

Alberta Oat Growers Commission

FINANCIAL STATEMENTS

Year Ended July 31, 2013

Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2013

(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, 2013 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
December 11, 2013

Alberta Oat Growers Commission
Regina, Saskatchewan
Statement of Financial Position as at July 31, 2013
(Unaudited)

Assets

Current Assets

Cash and cash equivalents	87,369
Accounts receivable	<u>16,542</u>
	<u>\$ 103,911</u>

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	<u>22,822</u>
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Net Assets, Unrestricted

Balance, beginning of year	0
Add: Excess of revenue over expenses for the year	<u>81,089</u>
	<u>\$ 103,911</u>

Approved on behalf of the board:

Alberta Oat Growers Commission

Statement of Operations
For the year ended July 31, 2013
(Unaudited)

Revenue

Levy central income	124,778
Less: Producer levy refunds	<u>(1,577)</u>
	<u>123,201</u>

Expenses

Annual general meeting	932
Board of Directors	9,138
Levy administration fees	9,083
Meetings	1,263
Proportionate expenses of POGA - note 4	18,085
Sponsorships	2,100
Travel	267
General and administrative:	
Bank charges	40
Communications - promotion and website	286
Office and other administrative	<u>918</u>
	<u>42,112</u>

Excess of Revenue Over Expenses for the Year \$ 81,089

Alberta Oat Growers Commission

Statement of Cash Flows
For the year ended July 31, 2013
(Unaudited)

Cash Provided By (Used In):

Operations

Excess of revenue over expenses for the year

81,089

Net change in working capital

6,280

Net Cash Increase for the Year

87,369

Cash position, beginning of year

0

Cash Position, End of Year

\$ 87,369

Represented By:

Cash and cash equivalents

\$ 87,369

Net change in working capital consists of:

Decrease (increase) - accounts receivable

(16,542)

Increase (decrease) - accounts payable and accrued liabilities

22,822

\$ 6,280

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2013
(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 check-off fee 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 check-off fees paid in the year by submitting a written request within time limits as defined in the Regulation.

Producer check-off fees 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, 2013
(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 AOGC, SODC and MOGA have agreed to jointly fund the net administrative expenses of POGA via a cost-sharing arrangement based on levy income net of levy refunds. The MOGA and the SODC have agreed to jointly fund the project expenses of POGA via the same cost-sharing formula as the net administrative expenses. AOGC will participate in the cost-sharing of the project expenses commencing the 2014 fiscal year. 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

	2013
Liabilities	
Accounts payable - POGA (underpayment of funding contributions)	\$ 18,085
Accounts payable - Board of Director expenses	2,533
Expenses	
Proportionate expenses of POGA	18,085

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2013
(Unaudited)

4. Transactions with Related Parties - continued

In the current year, AOGC's share of POGA's administrative expenses is 14%. A summary of POGA's total revenues and expenses appears below:

Revenues before funding contributions:	
Grant revenues	256,641
POBC contributions	185,630
Other revenues	<u>24,647</u>
	<u>466,918</u>
Expenses:	
Research projects	244,273
Market development projects	505,594
Expansion projects	393
Communications	49,968
General operating expenses	<u>253,776</u>
	1,054,004
Deficiency of Revenue over Expenses before Funding Contributions	<u>(587,086)</u>
Funding contributions:	
MOGA	161,130
SODC	407,871
AOGC	<u>18,085</u>
	<u>\$ 0</u>

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2013
(Unaudited)

5. Commitments

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, \$41,995 in Canadian dollars of which was expended in the current year - POGA is eligible for a grant of up to \$66,150 in grant funds this project, \$38,640 of which was received in the current year
Julie Goodnight sponsorship	- \$91,200 in US dollars commencing November 1, 2012 and ending October 1, 2014, \$34,556 in Canadian dollars of which was expended in the current year
Improving Export of Canadian Oats	- contracts for facilitating meetings with representatives of the agricultural products transportation industry and a trade mission to Mexico, \$76,127 of which is to be expended by December 2014
Healthier Oat Oil	- \$90,000 over four years commencing January 1, 2013, \$15,000 of which was expended in the current year
Water Soluble Beta Glucan	- \$90,000 over three years commencing August 1, 2012, \$30,000 of which was expended in the current year
Development of Oat Cultivars (Oat Advantage)	- \$100,000 over 5 years commencing April 1, 2013, \$20,000 of which was expended in the current year
Responsiveness of Oat to Fertilizer N and Fungicides	- POGA has agreed to apply for a grant to a maximum of \$16,000 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, expected to be paid in the 2014 fiscal year