

Prairie Oat Growers Association Inc.

FINANCIAL STATEMENTS

Year Ended July 31, 2016

Prairie Oat Growers Association Inc.

Regina, Saskatchewan

July 31, 2016

(Unaudited)

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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, 2016 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 accounting standards for not-for-profit organizations.

Collins Barrow PQ LLP

Collins Barrow PQ LLP

Yorkton, SK
November 21, 2016

Prairie Oat Growers Association Inc.
 Regina, Saskatchewan
 Statement of Financial Position as at July 31, 2016
 (Unaudited)

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	35,163	95,747
Accounts receivable - note 4	154,823	87,645
Prepaid expenses	6,300	10,557
	<u>196,286</u>	<u>193,949</u>
Capital Assets - note 5	<u>1,833</u>	<u>869</u>
	<u>\$ 198,119</u>	<u>\$ 194,818</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities - note 6	22,679	21,083
Deferred revenue - note 7	169,515	167,810
	<u>192,194</u>	<u>188,893</u>
Net Assets, Unrestricted		
Balance, beginning of year	5,925	5,925
Add: Excess of revenue over expenses for the year	0	0
Balance, end of year	<u>5,925</u>	<u>5,925</u>
	<u>\$ 198,119</u>	<u>\$ 194,818</u>

Approved on behalf of the board:

Prairie Oat Growers Association Inc.

Statement of Operations
For the year ended July 31, 2016
(Unaudited)

	2016	2015
Revenue Before Funding Contributions		
<i>Grant revenues: - note 9</i>		
Growing Canadian Agri-Innovations Program	38,737	57,866
AgriMarketing	39,163	269,673
AgriMarketing - Mexico Project	57,244	
ADOPT Program	36,940	24,570
Agriculture Development Fund - Preventing Equine Disease		3,570
Agriculture Development Fund - Mycotoxins in Sask. Oats	81,379	61,006
Alberta Oat Variety Trial	7,875	
Agriculture Development Fund - Crop Sequencing	12,500	
WGRF - Oats Improve the Gastrointestinal Health of Horses	76,421	
IODF - Industry Forum	10,000	
<i>Other revenues:</i>		
Conference revenues	38,137	24,975
Prairie Oat Breeding Consortium partner contributions - note 9	221,716	221,716
	<u>620,112</u>	<u>663,376</u>
Expenses - page 14		
Research projects	555,893	512,476
Market development projects	292,151	820,732
Communications	85,303	58,119
General operating expenses	367,691	346,622
	<u>1,301,038</u>	<u>1,737,949</u>
Deficiency of Revenue Over Expenses Before Funding Contributions	<u>(680,926)</u>	<u>(1,074,573)</u>
Funding Contributions - note 8		
Manitoba Oat Growers Association	165,807	211,824
Saskatchewan Oat Development Commission	442,254	727,839
Alberta Oat Development Commission	72,865	134,910
	<u>680,926</u>	<u>1,074,573</u>
Excess of Revenue Over Expenses for the Year	<u>\$ 0</u>	<u>\$ 0</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, 2016
(Unaudited)

	2016	2015
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	0	0
Add items not requiring cash resources		
Amortization - page 14	1,431	603
Loss on disposal of capital assets	355	
Net change in working capital	<u>(59,620)</u>	<u>103,433</u>
	<u>(57,834)</u>	<u>104,036</u>
Investing activities		
Capital asset purchases	<u>(2,750)</u>	<u>(444)</u>
Net Cash Increase (Decrease) for the Year	<u>(60,584)</u>	<u>103,592</u>
Cash position, beginning of year	<u>95,747</u>	<u>(7,845)</u>
Cash Position, End of Year	<u>\$ 35,163</u>	<u>\$ 95,747</u>
Represented By:		
Cash and cash equivalents	<u>\$ 35,163</u>	<u>\$ 95,747</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	(67,178)	151,829
- prepaid expenses	4,257	(1,946)
Increase (decrease) - accounts payable and accrued liabilities	1,596	(53,378)
- other current liabilities	<u>1,705</u>	<u>6,928</u>
	<u>\$(59,620)</u>	<u>\$ 103,433</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, 2016
(Unaudited)

1. Nature of Operations

The Prairie Oat Growers Association Inc. (POGA) 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 prairie producers and increase its value to the customer. The organization is not subject to income tax.

POGA also works to co-ordinate the efforts of the Saskatchewan Oat Development Commission, the Manitoba Oat Growers Association and the Alberta Oat Growers Commission. Further information regarding the relationship between POGA and these provincial organizations is detailed in note 8.

