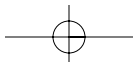
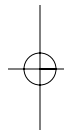
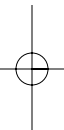


Financial Statements of

The Ontario Wheat Producers' Marketing Board

for the year ended May 31, 2008



Auditors' Report

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Chartered Accountants
and Business Advisors

AUDITORS' REPORT

To the Members of
The Ontario Wheat Producers' Marketing Board

We have audited the statement of financial position of The Ontario Wheat Producers' Marketing Board as at May 31, 2008, the statements of operations and distribution of earnings to producers for the 2007 crop accounts for pool A soft white wheat, pool B hard red winter, pool C hard red spring, pool D hard red spring interim registered varieties, pool E and F soft red and common red wheat and pool G wheat graded feed, and the statements of operations - general fund, cash flows, 2007 net assets invested in forward contracting, unrestricted net assets, net assets invested in capital assets and net assets internally restricted for research and market development for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Ontario Wheat Producers' Marketing Board as at May 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Guelph, Ontario
July 11, 2008

RLB LLP

Chartered Accountants
Licensed Public Accountants

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Statement of Financial Position

as at May 31, 2008

	2008	2007
ASSETS		
CURRENT ASSETS		
18 Cash	\$ 3,368,923	\$ 502,140
Accounts receivable	1,144,525	2,286,629
Prepaid expenses	20,448	41,084
Prepaid hedge expense	2,944,210	94,639
Inventory	-	3,310,490
Open hedge position, future crop years	-	440,093
	7,478,106	6,675,075
INVESTMENTS (Note 3)	-	9,544,161
LONG-TERM ACCOUNT RECEIVABLE (Note 4)	39,260	69,260
CAPITAL (Note 5)	38,033	65,757
	\$ 7,555,399	\$ 16,354,253
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 7)	\$ -	\$ 1,601,292
Accounts payable and accrued liabilities	145,799	2,160,635
Open hedge position, current crop year	-	64,395
Open hedge position, future crop years	171,823	-
Deferred research grants	-	1,050
Liability to Producers (Note 6)	98,487	5,464,730
	416,109	9,292,102
NET ASSETS		
Net assets invested in forward contracting	(3,526,686)	(2,972,213)
Unrestricted net assets	8,655,591	8,061,669
Net assets invested in capital assets	38,033	65,757
Net assets internally restricted for research and market development	1,972,352	1,906,938
	7,139,290	7,062,151
	\$ 7,555,399	\$ 16,354,253

The attached notes are an integral part of these financial statements

APPROVED BY THE BOARD:

Richard Blevins
.....Director

Bruce White
.....Director

Statement of Operations and Distribution of Earnings to Producers

Pool A Soft White

Year ended May 31, 2008

	2007 Crop		2006 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	1,332		12,858	
REVENUE				
Sales	\$ 367,683		\$ 2,350,529	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	367,683	\$ 276.02	2,350,529	\$ 182.80
Interest earned	635	0.48	4,334	0.34
Hedging activity	-	-	-	-
	368,318	276.50	2,354,863	183.14
EXPENSES				
Inventory adjustment	146	0.11	564	0.04
Elevation	4,591	3.45	61,406	4.78
Inspection and treating	733	0.55	9,946	0.77
Interest	1,614	1.21	23,528	1.83
Hedging activity	29,669	22.27	192,216	14.95
Storage	2,698	2.03	64,274	5.00
Other	(24)	(0.02)	(8,042)	(0.63)
Transportation	-	-	39,069	3.04
	39,427	29.60	382,961	29.78
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 328,891	\$ 246.90	\$ 1,971,902	\$ 153.36
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 315,034	\$ 236.50	\$ 1,928,756	\$ 150.00
Final Payment (Note 6)	13,857	10.40	43,146	3.36
	\$ 328,891	\$ 246.90	\$ 1,971,902	\$ 153.36

