

**Alberta Oat Growers Commission**

**FINANCIAL STATEMENTS**

**Year Ended July 31, 2016**

# Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2016

(Unaudited)

---

## Table of Contents

	Page
Review Engagement Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9



## Review Engagement Report

To the members  
Alberta Oat Growers Commission

We have reviewed the Statement of Financial Position of Alberta Oat Growers Commission as at July 31, 2016 and the Statements of Operations and Cash Flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization's management.

A review does not constitute an audit and consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

**Collins Barrow PQ LLP**

*Collins Barrow PQ LLP*

Yorkton, SK  
November 21, 2016

**Alberta Oat Growers Commission**  
 Regina, Saskatchewan  
 Statement of Financial Position as at July 31, 2016  
 (Unaudited)

	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	35,959	27,306
Accounts receivable	9,499	12,661
	45,458	39,967
<b>Capital Assets - note 4</b>	763	0
	\$ 46,221	\$ 39,967
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	13,869	2,654
<b>Net Assets, Unrestricted</b>		
Balance, beginning of year	37,313	89,741
Add: Excess (deficiency) of revenue over expenses for the year	( 4,961)	( 52,428)
Balance, end of year	32,352	37,313
	\$ 46,221	\$ 39,967

Approved on behalf of the board:

---

## Alberta Oat Growers Commission

Statement of Operations  
For the year ended July 31, 2016  
(Unaudited)

	2016	2015
<b>Revenue</b>		
Producer service charges	112,469	128,996
Less: Producer service charge refunds	<u>( 3,482)</u>	<u>( 1,260)</u>
	<u>108,987</u>	<u>127,736</u>
<b>Expenses</b>		
Amortization	254	
Annual general meeting	7,400	7,423
Board of Directors	6,212	6,667
Levy administration fees	10,962	11,473
Meetings	3,167	5,006
Proportionate expenses of POGA - note 5	72,865	134,910
Research and development	10,000	10,000
Sponsorships		2,100
Travel		500
General and administrative:		
Bank charges	63	60
Communications - promotion and website	926	
Office and other administrative	174	100
Professional fees	<u>1,925</u>	<u>1,925</u>
	<u>113,948</u>	<u>180,164</u>
<b>Excess (Deficiency) of Revenue Over Expenses for the Year</b>	<u><b>\$ ( 4,961)</b></u>	<u><b>\$ ( 52,428)</b></u>

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

## Alberta Oat Growers Commission

Statement of Cash Flows  
For the year ended July 31, 2016  
(Unaudited)

	2016	2015
<b>Cash Provided By (Used In):</b>		
Operations		
Excess (deficiency) of revenue over expenses for the year	( 4,961)	( 52,428)
Add items not requiring cash resources		
Amortization	254	
Net change in working capital	<u>14,377</u>	<u>( 2,817)</u>
	9,670	( 55,245)
Investing activities		
Capital asset purchases	<u>( 1,017)</u>	<u>0</u>
<b>Net Cash Increase (Decrease) for the Year</b>	8,653	( 55,245)
Cash position, beginning of year	<u>27,306</u>	<u>82,551</u>
<b>Cash Position, End of Year</b>	<u>\$ 35,959</u>	<u>\$ 27,306</u>
<b>Represented By:</b>		
Cash and cash equivalents	<u>\$ 35,959</u>	<u>\$ 27,306</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	3,162	3,372
- prepaid expenses		150
Increase (decrease) - accounts payable and accrued liabilities	<u>11,215</u>	<u>( 6,339)</u>
	<u>\$ 14,377</u>	<u>\$ ( 2,817)</u>

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

# Alberta Oat Growers Commission

Notes to Financial Statements  
For the year ended July 31, 2016  
(Unaudited)

---

## 1. Nature of Operations

The organization was formed on July 30, 2012 pursuant to the Alberta Oat Growers Commission Plan Regulation under the Marketing of Agricultural Products Act. The main purpose of the organization is to fund oat research, market development and education. The organization is not subject to income tax.

## 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 using the following methods and rates:

	<b>Method of Amortization</b>	<b>Rate of Amortization</b>
Furniture, fixtures and 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

Under the Regulation, each producer is required to pay the organization a service charge of \$0.50 per tonne of oats sold in Alberta, collected upon the purchasing of the grain from the producer. Producers may request a refund for service charges paid in the year by submitting a written request within time limits as defined in the Regulation.

Producer service charges are recognized when they are collected by registered oat buyers. Refunds are recognized as requested by producers in the same fiscal year as the related revenue is reported.

## Alberta Oat Growers Commission

Notes to Financial Statements  
For the year ended July 31, 2016  
(Unaudited)

---

### 2. Significant Accounting Policies - continued

#### (d) 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.

#### (e) 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.

### 3. Risks Arising from Financial Instruments

The organization is not exposed to significant risks through its financial instruments.

### 4. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Furniture, fixtures and equipment	<u>\$ 1,017</u>	<u>\$ 254</u>	<u>\$ 763</u>	<u>\$ 0</u>



## Alberta Oat Growers Commission

Notes to Financial Statements  
For the year ended July 31, 2016  
(Unaudited)

### 5. Transactions with Related Parties

Included in these financial statements are transactions with the Prairie Oat Growers Association Inc. (POGA), an organization related by virtue of common board members. POGA provides administration services, overhead expenses, and research and development projects of mutual benefit to the Alberta Oat Growers Commission (AOGC), the Saskatchewan Oat Development Commission (SODC) and the Manitoba Oat Growers Association (MOGA). The SODC, 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 of the actual costs attributable to each organization is determined annually.

