

Prairie Oat Growers Association Inc.

FINANCIAL STATEMENTS

Year Ended July 31, 2021

Prairie Oat Growers Association Inc.

Regina, Saskatchewan

July 31, 2021

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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, 2021, and the Statements of Operations, Changes in Net Assets and Cash Flows 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.

Conclusion

Based on our review, 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, 2021, 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 30, 2021

Prairie Oat Growers Association Inc.
Regina, Saskatchewan
Statement of Financial Position as at July 31, 2021

Assets	2021	2020
Current Assets		
Cash and cash equivalents	216,031	237,972
Accounts receivable - note 4	84,969	87,262
Prepaid expenses	<u>15,620</u>	<u>7,052</u>
	316,620	332,286
Capital Assets - note 5	<u>3,164</u>	<u>6,017</u>
	<u>\$ 319,784</u>	<u>\$ 338,303</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities - note 6	151,133	173,665
Deferred revenue - note 7	<u>162,726</u>	<u>158,713</u>
	<u>313,859</u>	<u>332,378</u>
Net Assets, Unrestricted	<u>5,925</u>	<u>5,925</u>
	<u>\$ 319,784</u>	<u>\$ 338,303</u>

Approved on behalf of the board:



Prairie Oat Growers Association Inc.
Statement of Operations and Changes in Net Assets
For the year ended July 31, 2021

	2021	2020
Revenue Before Funding Contributions		
AgriMarketing - Japan Market Access	40,184	42,528
AgriMarketing - Mexico Project	122,821	120,647
AgriMarketing - Canada	75,416	
Alberta Oat Variety Trial	7,500	7,500
AAFC CRISPR-Based Systems	21,175	25,025
<i>Other revenues:</i>		
Conference revenues		51,452
Prairie Oat Breeding Consortium partner contributions - note 9	237,954	237,954
Royalty income	6,159	13,235
	<u>511,209</u>	<u>498,341</u>
 Expenses - page 15		
Research Projects	418,514	323,083
Market Development Projects	461,051	332,356
Communications	91,747	92,597
Policy	16,800	38,526
General Operating Expenses	249,424	395,294
	<u>1,237,536</u>	<u>1,181,856</u>
 Deficiency of Revenue Over Expenses Before Funding Contributions	 <u>(726,327)</u>	 <u>(683,515)</u>
 Funding Contributions - note 8		
Manitoba Oat Growers Association	222,107	182,446
SaskOats	399,245	438,689
Alberta Oat Development Commission	104,975	62,380
	<u>726,327</u>	<u>683,515</u>
 Excess of Revenue Over Expenses for the Year	 0	 0
 Net Assets, Beginning of the Year	 <u>5,925</u>	 <u>5,925</u>
 Net Assets, End the Year	 <u>\$ 5,925</u>	 <u>\$ 5,925</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, 2021

	2021	2020
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	0	0
Add items not requiring cash resources		
Amortization - page 15	2,852	1,870
Net change in working capital	<u>(24,793)</u>	<u>97,066</u>
	(21,941)	98,936
Investing activities		
Capital asset purchases	<u>0</u>	<u>(5,925)</u>
Net Cash Increase (Decrease) for the Year	(21,941)	93,011
Cash position, beginning of year	<u>237,972</u>	<u>144,961</u>
Cash Position, End of Year	<u>\$ 216,031</u>	<u>\$ 237,972</u>
Represented By:		
Cash and cash equivalents	<u>\$ 216,031</u>	<u>\$ 237,972</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	2,293	35,816
- prepaid expenses	(8,568)	2,824
Increase (decrease) - accounts payable and accrued liabilities	(22,531)	70,133
- other current liabilities	<u>4,013</u>	<u>(11,707)</u>
	<u>\$(24,793)</u>	<u>\$ 97,066</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, 2021

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, 2021

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, 2021

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, 2021, cash of \$113 (2020 - \$146) is in US dollars and converted into Canadian dollars.

As at July 31, 2021, 92% (2020 - 89%) of the total receivables are due from federal government agencies.

