

**Manitoba Pulse & Soybean
Growers Inc.**

**Independent Auditors' Report
Financial Statements
July 31, 2024**

Manitoba Pulse & Soybean Growers Inc.

July 31, 2024

Table of Contents

Independent Auditors' Report	1
Statement of Financial Position	4
Statement of Changes in Net Assets	6
Statement of Operations	7
Schedules	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

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

Independent Auditors' Report

To the Members
Manitoba Pulse & Soybean Growers Inc.

Opinion

We have audited the financial statements of Manitoba Pulse & Soybean Growers Inc., which comprise the statement of financial position as at July 31, 2024, and the statements of operations, changes in net assets and cash flows for the 7 month period then ended July 31, 2024, 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 Pulse & Soybean Growers Inc. as at July 31, 2024, and the results of its operations and its cash flows for the 7 month period then ended July 31, 2024, 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.

Emphasis of Matter

We draw attention to Note in the financial statements, which describes the situation in the context of the novel Coronavirus ("COVID-19") global pandemic declared by the World Health Organization. Our opinion is not modified in respect of this matter.

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.

George & Associates

George & Associates Chartered Professional Accountants Inc.

Carman, Manitoba
February 03, 2025

Manitoba Pulse & Soybean Growers Inc.

Statement of Financial Position

For the 7 month period ended July 31, 2024

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash (notes 2 and 3)	\$ 8,897,119	\$ 8,672,676
Short-term investments (note 5)	1,476,237	1,396,251
Accounts receivable (notes 2 and 4)	891,661	1,125,944
Prepays	251,709	317,731
	<u>11,516,726</u>	<u>11,512,602</u>
Capital Assets (notes 2 and 6)		
Cost	356,505	325,562
Accumulated amortization	(207,067)	(156,757)
	<u>149,438</u>	<u>168,805</u>
Total Assets	<u>\$ 11,666,164</u>	<u>\$ 11,681,407</u>

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


Manitoba Pulse & Soybean Growers Inc.

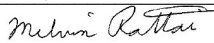
Statement of Financial Position

For the 7 month period ended July 31, 2024

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 174,208	\$ 119,997
Checkoff refund payable	51,578	-
Government remittances	23,051	20,710
Administered funding payable (note 7)	46,542	46,542
	<u>295,379</u>	<u>187,249</u>
Total Liabilities	<u>295,379</u>	<u>187,249</u>
Net Assets		
Invested in capital assets	149,438	168,805
Internally restricted (note 9)	4,581,283	5,246,219
Unrestricted	6,640,064	6,079,134
	<u>11,370,785</u>	<u>11,494,158</u>
Total Net Assets	<u>11,370,785</u>	<u>11,494,158</u>
Total Liabilities and Net Assets	<u>\$ 11,666,164</u>	<u>\$ 11,681,407</u>

Approved on Behalf of the Board:


_____, Director


_____, Director

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

Manitoba Pulse & Soybean Growers Inc.

Statement of Changes in Net Assets

For the 7 month period ended July 31, 2024

	Invested in Capital Assets	Internally Restricted	Unrestricted	2024	2023
Balance, beginning of year	\$ 168,805	\$ 5,246,219	\$ 6,079,134	\$ 11,494,158	\$ 8,996,638
Excess (deficiency) revenues over expenses	(50,310)	-	(73,063)	(123,373)	2,497,520
Investment in capital assets	30,943	-	(30,943)	-	-
Increase (decrease) in restricted funds	-	(664,936)	664,936	-	-
Balance, end of year	\$ 149,438	\$ 4,581,283	\$ 6,640,064	\$ 11,370,785	\$ 11,494,158

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

Manitoba Pulse & Soybean Growers Inc.

Statement of Operations

For the 7 month period ended July 31, 2024

	2024	2023	Unaudited Budget 2024
Revenue			
Check-off - net of refunds (notes 2 and 8)	\$ 824,960	\$ 5,087,394	\$ 650,000
Grants - government and third party	577,769	631,074	363,000
Research trials	114,161	206,486	207,000
Investments			-
-Interest and investment income	319,500	434,336	201,500
-Unrealized gains (losses)	84,877	95,821	-
Miscellaneous income	44,704	50,430	18,500
	<u>1,965,971</u>	<u>6,505,541</u>	<u>1,440,000</u>
Expenses			
Schedule 1	<u>2,089,344</u>	<u>4,008,021</u>	<u>2,664,230</u>
Excess (deficiency) of revenues over expenses	<u>\$ (123,373)</u>	<u>\$ 2,497,520</u>	<u>\$ (1,224,230)</u>

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

Manitoba Pulse & Soybean Growers Inc.

