

Alberta Oat Growers Commission

FINANCIAL STATEMENTS

Year Ended July 31, 2019

Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2019

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Independent Practitioners' Review Engagement Report

To the board of directors
Alberta Oat Growers Commission

We have reviewed the accompanying financial statements of Alberta Oat Growers Commission, that comprise the Statement of Financial Position as at July 31, 2019, 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.

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 Alberta Oat Growers Commission as at July 31, 2019, 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 6, 2019

Alberta Oat Growers Commission
 Regina, Saskatchewan
 Statement of Financial Position as at July 31, 2019

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	131,312	76,797
Accounts receivable	<u>13,637</u>	<u>15,538</u>
	144,949	92,335
 Capital Assets - note 4	 <u>0</u>	 <u>170</u>
	<u>\$ 144,949</u>	<u>\$ 92,505</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	<u>15,124</u>	<u>17,954</u>
Net Assets, Unrestricted		
Balance, beginning of year	74,551	58,964
Add: Excess of revenue over expenses for the year	<u>55,274</u>	<u>15,587</u>
Balance, end of year	<u>129,825</u>	<u>74,551</u>
	<u>\$ 144,949</u>	<u>\$ 92,505</u>

Approved on behalf of the board:



Alberta Oat Growers Commission

Statement of Operations
For the year ended July 31, 2019

	2019	2018
Revenue		
Producer service charges	163,608	166,495
Less: Producer service charge refunds	(6,654)	(5,389)
	<u>156,954</u>	<u>161,106</u>
Expenses		
Amortization	170	339
Annual general meeting	7,558	7,579
Board of Directors	4,250	3,302
Communications	100	
Levy administration fees	11,646	10,526
Meetings	1,215	2,534
Proportionate expenses of POGA - note 5	72,127	115,326
Research and development	2,000	3,300
General and administrative:		
Bank charges	244	243
Office and other administrative	150	150
Professional fees	2,220	2,220
	<u>101,680</u>	<u>145,519</u>
Excess of Revenue Over Expenses for the Year	<u>\$ 55,274</u>	<u>\$ 15,587</u>

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

Alberta Oat Growers Commission

Statement of Cash Flow
For the year ended July 31, 2019

	2019	2018
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	55,274	15,587
Add items not requiring cash resources		
Amortization	170	339
Net change in working capital	<u>(929)</u>	<u>(1,612)</u>
Net Cash Increase for the Year	54,515	14,314
Cash position, beginning of year	<u>76,797</u>	<u>62,483</u>
Cash Position, End of Year	<u>\$ 131,312</u>	<u>\$ 76,797</u>
Represented By:		
Cash and cash equivalents	<u>\$ 131,312</u>	<u>\$ 76,797</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	1,901	(1,029)
Increase (decrease) - accounts payable and accrued liabilities	<u>(2,830)</u>	<u>(583)</u>
	<u>\$(929)</u>	<u>\$(1,612)</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, 2019

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:

	Method of Amortization	Rate of Amortization
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, 2019

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 2019	Net Book Value 2018
Furniture, fixtures and equipment	<u>\$ 1,017</u>	<u>\$ 1,017</u>	<u>\$ 0</u>	<u>\$ 170</u>

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2019

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 Saskatchewan Oat Development Commission (SaskOats), the Manitoba Oat Growers Association (MOGA), and the Alberta Oat Growers Commission (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 in the fiscal year.

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	2019	2018
Liabilities		
Accounts payable - POGA (underpayment of funding contributions)	\$ 10,077	\$ 12,401
Accounts payable - Board of Director expenses	1,334	628
Expenses		
Proportionate expenses of POGA	72,127	115,326

In the current year, AOGC's share of POGA's net operating deficit is 9% (14% in the prior year annual allocation). A summary of POGA's total revenues and expenses appears below:

	2019	2018
Revenues before funding contributions:		
Grant revenues	163,619	245,562
POBC contributions	317,271	147,931
Other revenues	74,168	98,234
	<u>555,058</u>	<u>491,727</u>
Expenses:		
Research projects	579,800	469,932
Market development projects	283,852	370,814
Communications	73,904	79,605
Policy	25,882	17,586
General operating expenses	395,758	414,965
	<u>1,359,196</u>	<u>1,352,902</u>
Deficiency of Revenue over Expenses before Funding Contributions	(804,138)	(861,175)
Funding contributions:		
MOGA	226,324	241,449
SaskOats	505,687	504,400
AOGC	72,127	115,326
	<u>\$ 0</u>	<u>\$ 0</u>

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2019

6. Commitments and Projects

In 2016, the organization committed to budget \$2,000 in 2016 and \$3,300 annually 2017 to 2021 to post-registration variety performance trials by the Alberta/British Columbia Grain Advisory Committee.