	2021	2020
4. Accounts Receivable		
Accounts receivable are comprised of the following items:		
Accounts receivable	6,107	9,416
Accrued grants receivable:		
AAFC - CRISPR-based systems	1,650	30,030
AgriMarketing - Expanding the Canadian Oat Market	<u>77,212</u>	<u>47,816</u>
	<u>\$ 84,969</u>	<u>\$ 87,262</u>
5. Capital Assets		
Cost		
Furniture, fixtures and equipment	2,065	2,065
Computer equipment	<u>9,764</u>	<u>9,764</u>
	<u>11,829</u>	<u>11,829</u>
Accumulated amortization		
Furniture, fixtures and equipment	2,065	1,953
Computer equipment	<u>6,600</u>	<u>3,859</u>
	<u>8,665</u>	<u>5,812</u>
Net book value	<u>\$ 3,164</u>	<u>\$ 6,017</u>

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2021

	2021	2020
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6. Accounts Payable and Accrued Liabilities

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

Accounts payable	122,728	121,292
Grant proceeds payable	9,600	29,500
Government remittances	4,405	3,373
Accrued liabilities	14,400	19,500
	\$ 151,133	\$ 173,665

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			3,500	3,500
POGA Conference			590	590
Other	77	77		
	\$ 158,713	\$ 238,031	\$ 242,044	\$ 162,726

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, 2021

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	2021	2020
Assets		
Accounts receivable - AOGC's expenses paid by POGA	\$ 0	\$ 541
Accounts receivable - MOGA's expenses paid by POGA		315
Accounts receivable - SaskOats' expenses paid by POGA		464
Accounts receivable - MOGA's funding contributions	6,107	
Liabilities		
Accounts payable - Board of Director expenses	5,668	4,156
Accounts payable - MOGA's funding contributions		43,298
Accounts payable - SaskOats' funding contributions	64,755	33,992
Accounts payable - AOGC's funding contributions	15,025	7,672
Revenue		
Funding contributions (SaskOats)	399,245	438,689
Funding contributions (AOGC)	104,975	62,380
Funding contributions (MOGA)	222,107	182,446
POBC contributions (MOGA)	35,934	35,934

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 \$237,950 (\$713,850 to date). The project commenced in April 1, 2018 and extends to March 31, 2023.

Prior 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. The agreement was amended in February 2021 resulting in contracted contributions being reduced for the prior fiscal year, to be deferred and distributed into 2022 and 2023. Unspent funding has been deposited into a specified purposes account for use during the term of the agreement. Any unspent funds at the end of the agreement will be returned to the contributor, however POGA is expecting that the funds will be fully spent by the end of the project.

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, 2021

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

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

The organization agreed to fund an additional \$53,250, payable in six instalments of \$8,875 as specific requirements are completed, towards a 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 (\$22,500 to date). Amounts paid and recognized as an expense in the current year total \$17,750 (\$44,375 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 \$69,360 (\$182,610 to date).

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 of \$217,500 incurred in the current year are recognized in the Mexican Oats expense (\$632,308 to date). \$142,775 in total expenses have been incurred in the current year (\$655,878 to date). This commitment has been completed in the year.

The organization entered into a an additional agreement in 2021, with the purpose of addressing technical trade issues and promoting the health benefits of oats and the diverse uses of oats. POGA is eligible for a grant of up to \$259,050 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 (including a 10% administrative cost allocation) under this project incurred between April 1, 2021 and March 31, 2023. POGA's commitment under this contract totals \$471,000 for contracted services, plus actual travel and meeting costs. Expenses incurred in the current year are recognized in the Mexican Oat expenses with \$87,179 spent to date.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2021

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

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 of \$50,677 incurred in the current year are recognized in the Japan Market Access expense (\$128,000 to date). \$52,495 in total expenses have been incurred in the current year (\$133,616 to date). This commitment has been completed in the year.

The organization entered into an additional agreement in 2021, with the purpose of addressing technical trade issues and promoting the health benefits of oats and the diverse uses of oats. POGA is eligible for a grant of up to \$91,740 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 (including a 10% administrative cost allocation) under this project incurred between April 1, 2021 and March 31, 2023. POGA's commitment under this contract totals \$166,800 for contracted services, plus actual travel and meeting costs. Expenses incurred in the current year are recognized in the Japan Market Access expenses with \$22,724 spent to the end of July 31, 2021.

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. Grant eligible expenses of \$104,545 incurred in the current year are recognized in the Canadian Oats Everyday expenses (\$104,545 to date). \$119,766 in total expenses have been incurred in the current year (\$119,766 to date). This commitment has been completed in the year.

The organization entered into an additional agreement in 2021, with the purpose of addressing technical trade issues and promoting the health benefits of oats and the diverse uses of oats. POGA is eligible for a grant of up to \$66,000 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 (including a 10% administrative cost allocation) under this project incurred between April 1, 2021 and March 31, 2023. POGA's commitment under this contract totals \$120,000 for contracted services, plus actual travel and meeting costs. Expenses incurred in the current year are recognized in the Canada Market Access expenses with \$33,194 spent to the end of July 31, 2021.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2021

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 (\$42,000 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 (\$20,000 to date).

