

Prairie Oat Growers Association Inc.

FINANCIAL STATEMENTS

Year Ended July 31, 2018

Prairie Oat Growers Association Inc.

Regina, Saskatchewan

July 31, 2018

(Unaudited)

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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, 2018, 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.

Basis for Qualified Conclusion

In the current year, an error was identified with respect to historically unrecorded accrued liabilities for vacation pay. As detailed in note 6, this error was corrected prospectively. Canadian accounting standards for not-for-profit organizations requires the correction of errors to be made retrospectively. Had the error been corrected retrospectively, the related current year expense would have only been \$800 (instead of \$21,700), and the opening net assets of the prior year would have been decreased by \$20,900.

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, 2018, 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.

Collins Barrow PQ LLP

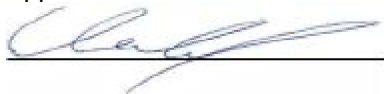
Collins Barrow PQ LLP

Yorkton, SK
December 5, 2018

Prairie Oat Growers Association Inc.
 Regina, Saskatchewan
 Statement of Financial Position as at July 31, 2018
 (Unaudited)

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	127,748	219,811
Accounts receivable - note 4	101,776	184,271
Prepaid expenses	17,594	8,625
	247,118	412,707
Capital Assets - note 5	3,171	916
	\$ 250,289	\$ 413,623
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities - note 6	239,514	231,317
Deferred revenue - note 7	4,850	176,381
	244,364	407,698
Net Assets, Unrestricted		
Balance, beginning of year	5,925	5,925
Add: Excess of revenue over expenses for the year	0	0
Balance, end of year	5,925	5,925
	\$ 250,289	\$ 413,623

Approved on behalf of the board:



Prairie Oat Growers Association Inc.

Statement of Operations
For the year ended July 31, 2018
(Unaudited)

	2018	2017
Revenue Before Funding Contributions		
<i>Grant revenues: - note 9</i>		
Growing Canadian Agri-Innovations Program - Tagging in Oats	36,724	38,737
AgriMarketing - China Mission	17,777	
AgriMarketing - Mexico Project	65,243	72,079
AgriMarketing - USA Marketing Campaign	77,157	65,612
ADOPT Program		5,500
Agriculture Development Fund - Mycotoxins in Sask. Oats	14,786	76,678
Alberta Oat Variety Trial	13,875	12,000
Agriculture Development Fund - Crop Sequencing		7,500
WGRF - Oats Improve the Gastrointestinal Health of Horses		33,579
National Oat Strategy	10,000	
Oat Manual	10,000	
<i>Other revenues:</i>		
Conference revenues	44,682	34,532
AAFC Post Doctoral Industry Support	41,590	25,000
Prairie Oat Breeding Consortium partner contributions - note 9	147,931	221,776
USA Marketing Campaign Industry Support	9,388	65,612
Gain on foreign exchange	2,574	2,000
Other income		12,660
	<u>491,727</u>	<u>673,265</u>
Expenses - page 14		
Research projects	469,932	564,253
Market development projects	370,814	355,592
Communications	79,605	87,374
General operating expenses	432,551	375,228
	<u>1,352,902</u>	<u>1,382,447</u>
Deficiency of Revenue Over Expenses Before Funding Contributions	<u>(861,175)</u>	<u>(709,182)</u>
Funding Contributions - note 8		
Manitoba Oat Growers Association	241,449	180,068
SaskOats	504,400	458,758
Alberta Oat Development Commission	115,326	70,356
	<u>861,175</u>	<u>709,182</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 Flows
For the year ended July 31, 2018
(Unaudited)

	2018	2017
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	0	0
Add items not requiring cash resources		
Amortization - page 14	1,379	917
Net change in working capital	<u>(89,808)</u>	<u>183,731</u>
	<u>(88,429)</u>	<u>184,648</u>
Investing activities		
Capital asset purchases	<u>(3,634)</u>	<u>0</u>
Net Cash Increase (Decrease) for the Year	<u>(92,063)</u>	<u>184,648</u>
Cash position, beginning of year	<u>219,811</u>	<u>35,163</u>
Cash Position, End of Year	<u>\$ 127,748</u>	<u>\$ 219,811</u>
Represented By:		
Cash and cash equivalents	<u>\$ 127,748</u>	<u>\$ 219,811</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	82,495	(29,448)
- prepaid expenses	(8,969)	(2,325)
Increase (decrease) - accounts payable and accrued liabilities	8,197	208,638
- other current liabilities	<u>(171,531)</u>	<u>6,866</u>
	<u>\$(89,808)</u>	<u>\$ 183,731</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, 2018
(Unaudited)

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, 2018
(Unaudited)

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

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.

