



2021

A N N U A L

REPORT



Message from the President

By Bill Campbell

Resilience is what comes to mind when I reflect upon the past two years.

KAP's board, staff and membership have developed a deeper level of resilience, which is what will carry us forward into 2022.

Last year served as a reminder of KAP's ability to bring the sector together on key issues and how this is the foundation of our work. In 2021, KAP focused on effectively co-ordinating a common approach and providing a unified voice on the critical issues facing our sector. We know that working together is a key part of our role as the voice of Manitoba farmers.

As KAP approaches its 40th anniversary in 2024, I want to emphasize the fact that engagement is vital to our work. All farmers can help chart the direction of the sector through KAP's committees, meetings, task forces and working groups. We need you to get involved, whether through these opportunities or by joining your local district. Your input is necessary to help KAP to ensure a sustainable and profitable future for Manitoba farmers.

Delivering on KAP's vision requires the effort of everyone around our table. It also cannot be done without a group of dedicated staff. I would like to thank KAP's staff for their incredible work last year.

Looking forward to 2022, there are many priorities that we must focus on as an organization. Advocacy, regulatory modernization, engagement and outreach are the pillars of KAP's work. This work needs to be supported through a strong organizational foundation, which is why the board of directors is undergoing a governance and bylaw review, and why the grassroots committee is evaluating KAP's structure. These are key elements of KAP's 2021-2023 strategic plan as we strategize for the years ahead.

It has been an honour to lead Manitoba's farmers and commodity group members through these very challenging times. You are the driving force behind everything that KAP does. We are all in this together and in that spirit, we are ready to take on 2022.



Report from the General Manager

By Brenna Mahoney

Organizations like KAP exist to provide value to their members.

To provide value, organizations not only need to address the issues of today, but look to the future and take leadership, be nimble, responsive and most importantly, collaborative. This couldn't be truer than during these uncertain times.

To ensure KAP continues to be nimble and responsive, we have been working to understand our current landscape at an organization level with a focus on bringing value to you. At a high level, this means that three priorities have become the centre of KAP's focus: building strategy, strengthening relationships and being foresight driven. What does this mean?

In our current changing landscape, we are focused on strategic outcomes that will continue positioning KAP as a leader in agriculture and ensure a sustainable and profitable future for Manitoba farmers. Being foresight driven will enable Manitoba's agriculture sector to be in a clear position to impact policy. KAP's role is to facilitate collaboration and consensus when it comes to policy development, while keeping an eye on future challenges and opportunities.

We also recognize that the challenges of today require a collaborative effort and a common voice from Manitoba's agricultural community. A common voice speaking to governments, stakeholders and the public. With this in mind, KAP has convened a drought task force, a labour working group and a farm safety council. This is all with the intent to build policy with a unified voice.

Another strategic priority has been to examine KAP's governance and structure to ensure that the organization is financially sustainable and represents modern farming operations. As announced at our annual meeting in 2021, a grassroots committee has been formed and recently begun meeting to review KAP's structure. A governance and bylaw review is also underway. These initiatives will continue over the next year, with recommendations set for review in early 2023.

As the voice of Manitoba farmers, we need to recognize that we are greater than the sum of our parts. Farmer members, commodity members and stakeholders each need to see their efforts amplified and complimented by KAP. This is why we are working toward building a strong community and common goals. We know that to be effective and provide value, we must work together and focus on consensus where possible.

Strengthening relationships is essential to KAP's role in agriculture. Being able to have transparency and trust as the foundation of those relationships is vital. We must also be ready to ignite, unite and rally our sector.

This is all a part of the value that KAP brings to the table.

