

Alberta Oat Growers Commission

FINANCIAL STATEMENTS

Year Ended July 31, 2020

Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2020

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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, 2020, 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, 2020, 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 4, 2020

Alberta Oat Growers Commission
Regina, Saskatchewan
Statement of Financial Position as at July 31, 2020

Assets	2020	2019
Current Assets		
Cash and cash equivalents	193,079	131,313
Accounts receivable	<u>33,213</u>	<u>13,637</u>
	<u>\$ 226,292</u>	<u>\$ 144,950</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	<u>8,371</u>	<u>15,124</u>
Net Assets, Unrestricted		
Balance, beginning of year	129,826	74,552
Add: Excess of revenue over expenses for the year	<u>88,095</u>	<u>55,274</u>
Balance, end of year	<u>217,921</u>	<u>129,826</u>
	<u>\$ 226,292</u>	<u>\$ 144,950</u>

Approved on behalf of the board:



Alberta Oat Growers Commission

Statement of Operations
For the year ended July 31, 2020

	2020	2019
Revenue		
Producer service charges	191,700	163,608
Less: Producer service charge refunds	(7,100)	(6,654)
	<u>184,600</u>	<u>156,954</u>
Expenses		
Amortization		170
Annual general meeting	11,521	7,558
Board of Directors	4,885	4,250
Communications	1,140	100
Levy administration fees	11,925	11,646
Meetings	1,840	1,215
Proportionate expenses of POGA - note 5	58,478	72,127
Research and development	4,000	2,000
General and administrative:		
Bank charges	124	244
Office and other administrative	150	150
Professional fees	2,442	2,220
	<u>96,505</u>	<u>101,680</u>
Excess of Revenue Over Expenses for the Year	<u>\$ 88,095</u>	<u>\$ 55,274</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, 2020

	2020	2019
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	88,095	55,274
Add items not requiring cash resources		
Amortization		170
Net change in working capital	<u>(26,329)</u>	<u>(929)</u>
Net Cash Increase for the Year	61,766	54,515
Cash position, beginning of year	<u>131,313</u>	<u>76,798</u>
Cash Position, End of Year	<u>\$ 193,079</u>	<u>\$ 131,313</u>
Represented By:		
Cash and cash equivalents	<u>\$ 193,079</u>	<u>\$ 131,313</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	(19,576)	1,901
Increase (decrease) - accounts payable and accrued liabilities	<u>(6,753)</u>	<u>(2,830)</u>
	<u>\$(26,329)</u>	<u>\$(929)</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, 2020

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, 2020

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.

Significant estimates have been made in the useful lives of capital assets.

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 2020	Net Book Value 2019
Furniture, fixtures and equipment	<u>\$ 1,017</u>	<u>\$ 1,017</u>	<u>\$ 0</u>	<u>\$ 0</u>

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2020

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	2020	2019
Assets		
Accounts receivable - POGA (overpayment of funding contributions)	\$ 7,672	\$ 0
Liabilities		
Accounts payable - POGA (underpayment of funding contributions)		10,077
Accounts payable - POGA	541	
Accounts payable - Board of Director expenses	1,563	1,334
Expenses		
Proportionate expenses of POGA	58,478	72,127

In the current year, AOGC's share of POGA's net operating deficit is 10% (9% in the prior year annual allocation). A summary of POGA's total revenues and expenses appears below:

	2020	2019
Revenues before funding contributions:		
Grant revenues	195,700	201,745
POBC contributions	237,954	317,271
Other revenues	64,687	74,168
	<u>498,341</u>	<u>593,184</u>
Expenses:		
Research projects	323,083	579,800
Market development projects	332,356	283,852
Communications	92,597	73,904
Policy	38,526	25,882
General operating expenses	395,294	395,757
	<u>1,181,856</u>	<u>1,359,195</u>
Deficiency of Revenue over Expenses before Funding Contributions	(683,515)	(766,011)
Funding contributions:		
MOGA	170,202	226,324
SaskOats	416,708	505,687
AOGC	58,478	72,127
	<u>645,388</u>	<u>804,138</u>
	<u>\$ (38,127)</u>	<u>\$ 38,127</u>

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2020

5. Transactions with Related Parties - continued

POGA's financial statements for the year ending July 31, 2020 included restatements to the comparative grant revenues, which have been reflected above. As a result, the original calculation of the funding contributions resulted in total excess contributions to POGA of \$38,127 for the fiscal 2019 year (\$3,902 for AOGC, \$12,244 for MOGA and \$21,981 for SaskOats). The excess has been offset against current year proportionate contributions as follows:

	2020	2019
Based on corrected funding calculation	62,380	68,225
2019 overfunding correction	<u>(3,902)</u>	<u>3,902</u>
Expense as recognized	<u>\$ 58,478</u>	<u>\$ 72,127</u>

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 \$12,874.

