

Alberta Oat Growers Commission

FINANCIAL STATEMENTS

Year Ended July 31, 2014

Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2014

(Unaudited)

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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, 2014 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

Per: *Mandy P... CA*

Yorkton, SK
November 21, 2014

Alberta Oat Growers Commission
 Regina, Saskatchewan
 Statement of Financial Position as at July 31, 2014
 (Unaudited)

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	82,553	87,369
Accounts receivable	16,033	16,542
Prepaid expenses	150	
	\$ 98,736	\$ 103,911
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	8,994	22,822
Net Assets, Unrestricted		
Balance, beginning of year	81,089	0
Add: Excess of revenue over expenses for the year	8,653	81,089
Balance, end of year	89,742	81,089
	\$ 98,736	\$ 103,911

Approved on behalf of the board:

Alberta Oat Growers Commission

Statement of Operations
For the year ended July 31, 2014
(Unaudited)

	2014	2013
Revenue		
Producer service charges	122,905	124,778
Less: Producer service charge refunds	<u>(1,356)</u>	<u>(1,577)</u>
	<u>121,549</u>	<u>123,201</u>
Expenses		
Annual general meeting	2,886	932
Board of Directors	7,791	9,138
Levy administration fees	6,213	9,083
Meetings	6,433	1,263
Proportionate expenses of POGA - note 4	75,460	18,085
Research and development	10,000	
Sponsorships	2,100	2,100
Travel		267
General and administrative:		
Bank charges	59	40
Communications - promotion and website		286
Office and other administrative	84	918
Professional fees	<u>1,870</u>	
	<u>112,896</u>	<u>42,112</u>
Excess of Revenue Over Expenses for the Year	<u>\$ 8,653</u>	<u>\$ 81,089</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, 2014
(Unaudited)

	2014	2013
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	8,653	81,089
Net change in working capital	<u>(13,469)</u>	<u>6,280</u>
Net Cash Increase (Decrease) for the Year	(4,816)	87,369
Cash position, beginning of year	<u>87,369</u>	<u>0</u>
Cash Position, End of Year	<u>\$ 82,553</u>	<u>\$ 87,369</u>
Represented By:		
Cash and cash equivalents	<u>\$ 82,553</u>	<u>\$ 87,369</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	509	(16,542)
- prepaid expenses	<u>(150)</u>	
Increase (decrease) - accounts payable and accrued liabilities	<u>(13,828)</u>	<u>22,822</u>
	<u>\$(13,469)</u>	<u>\$ 6,280</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, 2014
(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) 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.

(c) 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.

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2014
(Unaudited)

2. Significant Accounting Policies - continued

(d) 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. 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	2014	2013
Liabilities		
Accounts payable - POGA (underpayment of funding contributions)	\$ 5,880	\$ 18,085
Accounts payable - Board of Director expenses	409	2,533
Expenses		
Proportionate expenses of POGA	75,460	18,085

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(Unaudited)

4. Transactions with Related Parties - continued

In the current year, AOGC's share of POGA's operating deficit is 12% (14% of administrative expenses only in the prior year). A summary of POGA's total revenues and expenses appears below:

	2014	2013
Revenues before funding contributions:		
Grant revenues	371,874	256,641
POBC contributions	295,621	185,630
Other revenues	39,899	24,647
	<u>707,394</u>	<u>466,918</u>
Expenses:		
Research projects	450,810	244,273
Market development projects	513,628	505,594
Expansion projects		393
Communications	48,722	49,968
General operating expenses	306,421	253,776
	<u>1,319,581</u>	<u>1,054,004</u>
Deficiency of Revenue over Expenses before Funding Contributions	<u>(612,187)</u>	<u>(587,086)</u>
Funding contributions:		
MOGA	93,599	161,130
SODC	443,128	407,871
AOGC	75,460	18,085
	<u>\$ 0</u>	<u>\$ 0</u>

5. Commitments

The organization has committed to providing \$10,000 per year to the University of Alberta for support of a research project.

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 4. POGA's commitments are as follows:

Project	Terms
Oats: Preventing Equine Disease	- \$122,601 in US dollars commencing February 1, 2013 and ending January 31, 2015, \$50,823 in Canadian dollars of which was expended in the current year (\$41,995 in the prior year) - POGA is eligible for up to \$66,150 in grant funds for this project, \$23,940 of which was received in the current year (\$38,640 in the prior year)

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5. Commitments - continued

Julie Goodnight sponsorship	- \$91,200 in US dollars commencing November 1, 2012 and ending October 1, 2014, \$48,936 in Canadian dollars of which was expended in the current year (\$34,556 in the prior year)
Improving Export of Canadian Oats	- contracts for facilitating meetings with representatives of the agricultural products transportation industry; remaining commitments under contract total \$21,500 for contracted services plus actual travel and meeting costs
Healthier Oat Oil	- \$90,000 over four years commencing January 1, 2013, \$30,000 of which was expended in the current year (\$15,000 in the prior year)
Water Soluble Beta Glucan	- \$90,000 over three years commencing August 1, 2012, \$30,000 of which was expended in the current year (\$30,000 in the prior year)
Development of Oat Cultivars (Oat Advantage)	- \$20,000 annually over 5 years commencing April 1, 2013, with a 2-year extension option, \$20,000 of which was expended in the current year (\$20,000 in the prior year)
Yield Response and Test Weight Stability of Oat to Fertilizer N	- POGA has agreed to apply for a grant to a maximum of \$30,720, on behalf of a third party.
CAAP project	- POGA has agreed to apply for a grant to a maximum of \$97,000 on behalf of a third party - POGA has committed to providing an additional \$10,000 toward the project, which has been recognized as an expense of the current year
Developing Superior Oat Cultivars and Prairie Oat Breeding Consortium	- \$1,098,581 over 5 years commencing April 1, 2013, \$264,932 of which was expended in the current year
Other commitments	- \$50,000 per year for two years commencing April 2014 for research, industry consultation and liaison services, payable monthly