KAP 2021 Board Representatives



Bill Campbell, President



Jake Ayre, Vice President



Jill Verwey, Vice President



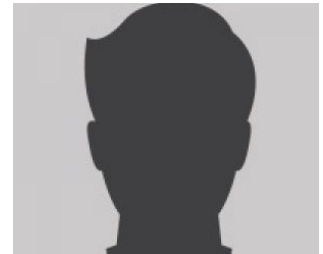
Carter McKinney, District 1



Les Ferris, District 2



Linda Nielsen, District 3



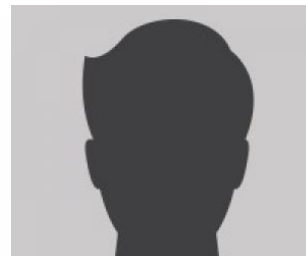
Kevin Stott, District 4



Craig Riese, District 5



Rauri Qually, District 6



Vacant, District 7



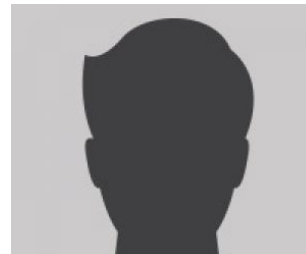
George Graham, District 8



Neil Galbraith, District 9



Paul Gregory, District 10



Andrew Melnychenko,
District 11



Leonard Gluska, District 12



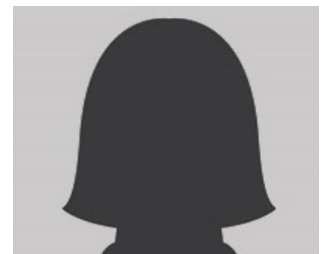
Marg Rempel, Red Meat
Commodity Groups



Chuck Fossay, Grains, Oil-
seeds and Pulses



Stefan Signer, Supply
Managed Commodity
Groups Oilseeds and Pulses



Sam Connery-Nichol,
Special Interest Groups

KAP Staff

Brenna Mahoney
General Manager

Kathy Ulasz
Finance and Office Services Manager

Graham Schellenberg
Communications and Government Relations Manager

Neil Van Overloop
Policy Analyst

Jim Smolik
Consultant

Morag Marjerison
Farm Safety Consultant

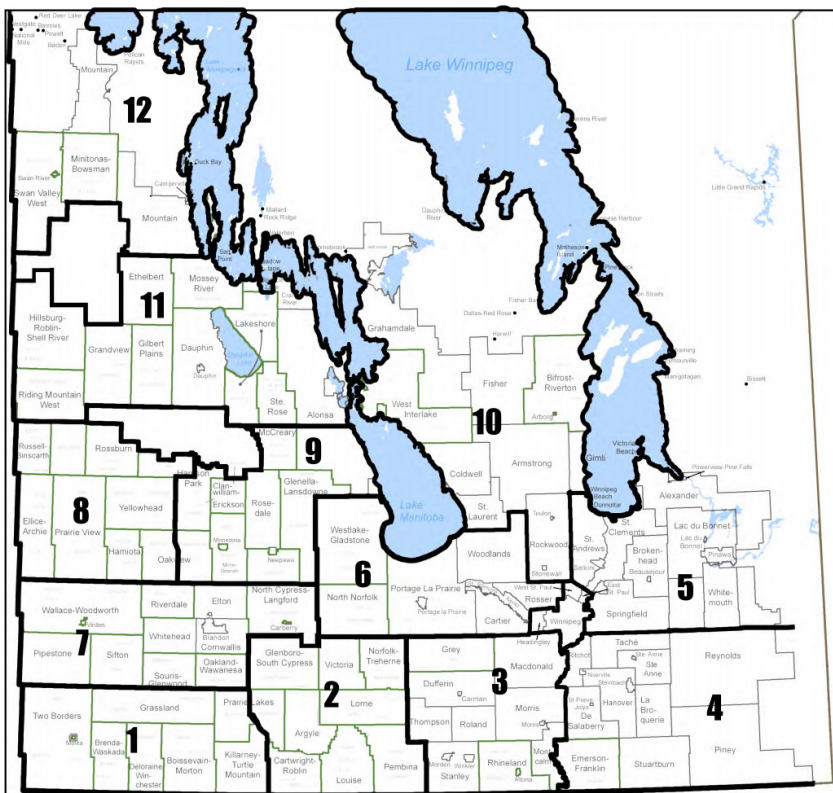
Emily Lalonde
Marketing and Events Coordinator

