

**Manitoba Crop Alliance Inc.**

**Financial Statements**

**July 31, 2025**

# Manitoba Crop Alliance Inc.

July 31, 2025

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**George & Associates Chartered Professional Accountants Inc.**  
**Box 567, 113 2nd Street SW**  
**Carman, Manitoba**  
**R0G 0J0**

**Independent Auditors' Report**

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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, 2025, 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, 2025, 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  
January 05, 2026

# Manitoba Crop Alliance Inc.

## Statement of Financial Position

July 31, 2025

	2025	2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash - unrestricted (note 3)	\$ 10,813,858	\$ 7,948,916
<b>Internally restricted funds (note 9)</b>		
Wheat and barley research fund	7,016,803	8,455,328
Corn research fund	2,719,317	2,834,785
Flax research fund	87,530	184,966
Sunflower research fund	26,794	231,594
Winter wheat research fund	66,452	82,278
Accounts receivable (note 4)	1,005,407	735,340
Prepaid expenses	215,860	228,023
	<b>21,952,021</b>	<b>20,701,230</b>
<b>Long-term Assets</b>		
Long-term investments	1,386	1,274
	<b>1,386</b>	<b>1,274</b>
<b>Capital Assets (notes 2 and 5)</b>		
Cost	1,706,945	1,634,006
Accumulated amortization	(935,240)	(853,719)
	<b>771,705</b>	<b>780,287</b>
<b>Total Assets</b>	<b>\$ 22,725,112</b>	<b>\$ 21,482,791</b>

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

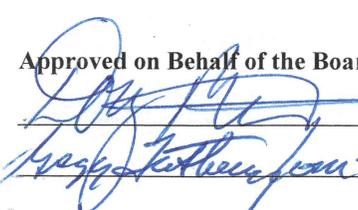
# Manitoba Crop Alliance Inc.

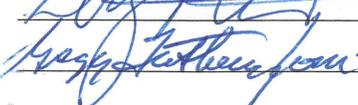
## Statement of Financial Position

July 31, 2025

	2025	2024
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable - Check-off refunds	\$ 279,909	\$ 264,434
Accounts payable - Trade (note 7)	78,941	103,168
Credit card payable	8,826	9,675
Wages and benefits payable	17,206	9,978
Employee deductions payable	34,471	27,168
Deferred income	-	1,720
	<u>419,353</u>	<u>416,143</u>
<b>Total Liabilities</b>	<u>419,353</u>	<u>416,143</u>
<b>Net Assets</b>		
Invested in capital assets	771,705	780,287
Advance Payments Program contingency fund	1,270,489	1,171,134
Internally restricted net assets (note 8)	750,000	500,000
Unrestricted net assets	19,513,565	18,615,227
	<u>22,305,759</u>	<u>21,066,648</u>
<b>Total Net Assets</b>	<u>22,305,759</u>	<u>21,066,648</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 22,725,112</u>	<u>\$ 21,482,791</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, 2025

	2025	2024	Unaudited Budget
<b>Revenue</b>			
Check-Off income	\$ 7,768,616	\$ 7,222,977	\$ 7,519,600
Interest income	919,732	1,249,505	900,000
Corn competition	1,000	1,000	1,000
Manitoba Corn Committee and Sunflower Variety Performance Trials	95,552	209,140	167,000
Rental	20,641	20,361	20,615
Government and industry contributions	1,366,621	588,214	1,189,855
Gains on foreign exchange	279	10,733	-
Other	2,470	57,981	-
Advance Payments Program income (note 10)	362,559	309,914	204,500
	<b>10,537,470</b>	<b>9,669,825</b>	<b>10,002,570</b>
<b>Expenses</b>			
Check-off refunds	547,246	501,098	676,764
Administration	240,703	163,355	197,123
Building	67,230	92,348	102,994
Governance	375,648	395,790	544,879
Salaries and benefits	1,220,394	1,050,986	1,283,002
Memberships	64,228	54,819	70,650
Market development	588,020	563,714	834,350
Communications (note 7)	563,024	451,317	812,125
Research (note 7)	5,368,662	5,859,520	6,631,780
Advance Payments Program expenses (note 10)	263,204	234,415	272,474
	<b>9,298,359</b>	<b>9,367,362</b>	<b>11,426,141</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 1,239,111</b>	<b>\$ 302,463</b>	<b>\$ (1,423,571)</b>