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, \$118,975 of which was expended in the current year (\$475,900 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.
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 \$17,750 (\$26,625 to date). Funding of \$7,500 has been received from industry partners (\$15,000 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. \$53,500 was expended in the current year (\$113,250 to date).

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2020

6. Commitments and Projects - continued

Project	Terms
Development of the Mexican Oat Market	<ul style="list-style-type: none">- \$633,000 commencing April 1, 2018 to be spent by March 31, 2021; \$227,231 was expended during the current year (\$509,687 to date).- POGA is eligible for up to \$348,150 in grant funds for the project \$120,647 of which was recognized in the current year (\$272,004 to date).
Development of the Japanese Oat Market	<ul style="list-style-type: none">- \$137,000 commencing April 1, 2019 to be spent by March 31, 2021; \$81,121 was expended in the current year (\$81,121 to date).- POGA is eligible for up to \$70,400 in grant funds for this project, \$42,423 of which was recognized in the current year (\$42,423 to date).
Canadian Oats Everyday	<ul style="list-style-type: none">- \$115,000 commencing April 1, 2020 to be spent by March 31, 2021; \$0 was expended in the current year (\$0 to date).- POGA is eligible for up to \$52,273 in grant funds for this project, none of which was recognized in the current year (\$0 to date).
Breeding, Genomics and Agronomy research	<ul style="list-style-type: none">- \$52,500 commencing April 1, 2018 through to the satisfactory completion of the research reporting and payment obligation. \$10,500 expended in the current year (\$31,500 to date).
Organic Oat Breeding	<ul style="list-style-type: none">- \$25,000 commencing April 1, 2018 through March 31, 2023. \$5,000 expended in the current year (\$15,000 to date).
Coordinated Monitoring of Field Crop Insect Pests	<ul style="list-style-type: none">- \$22,500 commencing April 1, 2018 through March 31, 2023. \$4,500 expended in the current year (\$13,500 to date).
Grain Safety Sponsorship	<ul style="list-style-type: none">- \$10,000 commencing August 1, 2018 and ending September 30, 2020. \$2,500 was expended in the current year (\$7,500 to date).
Economic Value of Diversified Cropping System	<ul style="list-style-type: none">- \$2,500 commencing September 19, 2018 through March 31, 2022. \$625 expended in the current year (\$1,875 to date).
Impact of Particle Size on Pulse Oat & Flours	<ul style="list-style-type: none">- \$30,000 commencing December 12, 2018 through April 28, 2022. \$11,250 expended in the current year (\$26,250 to date).
Markers Linked to Oat Crown Rust Resistance	<ul style="list-style-type: none">- \$40,000 commencing December 12, 2018 through July 1, 2023. \$10,000 expended during the current year (\$20,000 to date).

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2020

6. Commitments and Projects - continued

Project	Terms
Tuning the Oat Genome with CRISPR based systems	<ul style="list-style-type: none">- \$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. \$32,500 expended in the current year (\$97,500 to date).- POGA is eligible for up to \$100,100 in grant funds for this project, \$25,025 of which was recognized in the current year (\$75,075 to date).
Revising the Crop Nutrient Uptake and Removal Guidelines for Western Canada	<ul style="list-style-type: none">- \$5,003 commencing December 11, 2020 through December 31, 2022, with an initial payment of \$2,053 in December 2020, followed by payments of \$1,875 in December 2021 and \$625 in December 2022.
Continued Studies on Intercropping	<ul style="list-style-type: none">- \$10,000 commencing April 1, 2021 through March 31, 2025, with annual payments of \$2,500.

7. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The extent of this outbreak and related containment measures could have a material impact on the organization's operations, which cannot be reliably estimated at this time.