Tammy Knapp
Office Coordinator

Audrey Henschell
Executive Assistant

Sandra Hanusic
Membership Coordinator

2021 District Representatives



District 1) Kayla Stand
District 2) Les Ferris
District 3) Calvin Penner
District 4) Bill McVicar
District 5) Hubert Preun
District 6) Brad Knight
District 7) Vacant
District 8) Ken Farquhar
District 9) Tom Pearson
District 10) Paul Gregory
District 11) Robert Brunel
District 12) Larry Terhorst

The Path to a Sustainable and Profitable Future



OUR MISSION

KAP is Manitoba's general farm policy organization, providing a unified voice for farmers on issues that affect agriculture.

Our vision is a sustainable and profitable future for all Manitoba farmers. We work with governments, industry and stakeholders on overarching issues that affect all farmers. We take pride in being a collaborative and grassroots policy organization. As the voice of Manitoba farmers, all our policy comes directly from our members.


We also contribute Manitoba's agricultural industry through farm safety and young farmer initiatives, along with labour and Environmental Farm Plan support.

WHAT DRIVES VALUE

Advocacy

To support KAP's vision for a sustainable and profitable future for all Manitoba farmers, Manitoba's primary agricultural sector must come together with common goals and objectives.

KAP will provide leadership in driving the agenda, building consensus within the sector and being the voice of Manitoba farmers.

 *Strategic Plan Link-* Communications at the Core and High-Quality Programming

Key Actions:


- Secure and maintain positive government relations.
- Secure influential support coalitions to ensure unification on key issues.

Engagement and Outreach

KAP must highlight the contribution of farmers to key audiences while building public trust in agriculture.

This requires KAP to continue building clear brand recognition that is focused on transparency and trust.

This will be supported through the development of meaningful relationships, and by facilitating engagement and outreach.

 *Strategic Plan Link-* Communications at the Core and High-Quality Programming


Key Actions:

- Build trust in Manitoba's farmers and agriculture stakeholders.
- Continue to build KAP brand awareness.

Regulatory Modernization

KAP needs to continue ensuring a stable regulatory future for Manitoba farmers.

Through the utilization of KAP-led-partnerships, the sector will proactively correct limiting or misguided regulations, while promoting smart regulations that advance Manitoba's agriculture sector.

 *Strategic Plan Link-* Communications at the Core and High-Quality Programming

Key Actions:

- Develop a sustainable and profitable Farm Safety initiative that builds safe and healthy farm operations.
- Develop a labour strategy through collaboration and consensus with key stakeholders to support workforce development in agriculture.
- Continue to develop and manage Manitoba's Environmental Farm Plan and ensure the system is accessible and responsive.
- Build an initiative directed at sustainability and climate to meet social and governmental policy objectives.

Foundational Strategy: Governance

KAP requires a stable organizational foundation to successfully deliver its vision and mission. Stabilizing KAP's governance is a key step in ensuring a prosperous future for all Manitoba farmers.

 *Strategic Plan Link-* Modernize the Model

Key Actions:

- Ensure KAP's ongoing governance practices are compliant with the organization's bylaws.
- Evaluate KAP's and modernize KAP's grassroots structure to ensure that the organization is financially sustainable in the long-run and representative of modern farming operations.

VISION DELIVERED THROUGH ACTION



Drought

As drought conditions impact farmers across Manitoba, KAP's focus has been on advocacy and education to ensure the right information, support and tools are available.

In 2021, KAP's drought-related work began with our inclusion in a working group established by Manitoba Agriculture and Resource Development (ARD), which includes Manitoba Agricultural Services Corporation (MASC), along with key farm organizations such as the Manitoba Beef Producers (MBP) and Manitoba Forage & Grassland Association (MFGA). The drought working group is co-ordinating to ensure that farmers and farm organizations have the information, resources and tools to manage drought conditions. The working group meets on a biweekly basis to provide real-time insights and evaluate ongoing issues and trends.