The attached notes are an integral part of these financial statements

Statement of Operations and Distribution of Earnings to Producers

Pool B Hard Red Winter

Year ended May 31, 2008

20

	2007 Crop		2006 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	1,506		24,325	
REVENUE				
Sales	\$ 411,901		\$ 4,925,540	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	411,901	\$ 273.58	4,925,540	\$ 202.49
Interest earned	718	0.48	8,699	0.36
Hedging activity	-	-	-	-
	412,619	274.06	4,934,239	202.85
EXPENSES				
Inventory adjustment	(409)	(0.27)	(14,655)	(0.60)
Elevation	5,350	3.55	127,411	5.24
Inspection and treating	1,276	0.85	58,781	2.42
Interest	1,825	1.21	44,510	1.83
Hedging activity	33,535	22.27	363,629	14.95
Storage	6,087	4.04	93,470	3.84
Other	(184)	(0.12)	(8,429)	(0.35)
Transportation	-	-	370,300	15.22
	47,480	31.53	1,035,017	42.55
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 365,139	\$ 242.53	\$ 3,899,222	\$ 160.30
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 340,986	\$ 226.48	\$ 3,648,746	\$ 150.00
Protein Payments at Delivery	6,316	4.20	80,619	3.32
Final Payment (Note 6)	17,837	11.85	169,857	6.98
	\$ 365,139	\$ 242.53	\$ 3,899,222	\$ 160.30

The attached notes are an integral part of these financial statements

Statement of Operations and Distribution of Earnings to Producers

Pool C Hard Red Spring

Year ended May 31, 2008

	2007 Crop		2006 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	3,459		9,555	
REVENUE				
Sales	\$ 1,154,971		\$ 2,207,700	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	1,154,971	\$ 333.90	2,207,700	\$ 231.04
Interest earned	1,649	0.48	3,417	0.36
Hedging activity	-	-	-	-
	1,156,620	334.38	2,211,117	231.40
EXPENSES				
Inventory adjustment	252	0.07	554	0.06
Elevation	12,287	3.55	75,108	7.86
Inspection and treating	5,049	1.46	16,634	1.74
Interest	4,192	1.21	17,485	1.83
Hedging activity	77,046	22.27	142,842	14.95
Storage	7,111	2.06	78,447	8.21
Other	(169)	(0.05)	(6,289)	(0.66)
Transportation	-	-	108,211	11.32
	105,768	30.57	432,992	45.31
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 1,050,852	\$ 303.81	\$ 1,778,125	\$ 186.09
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 963,332	\$ 278.50	\$ 1,595,755	\$ 167.00
Protein Payments at Delivery	48,725	14.09	160,190	16.77
Final Payment (Note 6)	38,795	11.22	22,180	2.32
	\$ 1,050,852	\$ 303.81	\$ 1,778,125	\$ 186.09

The attached notes are an integral part of these financial statements

Statement of Operations and Distribution of Earnings to Producers

Pool D Hard Red Spring Interim Registered Varieties

Year ended May 31, 2008

22

	2007 Crop		2006 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	339		4,396	
REVENUE				
Sales	\$ 113,088		\$ 996,822	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	113,088	\$ 333.90	996,822	\$ 226.78
Interest earned	161	0.48	1,572	0.35
Hedging activity	-	-	-	-
	113,249	334.38	998,394	227.13
EXPENSES				
Inventory adjustment	(486)	(1.44)	(629)	(0.14)
Elevation	1,267	3.74	29,896	6.80
Inspection and treating	501	1.48	6,579	1.50
Interest	410	1.21	8,043	1.83
Hedging activity	7,544	22.27	65,710	14.94
Storage	924	2.73	43,692	9.94
Other	-	-	(1,037)	(0.24)
Transportation	-	-	33,157	7.54
	10,160	29.99	185,411	42.17
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 103,089	\$ 304.39	\$ 812,983	\$ 184.96
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 91,953	\$ 271.50	\$ 734,072	\$ 167.00
Protein Payments at delivery	5,826	17.20	69,608	15.84
Final Payment (Note 6)	5,310	15.69	9,303	2.12
	\$ 103,089	\$ 304.39	\$ 812,983	\$ 184.96

The attached notes are an integral part of these financial statements

Statement of Operations and Distribution of Earnings to Producers Pool E and F Soft Red and Common Red Year ended May 31, 2008

