

Prairie Oat Growers Association Inc.

FINANCIAL STATEMENTS

Year Ended July 31, 2020

Prairie Oat Growers Association Inc.

Regina, Saskatchewan

July 31, 2020

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Independent Practitioners' Review Engagement Report

To the board of directors
Prairie Oat Growers Association Inc.

We have reviewed the accompanying financial statements of Prairie Oat Growers Association Inc., that comprise the Statement of Financial Position as at July 31, 2020, and the Statements of Operations and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

As indicated in note 9, the organization has obligations for research activities conducted in the current year that did not fully meet the requirements of the research contract, relating to the Developing Superior Oat Cultivars for Canada and Prairie Oat Breeding Consortium (POBC). The activities experienced delays due to the COVID 19 pandemic, and amounts payable for the activities that were able to be completed have yet to be determined and are not able to be reliably estimated. As such, these obligations have not been accrued in these financial statements. Due to a lack of information on the progress and financial expenditures to date, we are unable to determine whether or not this unrecorded obligation is material and whether any adjustment is required to liabilities or expenses.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Prairie Oat Growers Association Inc. as at July 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Baker Tilly SK LLP

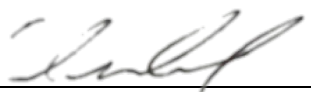
Baker Tilly SK LLP

Yorkton, SK
November 4, 2020

Prairie Oat Growers Association Inc.
 Regina, Saskatchewan
 Statement of Financial Position as at July 31, 2020

	2020	2019 (Note 11)
Assets		
Current Assets		
Cash and cash equivalents	237,972	144,961
Accounts receivable - note 4	87,262	123,078
Prepaid expenses	<u>7,052</u>	<u>9,876</u>
	332,286	277,915
 Capital Assets - note 5	 <u>6,017</u>	 <u>1,961</u>
	<u>\$ 338,303</u>	<u>\$ 279,876</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities - note 6	173,665	103,531
Deferred revenue - note 7	<u>158,713</u>	<u>170,420</u>
	<u>332,378</u>	<u>273,951</u>
 Net Assets, Unrestricted		
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>\$ 338,303</u>	<u>\$ 279,876</u>

Approved on behalf of the board:



Prairie Oat Growers Association Inc.

Statement of Operations
For the year ended July 31, 2020

	2020	2019 (Note 11)
Revenue Before Funding Contributions		
AgriMarketing - China Mission		25,673
AgriMarketing - Japan Market Access	42,528	
AgriMarketing - Mexico Project	120,647	118,522
Alberta Oat Variety Trial	7,500	7,500
AAFC CRISPR-Based Systems	25,025	50,050
<i>Other revenues:</i>		
Conference revenues	51,452	50,846
Prairie Oat Breeding Consortium partner contributions - note 9	237,954	317,271
Royalty income	13,235	22,623
Gain on foreign exchange		699
	<u>498,341</u>	<u>593,184</u>
Expenses - page 16		
Research Projects	323,083	579,800
Market Development Projects	332,356	283,852
Communications	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	<u>(683,515)</u>	<u>(766,011)</u>
Funding Contributions - note 8		
Manitoba Oat Growers Association	182,446	214,080
SaskOats	438,689	483,706
Alberta Oat Development Commission	62,380	68,225
	<u>683,515</u>	<u>766,011</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 Flow
For the year ended July 31, 2020

	2020	2019 (Note 11)
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	0	0
Add items not requiring cash resources		
Amortization - page 16	1,870	1,211
Net change in working capital	<u>97,066</u>	<u>16,002</u>
	98,936	17,213
Investing activities		
Capital asset purchases	<u>(5,925)</u>	<u>0</u>
Net Cash Increase for the Year	93,011	17,213
Cash position, beginning of year	<u>144,961</u>	<u>127,748</u>
Cash Position, End of Year	<u>\$ 237,972</u>	<u>\$ 144,961</u>
Represented By:		
Cash and cash equivalents	<u>\$ 237,972</u>	<u>\$ 144,961</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	35,816	(21,303)
- prepaid expenses	2,824	7,718
Increase (decrease) - accounts payable and accrued liabilities	70,133	(135,983)
- other current liabilities	<u>(11,707)</u>	<u>165,570</u>
	<u>\$ 97,066</u>	<u>\$ 16,002</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, 2020

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 (operating as SaskOats), 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, 2020

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.