KAP also formed a drought coalition through our farm organization membership. This has supported KAP's role as the voice of Manitoba farmers in response to drought conditions, particularly during the development of AgriRecovery programs for the livestock sector. This coalition focuses on planning for medium and long-term drought impacts. The engagement with our membership has supported KAP's goals around building and sustaining

relationships focused on providing direct value.

Education has also been a key part of KAP's work in response to drought conditions. In July 2021, KAP and a coalition of farm organizations launched a campaign to ensure crop producers knew their options when making decisions about drought-damaged crops. As programs were developed through AgriRecovery to support livestock producers, KAP hosted a producer-oriented webinar with ARD, MBP and MFGA. This was a timely effort that allowed producers to ask questions and gain insights on the available programs. KAP also created an online hub to consolidate drought resources, while emphasizing the importance of mental health by hosting 'Talk, Ask, Listen' workshops with Do More Agriculture.

In addition to regular meetings with provincial and federal officials, KAP, along with other farm organizations, hosted Marie-Claude Bibeau, Minister of Agriculture and Agri-Food Canada, as she toured farms in the Interlake to better understand the impact of the drought. KAP also met with MP James Bezan, Manitoba Liberal Party leader Dougald Lamont, MLA Jon Gerrard and MLA Diljeet Brar to share our perspective on the drought.

Communications

KAP's 2021-2023 strategic plan highlights the importance of communications to Manitoba's general farm policy organization. Communications span the entirety of KAP's work, guiding and unifying key strategic areas such as our advocacy, initiatives, and outreach.

Through consultation with KAP members, staff, board of directors and key external stakeholders, KAP's strategic plan identifies communications as "key to increasing member engagement and ultimately influencing farm policy." Prioritizing communications at the core of the organization will cement KAP's role as a farm policy leader, help build public trust in farmers and increase KAP member satisfaction and engagement.

Following an internal staff assessment of organizational communications, KAP's communications team have determined strategic communications opportunities and priorities to address in the coming years. This involves a focus on key KAP activities, including advocacy, initiatives, and member benefits, to KAP members, the agricultural community and the general public.

In 2021, KAP's communications team embarked on a brand refresh that unifies branding, style, and tone across all facets of the organization. This includes the development of a user-friendly website to help showcase the activities outlined above. KAP's new website will provide a strong foundation as we continue to work on a strategic communications strategy to enhance KAP's position as the voice of Manitoba farmers.





Advocacy

Education Property Tax

KAP has long advocated for the removal of education property taxes to address the current inequity facing agriculture. We were pleased that the Government of Manitoba began to remove education property taxes in 2021, and that the province has committed to a review of the education funding system. KAP recently met with Heather Stefanson, Premier of Manitoba; Ralph Eichler, Minister of Agriculture and Resource Development; and Scott Fielding, Minister of Finance, to discuss the impact of education property taxes on agriculture. We are working with provincial officials to ensure an equitable model of education funding is implemented in the coming years.

Carbon Pricing

KAP continues to call for an exemption on fuel used for drying grain and heating barns and the return of all tax revenue earned from agricultural activities to the sector. In 2021, we supported Bill C-206, The Greenhouse Gas Pollution Pricing Act (qualifying farming fuel), and met with Minister Bibeau, as well as Heather Stefanson, Premier of Manitoba; Sarah Guillemard, Minister of Conservation and Climate; and Ralph Eichler, Minister of Agriculture and Resource Development, to discuss the ongoing need for an exemption. We will continue to meet with provincial and federal officials to find a solution regarding carbon pricing in Manitoba.

Grade Crossings Regulations

KAP has been lobbying the Government of Canada to reduce the financial burden on landowners associated with maintenance and upgrades to private grade crossings. In November 2021, Transport Canada amended parts of the Grade Crossings Regulations. This included the addition of a 'low-risk grade crossing' category that exempts most field-to-field crossings from construction and maintenance requirements. We welcome these amendments, which highlight the importance of working together to achieve results.