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

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2018
(Unaudited)

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, 2018, cash of \$121 (2017 - \$42,530) is in US dollars and converted into Canadian dollars.

	2018	2017
4. Accounts Receivable		
Accounts receivable are comprised of the following items:		
Accounts receivable	36,378	41,724
Accrued grants receivable:		
AgrilInnovations - Tagging in Oats		38,737
ADF - Mycotoxins in Saskatchewan Oats	14,786	
AgriMarketing - Mexico Oats/USA marketing		76,310
AgriMarketing - Expanding the Canadian Oat Market	50,612	
WGRF - Gastrointestinal Health of Horses		27,500
	<u>\$ 101,776</u>	<u>\$ 184,271</u>
5. Capital Assets		
Cost		
Furniture, fixtures and equipment	2,065	727
Computer equipment	<u>7,474</u>	<u>5,178</u>
	<u>9,539</u>	<u>5,905</u>
Accumulated amortization		
Furniture, fixtures and equipment	1,062	485
Computer equipment	<u>5,306</u>	<u>4,504</u>
	<u>6,368</u>	<u>4,989</u>
Net book value	<u>\$ 3,171</u>	<u>\$ 916</u>

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2018
(Unaudited)

	2018	2017
6. Accounts Payable and Accrued Liabilities		
Accounts payable and accrued liabilities are comprised of the following items:		
Accounts payable	215,137	231,317
Government remittances	2,677	
Accrued liabilities	21,700	
	\$ 239,514	\$ 231,317

Accrued liabilities represents vacation pay earned but not yet paid. Historically unrecorded vacation pay of the prior years has been included in the current year administrative expenses.

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
AAFC Post Doctoral Research				
Assistant	8,295	41,590	33,295	
Alberta Oat Variety Testing	2,125	13,875	11,750	
Online Grower Manual	5,000	10,000	5,000	
POBC memberships	147,931	147,931		
Sponsorships	3,642	3,642	4,850	4,850
USA Marketing Campaign - Industry Support	9,388	9,388		
	\$ 176,381	\$ 226,426	\$ 54,895	\$ 4,850

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. The 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, 2018
(Unaudited)

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	2018	2017
Assets		
Accounts receivable - AOGC's funding contributions	\$ 9,378	\$ 15,555
Accounts receivable - MOGA's funding contributions	17,646	25,668
Liabilities		
Accounts payable - Board of Director expenses	14,450	11,914
Accounts payable - SaskOats' funding contributions	96,871	1,342
Revenue		
Funding contributions (SaskOats)	504,400	458,758
Funding contributions (AOGC)	115,326	70,356
Funding contributions (MOGA)	241,449	180,068
POBC contributions (MOGA)	18,981	28,472

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 Agriculture and Agri-Food Canada (AAFC) for the purposes of developing superior oat cultivars for Canada. This project is led and administered by AAFC. POGA has committed to funding \$1,098,581 of the total project budget of \$2,865,829. Eligible expenditures paid and recognized as an expense in the current year total \$171,379 (\$1,098,581 to date). The project commenced in April 2013 and completed March 31, 2018.

POGA has agreed to participate in a collaborative research project with Agriculture and Agri-Food Canada (AAFC) 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. No eligible expenditures were paid in the current year. The project commenced in April 1, 2018 and extends to March 31, 2023.

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.

Post Doctoral Researcher and Prairie Oat Breeding Consortium (POBC)

POGA has agreed to contribute funding to support the salary of a post-doctoral researcher to assist with the oat breeder at AAFC's Brandon Research and Development Centre. POGA has committed to funding \$112,500 over the period commencing April 1, 2017 and ending October 31, 2018. POGA has received \$33,295 from industry partners towards the funding of this project in the current year (\$66,590 to date). Eligible expenditures paid and recognized as an expense in the current year total \$75,000.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2018
(Unaudited)

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 (\$120,000 to date).