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, 2025

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	Invested in Capital Assets	APP Contingency Fund	Internally Restricted Fund	Unrestricted Surplus	2025	2024
Balance, beginning of year	\$ 780,287	\$ 1,171,134	\$ 500,000	\$ 18,615,227	\$ 21,066,648	\$ 20,764,185
Excess (deficiency) of revenues over expenses	(81,521)	99,355	-	1,221,277	1,239,111	302,463
Investments in capital assets	72,939	-	-	(72,939)	-	-
Allocation of surplus (note 8)	-	-	250,000	(250,000)	-	-
<b>Balance, end of year</b>	<b>\$ 771,705</b>	<b>\$ 1,270,489</b>	<b>\$ 750,000</b>	<b>\$ 19,513,565</b>	<b>\$ 22,305,759</b>	<b>\$ 21,066,648</b>

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, 2025

	2025	2024
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenues over expenses	\$ 1,239,112	\$ 302,466
<b>Increase (decrease) in working capital</b>		
Amortization	81,523	46,307
Accounts receivable	(270,068)	(239,619)
Prepaid expenses	12,163	(90,030)
Wages and benefits payable	7,228	3,342
Accounts payable - Check-off	15,475	24,074
Accounts payable - trade	(24,229)	37,279
Credit card payable	(849)	4,247
Employee deductions payable	7,303	25,596
Deferred income	(1,720)	1,720
<b>TOTAL CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>	<b>1,065,938</b>	<b>115,382</b>
<b>CASH FLOWS FROM (TO) INVESTING ACTIVITIES:</b>		
Purchase of capital assets	(72,939)	(456,383)
Long term investments	(112)	(116)
<b>TOTAL CASH FLOW FROM (TO) INVESTING ACTIVITIES</b>	<b>(73,051)</b>	<b>(456,499)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>992,887</b>	<b>(341,117)</b>
Cash and cash equivalents at beginning of year	19,737,867	20,078,984
<b>Cash and cash equivalents at end of year</b>	<b>\$ 20,730,754</b>	<b>\$ 19,737,867</b>

Cash and cash equivalents consist of the following:

Cash	\$ 10,813,858	\$ 7,948,916
Internally restricted cash	9,916,896	11,788,951
	<b>\$ 20,730,754</b>	<b>\$ 19,737,867</b>

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, 2025

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### 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, 2025

### 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:

	2025	2024
Access Credit Union - chequing - 3.95% (2024 - 5.7%)	\$ 10,728,811	\$ 7,858,874
US Funds account (in CAD)	85,047	90,042
<b>Total</b>	<b>\$ 10,813,858</b>	<b>\$ 7,948,916</b>

# Manitoba Crop Alliance Inc.

## Notes to the Financial Statements

For the Year Ended July 31, 2025

### 4 Accounts Receivables

Accounts receivable consist of the following:

	2025	2024
Accounts receivable - Trade	\$ 2,101	\$ -
Accounts receivable - Check-off	672,919	538,046
Accounts receivable - Interest	-	639
Accounts receivable - Government Grants and Industry Contributions	330,387	196,655
<b>Total</b>	<b>\$ 1,005,407</b>	<b>\$ 735,340</b>

### 5 Capital Assets

	2025	2025	2025	2024
	Cost	Accumulated Amortization	Net Value	Net Value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Buildings	946,561	(302,792)	643,769	667,441
Research equipment	548,690	(472,985)	75,705	82,104
Office equipment and furniture	206,693	(159,462)	47,231	25,742
	<b>\$ 1,706,944</b>	<b>\$ (935,239)</b>	<b>\$ 771,705</b>	<b>\$ 780,287</b>

Office equipment and furniture and Building categories include APP Capital Assets with a total cost of \$37,392 and \$75,612 respectively. The total aggregate accumulated amortization is \$25,246 (2024 - Office equipment and furniture cost of \$21,522 and an aggregate accumulated amortization \$13,924)

### 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, 2025

### 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 Commitments

Manitoba Crop Alliance has entered into various funding and lease agreements. In certain projects the organization acts as the project administrator. Financial commitments for the next five years is as follows:

	2025	2026	2027	2028
Research Commitments	\$ 3,412,390	\$ 2,738,460	\$ 1,271,968	\$ 1,159,974
GATE (conditional)	-	2,655,587	-	-
Communications - Advocacy	160,000	-	-	-
Building Lease Space	7,875	-	-	-
	<u>\$ 3,580,265</u>	<u>\$ 5,394,047</u>	<u>\$ 1,271,968</u>	<u>\$ 1,159,974</u>

	2029	Total
Research Commitments	\$ 270,645	\$ 8,853,437
GATE (conditional)	-	2,655,587
Communications - Advocacy	-	160,000
Building Lease Space	-	7,875
	<u>\$ 270,645</u>	<u>\$ 11,676,899</u>

Manitoba Crop Alliance has conditionally approved 2,655,587 in funding for Cereal Canada's Global Agriculture Technology Exchange (GATE) initiative. It is managements opinion that the conditions to this commitment will be met and the commitment will be realized next fiscal year.

