

Alberta Oat Growers Commission

FINANCIAL STATEMENTS

Year Ended July 31, 2022

Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2022

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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, 2022, and the Statements of Operations, Changes in Net Assets 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, 2022, 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 21, 2022

Alberta Oat Growers Commission
Regina, Saskatchewan
Statement of Financial Position as at July 31, 2022

Assets	2022	2021
Current Assets		
Cash and cash equivalents	197,648	284,174
Short-term investments - note 4	50,000	
Accounts receivable	25,973	30,772
Accrued interest receivable	275	
Prepaid expenses	<u>167</u>	<u> </u>
	<u>\$ 274,063</u>	<u>\$ 314,946</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	5,458	7,208
Net Assets, Unrestricted	<u>268,605</u>	<u>307,738</u>
	<u>\$ 274,063</u>	<u>\$ 314,946</u>

Approved on behalf of the board:



Alberta Oat Growers Commission
Statement of Operations and Change in Net Assets
For the year ended July 31, 2022

	2022	2021
Revenue		
Producer service charges	165,081	220,401
Less: Producer service charge refunds	(2,385)	(6,370)
Investment income	275	
	<u>162,971</u>	<u>214,031</u>
Expenses		
Annual general meeting	14,612	
Board of Directors	6,149	3,480
Communications		102
Levy administration fees	14,149	12,643
Meetings	1,634	88
Proportionate expenses of POGA - note 6	157,802	104,975
Research and development	4,000	
Sponsorships	833	
General and administrative:		
Bank charges	21	154
Office and other administrative	184	218
Professional fees	2,720	2,553
	<u>202,104</u>	<u>124,213</u>
Excess (Deficiency) of Revenue Over Expenses for the Year	(39,133)	89,818
Net Assets, Beginning of the Year	<u>307,738</u>	<u>217,920</u>
Net Assets, End of the Year	<u>\$ 268,605</u>	<u>\$ 307,738</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, 2022

	2022	2021
Cash Provided By (Used In):		
Operations		
Excess (deficiency) of revenue over expenses for the year	(39,133)	89,818
Net change in working capital	<u>2,607</u>	<u>1,278</u>
	(36,526)	91,096
Investing activities		
Additions to short-term investments	<u>(50,000)</u>	<u>0</u>
Net Cash Increase (Decrease) for the Year	(86,526)	91,096
Cash position, beginning of year	<u>284,174</u>	<u>193,078</u>
Cash Position, End of Year	<u>\$ 197,648</u>	<u>\$ 284,174</u>
Represented By:		
Cash and cash equivalents	<u>\$ 197,648</u>	<u>\$ 284,174</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	4,799	2,441
- prepaid expenses	(167)	
- other current assets	(275)	
Increase (decrease) - accounts payable and accrued liabilities	<u>(1,750)</u>	<u>(1,163)</u>
	<u>\$ 2,607</u>	<u>\$ 1,278</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, 2022

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 grown 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.

Investment revenues are recognized on an accrual basis as the income is earned.

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2022

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. Short-Term Investments

Short-term investments consists of a GIC bearing interest at 0.95% per annum, maturing January 2023.

5. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2022	Net Book Value 2021
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, 2022

6. 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	2022	2021
Assets		
Accounts receivable - POGA (overpayment of funding contributions)	\$ 14,698	\$ 15,025
Expenses		
Proportionate expenses of POGA	157,802	104,975

A summary of POGA's total revenues and expenses, including AOGC's share of POGA's net operating deficit, appears below:

	2022	2021
Revenues before funding contributions:		
Grant revenues	304,923	267,096
POBC contributions	237,954	237,954
Other revenues	66,524	6,159
	609,401	511,209
Expenses:		
Research projects	389,505	418,514
Market development projects	589,649	461,051
Communications	111,491	91,747
Policy	22,050	16,800
General operating expenses	453,790	249,424
	1,566,485	1,237,536
Deficiency of Revenue over Expenses before Funding Contributions	(957,084)	(726,327)
Funding contributions:		
MOGA	282,487	222,107
SaskOats	516,795	399,245
AOGC	157,802	104,975
	\$ 0	\$ 0

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2022

7. Commitments and Projects

The organization has committed to budget a maximum of \$2,000 annually for post-registration variety performance trials by the Alberta/British Columbia Grain Advisory Committee.

