

**SCHEDULE "A"**

**Results Driven Agriculture Research**  
**Financial Statements**  
For the initial eight months ended March 31, 2021

Results Driven Agriculture Research  
Financial Statements  
For the initial eight months ended March 31, 2021

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## Independent Auditor's Report

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To the Board of Directors of  
Results Driven Agriculture Research

### Opinion

We have audited the financial statements of Results Driven Agriculture Research (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the initial eight months 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 March 31, 2021, and its results of operations and its cash flows for the initial eight months 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.

### 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:



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## Independent Auditor's Report (continued)

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- ♦ 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.

*BDO Canada LLP*

Chartered Professional Accountants

Edmonton, Alberta  
June 10, 2021

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Results Driven Agriculture Research  
Statement of Financial Position

March 31, 2021

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Assets

Current	
Cash	\$ 402,677
Short-term investment (Note 2)	10,010
Accounts receivable	18,867
Prepaid expenses	<u>11,306</u>
	442,860
Capital assets (Note 3)	<u>45,020</u>
	<u>\$ 487,880</u>

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Liabilities and Net Assets

Current	
Accounts payable and accrued liabilities (Note 4)	\$ 135,117
Unrestricted net assets	<u>352,763</u>
	<u>\$ 487,880</u>

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Approved on behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

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

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## Results Driven Agriculture Research Statement of Operations and Changes in Net Assets

For the initial eight months ended March 31, 2021

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Revenue	<u>\$ 1,400,000</u>
Expenditures	
Staffing	598,758
Professional	191,544
Board	94,992
Consulting	80,941
Administration	55,048
GST	18,867
Amortization	8,155
Travel	<u>563</u>
	<u>1,048,868</u>
Excess of revenue over expenditures before undernoted item	351,132
Interest income	<u>1,631</u>
Excess of revenue over expenditures for the period, being unrestricted net assets at March 31, 2021	<u>\$ 352,763</u>

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

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## Results Driven Agriculture Research Statement of Cash Flows

For the initial eight months ended March 31, 2021

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Cash flows from operating activities	
Excess of revenue over expenditures for the period	\$ 352,763
Adjustment for non-cash item	
Amortization	<u>8,155</u>
	360,918
Change in non-cash working capital items	
Increase in accounts receivable	(18,867)
Increase in prepaid expenses	(11,306)
Increase in accounts payable and accrued liabilities	135,117
Increase in accrued short-term investment	<u>(10)</u>
	<u>465,852</u>
Cash flows from investing activities	
Purchase of capital assets	(53,175)
Purchase of short-term investment	<u>(10,000)</u>
	<u>(63,175)</u>
Increase in cash during the period and cash at March 31, 2021	<u>\$ 402,677</u>

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

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# Results Driven Agriculture Research Notes to the Financial Statements

March 31, 2021

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## Nature of operations

Results Driven Agriculture Research (the "Organization") is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act. The Organization is exempt from income taxes under Section 149(1)(l) of the Canadian Income Tax Act.

The key objectives of the Organization are to establish a research fund to support results driven agriculture research; to secure research funding; to manage and administer all matters relating to the establishment of a research fund and the allocation of the research funds to results driven agriculture research programs and priorities; and to promote co-operation and goodwill among members.

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## 1. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

### Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### Fund accounting

The Organization's accounts are maintained in accordance with principles of restricted fund accounting for contributions. The accounts have been segregated into the following funds or appropriations to reflect the purposes for which funds are designated.

#### i) Operating fund

The operating fund is maintained to provide for unrestricted contributions for which no restricted fund exists.

### Revenue recognition

The Organization follows the restricted fund method of accounting for contributions. Grant monies received are recognized as revenue in the year received or receivable and allocated to appropriations based on the specific agreement. Investment income is recognized as revenue when earned and allocated to appropriations based on the investments held in each appropriation.

# Results Driven Agriculture Research Notes to the Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations.

Capital assets

Capital assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Asset	Rate
Furniture and fixtures	5 years
Computer hardware and software	2 years

Amortization of leasehold improvements is recorded over the remaining term of the lease.

2. Short-term investment

The Organization has invested in a Guaranteed Investment Certificate, bearing interest at a rate of 0.4% per annum, with a maturity date of December 31, 2021.

3. Capital assets

	Cost	Accumulated Amortization
Furniture and fixtures	\$ 5,719	\$ 477
Leasehold improvements	8,260	635
Computer hardware and software	39,196	7,043
	53,175	8,155
Net book value		\$ 45,020

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## Results Driven Agriculture Research Notes to the Financial Statements

March 31, 2021

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4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$7,528.

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5. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk as it maintains all its bank accounts at a single financial institution. Balances in these accounts may exceed federally insured amounts.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to this risk through its investment in a Guaranteed Investment Certificate with a fixed interest rate, resulting in changes in fair value of the Guaranteed Investment Certificate as market interest rates change.

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6. Subsequent events

Subsequent to the period end, the Organization received \$32,649,000 from various grant agreements and was committed to pay out \$8,715,824 in grants to multiple recipients.

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7. Uncertainty due to COVID-19

On March 11, 2020, the outbreak of the novel strain of the coronavirus, specifically identified as "COVID-19" was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including all levels of Canadian government, enacting emergency measures to combat the spread of the virus. As the impacts of COVID-19 continue, there could be further impact on the Organization. Management is actively monitoring the affects on its financial condition, liquidity and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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