

**FINANCIAL
STATEMENTS**

**Manitoba Oat Growers
Association**

Year Ended July 31, 2010

Manitoba Oat Growers Association

Yorkton, Saskatchewan

July 31, 2010

(Unaudited)

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PARKERQUINE LLP
Chartered Accountants Business Advisors

Review Engagement Report

To the members
Manitoba Oat Growers Association

We have reviewed the Statement of Financial Position of Manitoba Oat Growers Association as at July 31, 2010 and the Statements of Operations, Changes in Net Assets 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 generally accepted accounting principles.

PARKERQUINE LLP

Per: *Mandy P... CA*

Yorkton, SK
November 14, 2011

Manitoba Oat Growers Association
Yorkton, Saskatchewan
Statement of Financial Position as at July 31, 2010
(Unaudited)

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	241,004	124,027
Accounts receivable	140,495	60,093
Prepaid expenses	<u>1,198</u>	<u>15,450</u>
	<u>\$ 382,697</u>	<u>\$ 199,570</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	115,413	65,477
Net Assets		
Unrestricted net assets	<u>267,284</u>	<u>134,093</u>
	<u>\$ 382,697</u>	<u>\$ 199,570</u>

Approved on behalf of the board:

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

Manitoba Oat Growers Association

Statement of Changes in Net Assets

For the year ended July 31, 2010

(Unaudited)

	2010	2009
Balance, beginning of year	134,093	0
Excess of revenue over expenses for the year	<u>133,191</u>	<u>134,093</u>
Balance, end of year	<u>\$ 267,284</u>	<u>\$ 134,093</u>

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

Manitoba Oat Growers Association

Statement of Operations

For the year ended July 31, 2010

(Unaudited)

	2010	2009
Revenue		
Levy central income	340,247	217,905
Less: Producer levy refunds	(7,983)	(2,140)
Over-cap levy refunds	(78,572)	(32,616)
	<u>253,692</u>	<u>183,149</u>
Expenses		
Board of Directors	2,909	1,037
Levy administration fees	24,898	9,662
Prairie Oat Breeding Consortium membership	15,450	7,727
Producer meetings	1,411	
Proportionate expenses of POGA - note 6	68,225	23,495
General and administrative:		
Bank charges	264	72
Promotion and website	3,349	1,958
Office and other administrative	1,246	321
Professional fees	2,749	4,783
	<u>120,501</u>	<u>49,055</u>
Excess of Revenue Over Expenses for the Year	<u>\$ 133,191</u>	<u>\$ 134,094</u>

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

Manitoba Oat Growers Association

Statement of Cash Flows
For the year ended July 31, 2010
(Unaudited)

	2010	2009
Cash Provided By (Used In):		
Operations		
Excess of revenue over expenses for the year	133,191	134,094
Net change in working capital	<u>(16,214)</u>	<u>(10,067)</u>
Net Cash Increase for the Year	116,977	124,027
Cash position, beginning of year	<u>124,027</u>	<u>0</u>
Cash Position, End of Year	<u>\$ 241,004</u>	<u>\$ 124,027</u>
Represented By:		
Cash and cash equivalents	<u>\$ 241,004</u>	<u>\$ 124,027</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	(80,402)	(60,093)
- prepaid expenses	14,252	(15,450)
Increase (decrease) - accounts payable and accrued liabilities	<u>49,936</u>	<u>65,476</u>
	<u>\$(16,214)</u>	<u>\$(10,067)</u>

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

Manitoba Oat Growers Association

Notes to Financial Statements
For the year ended July 31, 2010
(Unaudited)

1. Nature of Operations

The organization commenced operations in July 2008. Pursuant to The Manitoba Oat Growers Association Designation Regulation ("the Regulation"), under the authority of The Agricultural Producers' Organization Funding Act of Manitoba, the organization is designated as the representative organization of all producers of oats in Manitoba. The purpose of the organization is to fund oat research, market development and education.

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) Revenue

Under the Regulation, each producer is required to pay the organization a check-off fee of \$0.50 per tonne of oats produced in Manitoba, to a maximum of \$250 per producer per year, collected upon the marketing of the grain. 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.

(b) 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.

Manitoba Oat Growers Association

Notes to Financial Statements
For the year ended July 31, 2010
(Unaudited)

3. Financial Instruments

The organization's financial instruments consist of cash, accounts receivable 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. Capital Disclosure

The organization manages its capital with the goals of maintaining a responsible financial position allowing it to meet its goals and obligations. Capital consists of cash and net assets.

5. Commitments

The organization has committed to providing funding for the following projects administered by the Prairie Oat Growers Association (POGA). The organization's commitment will be proportionate on an annual basis as per the standard cost sharing formula as detailed in note 6.

Project	Terms
Equine Feed Oat Project	\$200,000 in 2011, \$192,000 in 2012
Core Funding/Oat Genome Study	Approximately \$78,000 in 2011, \$192,000 in 2012 and \$80,000 in 2013, all denoted in US dollars

6. Related-Party Transactions

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 Manitoba Oat Growers Association (MOGA) and the Saskatchewan Oat Development Commission (SODC). The MOGA and the SODC have agreed to jointly fund the operations 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.

Manitoba Oat Growers Association

Notes to Financial Statements
For the year ended July 31, 2010
(Unaudited)

6. Related-Party Transactions - continued

Related party transactions and balances included in the financial statements are as follows:

Financial Statement Accounts	Terms or Conditions	2010	2009
Assets			
Accounts receivable - POGA (overpayment of funding contributions)	no specific terms	\$ 86,280	\$ 34,505
Liabilities			
Accounts payable - expenses paid by POGA	no specific terms	27,178	25,138
Accounts payable - board of director expenses	no specific terms	1,478	
Expenses			
Share of operational expenses (POGA)	no specific terms	68,225	23,495