

Alberta Oat Growers Commission

FINANCIAL STATEMENTS

Year Ended July 31, 2023

Alberta Oat Growers Commission

Regina, Saskatchewan

July 31, 2023

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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, 2023, and the Statements of Operations and 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, 2023, 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
December 4, 2023

Alberta Oat Growers Commission
Regina, Saskatchewan
Statement of Financial Position as at July 31, 2023

Assets	2023	2022
Current Assets		
Cash and cash equivalents	183,596	197,648
Short-term investments - note 4	90,000	50,000
Accounts receivable	45,344	25,973
Accrued interest receivable	1,190	275
Prepaid expenses	<u>417</u>	<u>167</u>
	<u>\$ 320,547</u>	<u>\$ 274,063</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	5,588	5,458
Net Assets, Unrestricted	<u>314,959</u>	<u>268,605</u>
	<u>\$ 320,547</u>	<u>\$ 274,063</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, 2023

	2023	2022
Revenue		
Producer service charges	245,670	165,081
Less: Producer service charge refunds	3,605	2,385
Investment income	2,313	275
	<u>244,378</u>	<u>162,971</u>
 Expenses		
Annual general meeting	11,106	14,612
Board of Directors	7,460	6,149
Communications	6,354	
Levy administration fees	13,747	14,149
Meetings	1,887	1,634
Proportionate expenses of POGA - note 5	149,513	157,802
Research and development	4,500	4,000
Sponsorships	308	833
General and administrative:		
Bank charges	29	21
Office and other administrative	262	184
Professional fees	2,858	2,720
	<u>198,024</u>	<u>202,104</u>
 Excess (Deficiency) of Revenue Over Expenses for the Year	 46,354	 (39,133)
 Net Assets, Beginning of the Year	 <u>268,605</u>	 <u>307,738</u>
 Net Assets, End of the Year	 <u>\$ 314,959</u>	 <u>\$ 268,605</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, 2023

	2023	2022
Cash Provided By (Used In):		
Operations		
Excess (deficiency) of revenue over expenses for the year	46,354	(39,133)
Net change in working capital	<u>(20,406)</u>	<u>2,606</u>
	<u>25,948</u>	<u>(36,527)</u>
Investing activities		
Additions to short-term investments	(130,000)	(50,000)
Proceeds on disposal of short-term investments	<u>90,000</u>	<u></u>
	<u>(40,000)</u>	<u>(50,000)</u>
Net Cash Increase (Decrease) for the Year	(14,052)	(86,527)
Cash position, beginning of year	<u>197,648</u>	<u>284,175</u>
Cash Position, End of Year	<u>\$ 183,596</u>	<u>\$ 197,648</u>
Represented By:		
Cash and cash equivalents	<u>\$ 183,596</u>	<u>\$ 197,648</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	(19,371)	4,799
- prepaid expenses	(250)	(167)
- other current assets	(915)	(275)
Increase (decrease) - accounts payable and accrued liabilities	<u>130</u>	<u>(1,751)</u>
	<u>\$(20,406)</u>	<u>\$ 2,606</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, 2023

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	4 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, 2023

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.

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 GICs bearing interests rates ranging from 4.58-5.33% per annum, maturing January to April 2024.

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2023

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	2023	2022
Assets		
Accounts receivable - POGA (overpayment of funding contributions)	\$ 16,987	\$ 14,698
Expenses		
Proportionate expenses of POGA	149,513	157,802

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

	2023	2022
Revenues before funding contributions:		
Grant revenues	285,842	304,923
POBC contributions	158,636	237,954
Other revenues	86,025	66,524
	<u>530,503</u>	<u>609,401</u>
Expenses:		
Research projects	350,075	389,505
Market development projects	561,259	589,649
Communications	107,242	111,491
Policy	15,893	22,050
General operating expenses	414,420	453,790
	<u>1,448,889</u>	<u>1,566,485</u>
Deficiency of revenue over expenses before funding contributions	(918,386)	(957,084)
Funding contributions:		
MOGA	272,215	282,487
SaskOats	496,658	516,795
AOGC	149,513	157,802
	<u>918,386</u>	<u>957,084</u>
Surplus after funding contributions	\$ 0	\$ 0

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2023

6. Commitments and Projects

In the current year, the AOGC contributed \$2,000 to the Alberta Wheat Commission toward their project "Regional Variety Trials - A Key in Driving Adoption of New Genetic Technologies" and has committed to contributing an additional \$4,000 in total over the next three fiscal years.

The organization has entered into an agreement for levy administration fees for the following fiscal year totalling \$15,082.

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
Impact of Particle Size on Pulse Oat & Flours	- \$30,000 commencing December 12, 2018 through March 1, 2024. There were no expenses in the current year (\$26,250 to date).
Continued Studies on Intercropping	- \$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 (\$7,500 to date).
Oat Advantage	- \$35,000 per year commitment commencing August 1, 2021 through July 31, 2026. \$35,000 was recognized as an expense during the current year (\$70,000 to date).
Development of a Nutritionally Enhanced Plant-Based Milk Alternative Beverage	- \$30,000 commencing August 1, 2021 and ending July 31, 2024. \$7,500 was expended in the current year (\$22,500 to date).
Oat Lodging	- \$15,000 commencing January 5, 2022 through June 1, 2025. \$3,750 was recognized in the current year (\$7,500 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 \$17,750 (\$26,625 to date).
Development of Healthy Food Products	- \$30,000 commencing September 2022 through May 31, 2024. Amounts expended in the current year total \$25,000 (\$25,000 to date).

Alberta Oat Growers Commission

Notes to Financial Statements
For the year ended July 31, 2023

6. Commitments and Projects - continued

Project	Terms
Insect response to Climate Change and Ag-Inputs Across the Prairies	- \$2,500 commencing April 2023 through November 2028. No expenses have been recognized to date.
The Prairie Crop Disease Monitoring Network: Fostering Further Network Development	- \$5,000 commencing June 2023 through May 2028. No expenses have been recognized to date.
Dissecting the Association of Flowering Time and Yield in Oats	- \$56,250 commencing June 2023 through May 2026. No expenses have been recognized to date.
Dried Oat Oil Emulsion Powders Stabilized by Oat Hull-Derived Nanocellulose	- \$10,000 commencing October 2023 through June 2024. No expenses have been recognized to date.