Royalty revenue is recognized as received unless it can be reasonably estimated and collection is reasonably assured.

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.

Prairie Oat Growers Association Inc.

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

2. Significant Accounting Policies - continued

(f) Estimates - continued

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 not exposed to significant risks through its financial instruments, with the exception of currency risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization enters into contracts with vendors located in the United States of America from time to time for provision of research or other services. In the current year, no significant revenues or expenses were originally incurred in US dollars. Commitments contracted in US dollars are described in note 9. As at July 31, 2020, cash of \$146 (2019 - \$129) is in US dollars and converted into Canadian dollars.

As at July 31, 2020, 89% (2019 - 75%) of the total receivables are due from federal government agencies.

	2020	2019
4. Accounts Receivable		
Accounts receivable are comprised of the following items:		
Accounts receivable	9,416	30,812
Accrued grants receivable:		
AAFC - CRISPR-based systems	30,030	50,050
AgriMarketing - Expanding the Canadian Oat Market	<u>47,816</u>	<u>42,216</u>
	<u>\$ 87,262</u>	<u>\$ 123,078</u>
5. Capital Assets		
Cost		
Furniture, fixtures and equipment	2,065	2,065
Computer equipment	<u>9,764</u>	<u>3,839</u>
	<u>11,829</u>	<u>5,904</u>
Accumulated amortization		
Furniture, fixtures and equipment	1,953	1,507
Computer equipment	<u>3,859</u>	<u>2,436</u>
	<u>5,812</u>	<u>3,943</u>
Net book value	<u>\$ 6,017</u>	<u>\$ 1,961</u>

Prairie Oat Growers Association Inc.

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

	2020	2019
6. Accounts Payable and Accrued Liabilities		
Accounts payable and accrued liabilities are comprised of the following items:		
Accounts payable	121,292	21,931
Grant proceeds payable	29,500	65,000
Government remittances	3,373	4,600
Accrued liabilities	19,500	12,000
	\$ 173,665	\$ 103,531

Accrued liabilities represents vacation pay earned but not yet paid.

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 annual contributions	158,636	237,954	237,954	158,636
Sponsorships	11,615	11,615		
POGA Conference	169	169		
Other			77	77
	\$ 170,420	\$ 249,738	\$ 238,031	\$ 158,713

8. Transactions with Related Parties

Included in these financial statements are transactions with the Saskatchewan Oat Development Commission (SaskOats), the Manitoba Oat Growers Association (MOGA) and the Alberta Oat Growers Commission (AOGC), all of which are related by virtue of common board members. Prairie Oat Growers Association Inc. provides administration services, overhead expenses, and research and development projects of mutual benefit to SaskOats, the MOGA and the 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. The proportionate share attributable to each organization is determined annually. Any expenditures made by the organization which are for the sole benefit of either SaskOats, the MOGA or the AOGC exclusively are recovered from that organization based on the actual cost to the POGA.

Prairie Oat Growers Association Inc.

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

8. Transactions with Related Parties - continued

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	2020	2019
Assets		
Accounts receivable - AOGC's expenses paid by POGA	\$ 541	\$ 0
Accounts receivable - MOGA's expenses paid by POGA	315	
Accounts receivable - SaskOats' expenses paid by POGA	464	
Accounts receivable - SaskOats' funding contributions		13,256
Accounts receivable - AOGC's funding contributions		6,175
Accounts receivable - MOGA's funding contributions		880
Liabilities		
Accounts payable - Board of Director expenses	4,156	6,501
Accounts payable - MOGA's funding contributions	43,298	
Accounts payable - SaskOats' funding contributions	33,992	
Accounts payable - AOGC's funding contributions	7,672	
Revenue		
Funding contributions (SaskOats)	438,689	483,706
Funding contributions (AOGC)	62,380	68,225
Funding contributions (MOGA)	182,446	214,080
POBC contributions (MOGA)	35,934	47,912

9. Projects and Future Funding Commitments

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

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

POGA has agreed to participate in a collaborative research project with the Canadian Agricultural Partnership (CAP) AgriScience program for the purposes of continuing the past project of developing superior oat cultivars for Canada. This project is led and administered by AAFC. POGA has committed to funding \$1,189,750 of the total project budget of \$3,172,665. Eligible expenditures paid and recognized as an expense in the current year total \$118,975 (\$475,900 to date). The project commenced in April 1, 2018 and extends to March 31, 2023.