	2007 Crop		2006 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	2,187		203,392	
REVENUE				
Sales	\$ 607,630		\$ 33,124,512	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	607,630	\$ 277.83	33,124,512	\$ 162.86
Interest earned	1,042	0.48	72,729	0.36
Hedging activity	-	-	-	-
	608,672	278.31	33,197,241	163.22
EXPENSES				
Inventory adjustment	7	-	(16,812)	(0.08)
Elevation	8,053	3.68	1,659,566	8.16
Inspection and treating	1,203	0.55	522,192	2.57
Interest	2,651	1.21	372,168	1.83
Hedging activity	48,721	22.28	3,040,461	14.95
Storage	11,634	5.32	803,529	3.95
Other	(27)	(0.01)	(112,633)	(0.55)
Transportation	-	-	3,439,094	16.90
	72,242	33.03	9,707,565	47.73
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 536,430	\$ 245.28	\$ 23,489,676	\$ 115.49
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 515,106	\$ 235.53	\$ 18,307,139	\$ 90.01
Final Payment (Note 6)	21,324	9.75	5,182,537	25.48
	\$ 536,430	\$ 245.28	\$ 23,489,676	\$ 115.49

The attached notes are an integral part of these financial statements

Statement of Operations and Distribution of Earnings to Producers

Pool G Wheat Graded Feed

Year ended May 31, 2008

24

	2007 Crop		2006 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	96		7,884	
REVENUE				
Sales	\$ 18,587		\$ 1,167,787	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	18,587	\$ 192.94	1,167,787	\$ 148.13
Interest earned	46	0.48	2,819	0.36
Hedging activity	-	-	-	-
	18,633	193.42	1,170,606	148.49
EXPENSES				
Inventory adjustment	-	-	(78)	(0.01)
Elevation	1,071	11.12	44,788	5.68
Inspection and treating	103	1.07	8,806	1.12
Interest	117	1.21	14,426	1.83
Hedging activity	-	-	117,852	14.95
Storage	228	2.36	30,865	3.92
Transportation	-	-	33,259	4.22
	1,519	15.76	249,918	31.71
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 17,114	\$ 177.66	\$ 920,688	\$ 116.78
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 15,750	\$ 163.50	\$ 882,981	\$ 112.00
Final Payment (Note 6)	1,364	14.16	37,707	4.78
	\$ 17,114	\$ 177.66	\$ 920,688	\$ 116.78

The attached notes are an integral part of these financial statements

Statement of Operations

General Fund

Year ended May 31, 2008

	2008	2007
REVENUE		
Licence fees	\$ 1,947,940	\$ 3,275,526
Other	-	1,529
Contract income	98,645	76,018
	2,046,585	3,353,073
EXPENSES		
Salaries	897,414	770,990
Employee benefits	144,854	134,851
Data processing services	152,190	161,138
MoU organizational committee	19,107	-
Grain Financial Protection	133,108	248,624
Grains and Oilseeds lobby	107,565	167,745
Legal fees	13,847	14,103
Contracted services	51,081	158,828
Audit fees	41,000	50,000
Board members' expenses	83,982	130,363
Board members' per diem	74,950	112,088
Delegates' expenses	59,673	60,869
County wheat promotion	49,908	46,808
Office	96,415	69,200
Postage	41,132	47,042
Communication	116,166	100,640
Office maintenance	22,424	17,345
Telephone and utilities	19,802	20,965
Travel	71,237	45,170
Equipment maintenance and rentals	30,814	17,738
Office rent	59,238	56,133
Amortization	32,990	38,613
Other	9,700	-
Bad debt expense	628	665
	2,329,225	2,469,918
Operating Income	(282,640)	883,155
Other transactions		
Investment income/expense, net (Note 3)	1,148,838	3,539,487
Export expense	-	(4,560,526)
Extraordinary income, investments held for trading	-	6,873,256
Excess of revenue over expenses	\$ 866,198	\$ 6,735,372
Excess of revenue over expenses represented as:		
General Fund	\$ 899,188	\$ 6,773,985
Capital assets (amortization)	(32,990)	(38,613)
	\$ 866,198	\$ 6,735,372

The attached notes are an integral part of these financial statements

Statement of Cash Flows

Year ended May 31, 2008

	2008	2007
OPERATING ACTIVITIES		
26 Excess of revenues over expenses, general fund	\$ 866,198	\$ 6,735,372
Amortization of capital assets	32,990	38,613
Change in non-cash working capital (Note 12)	(5,180,949)	23,516,295
	(4,281,761)	30,290,280
INVESTING ACTIVITIES		
Purchase of capital assets	(5,266)	(39,312)
(Increase) decrease in investments	9,544,161	(5,980,645)
	9,538,895	(6,019,957)
FINANCING ACTIVITIES		
Change in net assets for forward contracting	(554,473)	(4,188,798)
Change in net assets restricted for research and market development	65,414	237,543
Change in net assets not involving cash	(300,000)	(300,000)
Change in net assets for pool reserve	-	4,006,183
	(789,059)	(245,072)
NET CHANGE IN CASH	4,468,075	24,025,251
Bank indebtedness, beginning of year	(1,099,152)	(25,124,403)
Cash (bank indebtedness), end of year	\$ 3,368,923	\$ (1,099,152)
CASH (BANK INDEBTEDNESS) CONSISTS OF		
Cash	\$ 3,368,923	\$ 502,140
Bank indebtedness	-	(1,601,292)
	\$ 3,368,923	\$ (1,099,152)