AOGC has committed to contributing \$2,500 in fiscal 2023 to Vester Sparrow Prairie Research Inc. toward their project "Export Ready Alberta Oats."

The organization has entered into an agreement for levy administration fees for the following fiscal year totalling \$14,116.

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 6. POGA's commitments are as follows:

Project	Terms
Developing New Strategies to Efficiently Utilize Oat Grains in High Production Dairy Cows	- \$228,290 commencing September 2, 2017 and ending August 30, 2023. \$35,680 was expended in the current year (\$218,290 to date).
Developing Superior Oat Cultivars and Prairie Oat Breeding Consortium	- \$1,189,750 over five years commencing April 1, 2018, \$237,950 of which was expended in the current year (\$951,800 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.
Development of the Mexican Oat Market	- \$471,000 commencing April 1, 2021 to be spent by March 31, 2023; \$246,504 was expended during the current year (\$330,176 to date). - POGA is eligible for up to \$259,050 in grant funds for the project, \$134,610 of which was recognized in the current year (\$181,597 to date).
Development of the Japanese Oat Market	- \$166,800 commencing April 1, 2021 to be spent by March 31, 2023; \$85,189 was expended in the current year (\$107,233 to date). - POGA is eligible for up to \$91,740 in grant funds for this project, \$46,667 of which was recognized in the current year (\$58,978 to date).

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2022

7. Commitments and Projects - continued

Project	Terms
Canadian Oats Everyday	<ul style="list-style-type: none">- \$120,000 commencing April 1, 2021 to be spent by March 31, 2023; \$71,111 was expended in the current year (\$93,367 to date). An additional \$270,000 was committed commencing July 1, 2021 to be spent by December 31, 2022; \$163,146 was expended in the current year (\$163,146 to date)- POGA is eligible for up to \$132,000 in grant funds for this project, relating to the initial commitment, \$24,345 of which was recognized in the current year (\$42,258 to date). Additional funding of \$145,800 was approved as of July 1, 2022, \$88,099 of which was recognized in the current year (\$88,099 to date)
Impact of Particle Size on Pulse Oat & Flours	<ul style="list-style-type: none">- \$30,000 commencing December 12, 2018 through January 13, 2023. There were no expenses in the current year (\$26,250 to date).
Markers Linked to Oat Crown Rust Resistance	<ul style="list-style-type: none">- \$40,000 committed through December 12, 2018 to July 1, 2023. \$10,000 was recognized as an expense in the current year (\$30,000 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 \$2,503 in December 2020, followed by payments of \$1,875 in December 2021 and \$625 in December 2022. \$1,875 was recognized as an expense during the current year (\$4,378 to date).
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. \$2,500 was recognized as an expense during the current year (\$5,000 to date).
Oat Advantage	<ul style="list-style-type: none">- \$35,000 per year commitment commencing August 1, 2021 through July 31, 2026. \$35,000 was recognized as an expense during the current year (\$35,000 to date).
Development of a Nutritionally Enhanced Plant-Based Milk Alternative Beverage	<ul style="list-style-type: none">- \$30,000 commencing August 1, 2021 and ending July 31, 2023; \$15,000 was expended in the current year (\$15,000 to date).

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2022

7. Commitments and Projects - continued

Project	Terms
Oat Lodging	- \$15,000 commencing January 5, 2022 through June 1, 2025. \$3,750 was recognized in the current year (\$3,750 to date).
AB Variety Trials, including Estimation of Beta Glucans Content and Yield of Seed from Different Oat Varieties in Alberta	- \$53,250 payable in six semi-annual installments of \$8,875 as specific requirements are completed commencing April 1, 2022. Amounts expended in the current year total \$8,875 (\$8,875 to date). Funding of \$7,500 has been received from industry partners.
Development of Healthy Food Products	- \$30,000 commencing September 2022 through May 31, 2024. No expenses have been recognized to date with regards to this commitment.
Fact Sheets	- \$12,000 to be paid upon completion of specific requirements.