Current year eligible expenditures were recognized based on amounts invoiced from the third party conducting the research, which were less than the total contracted amount of \$237,950. Due to the COVID-19 pandemic, certain research activities scheduled in relation to the 2020 growing season were not able to be completed as agreed. POGA does still expect to be billed for the research that was completed in the fiscal 2020 period, however, the total amount may be less than the \$118,975 as originally agreed in the contract. This amount cannot be reliability estimated at this time, and therefore, has not been accrued.

The Prairie Oat Breeding Consortium, a group of oat industry stakeholders, has agreed to provide funds towards POGA's commitments to this project via an annual funding agreement.

Prairie Oat Growers Association Inc.

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

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

Development of Oat Cultivars

The organization has agreed to fund \$20,000 per year, commencing April 1, 2013 through March 31, 2020, 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 (\$160,000 to date). This commitment was completed in the current year.

Crown Rust Initiative

The organization has agreed to fund a maximum of \$100,000, denoted in US dollars, from October 1, 2015 through June 30, 2020 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 upon receipt of invoice. No payments were made in the current year (\$27,466 to date, measured in Canadian dollars). This commitment was completed in the current year.

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 February 28, 2020, 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. Amounts paid and recognized as an expense in the current year total \$15,000 (\$60,000 to date). This commitment was completed in the current year.

Alberta Variety Trials, Including Estimation of Beta Glucans Content and Yield of Seeds from Different Oat Varieties in Alberta

The organization agreed to fund a total of \$35,500, payable in four instalments of \$8,875 as specific requirements are completed, towards an extension of the research project commencing April 1, 2017. As of the prior year, amounts paid and recognized as an expense totalled \$36,250 to date, which included an additional \$750 received from an industry partner.

In the prior year, the organization agreed to fund an additional \$53,250, payable in six instalments of \$8,875 as specific requirements are completed, towards an additional three year extension of this project commencing April 1, 2019. POGA has recognized revenue of \$7,500 from industry partners towards the funding of this project in the current year (\$15,000 to date). Amounts paid and recognized as an expense in the current year total \$17,750 (\$26,625 to date).

Develop New Strategies to Efficiently Utilize Oat Grains in High Production Dairy Cows

The organization has agreed to fund a total of \$228,290 from September 2, 2017 through August 30, 2023 toward a research project conducted by the University of Saskatchewan to increase and enhance knowledge of the optimal nutrient supply to dairy cattle through variety selection, feed processing, and optimal feed ingredient blending. These funds are to be used by the University on a matching basis, with the other 50% of the project funded by the Natural Sciences and Engineering Research Council of Canada (NSERC). Amounts paid and recognized as an expense in the current year total \$53,500 (\$113,250 to date).

Prairie Oat Growers Association Inc.

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

9. Projects and Future Funding Commitments - continued

Development of the Mexican Oat Market

The purpose of this project is to develop the Mexican market for the export of Canadian oats with the purpose of the project to expand the reach and awareness of health benefits of consuming oats in Mexico. POGA is eligible for a grant of up to \$348,150 from the Government of Canada, as represented by the Minister of Agriculture and Agri-Food, under the "Expanding the Canadian Oats Market" grant, to fund 50% of eligible expenditures (plus a 10% administrative cost allocation) under this project incurred between April 1, 2018 and March 31, 2021. POGA's commitment under this contract totals \$633,000 for contracted services, plus GST and actual travel and meeting costs. Grant eligible expenses incurred in the current year are recognized in the Mexican Oats expenses (\$509,687 to date).

Development of the Chinese Oat Market

The purpose of this project is to develop the Chinese market for the export of Canadian oats by acting as liaison to understand specific needs of the Chinese phytosanitary authority, facilitate research and engagement of Chinese officials to conduct reviews, conduct technical training meetings, conduct literature review to collect technical information on plant health records of oats, and prepare oat fact sheet in Mandarin. POGA was originally eligible for a grant of up to \$102,300 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food, under the "Expanding the Canadian Oat Market" grant, to fund 50% of eligible expenditures (plus a 10% administrative cost allocation) under this project incurred between April 1, 2018 and March 31, 2021.

