733,000	779,795	689,215
Less: Producer check-off refunds	( 51,310)	( 47,238)	( 53,369)
	<u>681,690</u>	<u>732,557</u>	<u>635,846</u>
Grants		10,524	49,295
Investment and other income	18,000	21,053	21,441
	<u>699,690</u>	<u>764,134</u>	<u>706,582</u>
<b>Expenses</b>			
Amortization		495	594
Board of Directors	10,000	10,755	7,671
Communications - education	32,300	25,631	22,488
Levy administration fees	24,208	25,465	27,797
Producer meetings	9,500	12,975	12,608
Proportionate expenses of POGA - note 8	531,456	416,708	505,687
Research and development grants - note 9	105,000	94,367	160,222
General and administrative:	11,275		
Election expense		150	
Interest and bank charges		26	38
Memberships		1,283	1,538
Office and other administrative		239	3,610
Professional fees		6,660	5,994
	<u>723,739</u>	<u>594,754</u>	<u>748,247</u>
<b>Excess (Deficiency) of Revenue Over Expenses for the Year</b>	<u><u>\$ ( 24,049)</u></u>	<u><u>\$ 169,380</u></u>	<u><u>\$ ( 41,665)</u></u>

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

## Saskatchewan Oat Development Commission

Statement of Cash Flow  
For the year ended July 31, 2020

	2020	2019
<b>Cash Provided By (Used In):</b>		
Operations		
Excess (deficiency) of revenue over expenses for the year	169,380	( 41,665)
Add items not requiring cash resources		
Amortization	495	594
Net change in working capital	<u>( 98,978)</u>	<u>163,239</u>
	<u>70,897</u>	<u>122,168</u>
Investing activities		
Additions to short-term investments	( 1,087,500)	( 1,087,500)
Proceeds on disposal of short-term investments	<u>1,087,500</u>	<u>1,087,500</u>
	<u>0</u>	<u>0</u>
<b>Net Cash Increase for the Year</b>	70,897	122,168
Cash position, beginning of year	<u>466,776</u>	<u>344,608</u>
<b>Cash Position, End of Year</b>	<u>\$ 537,673</u>	<u>\$ 466,776</u>
<b>Represented By:</b>		
Cash and cash equivalents	<u>\$ 537,673</u>	<u>\$ 466,776</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	( 76,491)	132,895
- prepaid expenses	( 5,117)	188
- other current assets	1,508	( 2,645)
Increase (decrease) - accounts payable and accrued liabilities	( 37,502)	32,801
- other current liabilities	<u>18,624</u>	<u>          </u>
	<u>\$( 98,978)</u>	<u>\$ 163,239</u>

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

# Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

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## 1. Nature of Operations

The organization was formed on April 12, 2006 pursuant to The Oat Development Plan Regulations, under the authority of The Agri-Food Act, 2004. The Saskatchewan Oat Development Commission, which operates under the name SaskOats, develops the oat industry in Saskatchewan by engaging in research and development projects intending to research new market opportunities, improve yields, decrease input costs, increase demand and create an overall better product. The organization is not subject to income tax.

## 2. Significant Accounting Policies

These financial statements are the responsibility of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) using the accounting policies as summarized below:

### (a) Cash and cash equivalents

Cash and cash equivalents represents cash on hand and cash held in banks.

### (b) Capital assets

Capital assets are recorded at cost less accumulated amortization.

The assets are amortized until the value has diminished using the following methods and rates:

	<b>Method of Amortization</b>	<b>Rate of Amortization</b>
Furniture, fixtures and equipment	straight-line	3 years

In the year of acquisition, capital assets are amortized starting in the month of acquisition.

In the year of disposition, capital assets are amortized until the month of disposition.

### (c) Revenue

Under the Regulation, each producer is required to pay the organization a check-off fee of \$0.50 per tonne of oats sold in Saskatchewan, collected upon the purchasing of the grain from the producer. Producers may request a refund for check-off fees paid in the year by submitting a written request within time limits as defined in the Regulation.

Producer check-off fees are recognized when they are collected by registered oat buyers. Refunds are recognized as requested by producers in the same fiscal year as the related revenue is reported.