Occurrence and Fate of Toxigenic Fungi and Their Associated Mycotoxins in Saskatchewan-Grown Oats and Oat Milling Projects

The purpose of this project is to investigate the occurrence of specific fungi and their associated mycotoxins in oats grown in different regions across the Canadian Prairies, with a focus on those grown in Saskatchewan, the effect of sample processing on fungal and mycotoxin measurements, and the effects of de-hulling, steaming, kilning and milling on concentrations of mycotoxigenic fungi and mycotoxins in oats and oat milling products. POGA is eligible for a grant of up to \$233,772 from the Government of Saskatchewan as represented by the Ministry of Agriculture through the Ministry's Agriculture Development Fund, in defined contribution levels over five years, commencing January 2014. \$14,786 in funding has been recognized as revenue in the current year (\$233,772 to date). Additionally, a third party has committed to providing \$619,749 of in-kind contributions to the project over the five-year period. POGA has committed to contributing an additional \$19,480 in excess of grant funds received, in each of the first four years of the project. Eligible expenses recognized in the current year total \$14,786 (\$311,695 to date). The project was completed in the current fiscal year.

Transposon-Mediated Activation Tagging in Oats

The purpose of this project is to lay the foundation for a new method of identifying genes to improve oat breeding. POGA is eligible for a grant of up to \$151,500 from the Government of Canada as represented by the Ministry of Agriculture and Agri-Food through the Ministry's AgriInnovation Program, in defined contribution levels over four years commencing April 1, 2014, to fund 75% of eligible expenditures under this project. POGA has contracted a third party to carry out the project at a total cost of \$197,801. This project was completed in the current fiscal year.

Crop Sequencing of Large Acreage Crops

The organization has agreed to fund a total of \$32,500 from December 5, 2014 through July 20, 2020 toward a research project conducted by the Ministry's Agriculture Development Fund to identify crop sequence and rotation changes that will increase the yield and quality of special crops and other crops as the climate changes from a warm, dry environment to a wet, cool environment. POGA has received \$20,000 from industry partners towards the funding of this project, which has been fully recognized to date. POGA completed its funding commitments to this project in the current year.

Investigation of Avenanthramides

The organization has agreed to fund a total of \$90,000 from December 5, 2014 through December 31, 2018 toward a research project conducted by the University of Saskatchewan to survey the content of nutritional avenanthramides in oat species, cultivators and breeding lines to increase the levels of the healthy compounds in oats. No amounts were paid in the current year (\$80,000 to date).

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2018
(Unaudited)

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

Breeding for Resistance to Leaf Blotch Pathogens in Saskatchewan Oats

The organization has agreed to fund a total of \$45,000 from December 5, 2014 through January 31, 2018 toward a research project conducted by the University of Saskatchewan to increase the resistance of Pyrenophora and Stagnospora pathogens in commercial oat fields. Amounts paid and recognized as an expense in the current year total \$15,000 (\$45,000 to date). This project was completed in the current fiscal year.

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). No amounts were paid in the current year (\$28,750 to date).

Crown Rust Initiative

The organization has agreed to fund a maximum of \$100,000, denoted in US dollars, from October 1, 2015 through July 1, 2019 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).

Mitigating Mycotoxins in the Canadian Food Value Chain

The organization has agreed to fund a total of \$40,000 plus GST from March 31, 2016 through March 31, 2018 toward a research project conducted by Food & Consumer Products Canada to identify methods to minimize the development of mycotoxins in oats. This project was completed in the current fiscal year.

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. POGA has received \$11,750 from industry partners towards the funding of this project in the current year (\$22,750 to date), and recognized \$13,875 in revenue, which includes \$2,125 of revenues deferred in the prior year. Amounts paid and recognized expense in the current year total \$18,125 (\$27,000 to date).

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 August 31, 2019, 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 recognized as an expense in the current year total \$45,000.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2018
(Unaudited)

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 by increasing consumer awareness of the health benefits of oats and developing partnerships with Mexican nutrition and dietitian associations. POGA is eligible for a grant of up to \$161,250 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food, under the "Promotion of Health Benefits of Oats" grant, to fund 50% of eligible expenditures under this project incurred between July 1, 2015 and March 31, 2018. Expenses incurred in the current year are recognized in the Mexican Oats expenses.

The organization entered into a second agreement, with the purpose of this 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 (including 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 actual travel and meeting costs. Expenses incurred in the current year are recognized in the Mexican Oats expenses.

USA Marketing Campaign

The purpose of this project is to increase awareness of the health benefits of oats through the development of a promotion strategy. POGA is eligible for a grant of up to \$143,250 from the Government of Canada as represented by the Minister of Agriculture and Agri-Food, under the "Promotion of Health Benefits of Oats" grant, to fund 50% of eligible expenditures under this project incurred between January 1, 2017 and March 31, 2018. Expenses incurred in the current year are recognized in the USA Marketing Campaign expenses. POGA has received \$75,000 in funding from industry partners as a contribution to the expenses not eligible under the 50% funding model. \$9,388 in industry support revenues for this project have been recognized in the current year. This project was completed in the current fiscal year.

