

Alberta Oat Growers Commission

FINANCIAL STATEMENTS

Year Ended July 31, 2015

Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2015

(Unaudited)

Table of Contents

	Page
Review Engagement Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9

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, 2015 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 Piro*

Yorkton, SK
November 10, 2015

Alberta Oat Growers Commission
 Regina, Saskatchewan
 Statement of Financial Position as at July 31, 2015
 (Unaudited)

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	27,307	82,553
Accounts receivable	12,661	16,033
Prepaid expenses	<u>150</u>	<u>150</u>
	<u>\$ 39,968</u>	<u>\$ 98,736</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	<u>2,654</u>	<u>8,994</u>
Net Assets, Unrestricted		
Balance, beginning of year	89,742	81,089
Add: Excess (deficiency) of revenue over expenses for the year	<u>(52,428)</u>	<u>8,653</u>
Balance, end of year	<u>37,314</u>	<u>89,742</u>
	<u>\$ 39,968</u>	<u>\$ 98,736</u>

Approved on behalf of the board:

Alberta Oat Growers Commission

Statement of Operations
For the year ended July 31, 2015
(Unaudited)

	2015	2014
Revenue		
Producer service charges	128,996	122,905
Less: Producer service charge refunds	<u>(1,260)</u>	<u>(1,356)</u>
	<u>127,736</u>	<u>121,549</u>
Expenses		
Annual general meeting	7,423	2,886
Board of Directors	6,667	7,791
Levy administration fees	11,473	6,213
Meetings	5,006	6,433
Proportionate expenses of POGA - note 4	134,910	75,460
Research and development	10,000	10,000
Sponsorships	2,100	2,100
Travel	500	
General and administrative:		
Bank charges	60	59
Office and other administrative	100	84
Professional fees	<u>1,925</u>	<u>1,870</u>
	<u>180,164</u>	<u>112,896</u>
Excess (Deficiency) of Revenue Over Expenses for the Year	<u>\$(52,428)</u>	<u>\$ 8,653</u>

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

Alberta Oat Growers Commission

Statement of Cash Flows
For the year ended July 31, 2015
(Unaudited)

	2015	2014
Cash Provided By (Used In):		
Operations		
Excess (deficiency) of revenue over expenses for the year	(52,428)	8,653
Net change in working capital	<u>(2,818)</u>	<u>(13,469)</u>
Net Cash Increase (Decrease) for the Year	(55,246)	(4,816)
Cash position, beginning of year	<u>82,553</u>	<u>87,369</u>
Cash Position, End of Year	<u>\$ 27,307</u>	<u>\$ 82,553</u>
Represented By:		
Cash and cash equivalents	<u>\$ 27,307</u>	<u>\$ 82,553</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	3,372	509
- prepaid expenses	150	(150)
Increase (decrease) - accounts payable and accrued liabilities	<u>(6,340)</u>	<u>(13,828)</u>
	<u>\$(2,818)</u>	<u>\$(13,469)</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, 2015
(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 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.

(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, 2015
(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 SODC, 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 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	2015	2014
Liabilities		
Accounts payable - POGA (underpayment of funding contributions)	\$ 1,104	\$ 5,880
Accounts payable - Board of Director expenses		409
Expenses		
Proportionate expenses of POGA	134,910	75,460

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2015
(Unaudited)

4. Transactions with Related Parties - continued

In the current year, AOGC's share of POGA's operating deficit is 13% (12% in the prior year). A summary of POGA's total revenues and expenses appears below:

	2015	2014
Revenues before funding contributions:		
Grant revenues	416,685	371,874
POBC contributions	221,716	295,621
Other revenues	<u>24,975</u>	<u>39,899</u>
	<u>663,376</u>	<u>707,394</u>
Expenses:		
Research projects	512,476	450,810
Market development projects	820,732	513,628
Communications	58,119	48,722
General operating expenses	<u>346,622</u>	<u>306,421</u>
	1,737,949	1,319,581
Deficiency of Revenue over Expenses before Funding Contributions	<u>(1,074,573)</u>	<u>(612,187)</u>
Funding contributions:		
MOGA	211,824	93,599
SODC	727,839	443,128
AOGC	<u>134,910</u>	<u>75,460</u>
	<u>\$ 0</u>	<u>\$ 0</u>

5. Commitments

The organization has committed to providing \$10,000 per year to the University of Alberta for support of a research project.

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
Julie Goodnight sponsorship	- \$64,600 in US dollars commencing November 1, 2014 and ending March 31, 2016, \$50,300 in Canadian dollars of which was expended in the current year
Improving Transportation Impediments for Canadian Oats	- remaining commitments under contract total \$10,000 for contracted services plus actual travel and meeting costs
Development of the Mexican Oat Market	- \$323,000 by March 31, 2018 - POGA is eligible for up to \$161,250 in grant funds for this project

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2015
(Unaudited)

5. Commitments - continued

Healthier Oat Oil	- \$90,000 over four years commencing January 1, 2013, \$30,000 of which was expended in the current year (\$75,000 to date)
Water Soluble Beta Glucan	- \$90,000 over three years commencing August 1, 2012, \$25,000 of which was expended in the current year (\$55,000 to date)
Development of Oat Cultivars (Oat Advantage)	- \$20,000 annually over 5 years commencing April 1, 2013, with a 2-year extension option, \$20,000 of which was expended in the current year (\$60,000 to date)
Yield Response and Test Weight Stability of Oat to Fertilizer N	- POGA has agreed to apply for two grants, each to a maximum of \$30,720 on behalf of a third party; \$49,070 has been expended to date
Developing Superior Oat Cultivars and Prairie Oat Breeding Consortium	- \$1,098,581 over 5 years commencing April 1, 2013, \$216,400 of which was expended in the current year (\$481,332 to date)
Transposon-Mediated Activation Tagging in Oats	- \$197,801 over four years commencing April 1, 2014, \$48,300 of which was expended in the current year - POGA is eligible for up to \$151,000 in grant funds for this project, \$37,012 of which was received in the current year
Crop Sequencing of Large Acreage Crops	- \$32,500 commencing December 5, 2014 and ending July 20, 2020; no expenses have been incurred to date
Oats Improve the Gastrointestinal Health of Horses	- \$116,106 denoted in US dollars commencing August 1, 2015 and ending December 31, 2016, no expenses have been spent to date - POGA is eligible for up to \$110,000, denoted in Canadian dollars, in grant funds for this project
Investigation of Avenanthramides	- \$90,000 commencing December 5, 2014 and ending December 31, 2017, \$20,000 of which has been expended during the year
Breeding for Resistance to Leaf Blotch Pathogens in Saskatchewan Oats	- \$45,000 commencing December 5, 2014 and ending December 31, 2017; no expenses have been incurred to date

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2015
(Unaudited)

5. Commitments - continued

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| Crown Rust Initiative | - \$100,000 denoted in US dollars commencing October 1, 2015 and ending July 1, 2019; no expenses have been incurred to date |
| Occurrence and Fate of Toxigenic Fungi and their Associated Mycotoxins in Saskatchewan-grown Oats and Oat Milling Projects | - \$311,695 over four years commencing April 2014, \$99,968 in Canadian dollars of which was expended in the current year
- POGA is eligible for up to \$233,722 in grant funds for this project, \$61,006 of which was received in the current year |
| Other commitments | - \$41,000 payable monthly at \$5,125 per month, commencing August 1, 2015, for website content on www.horsehealthyoats.com and marketing to increase online traffic and presence to encourage horse owners to feed oats to their horses |