

Manitoba Crop Alliance Inc.

Financial Statements

July 31, 2024

Manitoba Crop Alliance Inc.

July 31, 2024

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George & Associates Chartered Professional Accountants Inc.
Box 567, 113 2nd Street SW
Carman, Manitoba
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Independent Auditors' Report

To the Board
Manitoba Crop Alliance Inc.

Opinion

We have audited the financial statements of Manitoba Crop Alliance Inc., which comprise the statement of financial position as at July 31, 2024, and the Statements of Operations, Statement of Changes in Net Assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoba Crop Alliance Inc. as at July 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

In preparing these financial statements, management is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the association or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

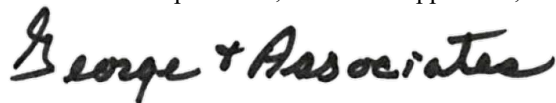
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



George & Associates Chartered Professional Accountants Inc.

Carman, Manitoba
December 11, 2024

Manitoba Crop Alliance Inc.

Statement of Financial Position

July 31, 2024

	2024	2023
Assets		
Current Assets		
Cash - unrestricted (note 3)	\$ 7,948,916	\$ 6,740,989
Internally restricted funds (note 10)		
Wheat and barley research fund	8,455,328	9,916,591
Corn research fund	2,834,785	2,841,857
Flax research fund	184,966	183,982
Sunflower research fund	231,594	313,287
Winter wheat research fund	82,278	82,278
Accounts receivable (note 4)	735,340	495,721
Prepaid expenses	228,023	137,993
	<u>20,701,230</u>	<u>20,712,698</u>
Long-term Assets		
Long-term investments (note 7)	1,274	1,158
	<u>1,274</u>	<u>1,158</u>
Capital Assets (notes 2 and 5)		
Cost	1,634,006	1,177,623
Accumulated amortization	(853,719)	(807,410)
	<u>780,287</u>	<u>370,213</u>
Total Assets	<u>\$ 21,482,791</u>	<u>\$ 21,084,069</u>

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

Manitoba Crop Alliance Inc.

Statement of Financial Position

July 31, 2024

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts payable - Check-off refunds	\$ 264,434	\$ 240,360
Accounts payable - Trade	103,168	65,888
Credit card payable	9,675	5,428
Wages and benefits payable	9,978	6,636
Employee deductions payable	27,168	1,572
Deferred income	1,720	-
	<u>416,143</u>	<u>319,884</u>
Total Liabilities	<u>416,143</u>	<u>319,884</u>
Net Assets		
Invested in capital assets	780,287	370,213
Advance Payments Program contingency fund	1,171,134	1,095,635
Internally restricted net assets (note 9)	500,000	500,000
Unrestricted net assets	18,615,227	18,798,337
	<u>21,066,648</u>	<u>20,764,185</u>
Total Net Assets	<u>21,066,648</u>	<u>20,764,185</u>
Total Liabilities and Net Assets	<u>\$ 21,482,791</u>	<u>\$ 21,084,069</u>

Approved on Behalf of the Board:

 _____, Director

 _____, Director

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

Manitoba Crop Alliance Inc.

Statement of Operations

For the Year Ended July 31, 2024

	2024	2023	Unaudited Budget
Revenue			
Check-Off income	\$ 7,222,977	\$ 6,623,119	\$ 6,873,093
Interest income	1,249,505	987,050	1,200,000
Corn competition	1,000	1,000	-
Manitoba Corn Committee and Sunflower Variety Performance Trials	209,140	146,725	160,000
Rental	20,361	20,095	20,311
Government and industry contributions	588,214	653,215	505,044
Gains on foreign exchange	10,733	1,167	-
Other	57,981	49,571	-
Advance Payments Program income (note 11)	309,914	338,279	202,500
	9,669,825	8,820,221	8,960,948
Expenses			
Check-off refunds	501,098	461,584	661,876
Administration	163,355	144,164	143,272
Building	92,348	64,195	127,160
Governance	395,790	219,676	648,000
Salaries and benefits	1,050,986	821,552	1,241,990
Memberships	54,819	52,782	67,650
Market development	563,714	473,684	1,056,100
Communications	451,317	415,969	548,350
Research	5,859,520	3,317,180	4,480,100
Advance Payments Program expenses (note 11)	234,415	193,999	92,500
	9,367,362	6,164,785	9,066,998
Excess (deficiency) of revenues over expenses	\$ 302,463	\$ 2,655,436	\$ (106,050)

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

Manitoba Crop Alliance Inc.