The attached notes are an integral part of these financial statements

Statement of Net Assets Invested in Forward Contracting Year ended May 31, 2008

	2007 Crop		2006 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	78,832		178,270	
Other receipts	2,671		73,953	
	81,503		252,223	
REVENUE				
Sales	\$ 26,913,875		\$ 63,608,161	
Inventory, beginning of year	(3,310,490)		(18,699,173)	
Inventory, end of year	-		3,310,490	
	23,603,385	\$ 289.60	48,219,478	\$ 191.18
Hedging activity	(5,093,235)	(62.49)	(2,816,506)	(11.17)
Interest earned	38,845	0.48	90,190	0.36
	\$ 18,548,995	\$ 227.59	45,493,162	\$ 180.37
EXPENSES				
Inventory adjustment	(3,061)	(0.04)	(42,630)	(0.17)
Elevation	292,447	3.59	1,866,213	7.40
Inspection and treating	78,790	0.97	501,278	1.99
Interest	98,778	1.21	461,520	1.83
Storage	326,572	4.01	1,137,350	4.51
Transportation	212,065	2.60	3,846,506	15.25
	1,005,591	12.34	7,770,237	30.81
BALANCE, BEFORE WHEAT ACQUIRED	17,543,404		37,722,925	
WHEAT ACQUIRED - producer	17,337,431		28,397,069	
WHEAT ACQUIRED - other	760,446		13,514,654	
BALANCE, after wheat acquired	(554,473)	(6.80)	(4,188,798)	(16.61)
FORWARD CONTRACTING RESERVE,				
BEGINNING OF YEAR	(2,972,213)		1,216,585	
FORWARD CONTRACTING RESERVE,				
END OF YEAR	\$ (3,526,686)		\$ (2,972,213)	

The attached notes are an integral part of these financial statements

Statement of Unrestricted Net Assets

Year ended May 31, 2008

	2008	2007
28 BALANCE, BEGINNING OF YEAR	\$ 8,061,669	\$ 1,626,996
Excess of revenue over expenses	899,188	6,773,985
Purchase of capital assets	(5,266)	(39,312)
Transfer to research	(300,000)	(300,000)
BALANCE, END OF YEAR	\$ 8,655,591	\$ 8,061,669

Statement of Net Assets Invested in Capital Assets

Year ended May 31, 2008

	2008	2007
BALANCE, BEGINNING OF YEAR	\$ 65,757	\$ 65,058
Purchase of capital assets	5,266	39,312
Amortization expense	(32,990)	(38,613)
BALANCE, END OF YEAR	\$ 38,033	\$ 65,757

The attached notes are an integral part of these financial statements

Statement of Net Assets

Internally Restricted for Research and Market Development

Year ended May 31, 2008

	2008	2007
BALANCE, BEGINNING OF YEAR	\$ 1,906,938	\$ 1,669,395
Research and market development revenue	320,730	326,567
Research and market development expense	(555,316)	(389,024)
Transfer from Operations - General Fund	300,000	300,000
BALANCE, END OF YEAR	\$ 1,972,352	\$ 1,906,938

29

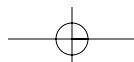
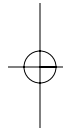
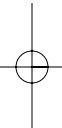
The attached notes are an integral part of these financial statements



Ontario Wheat Producers' Marketing Board

Notes to the Financial Statements

for the year ended May 31, 2008



1. Act of Incorporation and Mandate

The Ontario Wheat Producers' Marketing Board ("Wheat Board") was established in 1958 by a vote of Ontario wheat producers. According to the Farms Products Marketing Act regulation 442, all wheat grown in the Province of Ontario shall be marketed through the Wheat Board or one of its programs. The Wheat Board purchases wheat from producers in Ontario and sells to the domestic market as well as to foreign markets.

As an agricultural organization, the Wheat Board is exempt from income taxes under Section 149 (1) (e) of the Income Tax Act.

