

**FINANCIAL
STATEMENTS**

**Saskatchewan Oat
Development Commission**

Year Ended July 31, 2008

Saskatchewan Oat Development Commission
Saltcoats, Saskatchewan
July 31, 2008

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PARKERQUINE LLP
Chartered Accountants Business Advisors

Auditors' Report

To the board of directors
Saskatchewan Oat Development Commission

We have audited the Statement of Financial Position of Saskatchewan Oat Development Commission as at July 31, 2008 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The commission collects a check-off fee from Saskatchewan producers through buyers of oats. It was not practical for us to verify whether all buyers of oats produced in Saskatchewan have collected and remitted the required check-off fee to the commission. In addition, the commission has engaged a third party to administer the check-off collection, including the establishment and monitoring of all related controls. It was not practical for us to examine the records of this third party. Accordingly, our verification of check-off fee revenue was limited to the amounts recorded in the accounts of the commission. As such, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets, liabilities, net assets and cash flows of the commission.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of check-off revenue as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2008 and the results of its operations and changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

PARKERQUINE LLP

Per: *Mandy Piroca*

Yorkton, SK
January 11, 2009

Saskatchewan Oat Development Commission
Saltcoats, Saskatchewan
Statement of Financial Position as at July 31, 2008

	2008	2007
Assets		
Current Assets		
Cash and cash equivalents	32,610	38,174
Short-term investments	1,004,301	400,000
Accounts receivable - note 4	144,998	39,985
Accrued interest receivable	7,849	3,121
Prepaid expenses	366	
	1,190,124	481,280
Capital Assets - note 5	2,797	0
	\$ 1,192,921	\$ 481,280
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	79,515	12,326
Net Assets		
Invested in capital assets	2,797	
Unrestricted net assets	1,110,609	468,954
	1,113,406	468,954
	\$ 1,192,921	\$ 481,280

Approved on behalf of the board:

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

Saskatchewan Oat Development Commission
Statement of Changes in Net Assets
For the year ended July 31, 2008

	Invested in Capital Assets	Unrestricted Net Assets	2008 Total	2007 Total
Balance, beginning of year	0	468,954	468,954	3,907
Excess (deficiency) of revenue over expenses for the year	(699)	645,151	644,452	465,047
Transfer from unrestricted to restricted	<u>3,496</u>	<u>(3,496)</u>	<u> </u>	<u> </u>
Balance, end of year	<u>\$ 2,797</u>	<u>\$ 1,110,609</u>	<u>\$ 1,113,406</u>	<u>\$ 468,954</u>

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

Saskatchewan Oat Development Commission

Statement of Operations

For the year ended July 31, 2008

	Budget	2008	2007
Revenue			
Producer check-off fees	485,000	835,514	576,377
Less: producer check-off refunds	<u>(29,000)</u>	<u>(32,422)</u>	<u>(21,312)</u>
	456,000	803,092	555,065
Investment and other income	14,000	24,413	4,490
Subsidies and grants		<u>25,953</u>	
	<u>470,000</u>	<u>853,458</u>	<u>559,555</u>
Expenses			
Amortization		699	
Board of Directors	12,000	8,650	6,827
Executive Director contract	36,000	36,000	27,500
Levy administration fees	18,000	14,432	11,394
Producer meetings	5,000	4,012	2,981
Policy development	5,000	10,872	
Research and development		79,737	25,000
Travel			418
General and administrative:	25,000		
Advertising and promotion		5,542	3,518
Bank charges		324	344
Courses, seminars and workshops		334	1,253
Memberships		21,037	3,124
Newsletter		15,400	3,285
Office and other administrative		3,529	7,966
Professional fees		4,180	
Telephone		2,925	898
Website		<u>1,333</u>	
	<u>101,000</u>	<u>209,006</u>	<u>94,508</u>
Excess of Revenue Over Expenses for the Year	<u>\$ 369,000</u>	<u>\$ 644,452</u>	<u>\$ 465,047</u>

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

Saskatchewan Oat Development Commission

Statement of Cash Flows

For the year ended July 31, 2008

	2008	2007
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	644,452	465,047
Add items not requiring cash resources		
Amortization	699	
Net change in working capital	<u>(42,918)</u>	<u>(34,244)</u>
	<u>602,233</u>	<u>430,803</u>
Investing activities		
Capital asset purchases	(3,496)	
Additions to short-term investments	(1,104,301)	(400,000)
Proceeds on disposal of short-term investments	500,000	
	<u>(607,797)</u>	<u>(400,000)</u>
Net Cash Increase (Decrease) for the Year	(5,564)	30,803
Cash position, beginning of year	<u>38,174</u>	<u>7,371</u>
Cash Position, End of Year	<u>\$ 32,610</u>	<u>\$ 38,174</u>
Represented By:		
Cash and cash equivalents	<u>\$ 32,610</u>	<u>\$ 38,174</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	(105,013)	(39,985)
- prepaid expenses	(366)	
- other current assets	(4,728)	(3,121)
Increase (decrease) - accounts payable and accrued liabilities	<u>67,189</u>	<u>8,862</u>
	<u>\$(42,918)</u>	<u>\$(34,244)</u>

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

Saskatchewan Oat Development Commission

Notes to Financial Statements
For the year ended July 31, 2008

1. Nature of Operations

The organization was established April 12, 2006 pursuant to The Oat Development Plan Regulations (the Regulations), under the authority of The Agri-Food Act, 2004. The purpose of the organization is to develop the oat industry in Saskatchewan by engaging in research and development projects intending to research new market opportunities, improve yields, decrease input costs, increase demand and create an overall better product.

