

**FINANCIAL
STATEMENTS**

**Prairie Oat Growers
Association Inc.**

Year Ended July 31, 2010

Prairie Oat Growers Association Inc.

Yorkton, Saskatchewan

July 31, 2010

(Unaudited)

Table of Contents

	Page
Review Engagement Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7

PARKERQUINE LLP
Chartered Accountants Business Advisors

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, 2010 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
November 14, 2011

Prairie Oat Growers Association Inc.
 Yorkton, Saskatchewan
 Statement of Financial Position as at July 31, 2010
 (Unaudited)

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	57,118	7,183
Accounts receivable	101,206	71,618
Prepaid expenses	<u>2,300</u>	<u>417</u>
	160,624	79,218
 Capital Assets - note 5	 <u>363</u>	 <u>968</u>
	<u>\$ 160,987</u>	<u>\$ 80,186</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	<u>155,062</u>	<u>74,261</u>
Net Assets		
Balance, beginning of year	5,925	5,925
Add: Excess of revenue over expenses for the year	<u>0</u>	<u>0</u>
Balance, end of year	<u>5,925</u>	<u>5,925</u>
	<u>\$ 160,987</u>	<u>\$ 80,186</u>

Approved on behalf of the board:

Prairie Oat Growers Association Inc.

Statement of Operations
For the year ended July 31, 2010
(Unaudited)

	2010	2009
Revenue		
<i>Funding contributions:</i>		
Manitoba Oat Growers Association	68,225	23,495
Saskatchewan Oat Development Commission	167,547	61,480
<i>Other revenues:</i>		
Conference revenues	19,711	21,349
Gain on disposal of capital assets	121	
Memberships and other		1,340
	<u>255,604</u>	<u>107,664</u>
Expenses		
Market development projects:		
Equine Feed Oat Project	104,357	
Other		3,568
Administration contracts	51,180	42,666
Advertising, sponsorships and newsletter	19,755	2,596
Annual conference	13,048	9,243
Bank charges	136	49
Directors' travel and administration	26,513	10,252
Manager's expenses	9,062	12,348
Meetings attended	1,351	
Meetings - POGA sponsored	1,159	588
Meetings - producers		3,730
Office and postage	21,422	14,371
Professional fees		1,006
Rent - building	1,501	819
Telephone	5,270	5,263
Website design and maintenance	729	923
	<u>255,483</u>	<u>107,422</u>
Excess of Revenue over Expenses Before Amortization	121	242
Amortization		
Furniture, fixtures and equipment	<u>121</u>	<u>242</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, 2010 (Unaudited)

	2010	2009
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	0	0
Add items not requiring cash resources		
Amortization	121	242
Loss (gain) on disposal of capital assets	(121)	
Net change in working capital	<u>49,330</u>	<u>(768)</u>
	<u>49,330</u>	<u>(526)</u>
Investing activities		
Capital asset purchases		(1,210)
Proceeds on disposal of capital assets	605	
	<u>605</u>	<u>(1,210)</u>
Net Cash Increase (Decrease) for the Year	49,935	(1,736)
Cash position, beginning of year	<u>7,183</u>	<u>8,919</u>
Cash Position, End of Year	<u>\$ 57,118</u>	<u>\$ 7,183</u>
Represented By:		
Cash and cash equivalents	<u>\$ 57,118</u>	<u>\$ 7,183</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	(29,588)	(68,693)
- prepaid expenses	(1,883)	(417)
Increase (decrease) - accounts payable and accrued liabilities	<u>80,801</u>	<u>68,342</u>
	<u>\$ 49,330</u>	<u>\$ (768)</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, 2010
(Unaudited)

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
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(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, 2010
(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.

4. Capital Disclosure

The organization manages its capital with the goals of maintaining a responsible financial position allowing it to meet its goals and obligations. Capital consists of cash and net assets.

	2010	2009
5. Capital Assets		
Cost		
Furniture, fixtures and equipment	605	1,210
Accumulated amortization		
Furniture, fixtures and equipment	<u>242</u>	<u>242</u>
Net book value	<u>\$ 363</u>	<u>\$ 968</u>

6. Commitments

The organization has committed to providing funding for the following projects:

Project	Terms
Equine Feed Oat Project	\$200,000 in 2011, \$192,000 in 2012
Core Funding/Oat Genome Study	Approximately \$78,000 in 2011, \$192,000 in 2012 and \$80,000 in 2013, all denoted in US dollars

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2010
(Unaudited)

7. 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.

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

Financial Statement Accounts	Terms or Conditions	2010	2009
Assets			
Accounts receivable - MOGA's expenses paid by POGA	no specific terms	\$ 27,178	\$ 25,138
Accounts receivable - SODC's funding contributions	no specific terms	74,028	46,480
Liabilities			
Accounts payable - board of director expenses	no specific terms	11,581	8,767
Accounts payable - management expenses	no specific terms	18,309	12,348
Accounts payable - MOGA's funding contributions	no specific terms	86,280	34,505
Accounts payable - POGA's expenses paid by SODC	no specific terms	25,461	18,000
Revenue			
Funding contributions (MOGA)	no specific terms	68,225	23,495
Funding contributions (SODC)	no specific terms	167,547	61,480