2. Significant Accounting Policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets, liabilities, revenue and expense. Actual results could differ from these estimates. The Wheat Board has adopted accounting standards (sections 3855 and 3865) issued by the Canadian Institute of Chartered Accountants (CICA) affecting the presentation and disclosure of Financial Instruments and Hedge Accounting. Summarized below are the policies considered significant for the Wheat Board.

Revenue

Revenue from wheat sales is recognized in the accounts under the terms and value defined in the sales contract. Sales are recognized when the contract has been signed and the inventory has been committed.

License fee revenue is recognized for board declared wheat on the date of delivery. For direct marketed wheat, license fee revenue is recognized on the date of sale.

Inventory

The wheat inventories are valued at the lower of the contracted price or market price.

Capital assets

Capital assets are stated at cost. Amortization is calculated using the straight-line method at the following annual rates; the half-year rule is applied in the year of acquisition.

Office equipment	15% in years 1 to 6, 10% in year 7
Computer hardware	50%
Computer software	100%
Leasehold Improvements	amortized over 15 years

Financial instruments

Financial instruments are classified as loans and receivables, held to maturity or held for trading. Investments held for trading are measured at fair value with gains and losses recognized in income in the period they arise. The long-term receivable and held to maturity investments are measured at cost. Qualified items designated as being part of a hedging relationship allow for the recognition of gains, losses, revenues and expenses associated with these items to be recognized in the same period when they would otherwise be recognized in different periods.

Deferred research grant

Deferred research grants represent grants received in advance and relate to a future year. The revenue has been deferred and will be recognized in the appropriate fiscal year.

2. Significant Accounting Policies (continued)

Foreign currency translation

Purchased futures contracts are translated into Canadian dollars at exchange rates prevailing at the date of purchase. Gains and losses generated through the liquidation of futures and options are translated into Canadian dollars at exchange rates prevailing at the date of liquidation. Exchange adjustments resulting from the translation of these transactions are allocated to the appropriate pool account. Other income and expenses are translated at the daily exchange rates in effect during the year.

Monetary assets and liabilities denominated in United States dollars are translated at the exchange rate in effect at the balance sheet date. Exchange adjustments arising from conversion of foreign currency denominated monetary assets or liabilities are recorded in appropriate pool or forward contract accounts.

Cash forward contracts

The Wheat Board enters into cash forward contracts with producers to purchase wheat at a contracted price on a defined delivery date. The position taken by the Wheat Board as a result of the cash forward contracts is hedged through the sale of futures contracts that approximate the price, quantity and delivery term. Any gains or losses relating to the cash forward contracts or the designated futures are recognized upon the sale of the wheat.

Futures and options

In order to manage its exposure to currency and price risks, the Wheat Board uses futures and options. Premiums paid and received on the settlement of futures and options, relating to the current crop year, are included in the revenue of each pool or forward contract account. The premiums paid or received on settlement of futures and options, relating to future crop years, are deferred and recognized on the statement of Financial Position in the appropriate crop year.

The Wheat Board formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the statement of financial position or to specific firm commitments or forwarded transactions. The Wheat Board also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective. Realized and unrealized gains or losses associated with derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred under current assets or liabilities on the statement of financial position and recognized in income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income.

Interest and bank charges

Interest expense and charges incurred by the Wheat Board and interest revenue earned are calculated on an accrual basis. Interest expenses and revenues related to the operation of the pools and forward contract programs are allocated to the separate pools and forward contract account on the basis of relative tonnage.

General and administrative expenses

License fees are set to cover Administration, Marketing Programs, Research and Market Development activities, and other producer programs to the benefit of all producers.

3. Investments

Investments in 210,939 shares were sold realizing a net gain of \$1,148,838 (2007 – Investments, shares classified as held for trading - \$9,544,161).

4. Long-term Account Receivable

The long-term receivable is to be repaid by a service provider over the term of the contract at \$24,000 per annum. There is no interest being charged on this amount.

5. Capital Assets

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office & computer equipment	\$109,658	\$80,681	\$28,977	\$55,977
Leasehold improvements	10,867	1,811	9,056	9,780
	\$120,525	\$82,492	\$38,033	\$65,757

6. Liability to Producers

The liability to producers comprises the final payment per pool. The final payment has been approved by the Board of Directors of the Wheat Board and is subject to approval by Agriculture and Agri-Food Canada.