Grain Safety Sponsorship

The organization has agreed to sponsor the Grain Safety Program initiated by the Canadian Agriculture Safety Association for a total of \$10,000 as per an agreed payment schedule commencing July 19, 2016 and ending August 31, 2017. 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 \$5,000 (\$10,000 to date). These expenses have been recognized in advertising expenses.

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. No amounts were contributed to this in the year.

Prairie Oat Growers Association Inc.

Notes to Financial Statements
For the year ended July 31, 2018
(Unaudited)

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

Online Grower Manual

The purpose of this project is to provide up-to-date information to growers on maximizing oat yield and quality. The Saskatchewan Oat Development Commission has applied for a grant on behalf of POGA. The project is eligible for a grant of up to \$10,000 from the Government of Saskatchewan as represented by the Ministry of Agriculture through the Ministry's Agriculture Development Fund, to be paid over the period commencing June 2, 2016 and ending July 30, 2017. POGA has entered into contracts for the provision of services extending to June 30, 2017. POGA's commitment under this contract totals \$15,000, with an additional \$5,000 available for other costs incurred. This project was, in fact, completed in the current fiscal year, and as such, the related revenues and expenses are recognized in the current year.

Development of Oat Research Strategy

The Saskatchewan Oat Development Commission entered into an agreement on behalf of the organization for the receipt of services to complete a strategy for ongoing research with a focus of encompassing the needs of the entire value chain, and facilitate a strategy session with the oat value chain, including oat growers. The project is eligible for a grant of up to \$10,000 from the Government of Saskatchewan as represented by the Ministry of Agriculture through the Ministry's Industry Organization Development Fund. This project was completed in the current fiscal year.

Development of the China Oat Market

The purpose of this project is to develop the China 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 is 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 (including a 10% administrative cost allocation) under this project incurred between April 1, 2018 and March 31, 2021. POGA's commitment under this contract totals \$262,000 for contracted services, plus actual travel and meeting costs. Expenses incurred in the current year are recognized in the china project expenses.

Other agreements

The organization has agreed to provide a sponsorship in the amount of \$2,500 in the 2019 fiscal year.

Subsequent to year end, the organization agreed to fund an additional project undertaken by the Western Grains Research Foundation for a total of \$22,500 over the five years 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. No payments were made in the current year.

Prairie Oat Growers Association Inc.

Schedule of Expenses
For the year ended July 31, 2018
(Unaudited)

	2018	2017
1. Research projects - note 9		
Alberta Oat Variety Trial	18,125	16,750
Leaf Blotch	15,000	15,000
Crop Sequencing	10,000	10,000
Dairy Cattle - Use of Oats		28,750
Development of an Oat Based Beverage	45,000	
Development of Oat Cultivars	20,000	20,000
Developing Superior Oat Cultivars	171,379	225,143
Investigation of Avenanthramide		30,000
Mitigating Mycotoxins	14,001	14,000
Mycotoxins in Saskatchewan	14,786	96,159
National oat strategy meeting	23,341	
Oat growers manual	15,000	
Oatdeal Coffee Additive		10,000
Oat Fractionation		10,000
Post-Doctoral Research Assistant	75,000	25,000
Quality of International Oat Sources		7,351
Tagging in Oats	48,300	50,600
Yield Response and Test Weight Stability of Oats to Fertilizer N		5,500
	<u>\$ 469,932</u>	<u>\$ 564,253</u>
2. Market development projects - note 9		
Mexican Oats	143,059	143,649
Oat Sustainability Project		75,730
China Project	54,827	4,988
USA Marketing Campaign	172,928	131,225
	<u>\$ 370,814</u>	<u>\$ 355,592</u>
3. Communications		
Advertising, newsletter, website and membership	62,605	75,874
Sponsorships	17,000	11,500
	<u>\$ 79,605</u>	<u>\$ 87,374</u>
4. General operating expenses		
Administrative	234,937	201,697
Amortization	1,379	917
Annual conference	69,068	32,569
Directors' travel and administration	88,092	90,689
Insurance	2,403	2,350
Interest and bank charges	1,269	1,193
Meetings	11,823	19,287
Policy	17,586	21,026
Professional fees	5,994	5,500
	<u>\$ 432,551</u>	<u>\$ 375,228</u>

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