

**FINANCIAL
STATEMENTS**

**Saskatchewan Oat
Development Commission**

Year Ended July 31, 2009

Saskatchewan Oat Development Commission

Saltcoats, Saskatchewan

July 31, 2009

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PARKERQUINE LLP
Chartered Accountants Business Advisors

Auditors' Report

To the board of directors
Saskatchewan Oat Development Commission

We have audited the Statement of Financial Position of Saskatchewan Oat Development Commission as at July 31, 2009 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The commission collects a check-off fee from Saskatchewan producers through buyers of oats. It was not practical 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, including the establishment and monitoring of all related controls. It was not practical for us to examine the records of this third party. Accordingly, our verification of check-off fee revenue was limited to the amounts recorded in the accounts 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.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of check-off revenue as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2009 and the results of its operations and changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Yorkton, SK
January 8, 2010

PARKERQUINE LLP

Per: 

Saskatchewan Oat Development Commission

Saltcoats, Saskatchewan

Statement of Financial Position as at July 31, 2009

	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	365,603	32,611
Short-term investments	1,200,000	1,004,301
Accounts receivable - note 5	72,161	144,998
Accrued interest receivable	14,609	7,849
Prepaid expenses	410	366
	<u>1,652,783</u>	<u>1,190,125</u>
Capital Assets - note 6	<u>2,098</u>	<u>2,797</u>
	<u>\$ 1,654,881</u>	<u>\$ 1,192,922</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	<u>88,436</u>	<u>79,515</u>
Net Assets		
Invested in capital assets	2,098	2,797
Unrestricted net assets	<u>1,564,347</u>	<u>1,110,610</u>
	<u>1,566,445</u>	<u>1,113,407</u>
	<u>\$ 1,654,881</u>	<u>\$ 1,192,922</u>

Approved on behalf of the board:

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

Saskatchewan Oat Development Commission

Statement of Changes in Net Assets

For the year ended July 31, 2009

	Invested in Capital Assets	Unrestricted Net Assets	2009 Total	2008 Total
Balance, beginning of year	2,797	1,110,610	1,113,407	468,955
Excess (deficiency) of revenue over expenses for the year	<u>(699)</u>	<u>453,737</u>	<u>453,038</u>	<u>644,452</u>
Balance, end of year	<u>\$ 2,098</u>	<u>\$ 1,564,347</u>	<u>\$ 1,566,445</u>	<u>\$ 1,113,407</u>

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Saskatchewan Oat Development Commission

Statement of Operations

For the year ended July 31, 2009

	Budget	2009	2008
Revenue			
Producer check-off fees	550,000	704,256	835,514
Less: Producer check-off refunds	<u>(19,250)</u>	<u>(43,116)</u>	<u>(32,422)</u>
	530,750	661,140	803,092
Investment and other income	20,000	26,472	24,413
Subsidies and grants	<u>35,000</u>	<u>22,414</u>	<u>25,953</u>
	<u>585,750</u>	<u>710,026</u>	<u>853,458</u>
Expenses			
Amortization		699	699
Board of Directors	18,000	13,550	8,650
Executive Director contract	36,000	27,000	36,000
Levy administration fees	15,000	13,029	14,432
Policy development	50,000		10,872
Producer meetings	4,000	4,921	4,012
Research and development	400,000	154,678	79,737
General and administrative:			
Administrative fees paid to POGA - note 8		15,000	
Bank charges	500	336	324
Courses, seminars and workshops			334
Memberships		5,329	21,037
Newsletter, promotion and website	50,000	16,112	22,275
Office and other administrative	5,300	2,924	3,529
Professional fees	4,000	3,410	4,180
Telephone	<u>3,000</u>		<u>2,925</u>
	<u>585,800</u>	<u>256,988</u>	<u>209,006</u>
Excess of Revenue Over Expenses for the Year	<u>\$ (50)</u>	<u>\$ 453,038</u>	<u>\$ 644,452</u>