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:

	Method of Amortization	Rate of Amortization
Furniture, fixtures and equipment	straight-line	5 years
Computer 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

Funding contributions from the Saskatchewan Oat Development Commission, the Alberta Oat Growers 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.

Grant revenues and other contributions are recognized following the deferral method of accounting. As such, restricted contributions subject to external stipulations, including grant revenues, are recognized as revenue in the same period in which the related expenditures are made, provided all grant qualifications have been met and collection is reasonably assured. Restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

2. Significant Accounting Policies - continued

(c) Revenue - continued

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured

Prairie Oat Breeding Consortium partner contributions are recognized proportionately in each month of the related membership year.

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

Investment income comprised of interest from cash and fixed income investments are recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method. Other investment income is recognized when it is received.

(d) Project expenses

Project expenses are recognized when the expenditures are made or become payable.

(e) 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.

(f) 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 regarding the expected service lives of capital assets.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

3. Risks Arising from Financial Instruments

The organization is not exposed to significant risks through its financial instruments.

	2016	2015
4. Accounts Receivable		
Accounts receivable are comprised of the following items:		
Accounts receivable	131,704	45,962
Accrued grants receivable:		
AgriMarketing - EFOP		20,829
AgriInnovations		20,854
AgriMarketing - Mexico	<u>23,119</u>	<u> </u>
	<u>\$ 154,823</u>	<u>\$ 87,645</u>

5. Capital Assets

Cost		
Furniture, fixtures and equipment	727	1,049
Computer equipment	<u>5,178</u>	<u>3,155</u>
	<u>5,905</u>	<u>4,204</u>
Accumulated amortization		
Furniture, fixtures and equipment	242	694
Computer equipment	<u>3,830</u>	<u>2,641</u>
	<u>4,072</u>	<u>3,335</u>
Net book value	<u>\$ 1,833</u>	<u>\$ 869</u>

6. Accounts Payable and Accrued Liabilities

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

Accounts payable	20,881	21,083
Government remittances	<u>1,798</u>	<u> </u>
	<u>\$ 22,679</u>	<u>\$ 21,083</u>

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

7. Deferred Revenue

Deferred revenue is comprised of the following items:

	Balance, Beginning of Year	Less Amount Recognized	Plus Amount Received or Receivable	Balance, End of Year
POBC memberships	147,810	221,716	221,716	147,810
Crop Sequencing	20,000	12,500		7,500
Alberta Oat Variety Testing			3,125	3,125
Oat Manual			5,000	5,000
Gastrointestinal Health of Horses			6,080	6,080
	<u>\$ 167,810</u>	<u>\$ 234,216</u>	<u>\$ 235,921</u>	<u>\$ 169,515</u>

8. Transactions with Related Parties

Included in these financial statements are transactions with the Saskatchewan Oat Development Commission (SODC), the Manitoba Oat Growers Association (MOGA) and the Alberta Oat Growers Commission (AOGC), all 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, the MOGA and the AOGC. The SODC, 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. 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, the MOGA or the AOGC exclusively are recovered from that organization based on the actual cost to the Prairie Oat Growers Association Inc.

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

Financial Statement Accounts	2016	2015
Assets		
Accounts receivable - SODC's expenses paid by POGA	\$ 0	\$ 13,000
Accounts receivable - SODC's funding contributions (netted against above)	68,549	(12,400)
Accounts receivable - AOGC's funding contributions	6,782	1,104
Accounts receivable - MOGA's funding contributions	56,296	
Liabilities		
Accounts payable - Board of Director expenses	12,470	12,321
Accounts payable - MOGA's funding contributions		7,275
Revenue		
Funding contributions (SODC)	442,254	727,839
Funding contributions (AOGC)	72,865	134,910
Funding contributions (MOGA)	165,807	211,824
POBC contributions (MOGA)	28,472	28,472
Grant funds received from SODC	15,000	

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

9. Projects and Future Funding Commitments

In the current year, the organization was involved in the following projects:

Oat Sustainability Project (OSP)

The objective of this project is to increase the domestic production and commercial marketing of Canadian oats through increased consumption of oats in equine markets in the United States through a combination of research into the nutritional quality of oats, market research and market development through targeted advertising and promotion.

The following three initiatives are undertaken as part of the Oat Sustainability Project.

Differentiate Canadian Oats in the US Equine Feed Market

The purpose of this project is to demonstrate the benefits of oats in equine feed through media awareness, and through promoting and increasing awareness to key influencers. POGA was eligible for a grant of up to \$600,000 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food to fund 50% of eligible expenditures under this project. \$74,053 (\$539,346 in the prior year) of expenses eligible are recognized in the statement of operations in the Oat Sustainability Project. \$59,992 (\$248,844 in the prior year) in grant funds was received in the year of which \$20,829 related to prior year amounts receivable, equating to 50% of eligible expenditures. This project was completed in the fiscal year.