Investment revenues are recognized on an accrual basis as the income is earned.



# Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

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## 2. Significant Accounting Policies - continued

### (d) Financial instruments

#### *Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

### (e) Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management 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 the statement of operations in the period in which they became known.

Significant estimates have been made in the following financial statement areas:

- expected service lives of capital assets
- grant revenues are recognized when management determines that the criteria for earning the funding has been met; however, the final determination of the qualification of expenses for funding commitments is determined by the granting body

## 3. Risks Arising from Financial Instruments

The organization is exposed to various risks through its financial instruments. The following analysis presents the organization's risk exposure and concentrations at the reporting date.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to fair value risk on its fixed interest rate financial instruments.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to other price risk from its investments.

## Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

	2020	2019
<b>4. Short-Term Investments</b>		
Description - GICs maturing within 6 months of year end		
Measurement basis - amortized cost		
Significant terms - rates 1.93% to 1.95% (2019 - 1.6 - 2.2%)	637,500	637,500
Description - GICs maturing within 6 to 12 months of year end		
Measurement basis - amortized cost		
Significant terms - rates 1.00% (2019 - 2.03%)	<u>450,000</u>	<u>450,000</u>
	<u>\$ 1,087,500</u>	<u>\$ 1,087,500</u>

<b>5. Accounts Receivable</b>		
Accounts receivable are comprised of the following items:		
Accounts receivable	100,652	42,785
Government grants receivable	<u>18,624</u>	<u>          </u>
	<u>\$ 119,276</u>	<u>\$ 42,785</u>

<b>6. Capital Assets</b>				
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2020</b>	<b>Net Book Value 2019</b>
Furniture, fixtures and equipment	<u>\$ 1,781</u>	<u>\$ 1,781</u>	<u>\$ 0</u>	<u>\$ 495</u>

<b>7. Deferred Revenue</b>		
Deferred revenues are comprised of unspent amounts in relation to ADOPT grants applied for on behalf of Agri-arm locations across the province.		
	<b>2020</b>	<b>2019</b>
Plus amount received or receivable	<u>18,624</u>	<u>0</u>
Balance, end of year	<u>\$ 18,624</u>	<u>\$ 0</u>

**8. Transactions with Related Parties**

Included in these financial statements are transactions with the Prairie Oat Growers Association Inc. (POGA), an organization related by virtue of common board members. POGA provides administration services, overhead expenses, and research and development projects of mutual benefit to the Saskatchewan Oat Development Commission (SaskOats), the Manitoba Oat Growers Association (MOGA), and the Alberta Oat Growers Commission (AOGC). SaskOats, MOGA, and AOGC have agreed to jointly fund the net administrative and project expenses of POGA via a cost-sharing arrangement based on levy income net of levy refunds in the fiscal year.

## Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

### 8. Transactions with Related Parties - continued

Related party balances bear no specific terms of repayment. Related party transactions and balances included in the financial statements are as follows:

Financial Statement Accounts	2020	2019
<b>Assets</b>		
Accounts receivable - POGA (overpayment of funding contributions)	\$ 33,992	\$ 0
<b>Liabilities</b>		
Accounts payable (Board of Director expenses)	1,219	
Accounts payable - POGA (underpayment of funding contributions)		35,237
Accounts payable - POGA	464	
<b>Expenses</b>		
Proportionate expenses of POGA	416,708	505,687

In the current year, SaskOats contributed \$41,218 to POGA's Japan project as agreed (\$33,238 to POGA's China project in 2019) in addition to its current year share of POGA's net operating deficit of 62% (61% in the prior year). A summary of POGA's total revenues and expenses appears below:

	2020	2019
<b>Revenues before funding contributions:</b>		
Grant revenues	195,700	201,745
POBC contributions	237,954	317,271
Other revenues	64,687	74,168
	<u>498,341</u>	<u>593,184</u>
<b>Expenses:</b>		
Research projects	323,083	579,800
Market development projects	332,356	283,852
Communications expenses	92,597	73,904
Policy	38,526	25,882
General operating expenses	395,294	395,757
	<u>1,181,856</u>	<u>1,359,195</u>
Deficiency of revenue over expenses before funding contributions	( 683,515)	( 766,011)
<b>Funding contributions as originally recognized:</b>		
MOGA	170,202	226,324
SaskOats	416,708	505,687
AOGC	58,478	72,127
	<u>645,388</u>	<u>804,138</u>
Surplus/(Deficit) After Funding Contributions	<u>\$ ( 38,127)</u>	<u>\$ 38,127</u>

## Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

### 8. Transactions with Related Parties - continued

POGA's financial statements for the year ending July 31, 2020 included restatements to the comparative grant revenues, which have been reflected above. As a result, the original calculation of the funding contributions resulted in total excess contributions to POGA of \$38,127 for the fiscal 2019 year (\$21,981 for SaskOats, \$12,244 for MOGA and \$3,902 for AOGC). The excess has been offset against current year proportionate contributions as follows:

	<b>2020</b>	<b>2019</b>
Based on corrected funding calculation	438,689	483,706
2019 overfunding correction	<u>( 21,981)</u>	<u>21,981</u>
Expense as recognized	<u>\$ 416,708</u>	<u>\$ 505,687</u>

### 9. Commitments and Projects

In 2019, the organization entered into a agreement with the University of Saskatchewan to provide semi-annual payments of \$37,500 on April 1 and October 1 for the five-year period commencing April 1, 2019 and ending March 31, 2024 for an oat breeding research project at the University. Total project commitment is \$300,000. Two payments of \$37,500, for a total of \$75,000, is included in research and development grant expenses (\$112,500 to date).

The organization has committed to budget a maximum of \$15,000 per growing year on an ongoing basis to post registration variety performance trials by the Saskatchewan Variety Performance Group. Actual costs are determined and invoiced annually. The current year's \$6,436 expense is included in research and development grant expenses.

In 2019, the organization applied for two ADOPT grants on behalf of Agri-arm locations across the province for the research period, commencing April 1, 2019 and ending March 31, 2020, both of which were concluded in the current year. The organization received and disbursed \$5,284 for the project entitled "Managing Acceptable Test Weights for Milling Oats" (total project \$26,420) and \$5,240 for the project entitled, "Oat Pea Intercrop Demonstration" (total project \$26,200). These expenses are included in research and development grant expenses. These commitments were completed in the current year.

In the current year, the organization applied for an additional ADOPT grant on behalf of Agri-arm locations across the province for the research period, commencing February 5, 2020 and ending February 15, 2021. The project is entitled "Oat Pea Intercrop Demonstration". No amounts were received or disbursed for this project in the current year (total project \$23,280).

In 2018, the organization committed to providing a total of \$30,000 to the Northeast Agriculture Research Foundation (NARF), commencing May 1, 2018 and ending June 30, 2021, for a research project entitled, "Improved Integrated Disease Management for Oats in Saskatchewan". The organization is obligated to provide funding of \$10,000 annually upon receipt of an annual report from NARF. Due to delays due to the COVID pandemic, no reports were received prior to year end. As such no expenses were recognized in 2020.

In 2018, the organization committed to providing a total of \$10,264 to the Saskatchewan Soil Conservation Association, commencing December 5, 2017 and ending April 1, 2020, for a research project entitled, "Monitoring SOC on commercial direct-seeded fields across Saskatchewan". The organization is obligated to provide funding of \$7,848 in F2018, \$1,812 in F2019 and \$604 in F2020. The current year contribution of \$604 is included in research and development grant expenses. This commitment was completed in the current year.

## Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

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### 9. Commitments and Projects - continued

The organization has entered into an agreement for levy administration fees for the following fiscal year totaling \$25,381.