	2008	2007
Wheat pool A – Soft White	\$ 13,857	\$ 43,146
Wheat pool B – Hard Red Winter	17,837	169,857
Wheat pool C – Hard Red Spring	38,795	22,180
Wheat pool D – Hard Red Spring Interim Registered Varieties	5,310	9,303
Wheat pool E and F – Soft Red & Common Red	21,324	5,182,537
Wheat pool G – Wheat Graded Feed	1,364	37,707
	\$ 98,487	\$ 5,464,730

7. Credit Facilities

The Wheat Board can borrow to fund operations under its operating line. The available operating line fluctuates during the year depending on the need for funds and was \$5 million at May 31, 2008.

The operating line bears interest at bank prime rate. The Wheat Board has pledged equipment, inventory, accounts receivable and all personal property acquired in the future under a general security agreement as security for these facilities.

8. Initial Payment Guarantee

The initial payment to producers participating in the pools is guaranteed by the federal government under the Agricultural Marketing Programs Act.

9. Crop Forward Contracting for Cash Account

The balance after wheat acquired is mainly the result of basis and hedging gains and losses on cash forward contracts. Futures are sold to hedge the Wheat Board's position on the cash forward contracts.

The nature of the forward contracting program will result in residual gains or losses in the cash forward contracting for cash account. The Wheat Board has determined that gains should be set aside as a reserve to offset future losses.

10. Employee Benefits

The Wheat Board offers a defined contribution post retirement benefit plan to its employees. The total expense for the Wheat Board's defined contribution plan is \$48,550 (2007 - \$40,174).

11. Financial Instruments

i) The Wheat Board's recognized financial instruments consist of accounts receivable, accounts payable and accrued liabilities, bank indebtedness and liability to producers. The fair value of these financial instruments approximate their carrying value.

ii) Foreign currency risk

The Wheat Board's exposure to currency risk lies in its cash forward contracts with producers. Cash forward contracts are denominated in Canadian dollars but are hedged with wheat futures denominated in United States dollars.

To manage the currency risk, the Wheat Board purchases Canadian dollar futures to protect itself from potential exchange losses. The open positions at May 31, 2008 have a hedge value of USD \$276,950.

iii) Price risk

The Wheat Board enters into cash forward contracts with producers for future delivery.

The Wheat Board has hedged its exposure through the sale of wheat futures or cash forward sales. The open positions at May 31, 2008 have a hedge value of USD (\$449,775).

iv) Credit risk

The major concentration of credit risk arises from the Wheat Board's accounts receivable. The majority of the accounts receivable are from organizations in the agricultural and food processing industry. The Wheat Board manages the risk through evaluation and monitoring processes.

12. Additional Information to the Statement of Cash Flows

	2008	2007
Change in accounts receivable	\$ 1,172,104	\$ 1,868,693
Change in prepaid expenses	20,636	(14,666)
Change in prepaid hedge expense	(2,849,571)	769,935
Change in inventories	3,310,490	15,388,683
Change in open positions, current crop year	(64,395)	(512,937)
Change in open positions, future crop years	611,916	(440,093)
Change in accounts payable and accrued liabilities	(2,014,836)	1,757,023
Change in deferred research grants	(1,050)	(122,461)
Change in liability to producers	(5,366,243)	4,822,118
	<u>(\$ 5,180,949)</u>	<u>\$ 23,516,295</u>

During the year, the Wheat Board paid interest of \$102,220 (2007-\$934,826) and received interest of \$43,079 (2007 - \$275,912).

13. Contractual Obligations

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs, including the net research project commitments for which the Wheat Board is responsible to fund, are as follows:

Fiscal Year	Amount
2009	\$ 463,795
2010	351,156
2011	236,556
2012	60,756
2013	60,756
2014 and thereafter	182,432
	<u>\$1,355,451</u>

14. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

15. New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Wheat Board, are as follows:

i) General standards on financial statement presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The Wheat Board does not expect the adoption of these changes to have a material impact on its financial statements.

ii) Inventories

The CICA has issued Section 3031, Inventories, which provides guidelines on determining cost as well as other recognition, measurement, disclosure, and presentation issues related to inventories. The standard includes guidance on the treatment of excess capacities, inventory valuation and write-downs, and additional elements to be considered in measuring inventory costs. The new standard is effective for interim and annual financial statements beginning on or after January 1, 2008. The Wheat Board is currently assessing the impact of the new standard.