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	2016	2015
Liabilities		
Accounts payable - POGA (underpayment of funding contributions)	\$ 6,782	\$ 1,104
Accounts payable - Board of Director expenses	3,373	
Expenses		
Proportionate expenses of POGA	72,865	134,910

In the current year, AOGC's share of POGA's operating deficit is 11% (13% in the prior year). A summary of POGA's total revenues and expenses appears below:

	2016	2015
Revenues before funding contributions:		
Grant revenues	360,259	416,685
POBC contributions	221,716	221,716
Other revenues	38,137	24,975
	<u>620,112</u>	<u>663,376</u>
Expenses:		
Research projects	555,893	512,476
Market development projects	292,151	820,732
Communications	85,303	58,119
General operating expenses	367,691	346,622
	<u>1,301,038</u>	<u>1,737,949</u>
Deficiency of Revenue over Expenses before Funding Contributions	( 680,926)	( 1,074,573)
Funding contributions:		
MOGA	165,807	211,824
SODC	442,254	727,839
AOGC	72,865	134,910
	<u>\$ 0</u>	<u>\$ 0</u>

## Alberta Oat Growers Commission

Notes to Financial Statements  
For the year ended July 31, 2016  
(Unaudited)

---

### 6. Commitments and Projects

The organization has committed to providing \$10,000 per year to the University of Alberta for support of a research project. The organization's commitment concluded in the current year.

POGA has committed to funding certain projects, of which AOGC will provide proportionate funding based on the overall cost-sharing formula as agreed upon between the parties as detailed in note 5. POGA's commitments are as follows:

<b>Project</b>	<b>Terms</b>
Oats Improve the Gastrointestinal Health of Horses	- \$116,106 denoted in US dollars commencing August 1, 2015 and ending August 1, 2017, \$76,421 in Canadian dollars of which was expended in the current year - POGA is eligible for up to \$110,000, denoted in Canadian dollars, in grant funds for this project
Developing Superior Oat Cultivars and Prairie Oat Breeding Consortium	- \$1,098,581 over five years commencing April 1, 2013, \$220,728 of which was expended in the current year (\$702,060 to date)
Development of Oat Cultivars (Oat Advantage)	- \$20,000 annually over five years commencing April 1, 2013, with a two-year extension option, \$20,000 of which was expended in the current year (\$80,000 to date)
Occurrence and Fate of Toxigenic Fungi and their Associated Mycotoxins in Saskatchewan-grown Oats and Oat Milling Projects	- \$311,695 over four years commencing April 2014, \$100,784 of which was expended in the current year (\$200,751 to date) - POGA is eligible for up to \$233,722 in grant funds for this project, \$81,378 of which was received in the current year (\$142,384 to date)
Yield Response and Test Weight Stability of Oat to Fertilizer N	- POGA has agreed to apply for three grants, each to a maximum of \$30,720 on behalf of a third party; \$86,010 has been expended to date and two of these projects have been completed
Transposon-Mediated Activation Tagging in Oats	- \$197,801 over four years commencing April 1, 2014, \$50,600 of which was expended in the current year (\$98,900 to date) - POGA is eligible for up to \$151,000 in grant funds for this project, \$38,737 of which was received in the current year (\$75,749 to date)
Crop Sequencing of Large Acreage Crops	- \$32,500 commencing December 5, 2014 and ending July 20, 2020, \$12,500 of which was expended in the current year

## Alberta Oat Growers Commission

Notes to Financial Statements  
For the year ended July 31, 2016  
(Unaudited)

---

### 6. Commitments and Projects - continued

Project	Terms
Investigation of Avenanthramides	- \$90,000 commencing December 5, 2014 and ending December 31, 2017, \$30,000 of which has been expended during the year (\$50,000 to date)
Breeding for Resistance to Leaf Blotch Pathogens in Saskatchewan Oats	- \$45,000 commencing December 5, 2014 and ending November 15, 2017, \$15,000 of which was expended during the year
Development of the Mexican Oat Market	- \$341,000 by March 31, 2018, \$120,047 of which was expended in the current year - POGA is eligible for up to \$161,250 in grant funds for this project, \$57,244 of which was recognized in the current year
Crown Rust Initiative	- \$100,000 denoted in US dollars commencing October 1, 2015 and ending July 1, 2019, \$27,466 in Canadian dollars of which was expended in the current year
Mitigating Mycotoxins in the Canadian Food Value Chain	- \$40,000 commencing March 31, 2016 and ending March 31, 2018, \$13,333 of which was expended during the year
Online Growers Manual	- \$15,000 plus an additional \$5,000 for additional costs if needed, commencing June 2, 2016 and ending July 30, 2017, no expenses have been incurred by POGA to date - POGA is eligible for up to \$10,000, in grant funds for this project
Estimation of Beta Glucans Content and Yield of Seeds from Different Oat Varieties in Alberta	- \$15,750 commencing May 5, 2016, \$7,875 of which was expended during the year
Development of an Oat Based Beverage Rich in Dietary Fibre and Protein	- \$60,000 commencing July 1, 2016 and ending August 31, 2019, no expenses have been incurred to date
Oatdeal Coffee Additive	- \$10,000 commencing July 1, 2016 and ending July 31, 2017, no expenses have been incurred to date
Grain Safety Sponsorship	- \$10,000 commencing July 19, 2016 and ending August 31, 2017, \$2,500 of which was expended during the year