Statement of Changes in Net Assets

For the Year Ended July 31, 2024

	Invested in Capital Assets	APP Contingency Fund	Internally Restricted Fund	Unrestricted Surplus	2024	2023
Balance, beginning of year	\$ 370,213	\$ 1,095,635	\$ 500,000	\$ 18,798,337	\$ 20,764,185	\$ 18,108,749
Excess (deficiency) of revenues over expenses	(46,309)	75,499	-	273,273	302,463	2,655,436
Investments in capital assets	456,383	-	-	(456,383)	-	-
Balance, end of year	\$ 780,287	\$ 1,171,134	\$ 500,000	\$ 18,615,227	\$ 21,066,648	\$ 20,764,185

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

Manitoba Crop Alliance Inc.

Statement of Cash Flows

For the Year Ended July 31, 2024

	2024	2023
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ 302,466	\$ 2,656,977
Increase (decrease) in working capital		
Amortization	46,307	37,415
Accounts receivable	(239,619)	(114,193)
Prepaid expenses	(90,030)	4,579
Wages and benefits payable	3,342	1,122
Accounts payable - Check-off	24,074	99,464
Accounts payable - trade	37,279	(45,115)
Credit card payable	4,247	(8,199)
Employee deductions payable	25,596	(28,042)
Deferred income	1,720	-
TOTAL CASH FLOWS FROM (TO) OPERATING ACTIVITIES	115,382	2,604,008
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Purchase of capital assets	(456,383)	(50,416)
Long term investments	(116)	(69)
TOTAL CASH FLOW FROM (TO) INVESTING ACTIVITIES	(456,499)	(50,485)
Net increase (decrease) in cash and cash equivalents	(341,117)	2,553,523
Cash and cash equivalents at beginning of year	20,078,984	17,525,461
Cash and cash equivalents at end of year	\$ 19,737,867	\$ 20,078,984
Cash and cash equivalents consist of the following:		
Cash 3	\$ 7,948,916	\$ 6,740,989
Internally restricted cash	11,788,951	13,337,995
	\$ 19,737,867	\$ 20,078,984

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

Manitoba Crop Alliance Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

1 Purpose of the Association

Manitoba Crop Alliance Inc. is a member organization committed to represent the interests of the wheat (spring and winter), barley, corn, sunflower and flax growers of Manitoba in matters relating to wheat (spring and winter), barley, corn, sunflower and flax, in areas of research, market development, and liaison. The association is incorporated under the Manitoba Corporations Act as a not-for-profit organization and is exempt under the Income Tax Act under section 149 (1)(e) as an agricultural organization.

2 Significant Accounting Policies

a. Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations on a going-concern basis, which assumes that the association will be able to realize its assets and discharge its liabilities in the normal course of business. Outlined above are those policies considered significant for the association.

b. Use of 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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined.

The significant items subject to such estimates and assumptions include valuation of accounts receivable and the estimated useful life of buildings and equipment. Actual results could differ from those estimates.

c. Revenue Recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Check-off revenue and refunds are recognized as unrestricted contributions.

Investment income is recognized as revenue when earned.

Contributed services or materials, the fair value of which are difficult to determine are not recognized in the financial statements.

Manitoba Crop Alliance Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

2 Significant Accounting Policies continued

d. Capital Assets

Capital assets are stated at cost and amortized over their estimated useful lives using the following methods and annual rates:

	Rate	Method
Office equipment and furniture	20%	declining balance
Buildings and paving	4%	declining balance
Research equipment	20%	declining balance

A half year's amortization is taken in the year of acquisition.

e. Financial Instruments

Measurement of financial instruments:

The association initially measures its financial assets and liabilities at fair value. The association subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, unearned revenue and deferred grants.

f. Impairment of Long-lived Assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying value may not be fully recoverable. An impairment loss is recognized in the period when it is determined that the carrying amount of the asset exceeds the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is calculated as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

3 Cash

Cash and cash equivalents consist of the following:

	2024	2023
Access Credit Union - chequing - 5.7% (2023 - 6.2%)	\$ 7,858,874	\$ 6,685,772
US Funds account (in CAD)	90,042	55,217
Total	\$ 7,948,916	\$ 6,740,989

