

Keystone Agricultural Producers Inc.
Financial Statements
October 31, 2023

Keystone Agricultural Producers Inc.

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For the year ended October 31, 2023

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Independent Auditor's Report

To the Members of Keystone Agricultural Producers Inc.:

Opinion

We have audited the financial statements of Keystone Agricultural Producers Inc. (the "Organization"), which comprise the statement of financial position as at October 31, 2023, and the statements of operations, 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 the Organization as at October 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Organization 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented in the attached schedules 1-8 is unaudited and presented for the purpose of additional analysis and is not a required part of the financial statements.

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. We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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.

MNP LLP

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Winnipeg, Manitoba

January 22, 2024

MNP LLP

Chartered Professional Accountants

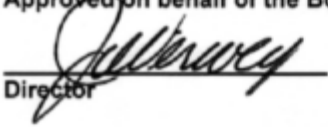
Keystone Agricultural Producers Inc.

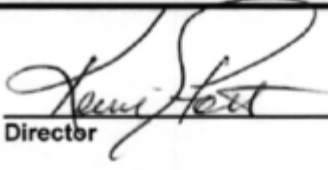
Statement of Financial Position

As at October 31, 2023

	2023	2022
Assets		
Current		
Cash	753,724	715,210
Accounts receivable	249,547	269,104
Prepaid expenses	20,994	4,716
Investments (Note 3)	655,406	646,800
	1,679,671	1,635,830
Investment in The Co-operators Group Limited (Note 4)	104,000	104,000
Capital assets (Note 5)	102,074	123,651
	1,885,745	1,863,481
Liabilities		
Current		
Accounts payable (Note 6)	64,300	54,610
Producer refunds payable	315,860	130,394
Unclaimed membership refunds	48,909	55,547
Unearned membership fees	1,737	34,319
Deferred revenue (Note 7)	25,600	122,653
	456,406	397,523
Net Assets	1,429,339	1,465,958
	1,885,745	1,863,481

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Keystone Agricultural Producers Inc. Statement of Operations and Changes in Net Assets

For the year ended October 31, 2023

	2023	2022
Revenue		
Individual memberships	1,130,588	1,119,825
Province of Manitoba	399,060	501,058
Loyalty payment	124,589	109,742
Supporter revenue	91,485	92,307
Unclaimed membership refunds	55,547	50,815
Miscellaneous	49,715	29,881
Commodity groups	35,500	28,000
Other donations	32,609	20,650
Interest revenue	28,361	13,771
Corporate partner	15,000	10,000
Young Farmers' Committee	2,513	-
	1,964,967	1,976,049

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The accompanying notes are an integral part of these financial statements

Keystone Agricultural Producers Inc.
Statement of Operations and Changes in Net Assets
For the year ended October 31, 2023

	2023	2022
<i>(Continued from previous page)</i>	1,964,967	1,976,049
Expenses		
Advisory council meetings	8,159	3,063
Amortization	26,438	27,844
Annual meeting	149,787	29,974
Audit fee	21,000	18,780
Bank charges	5,465	5,490
Board meetings	28,716	20,828
Canadian Federation of Agriculture membership	80,410	73,858
Committee expense	10,448	5,105
Communications	55,081	21,597
Contract/research	49,400	20,000
Contracted services - Environmental Farm Plan (Schedule 6)	-	365,840
Development and recruitment	1,842	34,082
District meetings	4,153	4,358
Environmental Farm Plan - program expenses (Schedule 5)	229,635	54,856
Farm Safety - program expenses (Schedule 7)	49,389	28,165
Grants	20,804	14,719
Information technology consulting	41,737	26,440
Insurance	7,276	6,718
Leases	7,403	9,893
Legal and professional	59,040	42,481
Office	34,465	25,280
Postage	24,380	28,442
President's deductions	2,071	1,626
President's expenses	31,993	15,810
President's per diem	45,921	35,154
Rent	152,501	139,115
Salaries, wages and contract wages (Schedule 2,7)	640,782	648,632
Staff benefits	70,213	80,248
Staff travel	66,153	45,324
Telephone	13,288	15,747
Vice President's deductions	1,218	1,536
Vice President's expenses	22,725	20,518
Vice President's per diems	28,887	28,713
Young Farmers' Committee	7,078	263
	1,997,858	1,900,499
Excess (deficiency) of revenue over expenses before other items	(32,891)	75,550
Other items		
Unrealized gain (loss) on investments	(3,728)	(10,213)
Excess (deficiency) of revenue over expenses	(36,619)	65,337
Net assets, beginning of year	1,465,958	1,400,621
Net assets, end of year	1,429,339	1,465,958

The accompanying notes are an integral part of these financial statements

Keystone Agricultural Producers Inc.