# Manitoba Crop Alliance Inc.

## Notes to the Financial Statements

For the Year Ended July 31, 2025

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### 8 Internally Restricted Net Assets

The Board of Directors of established an internal restricted fund balance of \$500,000 upon amalgamation. In fiscal 2025 the board approved an additional \$250,000 be allocate for fiscal 2025 and an additional \$250,000 for fiscal 2026. These approvals have increased the internal restricted fund balance to \$750,000 for fiscal 2025 and \$1,000,000 for fiscal 2026.

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 \$750,000 for fiscal 2025 and \$1,000,000 for fiscal 2026.

All transactions from the reserve fund require board approval.

### 9 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.

Although the funds are Board designated, they are held in cash and cash equivalents and are callable on demand upon approval. For presentation purposes they have been reported within current assets given their callable nature and availability for use at the direction of the Board.

The Board approved in 2022 that amounts required to satisfy commitments entered into by the founding organizations will be charged against these designated research funds. Commitments will be tallied annually and, subject to Board approval, reimbursed to the Organization's operating bank account in the subsequent fiscal year. Total founding organization commitments for the fiscal 2025 year were as follows:

	<u>2025</u>
MCGA	\$ 71,083
MFGA	61,918
MWBGA	1,293,387
NSAC	26,794
WCMI	<u>21,978</u>
	<u><u>\$ 1,475,160</u></u>

# Manitoba Crop Alliance Inc.

## Notes to the Financial Statements

For the Year Ended July 31, 2025

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### 10 Administrative Services - APP

The Association is an administrator for the Advance Payments Program (APP) for grain, oilseed, pulse and honey cash advances in Manitoba.

APP is a federal loan guarantee program. To become an administrator of this program, the Association entered into a Tripartite Agreement (the "Agreement") with His Majesty the King in Right of Canada, as represented by the Minister of Agriculture and Agri-Food, and a Credit Union (the "Lender"). This agreement states the Association is an administrator in the Advance Payments Program (the "Program") under the Agriculture Marketing Programs Act (the "Act").

Under terms of the Program, the Association is authorized to issue advances, interest-free and interest-bearing, to producers who meet eligibility criteria. In order to facilitate the Program, the Association has entered into Loan Agreements with the Lender. The Association may only use funds advanced by the Lender for the purpose outlined in the Agreement and is responsible for any costs, including interest and penalties, related to failing to comply with this stipulation.

Pursuant to the Act, the Minister guarantees to the Lender all principal lent by the Administrator as well as interest calculated at a specific rate. All loans in default, after a specified time, are transferred to the government. The Minister at the time of transfer, repays in full the principal and interest incurred by the Association. The Minister is also responsible, at the request of the Association, for the costs incurred by the Association to recover principal and interest owed by a producer in default, so long as the Association is in compliance with the terms of the Agreement. In the opinion of management, the Association is compliant with the terms of the Agreement.

To finance the arrangement, the Association has a series of operating lines of credit which bear interest at prime less a set rate determined by the Lender.

Operating line of credit maximum limit dedicated to the program	\$100,000,000
Outstanding operating line of credit balance related to the program at year-end	\$76,341,077
Outstanding advances receivable balance related to the program at year-end	\$73,363,961

The Association receives administration fees from producers on all advances issued. Interest is charged and collected on Interest-Bearing advances at rates tied to prime. Advances have maturities ranging between twelve to eight-teen months. The advance receivables are guaranteed by the Federal Government. The Association incurs costs in managing the advances.

Management has concluded that the Association acts as an agent under the agreement. Accordingly, the assets (advances) and the related liabilities (operating line of credit) are not recognized in these financial statements. This conclusion is based on the Association's lack of substantive exposure to the risks of the advances, interest spread and the fixed fee per advance. All items indicate an agent relationship.

AAFC monitors and controls the program through biennial compliance visits and risk assessment and a formal audit every four years.