Manitoba Crop Alliance Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

4 Accounts Receivables

Accounts receivable consist of the following:

	2024	2023
Accounts receivable - Trade	\$ -	\$ 5,694
Accounts receivable - Check-off	538,047	426,134
Accounts receivable - Interest	638	-
Accounts receivable - Grants	196,655	63,893
Total	\$ 735,340	\$ 495,721

5 Capital Assets

	2024	2024	2024	2023
	Cost	Accumulated Amortization	Net Value	Net Value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Buildings	946,562	(279,120)	667,442	256,632
Research equipment	538,659	(456,555)	82,104	91,445
Office equipment and furniture	143,785	(118,044)	25,741	17,136
	\$ 1,634,006	\$ (853,719)	\$ 780,287	\$ 370,213

Office equipment and furniture and Building categories include APP Capital Assets with a total cost of \$21,522 and \$75,612 respectively. The total aggregate accumulated amortization is \$13,924 (2023 - Office equipment and furniture cost of \$12,068 and an aggregate accumulated amortization \$10,579)

6 Financial Instruments

Risk and concentrations:

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations at the balance sheet date.

Liquidity risk:

Liquidity risk is the risk of being unable to meet cash requirements of to fund obligations as they become due. Trade accounts payable and accrued liabilities are generally paid within thirty days. This risk is reduced due to the high dollar value of funds on hand.

Manitoba Crop Alliance Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

6 Financial Instruments continued

Credit risk:

Credit risk is the risk that the collectors of the levies (purchasers) will fail to remit to the association. The association is not exposed to significant credit risk as remittances are due monthly and the purchasers are bound to perform such services under the Agricultural Producers Organization Funding Act. The check-off receivables were collected shortly after year end.

Commodity price risk:

Commodity price risk is the risk that revenue will fluctuate due to changes in market prices thus affecting the production levels of wheat, barley, corn, flax and winter cereals and in turn the amount of check-off revenue collected.

Interest rate risk:

The association is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the association to the fair value risk. The exposure to this type of risk is the result of investments in guaranteed investment certificates. The association is not exposed to price risk as the market price of guaranteed investment certificates do not fluctuate.

7 Investments

Investments consist of the following

	2024	2023
	\$ -	\$ -
Equity Investments		
Homestead patronage equity	1,274	1,158
	\$ 1,274	\$ 1,158

Manitoba Crop Alliance Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

8 Commitments

Manitoba Crop Alliance has entered into funding agreements for long-term research projects. In certain projects the organization acts as the project administrator. Financial commitments for the next six years is as follows:

2025	<u>\$ 2,261,449</u>
2026	1,279,970
2027	565,190
2028	345,773
2029	217,909
2030	<u>71,746</u>
	<u><u>\$ 4,742,037</u></u>

9 Internally Restricted Net Assets

The Board of Directors of established an internal restricted fund balance of \$500,000 upon amalgamation. The association will maintain sufficient reserves in either its bank account or in its investments to pay for expenses that may be required if the organization had to wind down its affairs or if its income stream is reduced but expenses continued to be incurred. Board approval is required if the sum total of all cash and guaranteed investment certificates falls below \$500,000. All transactions from the reserve fund require board approval.

10 Research Funds

As part of the amalgamation agreement, the board approved to allocate the net cash and equivalent assets from each association into its research fund to be used for their respective crop types.

The board approved in 2022, that these research funds will be used to fund commitments entered into by the founding organizations. These amounts will be tallied annually and reimbursed to the operating bank account in the next fiscal year. Total founding organization commitments for the fiscal 2024 year were as follows:

	<u>2024</u>
MCGA	\$ 115,468
MFGA	97,436
MWBGA	1,438,525
NSAC	204,800
WCMI	<u>15,826</u>
	<u><u>\$ 1,872,055</u></u>

Manitoba Crop Alliance Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

11 Administrative Services - APP

The association is the administrator for the Advance Payments Program (APP) for grain, oilseed, pulse and honey cash advances in Manitoba. The APP is a federal loan guarantee program.

The association receives administration fees from producers and incurs costs managing the advances. Advances to producers are financed through a credit union under the name of the association.

Producer advances and the corresponding funding from the credit union are not reflected in these audited financial statements as the advances are fully guaranteed by AAFC, thus ensuring credit union funding is repaid. AAFC monitors and controls the program through biennial compliance visits and risk assessment and a formal audit every four years.