POGA has committed to funding certain projects, of which SaskOats will provide proportionate funding based on the overall cost-sharing formula as agreed upon between the parties as detailed in note 8. POGA's commitments are as follows:

<b>Project</b>	<b>Terms</b>
Developing Superior Oat Cultivars and Prairie Oat Breeding Consortium	<ul style="list-style-type: none"> <li>- \$1,189,750 over five years commencing April 1, 2018, \$118,975 of which was expended in the current year (\$475,900 to date).</li> <li>- The Prairie Oat Breeding Consortium, a group of oat industry stakeholders, has agreed to provide funds towards POGA's commitments to this project via annual funding agreement.</li> </ul>
AB Variety Trials, including Estimation of Beta Glucans Content and Yield of Seed from Different Oat Varieties in Alberta	<ul style="list-style-type: none"> <li>- \$53,250 payable in six instalments of \$8,875 as specific requirements are completed commencing April 1, 2019. Amounts expended in the current year total \$17,750 (\$26,625 to date). Funding of \$7,500 has been received from industry partners (\$15,000 to date).</li> </ul>
Developing New Strategies to Efficiently Utilize Oat Grains in High Production Dairy Cows	<ul style="list-style-type: none"> <li>- \$228,290 commencing September 2, 2017 and ending August 30, 2023. \$53,500 was expended in the current year (\$113,250 to date).</li> </ul>
Development of the Mexican Oat Market	<ul style="list-style-type: none"> <li>- \$633,000 commencing April 1, 2018 to be spent by March 31, 2021; \$227,231 was expended during the current year (\$509,687 to date).</li> <li>- POGA is eligible for up to \$348,150 in grant funds for the project \$120,647 of which was recognized in the current year (\$272,004 to date).</li> </ul>
Development of the Japanese Oat Market	<ul style="list-style-type: none"> <li>- \$137,000 commencing April 1, 2019 to be spent by March 31, 2021; \$81,121 was expended in the current year (\$81,121 to date).</li> <li>- POGA is eligible for up to \$70,400 in grant funds for this project, \$42,423 of which was recognized in the current year (\$42,423 to date).</li> </ul>
Canadian Oats Everyday	<ul style="list-style-type: none"> <li>- \$115,000 commencing April 1, 2020 to be spent by March 31, 2021; \$0 was expended in the current year (\$0 to date).</li> <li>- POGA is eligible for up to \$52,273 in grant funds for this project, no of which was recognized in the current year (\$0 to date).</li> </ul>

## Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

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### 9. Commitments and Projects - continued

Project	Terms
Breeding, Genomics and Agronomy research	- \$52,500 commencing April 1, 2018 through to the satisfactory completion of the research reporting and payment obligation. \$10,500 expended in the current year (\$31,500 to date).
Organic Oat Breeding	- \$25,000 commencing April 1, 2018 through March 31, 2023. \$5,000 expended in the current year (\$15,000 to date).
Coordinated Monitoring of Field Crop Insect Pests	- \$22,500 commencing April 1, 2018 through March 31, 2023. \$4,500 expended in the current year (\$13,500 to date).
Grain Safety Sponsorship	- \$10,000 commencing August 1, 2018 and ending September 30, 2020. \$2,500 was expended in the current year (\$7,500 to date).
Economic Value of Diversified Cropping System	- \$2,500 commencing September 19, 2018 through March 31, 2022. \$625 expended in the current year (\$1,875 to date).
Impact of Particle Size on Pulse Oat & Flours	- \$30,000 commencing December 12, 2018 through April 28, 2022. \$11,250 expended in the current year (\$26,250 to date).
Markers Linked to Oat Crown Rust Resistance	- \$40,000 commencing December 12, 2018 through July 1, 2023. \$10,000 expended during the current year (\$20,000 to date).
Tuning the Oat Genome with CRISPR based systems	- \$130,000 commencing April 1, 2019 through April 1, 2021 with an initial payment of \$65,000 in year one, followed by payments of \$32,500 in each of years two and three. \$32,500 expended in the current year (\$97,500 to date). - POGA is eligible for up to \$100,100 in grant funds for this project, \$25,025 of which was recognized in the current year (\$75,075 to date).
Revising the Crop Nutrient Uptake and Removal Guidelines for Western Canada	- \$5,003 commencing December 11, 2020 through December 31, 2022, with an initial payment of \$2,053 in December 2020, followed by payments of \$1,875 in December 2021 and \$625 in December 2022.
Continued Studies on Intercropping	- \$10,000 commencing April 1, 2021 through March 31, 2025, with annual payments of \$2,500.