The organization has entered into an agreement for levy administration fees for the following fiscal year totalling \$12,984.

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:

Project	Terms
Developing Superior Oat Cultivars and Prairie Oat Breeding Consortium	<ul style="list-style-type: none">- \$1,189,750 over five years commencing April 1, 2018, \$356,925 of which was expended in the current year (\$356,925 to date).- The Prairie Oat Breeding Consortium, a group of oat industry stakeholders, has agreed to provide funds towards POGA's commitments to this project via annual funding agreement.
Post-Doctoral Researcher	<ul style="list-style-type: none">- \$112,500 over the period commencing April 1, 2017 and ending October 31, 2018, \$12,500 of which was expended in the current year (\$112,500 to date).- POGA did not receive any funding from industry partners for this project in the current year however has received \$66,590 to date.
Development of Oat Cultivars (Oat Advantage)	<ul style="list-style-type: none">- \$20,000 annually over eight years commencing April 1, 2013; \$20,000 of which was expended in the current year (\$140,000 to date).
Investigation of Avenanthramides	<ul style="list-style-type: none">- \$90,000 commencing December 5, 2014 and ending December 31, 2018. \$10,000 was expended in the current year (\$90,000 to date). This project was completed in the current year.
Crown Rust Initiative	<ul style="list-style-type: none">- Maximum of \$100,000 denoted in US dollars commencing October 1, 2015 and ending June 30, 2020. No payments were made in the current year (\$27,466 CAD to date).
Development of an Oat-Based Beverage Rich in Dietary Fibre and Protein	<ul style="list-style-type: none">- \$60,000 commencing July 1, 2016 and ending February 20, 2020. No funds were expended during the current year (\$45,000 to date).

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2019

6. Commitments and Projects - continued

Project	Terms
AB Variety Trials, including Estimation of Beta Glucans Content and Yield of Seed from Different Oat Varieties in Alberta	- \$53,250 payable in six instalments of \$8,875 as specific requirements are completed commencing April 1, 2019. Amounts expended in the current year total \$8,875 (\$8,875 to date). Funding of \$7,500 has been received from industry partners (\$7,500 to date).
Developing New Strategies to Efficiently Utilize Oat Grains in High Production Dairy Cows	- \$228,290 commencing September 2, 2017 and ending August 30, 2023. \$31,000 was expended in the current year (\$59,750 to date).
Development of the Mexican Oat Market	- \$633,000 commencing April 1, 2018 to be spent by March 31, 2021; \$222,756 was expended during the current year (\$282,456 to date). - POGA is eligible for up to \$348,150 in grant funds for the project \$122,516 of which was recognized in the current year (\$155,351 to date).
Expanding the Canadian Oat Market - China Project	- \$262,000 by March 31, 2021; \$61,096 of which was expended in the current year (\$93,418 to date). - POGA is eligible for up to \$102,300 in grant funds for this project; \$33,603 of which was recognized in the current year (\$51,380 to date).
Tuning the Oat Genome with CRISPR based systems	- \$130,000 commencing 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 years two and three. \$65,000 expended in the current year (\$65,000 to date).
Breeding, Genomics and Agronomy research	- \$52,500 commencing April 1, 2018 through to the satisfactory completion of the research reporting and payment obligation. \$21,000 expended in the current year (\$21,000 to date).
Organic Oat Breeding	- \$25,000 commencing April 1, 2018 through March 31, 2023. \$10,000 expended in the current year (\$10,000 to date).
Coordinated Monitoring of Field Crop Insect Pests	- \$22,500 over five years commencing April 1, 2018 and ending March 31, 2023. \$9,000 was expended during the current year (\$9,000 to date).
Grain Safety Sponsorship	- \$10,000 commencing August 1, 2018 and ending September 30, 2020. \$5,000 was expended in the current year (\$5,000 to date).

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2019

6. Commitments and Projects - continued

Project	Terms
Economic Value of Diversified cropping	- \$2,500 committed through September 19, 2018 to March 31, 2022. \$1,250 expended during the current year (\$1,250 to date).
Impact of Particle Size on Pulse Oat & Flours	- \$30,000 committed through December 12, 2018 to April 30, 2021. \$15,000 expended in the current year (\$15,000 to date).
Markers Linked to Oat Crown Rust Resistance	- \$40,000 committed though December 12, 2018 to July 1, 2023. \$10,000 expended during the current year (\$10,000 to date).

Prairie Oat Growers have signed a number of other agreements with commitments totalling \$42,900 covering the period up to and including fiscal 2020.