Statement of Cash Flows

For the year ended October 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(36,619)	65,337
Amortization	26,438	27,844
Unrealized (gain) loss on investments	3,728	10,213
	(6,453)	103,394
Changes in working capital accounts		
Accounts receivable	19,557	66,155
Prepaid expenses	(16,278)	(1,348)
Accrued interest	-	3,675
Accounts payable	9,690	(149,037)
Producer refunds payable	185,466	37,045
Unclaimed membership refunds	(6,638)	4,732
Unearned membership fees	(32,582)	34,319
Deferred revenue	(97,053)	106,787
	55,709	205,722
Investing		
Purchase of capital assets	(4,860)	(614)
Net sale (purchases) of investments	(12,335)	(13,053)
	(17,195)	(13,667)
Increase in cash resources	38,514	192,055
Cash resources, beginning of year	715,210	523,155
Cash resources, end of year	753,724	715,210

The accompanying notes are an integral part of these financial statements

Keystone Agricultural Producers Inc. Notes to the Financial Statements

For the year ended October 31, 2023

1. Incorporation and nature of the organization

Keystone Agricultural Producers Inc. (the "Organization") is a non-for-profit organization incorporated without share capital. Its purpose is to promote the interest of Manitoba agricultural producers. The Organization is exempt from income taxes under Section 149 of The Income Tax Act. In order to maintain its status as a registered not for profit organization under The Income Tax Act, the Organization must meet certain requirements specified within The Income Tax Act. It is the opinion of management that these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash

Cash includes balances with bank. Cash subject to restrictions that prevent its use for current purposes is included as restricted cash.

Investments

Investments consist of guaranteed investment certificates, equities, and bonds. The guaranteed investment certificates are recorded at cost, less any provision for other than temporary impairment. Equities and bonds are recorded at fair value.

Investment in The Co-operators Group Limited

The investment in The Co-operators Group Limited consists of preferred shares and is recorded at cost less reduction for impairment, if any. Impairment losses are recognized when estimated undiscounted future cash flows from related loyalty payment revenue and future disposal, if any, are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the statement of operations for the year.

Capital assets

Capital asset acquisitions are recorded at cost. Amortization is provided using the following rates and methods intended to amortize the cost of assets over their estimated useful lives. In the year of acquisition, one-half of the rates below are used to calculate amortization.

	Method	Rate
Computer equipment	declining balance	30 %
Computer software	declining balance	100 %
Equipment	declining balance	20 %
Leasehold improvements	straight-line	10 years

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the statement of operations for the year.

Unclaimed membership refunds liability

The unclaimed membership refunds liability is a provision for uncashed producer refund cheques outstanding for more than 6 months.

2. Significant accounting policies (Continued from previous page)

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which qualifying 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.

Membership revenue is recognized upon receipt of the membership fee by either a designated purchaser or directly by the Organization. When members prepay fees, the revenue is deferred until the year that the membership relates to.

When members have only paid partial membership fees, the fees are recorded as unrestricted revenue from the producers until such time as the producer has either paid up the full amount of the membership fee, or at year-end, is recorded as supporter revenue. Such unrestricted donations are included in supporter revenue in the statement of operations and changes in net assets.

Unclaimed membership refunds revenue represents uncashed cheques that have been recognized as revenue. The amounts are recognized as revenue when 1 full year has past since the amounts were recognized as unclaimed membership refund liabilities.

Interest and other revenues are recognized in the period in which it is earned.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Measurement uncertainty

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. No allowance was considered necessary for 2023 and 2022. Producer refunds payable represents the Organization's estimate of non-membership fees collected from producers which, given the information available, the Organization will be able to repay to the producers. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

Keystone Agricultural Producers Inc.

Notes to the Financial Statements

For the year ended October 31, 2023

2. Significant accounting policies (Continued from previous page)

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Investments

	2023	2022
Cash held in investment portfolio	245,380	182
Equities and bonds (book value of \$402,656)	410,026	541,343
Guaranteed investment certificate, matured during the year	-	105,275
	655,406	646,800

Keystone Agricultural Producers Inc.
Notes to the Financial Statements
For the year ended October 31, 2023

4. Investment in The Co-operators Group Limited

The Organization is a member of The Co-operators Group Limited and holds an investment consisting of preferred shares.

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value
Computer equipment	83,094	69,844	13,250
Computer software	7,770	7,770	-
Equipment	66,724	57,247	9,477
Leasehold improvements	198,300	118,953	79,347
	355,888	253,814	102,074

	Cost	Accumulated amortization	2022 Net book value
Computer equipment	78,234	65,208	13,026
Computer software	7,770	7,770	-
Equipment	66,724	54,878	11,846
Leasehold improvements	198,300	99,521	98,779
	351,028	227,377	123,651

6. Accounts payable

Included in accounts payable is \$14,912 (2022 - \$17,601) of government remittances payable.