Canadian Agricultural Partnership

KAP continues to meet with provincial and federal officials, as well as our provincial and national counterparts, as part of consultations regarding the next Canadian Agricultural Partnership framework. We have been advocating for business risk management programs (BRM) that support farmers, the role of farmers as environmental stewards and the need to build public trust in agriculture. We were also pleased with the removal of the AgriStability reference margin limit in 2021 and continue to advocate for improvements to BRMs.

Biosecurity and Trespassing

For several years KAP and a coalition of commodity groups have advocated for improvements to provincial biosecurity and trespassing legislation. In 2021, we were pleased that the Government of Manitoba amended the Animal Diseases Act and the Petty Trespasses Act to enhance biosecurity and trespassing legislation in Manitoba. KAP took part in the consultations regarding these changes and made presentations to provincial standing committees in support of the legislation. KAP also submitted feedback to the federal Standing Committee on Agriculture and Agri-Food's consideration of Bill C-205, An Act to Amend the Health of Animals Act, which proposed amendments to address biosecurity within federal legislation.

Mandatory Entry-Level Training (MELT)

KAP continues to highlight the need for enhancements to government programs that are important to the competitiveness of farmers. The Canada-Manitoba Job Grant currently provides funding for Mandatory Entry-Level Training (MELT) and we continue to advocate for an online MELT option that would reduce in-class time and be responsive to the needs of rural Manitobans.

Other Consultations

In 2021 KAP also engaged in a variety of consultations that impact Manitoba agriculture, including:

- Manitoba Water Management Strategy;
- Canada Grain Act Review;
- Part V of the Seeds Regulations;
- Nutrient Targets Regulations Regulatory Project;
- Manitoba Ag Plastic Program;
- Transportation Information Regulations;
- MASC Forage Establishment Insurance annuals option;
- Recovery Strategy for Fascicled Ironweed;

Farm Safety

KAP is a farm safety leader in Canada. Being a leader in safety is directly linked to our advocacy efforts through the mitigation of further legislative and regulatory oversight in agriculture.

As part of our effort to ensure we continue to build and grow our current initiative, KAP has completed a strategic review of our efforts. This strategy is being used to facilitate meetings with stakeholders and partners around the goals that KAP has regarding farm safety.

The two primary goals of the Farm Safety initiative are to enhance the current KAP and partner safety resources, with a focus on knowledge building for Manitoba farmers and to gain consensus that the initiative and its tactics are required to potentially mitigate regulatory risk related to further legislation and oversight.

The expected results of this initiative are to improve farm safety awareness for Manitoba farmers, increase compliance with current legislative and regulatory requirements, and to decrease farm accidents that lead to injuries and fatalities.

This is all being done to build safe and healthy farm operations that will continue to be prosperous for the future. This work is all being completed through the establishment of a Farm Safety Council. This council is critical to engage with key stakeholders to directly target Manitoba farmers to increase their safety awareness.



Labour

Labour is a growing priority for the agricultural sector and beyond. KAP, along with our partners, will be delivering on a labour strategy, developed by KAP in 2021. The strategy outlines the building blocks that are required to advocate and build awareness of labour issues, with a focus on provincial and federal officials.

KAP's mandate has been centred in the development of a labour task force in partnership with ARD. This task force will build synergies between all key sectors of Manitoba agriculture. A focus will be to build awareness to primary agriculture regarding existing programming that provides tools and resources.

KAP will additionally take a leadership role in fostering partnerships with Manitoba educators to increase knowledge and understanding of agriculture with non-agriculture audiences, as well as build upon ongoing KAP training opportunities for farmers.

Environmental Farm Plan

KAP has been working with the Manitoba department of Agriculture and Resource Development (ARD) for several years to deliver Manitoba's Environmental Farm Plan (EFP). This program is funded through the Canadian Agricultural Partnership and has been a building block for our current relationship with the department highlighting our ability to work collectively.

The EFP initiative is also a tool that helps illustrate to key stakeholders, including government, farmers dedication to continuous improvement and demonstration of sustainable practices.