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

Saskatchewan Oat Development Commission

Statement of Cash Flows
For the year ended July 31, 2009

	2009	2008
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	453,038	644,452
Add items not requiring cash resources		
Amortization	699	699
Net change in working capital	<u>74,955</u>	<u>(42,918)</u>
	<u>528,692</u>	<u>602,233</u>
Investing activities		
Capital asset purchases		(3,496)
Additions to short-term investments	(2,066,431)	(1,104,301)
Proceeds on disposal of short-term investments	<u>1,870,731</u>	<u>500,000</u>
	<u>(195,700)</u>	<u>(607,797)</u>
Net Cash Increase (Decrease) for the Year	332,992	(5,564)
Cash position, beginning of year	<u>32,611</u>	<u>38,175</u>
Cash Position, End of Year	<u>\$ 365,603</u>	<u>\$ 32,611</u>
Represented By:		
Cash and cash equivalents	<u>\$ 365,603</u>	<u>\$ 32,611</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	72,837	(105,013)
- prepaid expenses	(44)	(366)
- other current assets	(6,760)	(4,728)
Increase (decrease) - accounts payable and accrued liabilities	<u>8,922</u>	<u>67,189</u>
	<u>\$ 74,955</u>	<u>\$(42,918)</u>
Additional Information		
Interest received	\$ 14,282	\$ 15,383

*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, 2009

1. Nature of Operations

The organization was established April 12, 2006 pursuant to The Oat Development Plan Regulations (the Regulations), under the authority of The Agri-Food Act, 2004. The purpose of the organization is to develop 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.

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) Short-term investments

Short-term investments represent investments in guaranteed investment certificates. Short-term investments are classified as held-to-maturity and reported at amortized cost using the effective interest method.

(b) 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:

Computer equipment	5 years
Computer software	5 years

(c) Revenue

Under the Regulations, each producer is required to pay the organization a check-off fee of \$0.50 per tonne of oats marketed. 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 Regulations.

Producer check-off fees and registration fees are recognized when they become receivable from the producers and collection is reasonably assured. Refunds are recognized as requested by producers in the same fiscal year as the related revenue is reported.

Interest revenues are recognized as earned. Investment revenues relating to investments designated as held-for-trading are recognized as the change in the fair value of the investments changes.

Saskatchewan Oat Development Commission

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

2. **Significant Accounting Policies** - continued

(d) Donated materials and services

The organization benefits from the donation of materials and services. These financial statements do not reflect the value of donations-in-kind received in the year.

(e) Government assistance

Government assistance related to operating expenses is reflected as income in the year the related expenditures are incurred.

Government assistance in the form of operating grants is recognized as income in the year the grants are received.

(f) 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.

3. **Financial Instruments**

The organization's financial instruments consist of cash, short-term investments and accounts payable and accrued liabilities. For cash 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, short-term investments and net assets.

Saskatchewan Oat Development Commission

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

	2009	2008
5. Accounts Receivable		
Accounts receivable are comprised of the following items:		
Trade accounts receivable	72,161	119,045
Government grants receivable	<u> </u>	<u>25,953</u>
	<u>\$ 72,161</u>	<u>\$ 144,998</u>
6. Capital Assets		
Cost		
Computer equipment	2,730	2,730
Computer software	<u>766</u>	<u>766</u>
	<u>3,496</u>	<u>3,496</u>
Accumulated amortization		
Computer equipment	1,092	546
Computer software	<u>306</u>	<u>153</u>
	<u>1,398</u>	<u>699</u>
Net book value	<u>\$ 2,098</u>	<u>\$ 2,797</u>

7. Commitments

In the 2008 year, the organization committed to providing \$100,000 per year for each of the next five years, with payments due semi-annually commencing July 1, 2008, to further oat research at the Crop Development Centre at the University of Saskatchewan. The third \$50,000 semi-annual payment of this commitment, payable July 1, 2009, has been included in accounts payable and is included in research and development expenses.

During the year, the organization has committed in principal to provide \$20,000 per year for the next three years to an additional research project regarding fungicide application. This project has not commenced as of year end.

Saskatchewan Oat Development Commission

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

8. Related-Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to Saskatchewan Oat Development Commission by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Also, Saskatchewan Oat Development Commission is related to non-crown enterprises that the government jointly controls or significantly influences.

Certain transactions with the Prairie Oat Growers Association (POGA) are by virtue of a cost-sharing arrangement between the two organizations for costs relating to overhead expenses. During the year, the organization entered into an informal agreement with POGA for administrative services. This agreement has not been finalized and may be subject to change.

In addition, the organization pays provincial sales tax to the Saskatchewan Department of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Financial Statement Accounts	Terms or Conditions	2009	2008
Liabilities			
Accounts payable (for levy administration)	normal trade terms	\$ 1,260	\$
Expenses			
Administrative fees		15,000	
Telephone	SODC's share		2,925
Levy administration fees	normal trade terms	13,029	14,431

9. Budget

The budgeted figures represent the estimates of revenues and expenses as approved by the Board of Directors and have not been subject to audit.