7. Deferred revenue

Changes in the deferred revenue balance are as follows:

	2023	2022
Balance, beginning of year	122,653	15,868
Amount received during the year	55,000	531,950
Less: Amount recognized as revenue during the year	(152,053)	(425,165)
Balance, end of year	25,600	122,653

8. Commitments

The Organization has entered into lease commitments for premises and office equipment with estimated minimum lease payments as follows:

2024	149,830
2025	148,110
2026	148,110
2027	148,110

9. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization enters into transactions to buy and sell equity investments, for which the market price fluctuates.

Keystone Agricultural Producers Inc.
Schedule 1 - Policy and Member Service Expenses

For the year ended October 31, 2023
(Unaudited)

	2023	2022
Advisory council meetings	8,159	3,063
Annual meeting	149,787	29,974
Communications	600	-
Board meetings	28,716	20,828
Canadian Federation of Agriculture membership	80,410	73,858
Committee expense	10,448	5,105
District meetings	4,153	4,358
Insurance	7,276	6,718
President's deductions	2,071	1,626
President's expenses	31,993	15,810
President's per diem	45,921	35,154
Telephone	13,288	15,747
Vice President's deductions	1,218	1,536
Vice President's expenses	22,725	20,518
Vice President's per diems	28,887	28,713
Young Farmers' Committee	7,078	263
	442,730	263,271

Keystone Agricultural Producers Inc.
Schedule 2 - Administration Support Expenses

For the year ended October 31, 2023
(Unaudited)

	2023	2022
Amortization	26,438	27,844
Contract/research	20,000	15,000
Development and recruitment	1,842	-
Office	-	989
Salaries and wages	494,355	577,146
Staff benefits	70,213	80,248
Staff travel	65,854	44,727
	678,702	745,954

Keystone Agricultural Producers Inc.
Schedule 3 - General Expenses
For the year ended October 31, 2023
(Unaudited)

	2023	2022
Audit fee	21,000	18,780
Communications	39,481	6,597
Grants	20,804	14,719
Legal and professional	59,040	26,687
	140,325	66,783

Keystone Agricultural Producers Inc.
Schedule 4 - Office Expenses
For the year ended October 31, 2023
(Unaudited)

	2023	2022
Bank charges	5,465	5,490
Information technology consulting	41,737	26,440
Leases	7,403	9,893
Office	16,965	6,790
Postage	24,380	28,442
Rent	117,734	104,348
	213,684	181,403

Keystone Agricultural Producers Inc.
Schedule 5 - Environmental Farm Plan Program Reviewers Fee

For the year ended October 31, 2023
(Unaudited)

	2023	2022
Revenue		
Province of Manitoba	230,431	55,455
Expenses		
Environmental Farm Plan - program expenses	229,635	54,856
Staff travel	298	599
	229,933	55,455
Excess (deficiency) of revenue over expenses	498	-

Keystone Agricultural Producers Inc.
Schedule 6 - Environmental Farm Plan Program Online Development
For the year ended October 31, 2023
(Unaudited)

	2023	2022
Revenue		
Province of Manitoba	-	365,840
Expenses		
Contracted services - Environmental Farm Program	-	365,840
Excess (deficiency) of revenue over expenses	-	-

Keystone Agricultural Producers Inc.
Schedule 7 - Farm Safety Program
For the year ended October 31, 2023
(Unaudited)

	2023	2022
<hr/>		
Revenue		
Province of Manitoba	139,229	74,763
<hr/>		
Expenses		
Advertising	10,266	20,000
Conferences	6,634	-
In-kind		
Rent	34,767	34,767
Shared services	30,000	30,000
General office	2,500	2,500
Office	1,753	306
Professional fees	17,620	125
Safety equipment	-	659
Salaries and wages	146,427	121,362
Staff travel	8,046	6,075
Training	5,070	1,000
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	263,083	216,794
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Deficiency of revenue over expenses	(123,854)	(142,031)
<hr/>		

Included in the Province of Manitoba revenue is \$44,989 that is receivable as at October 31, 2023 (2022 - \$39,985).

Keystone Agricultural Producers Inc.
Schedule 8 - Schedule of Labour Program Revenues and Expenses

For the year ended October 31, 2023
(Unaudited)

	2023	2022
Revenue		
Province of Manitoba	29,400	5,000
Expenses		
Contract/research	29,400	5,000
Excess (deficiency) of revenue over expenses	-	-