Marketing and Media

The organization agreed to sponsor The Julie Goodnight Show on RDTV for a total of \$91,200 denoted in US dollars, in monthly instalments commencing November 1, 2012 and ending October 1, 2014. The contract was extended in the prior year for a total of \$64,600 denoted in US dollars, in monthly instalments commencing November 1, 2014 and ended March 31, 2016. In return for this sponsorship, Julie Goodnight agreed to endorse the Oat Sustainability Project. Amounts paid in the current year total \$36,384 (\$50,300 in the prior year), measured in Canadian dollars. These expenses have been recognized in the Oat Sustainability Project expenses, and were eligible expenses under the Differentiate Canadian Oats in the US Equine Feed Market project.

The organization entered into a contract for website content and marketing to increase online traffic and presence at a total cost of \$41,000 payable monthly at \$5,125 per month commencing August 1, 2015, and concluding March 31, 2016. Amounts paid in the current year total \$35,875 (\$5,125 in the prior year). These expenses were eligible expenses under the Differentiate Canadian Oats in the US Equine Feed Market project.

Oats Improve the Gastrointestinal Health of Horses

The purpose of this project is to increase horses' gastrointestinal health from the inclusion of whole oats in horses' diets. The organization has agreed to fund a total of \$116,106, denoted in US dollars from August 1, 2015 through August 1, 2017 toward a research project conducted by the Pennsylvania State University. POGA is eligible for a grant for up to \$110,000, denoted in Canadian dollars, from the Western Grain Research Foundation over the defined period. Amounts paid in the current year total \$76,421, measured in Canadian dollars, and are eligible expenses under the Western Grain Research Foundation grant. These expenses have been recognized in the Oat Sustainability Project expenses.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

9. **Projects and Future Funding Commitments** - continued

Improving the Nutritional Value of Oat Through Increasing the Level of Water-Soluble Beta-Glucan

The organization agreed to fund a total of \$90,000 from December 20, 2012 through November 1, 2015 toward a research project conducted at the University of Saskatchewan with the goal of identifying genes involved in the biosynthesis of oat beta glucan and functional marker development to assist oat breeding. Amounts paid and recognized as an expense in the current year total \$5,000 (\$90,000 to date). This project was completed in the fiscal year.

Healthier Oat Oil

The organization agreed to fund a total of \$90,000 from January 1, 2013 through March 31, 2016 toward a research project conducted at the University of Saskatchewan with the goal of improving the stability and nutritional properties of oat oil by identifying oat germplasm with higher proportions of oleic acid. Amounts paid and recognized as an expense in the current year total \$15,000 (\$90,000 to date). This project was completed in the fiscal year.

Developing Superior Oat Cultivars for Canada and Prairie Oat Breeding Consortium (POBC)

POGA has agreed to participate in a collaborative research project with Agriculture and Agri-Food Canada (AAFC) for the purposes of developing superior oat cultivars for Canada. This project is led and administered by AAFC. POGA has committed to funding \$1,098,581 of the total project budget of \$2,865,829. Eligible expenditures paid and recognized as an expense in the current year total \$220,728 (\$702,060 to date). The project commenced in April 2013 and will continue to March 31, 2018.

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 membership fees.

Development of Oat Cultivars

The organization has agreed to fund \$20,000 per year, April 1, 2013 through March 31, 2018, with an optional two-year renewal period, toward a research project undertaken by Oat Advantage in Saskatoon, Saskatchewan with the goal of improving the oat line quality selection for low hull content and improved oat line selection of variation of oat groat hairs. Amounts paid and recognized as an expense in the current year total \$20,000 (\$80,000 to date).

Improving Transportation Impediments for Canadian Oats

The purpose of this project is to improve the transportation of Canadian oats. POGA had entered into contracts for the provision of services extending to July 31, 2016, including facilitating meetings with representatives of the agricultural products transportation industry. There are no remaining commitments under this contract. Expenses incurred in the current year are recognized in the Transportation Impediments expense.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

9. **Projects and Future Funding Commitments** - continued

Occurrence and Fate of Toxigenic Fungi and Their Associated Mycotoxins in Saskatchewan-Grown Oats and Oat Milling Projects

The purpose of this project is to investigate the occurrence of specific fungi and their associated mycotoxins in oats grown in different regions across the Canadian Prairies, with a focus on those grown in Saskatchewan, the effect of sample processing on fungal and mycotoxin measurements, and the effects of de-hulling, steaming, kilning and milling on concentrations of mycotoxigenic fungi and mycotoxins in oats and oat milling products. POGA is eligible for a grant of up to \$233,722 from the Government of Saskatchewan as represented by the Ministry of Agriculture through the Ministry's Agriculture Development Fund, in defined contribution levels over five years, commencing January 2014. \$81,378 in funding has been recognized as revenue in the current year (\$142,384 to date). Additionally, a third party has committed to providing \$619,749 of in-kind contributions to the project over the five-year period. POGA has committed to contributing \$19,480 in each of the first four years of the project. Eligible expenses recognized in the current year total \$100,784 (\$200,751 to date).