For the 7 month period ended July 31, 2024

Schedule of Expenses

	2024	2023	Unaudited Budget For the 7 month period ending July 31, 2024
Expenses			
Administration	\$ 495,361	\$ 429,075	\$ 314,795
Board of directors	52,642	132,247	70,500
Office	116,681	100,274	-
Market development, memberships and national group support	323,573	485,038	328,905
Communication and member relations	106,206	182,013	385,203
Research	826,770	2,465,054	1,564,827
Extension and production	168,111	214,320	-
Total expenses	\$ 2,089,344	\$ 4,008,021	\$ 2,664,230

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

Manitoba Pulse & Soybean Growers Inc.

Statement of Cash Flows

For the Year Ended July 31, 2024

	2024	2023
OPERATING ACTIVITIES:		
Excess (deficiency) revenues over expenses	\$ (123,373)	\$ 2,497,520
Non-cash items:		
Amortization of capital assets	50,309	49,684
Short-term investments - unrealized	(84,877)	(95,821)
	(157,941)	2,451,383
Increase (decrease) in working capital		
Short-term investments - contributions	4,891	(12,538)
Accounts receivable - net	234,284	(43,653)
Prepays	66,022	(58,388)
Administered funding receivable	-	20,450
Accounts payable and government remittances	56,552	(155,028)
Checkoff refund payable	51,578	-
Administered funding payable	-	46,542
Cash from (to) operations	255,386	2,248,768
FINANCING AND INVESTING ACTIVITIES:		
Acquisition of capital assets	(30,943)	(11,636)
Deferred grants	-	(73,533)
Repayment of long-term debt	-	(60,000)
Cash from (to) financing and investing	(30,943)	(145,169)
Net increase (decrease) in cash	224,443	2,103,599
Cash at beginning of year	8,672,676	6,569,077
Cash at end of year	\$ 8,897,119	\$ 8,672,676

Cash and cash equivalents consist of the following:

Cash	\$ 8,897,119	\$ 8,672,676
------	--------------	--------------

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

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

1 Purpose of the Association

Manitoba Pulse & Soybean Growers Inc. is a member organization committed to represent the interests of the pulse growers of Manitoba in matters relating to pulses, 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

The financial statements of [Organization Name] are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. Outlined below are those policies considered significant for the association.

The statement of financial position, statement of operations, and statement of cash flows for the year ended [end date of stub period] present the financial position, results of operations, and cash flows for the period from [start date of stub period] to [end date of stub period].

b. 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.

Seminar fees are recognized as revenue when the seminars are held.

Government grants are recognized as restricted contributions and are recognized in the year in which the related expenses are incurred.

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

c. Cash and Cash Equivalents

Cash and cash equivalents includes a general bank account.

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

2 Significant Accounting Policies continued

d. Capital Assets

Capital asset purchases under \$5,000 are expensed in the operating statement. Capital purchases of \$5,000 or more are recorded at cost and amortized over their estimated useful lives on a straight-line basis at an annual rate of 10% for machinery, furniture and computers and 20% for leasehold improvements and vehicles. A half year's amortization is taken in the year of acquisition.

e. Research Projects

Research expenses are recognized in these financial statements in the period defined in the terms and conditions of the respective agreements and when the expenses have been incurred.

f. Use of Estimates

The preparation of financial statements, in conformity 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 capital assets.

g. Financial Instruments

The association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial 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 the statements of operations in the period incurred. Transactions are recorded on a trade basis and transaction costs are expensed when incurred.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and deferred grants. The fair value of the cash, accounts receivable and accounts payable approximates their carrying value due to their short-term nature.

h. 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:

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

3 Cash continued

	2024	2023
Chequing 5.5% (6.0% - 2023)	\$ 8,897,119	\$ 8,672,676

4 Receivables

Accounts receivable consist of the following:

	2024	2023
Check-off levies	\$ 228,810	\$ 1,119,454
Trade	-	6,490
Government grants receivable	548,689	-
Trial fees receivable	114,162	-
Total	\$ 891,661	\$ 1,125,944