2. Significant Accounting Policies

These financial statements are the responsibility of the organization's management and have been prepared in accordance with Canadian generally accepted accounting principles using the accounting policies as summarized below:

(a) Short-term investments

Short-term investments represent investments in Guaranteed Investment Certificates and Money Market Fund units. Short-term investments are valued at published market rates.

(b) Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization. The assets are amortized on a straight-line basis at the following rates:

Computer equipment	5 years
Computer software	5 years

(c) Revenue

Under the Regulations, each producer is required to pay the organization a check-off fee of \$0.50 per tonne of oats marketed. Producers may request a refund for check-off fees paid in the year by submitting a written request within time limits as defined in the Regulations.

Producer check-off fees and registration fees are recognized when they become receivable from the producers and collection is reasonably assured. Refunds are recognized as requested by producers in the same fiscal year as the related revenue is reported.

Interest revenues are recognized as earned. Investment revenues relating to investments designated as held-for-trading are recognized as the change in the fair value of the investments changes.

Saskatchewan Oat Development Commission

Notes to Financial Statements
For the year ended July 31, 2008

2. Significant Accounting Policies - continued

(d) Donated materials and services

The organization benefits from the donation of materials and services. These financial statements do not reflect the value of donations-in-kind received in the year.

(e) Government assistance

Government assistance related to operating expenses is reflected as income in the year the related expenditures are incurred.

Government assistance in the form of operating grants is recognized as income in the year the grants are received.

(f) Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the organization 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 earnings in the period in which they became known.

3. Financial Instruments

The organization's financial instruments consist of cash, short-term investments and accounts payable and accrued liabilities. For cash and accounts payable and accrued liabilities, the carrying amount of these financial instruments approximate their fair value due to their short-term maturity or capacity of prompt liquidation.

4. Accounts Receivable

Accounts receivable are comprised of the following items:

	2008	2007
Trade accounts receivable	119,045	39,985
Government grants receivable	<u>25,953</u>	<u> </u>
	<u>\$ 144,998</u>	<u>\$ 39,985</u>

The grant receivable, included in accounts receivable above, represents expected government grants to be received relating to expenditures recognized in the year and included in research and development expenses.

Saskatchewan Oat Development Commission

Notes to Financial Statements
For the year ended July 31, 2008

	2008	2007
5. Capital Assets		
Cost		
Computer equipment	2,730	
Computer software	766	
	3,496	0
Accumulated amortization		
Computer equipment	546	
Computer software	153	
	699	0
Net book value	\$ 2,797	\$ 0

6. Commitments

During the year, the organization committed to providing \$100,000 per year for each of the next five years, with payments due semi-annually commencing July 1, 2008, to further oat research at the Crop Development Centre at the University of Saskatchewan. The first \$50,000 of this commitment, payable July 1, 2008, has been included in accounts payable and is included in research and development expenses.

Subsequent to the end of the year, the organization has committed in principal to provide \$20,000 per year for the next three years to an additional research project regarding fungicide application.

7. Related-Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to Saskatchewan Oat Development Commission by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Also, Saskatchewan Oat Development Commission is related to non-crown enterprises that the government jointly controls or significantly influences.

Certain transactions with the Prairie Oat Growers Association are by virtue of a cost sharing arrangement between the two organizations for costs relating to certain overhead expenses. These transactions are recorded at the rates charged by the Prairie Oat Growers Association, which are equal to the Saskatchewan Oat Development Commission's portion of the rates charged to the Prairie Oat Growers Association by the third party suppliers. The organization also paid a membership fee to the Prairie Oat Growers Association which represents an allocation of funds to the other organization.

Saskatchewan Oat Development Commission

Notes to Financial Statements
For the year ended July 31, 2008

7. Related-Party Transactions - continued

In addition, the organization pays provincial sales tax to the Saskatchewan Department of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Financial Statement Accounts	Terms or Conditions	2008	2007
Expenses			
Courses, seminars and workshops	SODC's share	\$	\$ 405
Telephone	SODC's share	2,925	149
Levy administration fees	normal trade terms	14,431	10,281

8. Budget

The budgeted figures represent the estimates of revenues and expenses as approved by the Board of Directors and have not been subject to audit.