In the current year, due to current trade and political tensions between Canada and China, this project has been discontinued. There were no grant eligible expenses incurring in the current year. The original "Expanding the Canadian Oat Market" grant was amended, and the remaining funding is now to be used to expand the Japanese oat market.

Development of the Japanese Oat Market

The purpose of this project is to develop the Japanese market for the export of Canadian oats by filling market needs, and satisfying growing specific demands of oats in healthy diets, cereal breakfast, and healthy products for the senior population. POGA is eligible for a grant of up to \$70,400 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food, under the amended "Expanding the Canadian Oat Market" grant, to fund 50% of eligible expenditures (plus a 10% administrative cost allocation) under this project incurred between April 1, 2019 and March 31, 2021. POGA's commitment under this contract totals \$137,000 for contracted services, plus GST and actual travel and meeting costs. Grant eligible expenses incurred in the current year are recognized in the Japan Market Access expenses (\$81,121 to date).

Canadian Oats Everyday

The purpose of this project is to encourage Canadians to add oats to their everyday meals to obtain dietary benefits, such as being heart healthy and having a low glycemic index. Increased consumer awareness will be attained through various social media platforms, creating videos and presentation materials, and creating a website. POGA is eligible for a grant of up to \$52,273 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food, under the amended "Expanding the Canadian Oat Market" grant, to fund 50% of eligible expenditures (plus a 10% administrative cost allocation) under this project incurred between April 1, 2020 and March 31, 2021. POGA's commitment under this contract totals \$115,000 plus GST for contracted services. No grant eligible expenses were incurred in the current year (\$0 to date).

Prairie Oat Growers Association Inc.

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

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

Breeding, Genomics and Agronomy Research

The purpose of this project is to conduct breeding, genomics and agronomy research to improve oat yield and quality. The organization has an agreement with the Canadian Field Crop Research Alliance, effective April 1, 2018 with the agreement to expire upon satisfactory completion of the research reporting and payment obligation. The total commitment on this project is \$52,500, with \$10,500 due in each of fiscal years 2020 through 2022. Included in the current year expense is \$10,500 (\$31,500 to date).

Organic Oat Breeding

The organization has an agreement with the Organic Federation of Canada, effective April 1, 2018 through March 31, 2023 with the objective of developing milling quality oat cultivars suitable for organic oat production in western Canada, and potentially across Canada. The organization has committed \$25,000, with \$5,000 payable upon initiation and \$5,000 due in each of fiscal years 2019 through 2022. \$5,000 is included in current year expenses (\$15,000 to date).

Coordinated Monitoring of Field Crop Insect Pests

The organization agreed to fund an additional project undertaken by the Western Grains Research Foundation for the period of April 1, 2018 through March 31, 2023. The purpose of this project is to coordinate monitoring of field crop insect pests in the prairie ecosystem, and select crop sequences and develop a risk model to mitigate fusarium head blight in western Canadian cereal production. The organization has committed \$22,500, with \$4,500 payable upon initiation and \$4,500 due in each of fiscal years 2019 through 2022. Included in the current year expense is \$4,500 (\$13,500 to date).

Economic Value of Diversified Cropping System

The purpose of this project is to look at the economic trade-offs between current profits of short rotation systems with a limited number of crops, that also have a high potential for reduced future productivity and higher costs from plant diseases and herbicide tolerant weeds, against diversified cropping systems that maintain productivity and profitability. The total approved funding for this project through the University of Lethbridge is \$274,045 with costs to be shared by the Alberta Pulse Growers Commission (APG), Alberta Wheat Commission (AWC), Brewing and Malting Barley Research Institute (BMBRI), Manitoba Pulse & Soybean Growers (MPSG), Saskatchewan Wheat Development Commission (SWDC), Western Grains Research Foundation (WGRF) and Prairie Oat Growers Association. Prairie Oat Growers Association's signed the agreement on September 19, 2018, which is to run through to March 31, 2022. The organization's share of the agreement totals \$2,500. Current year expenses include \$625 (\$1,875 to date). A final payment of \$625 is due in 2021 to complete the funding commitment of the project.