Yield Response and Test Weight Stability of Oat to Fertilizer N

The organization entered into a grant agreement with the Saskatchewan Ministry of Agriculture under its Agricultural Demonstration of Practices and Technologies (ADOPT) initiative on behalf of a third party group to fund a project aiming to validate research results regarding the responsiveness of oats to a particular fertilizer, expose growers to new oat cultivars and to determine if the test weight of current oat cultivars vary in the stability of their test weight as the nitrogen rate is increased. The total value of the grant was up to \$30,720. Amounts received, paid and recognized as revenue and expense in the current year total \$6,220 (\$30,720 to date). This project was completed in the fiscal year.

The organization entered into a second grant agreement Saskatchewan Ministry of Agriculture under its Agricultural Demonstration of Practices and Technologies (ADOPT) initiative on behalf of a third party group to continue to fund the project. The total value of the grant was up to \$30,720. Amounts received, paid and recognized as revenue and expense in the current year total \$6,150 (\$30,720 to date). This project was completed in the fiscal year.

The organization has entered into a third grant agreement Saskatchewan Ministry of Agriculture under its Agricultural Demonstration of Practices and Technologies (ADOPT) initiative on behalf of a third party group to continue to fund the project. The total value of the grant is up to \$30,720. Amounts received, paid and recognized as revenue and expense in the current year total \$24,570.

Transposon-Mediated Activation Tagging in Oats

The purpose of this project is to lay the foundation for a new method of identifying genes to improve oat breeding. POGA is eligible for a grant of up to \$151,500 from the Government of Canada as represented by the Ministry of Agriculture and Agri-Food through the Ministry's AgriInnovation Program, in defined contribution levels over four years commencing April 1, 2014, to fund 75% of eligible expenditures under this project. POGA has contracted a third party to carry out the project at a total cost of \$197,801. Eligible expenses recognized in the current year total \$50,600 (\$98,900 to date).

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

9. **Projects and Future Funding Commitments** - continued

Crop Sequencing of Large Acreage Crops

The organization has agreed to fund a total of \$32,500 from December 5, 2014 through July 20, 2020 toward a research project conducted by the Ministry's Agriculture Development Fund to identify crop sequence and rotation changes that will increase the yield and quality of special crops and other crops as the climate changes from a warm, dry environment to a wet, cool environment. POGA has received \$20,000 from industry partners towards the funding of this project. Amounts paid and recognized as revenue and expense in the current year total \$12,500.

Investigation of Avenanthramides

The organization has agreed to fund a total of \$90,000 from December 5, 2014 through December 31, 2017 toward a research project conducted by the University of Saskatchewan to survey the content of nutritional avenanthramides in oat species, cultivators and breeding lines to increase the levels of the healthy compounds in oats. Amounts paid and recognized as an expense in the current year total \$30,000 (\$50,000 to date).

Breeding for Resistance to Leaf Blotch Pathogens in Saskatchewan Oats

The organization has agreed to fund a total of \$45,000 from December 5, 2014 through November 15, 2017 toward a research project conducted by the University of Saskatchewan to increase the resistance of Pyrenophora and Stagnospora pathogens in commercial oat fields. Amounts paid and recognized as an expense in the current year total \$15,000.

Development of the Mexican Oat Market

The purpose of this project is to develop the Mexican market for the export of Canadian oats by increasing consumer awareness of the health benefits of oats and developing partnerships with Mexican nutrition and dietitian associations. POGA is eligible for a grant of up to \$161,250 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food to fund 50% of eligible expenditures under this project incurred between July 1, 2015 and March 31, 2018. POGA has entered into contracts for the provision of services extending to March 2018, including online marketing and the facilitation of a trade mission. POGA's commitment under this contract totals \$341,000 for contracted services, plus actual travel and meeting costs. Expenses incurred in the current year are recognized in the Mexican Oats expenses.