## Saskatchewan Oat Development Commission

Notes to Financial Statements  
For the year ended July 31, 2020

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### 10. **Budget**

The figures shown under the "Budget" column in the statement of operations are provided for information purposes only.

### 11. **Impact of COVID-19**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The extent of this outbreak and related containment measures could have a material impact on the organization's operations, which cannot be reliably estimated at this time.

Due to delays in research and reporting, one of the organization's commitments to a project was not payable in the current year as discussed in note 9.

## **Independent Practitioners' Reasonable Assurance Report On Internal Controls**

To the Board of Directors

We have undertaken a reasonable assurance engagement of the Saskatchewan Oat Development Commission's operating effectiveness of control as of July 31, 2020 to express an opinion as to the effectiveness of its control related to the following objectives:

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial reports.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The Chartered Professional Accountants of Canada (CPA Canada) defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

### **Management's Responsibility**

Saskatchewan Oat Development Commission's management is responsible for maintaining effective control related to the objectives described above.

### **Independent Practitioners' Responsibility**

Our responsibility is to express an opinion based on our reasonable assurance engagement. We used the control framework included in the Guidance on Control published by CPA Canada to make our judgments about the effectiveness of Saskatchewan Oat Development Commission's control. We did not extend our engagement to consider certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3001, *Direct engagements*. This standard requires that we plan and perform this engagement to obtain reasonable assurance as to the effectiveness of Saskatchewan Oat Development Commission's internal control related to the objectives stated above. The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the effectiveness of internal control. This engagement includes obtaining an understanding of the internal controls and significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining on a test basis, evidence relating to control.

Our reasonable assurance engagement on the effectiveness of Saskatchewan Oat Development Commission's control related to the above objectives does not constitute an audit of internal control over financial reporting performed in conjunction with an audit of financial statements in CPA Canada Handbook - Assurance Section 5925, *An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements*.



Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities, and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

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

### **Opinion**

In our opinion, based on the limitations noted above, Saskatchewan Oat Development Commission's internal controls were effective, in all material respects, to meet the objectives stated above as of July 31, 2020, based on the criteria established in the Guidance on Control published by the Chartered Professional Accountants of Canada.

The report is provided solely for the purpose of assisting the Board of Directors in discharging their responsibilities and is not to be referred to or distributed to any person who is not a member of management or the Board of Saskatchewan Oat Development Commission and should not be used for any other purpose. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan - Rules of Professional Conduct, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* used by CPA Canada and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Baker Tilly SK LLP**



Yorkton, SK  
October 20, 2020



## Independent Practitioners' Reasonable Assurance Report On Compliance

To the Board of Directors of  
Saskatchewan Oat Development Commission

We have undertaken a reasonable assurance engagement of Saskatchewan Oat Development Commission's compliance during the period August 1, 2018 to July 31, 2020 with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing, and investing activities:

*The Agri-Food Act, 2004*  
The Oat Development Plan Regulations  
Commission Orders #07/12 to #13/16  
Agri-Food Council Order #02/11

### *Management's Responsibility*

Management is responsible for Saskatchewan Oat Development Commission's compliance with the specific requirements of the aforementioned legislative and related authorities. Management is also responsible for such internal control as management determines necessary to enable Saskatchewan Oat Development Commission's compliance with the specified requirements.

### *Our Responsibility*

Our responsibility is to express a reasonable assurance opinion on Saskatchewan Oat Development Commission's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, *Direct Engagements to Report on Compliance*. This standard requires we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including as assessment of the risks of significant non-compliance, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists.

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

### *Opinion*

In our opinion, Saskatchewan Oat Development Commission complied with the requirements in the aforementioned legislative and related authorities during the period August 1, 2019 to July 31, 2020, in all significant respects.

We do not provide a legal opinion on Saskatchewan Oat Development Commission's compliance with the specified requirements.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan – Rules of Professional Conduct, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality, and professional behavior.

We apply the *Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements.

**Baker Tilly SK LLP**

Yorkton, SK  
October 20, 2020