Impact of Particle Size on Pulse & Oat Flours

The organization entered into an agreement with the University of Saskatchewan to run from December 12, 2018 to April 30, 2021 with a total commitment of \$30,000. The purpose of this project is to investigate the effects of milling/processing of pulse and cereal flours on physicochemical properties and technological functionality in foods and glycemic effect in adults. \$11,250 is included in current year expenses (\$26,250 to date).

Due to delays in research due to the pandemic, the project term is now extended to April 28, 2022.

Prairie Oat Growers Association Inc.

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

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

Markers Linked to Oat Crown Rust Resistance

The organization has entered into an agreement with the University of Saskatchewan in conjunction with the Western Grains Research Foundation to run from December 12, 2018 to July 1, 2023. The purpose of this project is to perform the research project entitled "Development of markers linked to oat crown rust resistance to help breed improved oat varieties for Saskatchewan producers". POGA's total commitment is \$40,000 for the project, with \$10,000 being due in each of fiscal years 2019 through 2022. Expenses of \$10,000 are recognized in the current year (\$20,000 to date).

Tuning the Oat Genome with CRISPR-Based Systems

The purpose of this project is to lay the foundation for a new genome editing method in oats, which will allow plant breeders to make targeted improvements within a plant's existing DNA. The project, through McGill University, will run from 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 year two and year three. POGA is eligible for a grant of up to \$100,100 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food, under the "Turning the Oat Genome with CRISPR-based Systems" grant, to fund 70% of eligible expenditures (including a 10% administrative cost allocation) under this project incurred between January 1, 2019 and March 31, 2021. Expenses incurred in the current year on this project are \$32,500 (\$97,500 to date).

National Food Policy

The organization has signed an agreement with Emerging Ag Inc. to assess opportunities for Canadian oats, prepare a briefing document for the oat sector on ways to interact with the Government of Canada's new National Food Policy, and to ultimately advocate for a role for prairie oats in the program for the period July 29, 2019 to October 31, 2019 at a cost of \$17,850 plus the costs of up to two trips to Ottawa. Expenses of \$21,063 are recognized in the current year.

Revising the Crop Nutrient Uptake and Removal Guidelines for Western Canada

POGA has agreed to participate in a collaborative research project with the Alberta Wheat Commission, Saskatchewan Canola Development Commission, Saskatchewan Flax Development Commission, Saskatchewan Wheat Development Commission, and the Western Grains Research Foundation that will run from December 11, 2020 to December 31, 2022. The purpose of this project is to determine and revise estimates of the nutrient uptake and removal of crops commonly grown in western Canada and to develop a user-friendly app for determining nutrient uptake and removal estimates. POGA has committed to funding \$5,003 of the total project budget of \$151,728, with an initial payment of \$2,053 being paid upon the project starting in December 2020 and subsequent payments of \$1,875 in December 2021 and \$625 in December 2022 upon receiving annual project reports.

Continued Studies on Intercropping

POGA has agreed to participate in a collaborative research project with Western Grain Research Foundation that will run from April 1, 2021 to March 31, 2025. The purpose of this project is to determine if intercropping with legumes or a living mulch will provide benefits such as reduced weeds and reduced disease. POGA has committed to funding \$10,000 of the total project budget of \$263,373, with payments of \$2,500 being due in each of fiscal years 2021 through 2024. As this project is to start in 2021, no expenses have been paid or recognized in the current year.

Prairie Oat Growers Association Inc.

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

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

Oat Nursery

The organization signed a support agreement with the Regents of the University of Minnesota indicating its commitment to provide \$10,000 denoted in US dollars in support of its Oat Nursery. This amount was paid in the current year (\$13,543 measured in Canadian dollars).

Online Oat Growers Manual

As part of its commitment to promoting production practices that allow oat growers to profitably produce high quality oats for domestic and international markets, POGA contracted Dr. Linda Hall of the University of Alberta to revise the 2017 Oat Growers manual at a cost of \$7,840. These expenses have been recognized in the current year.

Other Agreements

The organization agreed to continue sponsorship of the Grain Safety Program initiated by the Canadian Agriculture Safety Association for a total of \$10,000 as per an agreed payment schedule commencing August 1, 2018 and ending September 30, 2020. 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 (\$7,500 to date). These expenses have been recognized in advertising expenses.