5 Short-term Investments

	2024	2023
Aviso Wealth - Fixed income funds	\$ 1,022,696	\$ 1,001,904
Aviso Wealth - Equity funds	453,541	394,347
	\$ 1,476,237	\$ 1,396,251

6 Capital Assets

	2024	2024	2024	2023
	Cost	Accumulated Amortization	Net Value	Net Value
Leasehold improvements	\$ 7,016	\$ (7,016)	-	\$ -
Machinery	51,782	(8,553)	43,229	18,385
Furniture and fixtures	14,016	(14,016)	-	-
Vehicles	247,227	(143,236)	103,991	145,781
Computer equipment	36,464	(34,246)	2,218	4,639
	\$ 356,505	\$ (207,067)	\$ 149,438	\$ 168,805

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

7 Administered Funding

The association is holding the funds for Canadian Pulse Research Workshop and will be transferring these funds to Saskatchewan Pulse Growers after the July 31, 2024 year end.

8 Check-off Revenue

	<u>2024</u>	<u>2023</u>
Gross check-offs	\$ 1,255,850	\$ 5,472,990
Check-offs refunded to producers 34% (7% - 2023)	<u>(430,890)</u>	<u>(385,596)</u>
Check-off - net of refunds	<u>\$ 824,960</u>	<u>\$ 5,087,394</u>

The Agricultural Producers' Organization Funding Act requires a referendum when the organization has refunded fees that comprises more than 30% of producers and 30% of the fees collected. For fiscal 2024, only 5% of producers requested fee refunds, thereby avoiding the requirement for a referendum.

2024 check-off refund expense includes Period 2 refunds of \$379,312. Prior year financials did not report this liability, as it was managements opinion that the liability could not be reasonably estimated as the amounts fell due after the AGM.

For comparison context, management estimates 2024 calendar year gross check-off revenue to be \$3,980,560. This would result in a check-off refunded rate of 10.80%.

9 Internally Restricted Net Assets

In fiscal 2013 the Directors appropriated \$100,000 to a reserve from unrestricted net assets to be used to fund any possible future wind down costs of the association. This reserve was increased to \$400,000 in fiscal 2018. In 2020 this reserve was increased to \$650,000.

The Directors also established an operating reserve in the amount of \$300,000 in fiscal 2016. This reserve was increased to \$400,000 in fiscal 2018. In 2020 this reserve was increased to \$650,000.

The Directors have internally restricted an aggregate of \$2,984,731 for future research. This amount consists of \$2,190,746 in future research project commitments and an unused carry forward balance from completed research projects of \$793,985. This reserve is reviewed annually.

The internally restricted funds are not available for other purposes without the approval of the Directors.

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

10 Commitments

The association has entered into funding agreements for long term research projects and has committed the following amounts.

Year	Amount
2025	\$ 414,679
2026	590,795
2027	692,023
2028	439,212
2029	54,037
	<u>\$ 2,190,746</u>

The association has entered a lease agreement with Manitoba Crop Alliance Inc. for office space in the annual amount of \$20,641 and expiring June 30, 2025.

11 Comparative Figures

Comparative figures for the 12 month period ending December 31, 2023 are also presented to provide context and facilitate comparison.

12 Budget Figures

The Board of Directors approved the 7 month period ending July 31, 2024 budget on June 26, 2024. These figures are unaudited.

13 Financial Instruments

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.

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 quarterly and the purchasers are bound to perform such services under the Agricultural Producers Organization Funding Act.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade account payables are generally paid within thirty days. This risk is reduced due to the high dollar value in the bank accounts.

Manitoba Pulse & Soybean Growers Inc.

Notes to the Financial Statements

For the Year Ended July 31, 2024

13 Financial Instruments continued

Interest rate risk

The association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the association to the fair value risk, while floating rate instruments subject it to cash flow risk. The association manages exposure by restricting the term of investments and holding the majority of funds in fluctuating rate accounts.

Other price risk

The association is exposed to other price risk through changes in market prices in connection with its investment in pooled funds.

Commodity price risk

Commodity price risk is the risk that revenue will fluctuate due to changes in market prices affecting the dollar amount of pulse crops sold and in turn the amount of check-off revenue collected.