

**FINANCIAL
STATEMENTS**

**Saskatchewan Oat
Development Commission**

Year Ended July 31, 2007

Saskatchewan Oat Development Commission

Saltcoats, Saskatchewan

July 31, 2007

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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, 2007 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.

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 with respect to the completeness of check-off revenue as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the commission as at July 31, 2007 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 4, 2008

PARKERQUINE LLP

Per:

Mandy Pute

Saskatchewan Oat Development Commission

Saltcoats, Saskatchewan

Statement of Financial Position as at July 31, 2007

	2007	2006 (Note 6)
Assets		
Current Assets		
Cash and cash equivalents	38,173	7,371
Short-term investments	400,000	
Accounts receivable	39,985	
Accrued interest receivable	<u>3,121</u>	<u> </u>
	<u>\$ 481,279</u>	<u>\$ 7,371</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	12,326	3,464
Net Assets		
Unrestricted net assets	<u>468,953</u>	<u>3,907</u>
	<u>\$ 481,279</u>	<u>\$ 7,371</u>

Approved on behalf of the board:

[Dwayne Anderson]

[Tyson Becker]

*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, 2007

	Unrestricted Net Assets	2007 Total	2006 Total (Note 6)
Balance, beginning of year	3,907	3,907	
Excess of revenue over expenses for the year	<u>465,046</u>	<u>465,046</u>	<u>3,907</u>
Balance, end of year	<u>\$ 468,953</u>	<u>\$ 468,953</u>	<u>\$ 3,907</u>

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part of these financial statements.*

Saskatchewan Oat Development Commission

Statement of Operations

For the year ended July 31, 2007

	Budget	2007	2006 (Note 6)
Revenue			
Producer check-off fees	375,000	576,377	
Less: producer check-off refunds	(22,500)	(21,312)	
	352,500	555,065	0
Subsidies and grants			10,000
Interest income		4,490	
	352,500	559,555	10,000
Expenses			
Board of directors	12,000	6,698	1,964
Levy administration fees	18,000	11,394	
Management fees	35,000	27,500	4,000
Producer meetings	5,000	2,981	
Newsletter	5,000	3,285	
Office	10,000	5,810	119
Research and development	140,000	25,000	
Travel	5,000	547	
Other	15,000		
Advertising and promotion		3,518	
Bank charges		344	10
Courses, seminars and workshops		1,253	
Memberships		3,124	
Supplies		2,157	
Telephone		898	
	245,000	94,509	6,093
Excess of Revenue Over Expenses for the Year	\$ 107,500	\$ 465,046	\$ 3,907

*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, 2007

	2007	2006 (Note 6)
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	465,046	3,907
Net change in working capital	<u>(34,244)</u>	<u>3,464</u>
	430,802	7,371
Investing activities		
Additions to short-term investments	<u>(400,000)</u>	<u>0</u>
Net Cash Increase for the Year	30,802	7,371
Cash position, beginning of year	<u>7,371</u>	<u>0</u>
Cash Position, End of Year	<u>\$ 38,173</u>	<u>\$ 7,371</u>
Represented By:		
Cash and cash equivalents	<u>\$ 38,173</u>	<u>\$ 7,371</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, 2007

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's. Short-term investments are written down to market value in the event of declines in market value that are not considered to be temporary.

(b) 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.

(c) Government assistance

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

(d) 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.

Saskatchewan Oat Development Commission

Notes to Financial Statements
For the year ended July 31, 2007

3. Financial Instruments

The organization's financial instruments consist of cash, short-term investment 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. 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 are by virtue of a cost sharing arrangement between the two organizations for costs relating to certain overhead expenses. These transactions are recorded at the rates charged by the Prairie Oat Growers Association, which are equal to the Saskatchewan Oat Development Commission's portion of the rates charged to the Prairie Oat Growers Association by the third party suppliers.

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	2007	2006
Revenue			
Government grant	development assistance	\$	\$ 10,000
Expenses			
Courses, seminars and workshops	SODC's share	405	
Telephone	SODC's share	149	
Levy administration fees	normal trade terms	10,281	

Saskatchewan Oat Development Commission

Notes to Financial Statements
For the year ended July 31, 2007

5. **Budget**

The budgeted figures represent the initial estimates of revenues and expenses as contained in the August 2005 Ministerial Application with regards to the check-off collection plan as prepared by the Prairie Oat Growers Association, Inc.

6. **Comparative Figures**

The unaudited financial statements for 2006, which are presented for comparative purposes, were compiled by ParkerQuine LLP.

The comparative figures reflect the results of operations and changes in cash flow for the period from April 12, 2006 to July 31, 2006.