10. **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, a number of POGA's project commitments have or are currently under discussion to be extended to allow for the research to be completed as discussed throughout note 9. Also, travel normally undertaken by staff and board members was cancelled due to travel restrictions leading to lower than expected travel expenses in the current year.

11. **Comparative Figures**

The comparative financial statements have been restated to correct grant receivables and revenues misstated in the prior year.

Receivables and revenues in relation to the "Expanding the Canadian Oat Market" grant were overstated in relation to maximum annual period funding provisions. As a result, accounts receivables were overstated by \$11,923, AgriMarketing - China revenues were overstated by \$7,930, and AgriMarketing - Mexico revenues were overstated by \$3,994.

A receivable and revenues of \$50,050 in relation to the "Turning the Oat Genome with CRISPR-based Systems" was not recognized in the prior year.

Due to these two changes to the prior year, the receivables and revenues resulting from the cost-sharing agreement between the three provincial oat development commissions were also proportionately overstated and have been corrected.

Prairie Oat Growers Association Inc.

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

11. **Comparative Figures**, continued

A summary of the changes appears below:

Line Item	As Restated	As Previously Stated	Difference
Revenues before funding contributions			
AgriMarketing - China Mission	25,673	33,602	(7,929)
AgriMarketing - Mexico Project	118,522	122,516	(3,994)
AAFC CRISPR-Based Systems	50,050		<u>50,050</u>
			<u>38,127</u>
Funding contributions			
Manitoba Oat Growers Association	214,080	226,324	(12,244)
SaskOats	483,706	505,687	(21,981)
Alberta Oat Development Commission	68,225	72,127	<u>(3,902)</u>
			(38,127)
Adjustment to excess (deficiency) of revenue over expenses			<u>\$ 0</u>

The comparative statement of financial position as at July 31, 2019 has been restated as follows:

Line Item	As Restated	As Previously Stated	Difference
Accounts receivable	\$ 30,812	\$ 68,938	\$(38,126)
Accrued grants receivable	92,266	54,140	38,126

Certain other balances for comparative purposes have been reclassified to conform with the current year's presentation.

Prairie Oat Growers Association Inc.

Schedule of Expenses
For the year ended July 31, 2020

	2020	2019 (Note 11)
1. Research Projects - note 9		
Alberta Oat Variety Trial	17,750	18,125
Breeding, Genomics & Agronomy Research	10,500	21,000
Breeding Oat for Western Canada (POBC)	118,975	356,925
Crown Rust	10,000	10,000
Dairy Cattle - Use of Oats	53,500	31,000
Development of an Oat Based Beverage	15,000	
Development of Oat Cultivars	20,000	20,000
Economic Value of Diversified Cropping Systems	625	1,250
Impact of Particle Size - Oat & Pulse Flour	11,250	15,000
Integrated Crop Cluster (FHB & Prairie Pest)	4,500	9,000
Investigation of Avenanthramide		10,000
Oat Nursery	13,543	
Online Oat Growers Manual	7,840	
Organic Oat Breeding/Oat Cultivars	5,000	10,000
Post-Doctoral Research Assistant		12,500
Special Crop Breeding Options Paper	2,100	
Tuning the Oat Genome with CRISPR-Based Systems	32,500	65,000
	<u>\$ 323,083</u>	<u>\$ 579,800</u>
2. Market Development Projects - note 9		
China Project	2,941	61,096
Japan Market Access	81,121	
Mexican Oats	227,231	222,756
National Food Policy	21,063	
	<u>\$ 332,356</u>	<u>\$ 283,852</u>
3. Communications		
Advertising, newsletter, website and membership	74,472	60,779
Sponsorships	18,125	13,125
	<u>\$ 92,597</u>	<u>\$ 73,904</u>
4. General Operating Expenses		
Administrative	244,866	215,562
Amortization	1,870	1,211
Annual conference	68,667	58,539
Directors' travel and administration	58,230	82,098
Gain (loss) on foreign exchange	222	
Insurance	2,792	2,728
Interest and bank charges	1,164	1,198
Meetings	9,208	28,261
Professional fees	8,275	6,160
	<u>\$ 395,294</u>	<u>\$ 395,757</u>