Crown Rust Initiative

The organization has agreed to fund a total of \$100,000, denoted in US dollars, from October 1, 2015 through July 1, 2019 toward a research project conducted by the United States Department of Agriculture, Agricultural Research Service to identify genes that will provide resistance to crown rust in oats. Payments are to be made October 1, 2015, and each July 1 thereafter. Amounts paid in the current year total \$27,466, measured in Canadian dollars.

Mitigating Mycotoxins in the Canadian Food Value Chain

The organization has agreed to fund a total of \$40,000 from March 31, 2016 through March 31, 2018 toward a research project conducted by Food & Consumer Products Canada to identify methods to minimize the development of mycotoxins in oats. Amounts paid and recognized as an expense in the current year total \$13,333.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2016
(Unaudited)

9. **Projects and Future Funding Commitments** - continued

Online Grower Manual

The purpose of this project is to provide up-to-date information to growers on maximizing oat yield and quality. The Saskatchewan Oat Development Commission has applied for a grant on behalf of POGA. The project is eligible for a grant of up to \$10,000 from the Government of Saskatchewan as represented by the Ministry of Agriculture through the Ministry's Agriculture Development Fund, to be paid over the period commencing June 2, 2016 and ending July 30, 2017. POGA has entered into contracts for the provision of services extending to June 30, 2017. POGA's commitment under this contract totals \$15,000, with an additional \$5,000 available for other costs incurred. No expenses have been incurred by POGA to date regarding this project.

Estimation of Beta Glucans Content and Yield of Seeds from Different Oat Varieties in Alberta

The organization has agreed to fund a total of \$15,750 toward a research project led by Gateway Research Organization commencing May 5, 2016 to investigate the impact of the milling varieties and growing conditions on the yield and beta glucan in Westlock, AB and Fahler, AB. POGA has received \$11,000 from industry partners towards the funding of this project. Amounts paid and recognized as revenue and expense in the current year total \$7,875.

Development of an Oat Based Beverage Rich in Dietary Fibre and Protein

The organization has agreed to fund a total of \$60,000, July 1, 2016 through August 31, 2019, toward a research project conducted by the University of Alberta to develop two oat protein based beverages that will improve the quality of life of patients who are undergoing radiation therapy. No expenses have been incurred by POGA to date regarding this project.

Oatdeal Coffee Additive

The organization has agreed to fund a total of \$10,000 toward a research project, commencing July 1, 2016, conducted by the University of Alberta, to develop an oat-based beverage additive with protein, beta glucan and a probiotic. No expenses have been incurred by POGA to date regarding this project.

Grain Safety Sponsorship

The organization has agreed to sponsor the Grain Safety Program initiated by the Canadian Agriculture Safety Association for a total of \$10,000 in annual instalments commencing July 19, 2016 and ending August 31, 2017. In return for the sponsorship, Canadian Agriculture Safety Association has agreed to acknowledge POGA as a contributing sponsor throughout the term of the project. Amounts paid in the current year total \$2,500. These expenses have been recognized in advertising expenses.

Prairie Oat Growers Association Inc.

Schedule of Expenses
For the year ended July 31, 2016
(Unaudited)

	2016	2015
1. Research projects - note 9		
Alberta Oat Variety Trial	7,875	
Beattie Leaf Blotch	15,000	
Crop Sequencing	12,500	
Crown Rust	27,466	
Development of Oat Cultivars	20,000	20,000
Developing Superior Oat Cultivars	220,728	216,400
Healthier Oat Oil	15,000	30,000
Investigation of Avenanthramide	30,000	20,000
Mitigating Mycotoxins	14,000	
Mycotoxins in Saskatchewan	100,784	99,968
NAMA Oat Curator		28,238
Tagging in Oats	50,600	48,300
Water Soluble Beta Glucan	5,000	25,000
Yield Response and Test Weight Stability of Oats to Fertilizer N	36,940	24,570
	\$ 555,893	\$ 512,476
2. Market development projects - note 9		
Mexican Oats	120,047	67,356
Oat Sustainability Project	150,474	698,733
Transportation Impediments	21,630	54,643
	\$ 292,151	\$ 820,732
3. Communications		
Advertising, sponsorships, newsletter, website and membership	66,596	58,119
Oat Form	18,707	
	\$ 85,303	\$ 58,119
4. General operating expenses		
Administrative	209,477	170,197
Amortization	1,431	603
Annual conference	46,467	45,710
Directors' travel and administration	70,000	96,237
Insurance	2,350	2,350
Interest and bank charges	851	1,412
Loss on foreign exchange	435	6,684
Meetings	17,781	17,049
Policy	13,720	
Professional fees	4,824	6,380
Loss on disposal of capital assets	355	
	\$ 367,691	\$ 346,622

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