Coordinated Monitoring of Field Crop Insect Pests

The organization agreed to fund a 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 (\$18,000 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 and was amended March 9, 2021 which is to run through to March 31, 2022. The organization's share of the amended agreement totals \$2,226. Current year expenses include \$351 (\$2,226 to date), which represented the final payment on the project.

Impact of Particle Size on Pulse & Oat Flours

The organization entered into an agreement with the University of Saskatchewan originally scheduled 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. There were no expenses in the current year (\$26,250 to date).

Due to delays in research due to the pandemic, the project term is now extended to February 1, 2023.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2021

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. There were no expenses 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, was originally schedule to 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. Grant funds recognized to date total \$96,250. Expenses incurred in the current year on this project are \$27,500 (\$125,000 to date).

Due to delays in research due to the pandemic, the project term is now extended to March 31, 2022.

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 \$2,503 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. Expenses in the current year total \$2,503 (\$2,503 to date).

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. Expenses in the current year total \$2,500 (\$2,500 to date).

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2021

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

Beyond Glucan: Demonstrating Health Benefits of Oat Protein

POGA has agreed to participate in a collaborative research project with the Canadian Agricultural Partnership (CAP) AgriScience program for research on oat proteins that would establish the unique properties of oat protein in managing blood glucose and cholesterol levels thereby generating preliminary data for an oat protein health claim petition. The project commenced August 11, 2020 and will continue through March 31, 2023. POGA has committed funding of \$45,600. Amounts paid and recognized as an expense in the current year total \$40,600 (\$40,600 to date).

Oat Advantage

The organization signed an agreement with Vesper Sparrow Prairie Research Inc. (owner/oat breeder Jim Dyck) for a project entitled "A 55lb bushel high protein oat, with top grain yield, is in your future". POGA has committed to cash support of \$35,000 per year due on or after August 1 for each year of the project beginning August 1, 2021. The project will be conducted from August 1, 2021 to July 31, 2026. No expenses have been incurred to date in respect of this project.

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 (\$10,000 to date). These expenses have been recognized in advertising expenses. This commitment was completed in the current year.

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.

Prairie Oat Growers Association Inc.

Schedule of Expenses
For the year ended July 31, 2021

	2021	2020
1. Research Projects - note 9		
Alberta Oat Variety Trial	17,750	17,750
Breeding, Genomics & Agronomy Research	10,500	10,500
Breeding Oat for Western Canada (POBC)	237,950	118,975
Crown Rust		10,000
Dairy Cattle - Use of Oats	69,360	53,500
Development of an Oat Based Beverage		15,000
Development of Oat Cultivars		20,000
Economic Value of Diversified Cropping Systems	351	625
Health Benefits of Oat Protein	40,600	
Impact of Particle Size - Oat & Pulse Flour		11,250
Integrated Crop Cluster (FHB & Prairie Pest)	4,500	4,500
Intercropping for Increasing Yield and Quality	2,500	
Oat Nursery		13,543
Online Oat Growers Manual		7,840
Organic Oat Breeding/Oat Cultivars	5,000	5,000
Revising the Crop Nutrient Uptake	2,503	
Special Crop Breeding Options Paper		2,100
Tuning the Oat Genome with CRISPR-Based Systems	27,500	32,500
	<u>\$ 418,514</u>	<u>\$ 323,083</u>
2. Market Development Projects - note 9		
Canadian Oats Everyday	152,961	
China Project	2,917	2,941
Japan Market Access	75,220	81,121
Mexican Oats	229,953	227,231
National Food Policy		21,063
	<u>\$ 461,051</u>	<u>\$ 332,356</u>
3. Communications		
Advertising, newsletter, website and membership	74,122	74,472
Sponsorships	17,625	18,125
	<u>\$ 91,747</u>	<u>\$ 92,597</u>
4. General Operating Expenses		
Administrative	211,019	244,866
Amortization	2,852	1,870
Annual conference		68,667
Directors' travel and administration	18,277	58,230
Gain (loss) on foreign exchange	58	222
Insurance	2,879	2,792
Interest and bank charges	1,003	1,164
Meetings	5,233	9,208
Professional fees	8,103	8,275
	<u>\$ 249,424</u>	<u>\$ 395,294</u>