KAP is currently managing the digital transformation and implementation of Manitoba's EFP. This includes co-ordinating the creation of an online EFP database and hiring and managing the EFP reviewers throughout the province.

This transformation initiative started in May 2021 and will take about one year to complete. We are looking forward to showcasing this new digital EFP platform in 2022.

Manitoba Young Farmers

The Manitoba Young Farmers (MYF), supported by KAP, provides learning opportunities that are aimed at supporting the growth and success of farmers under the age of 40 who are directly involved in a farm business in Manitoba. MYF's mission is to unite young farmers by supporting and promoting their growth by providing learning, networking and advocacy opportunities.

Young farmers are a top priority for KAP. To ensure we are meeting the changing needs and requirements to engage with this demographic, in 2022, KAP will be creating a new strategic vision for the young farmer initiative.



Keystone Agricultural Producers Inc.
Financial Statements
October 31, 2021

Keystone Agricultural Producers Inc.

Table of Contents

For the year ended October 31, 2021

	<i>Page</i>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Changes in Net Assets.....	2
Statement of Cash Flows.....	4
Notes to the Financial Statements	5
Unaudited Schedules	
Schedule 1 - Policy and Member Service Expenses.....	10
Schedule 2 - Administration Support Expenses.....	11
Schedule 3 - General Expenses.....	12
Schedule 4 - Office Expenses.....	13
Schedule 5 - Environmental Farm Plan Program Reviewers Fee.....	14
Schedule 6 - Environmental Farm Plan Program Online Development.....	15
Schedule 7 - Farm Safety Program.....	16

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, 2021, and the statements of operations and 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, 2021, 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 1-7 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.

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 25, 2022

MNP LLP

Chartered Professional Accountants

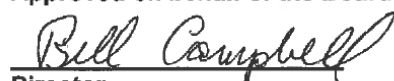
Keystone Agricultural Producers Inc.

Statement of Financial Position

As at October 31, 2021

	2021	2020
Assets		
Current		
Cash	523,155	565,220
Accounts receivable	335,259	200,482
Prepaid expenses	3,368	22,578
Accrued interest	3,675	8,249
Investments (Note 3)	424,353	216,066
	1,289,810	1,012,595
Long-term investments (Note 4)	219,607	394,000
Investment in The Co-operators Group Limited (Note 5)	104,000	104,000
Capital assets (Note 6)	150,883	171,559
	1,764,300	1,682,154
Liabilities		
Current		
Accounts payable (Note 7)	203,647	54,652
Producer refunds payable	93,349	115,332
Unclaimed membership refunds	50,815	50,677
Unearned membership fees	-	215,119
Deferred revenue (Note 8)	15,868	45,341
	363,679	481,121
Net Assets	1,400,621	1,201,033
	1,764,300	1,682,154

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, 2021

	2021	2020
Revenue		
Individual memberships	1,154,750	1,093,250
Province of Manitoba	664,826	258,881
Supporter revenue	122,938	127,370
Loyalty payment	57,106	53,183
Unclaimed membership refunds	50,677	108,429
Commodity groups	33,000	22,000
Miscellaneous	23,085	66,635
Other donations	21,450	33,390
Interest revenue	16,798	15,340
Corporate partner	10,000	10,000
Young Farmers' Committee	5,000	13,577
	2,159,630	1,802,055

Continued on next page

Keystone Agricultural Producers Inc.
Statement of Operations and Changes in Net Assets
For the year ended October 31, 2021

	2021	2020
<i>(Continued from previous page)</i>	2,159,630	1,802,055
Expenses		
Advisory council meetings	4,275	3,490
Amortization	29,004	29,953
Annual meeting	24,425	87,142
Audit fee	17,584	15,000
Bank charges	4,865	2,903
Board meetings	16,114	19,768
Canadian Federation of Agriculture membership	72,401	73,769
Committee expense	17,030	32,097
Communications	35,524	44,899
Contract/research	10,067	18,874
Contracted services - Environmental Farm Plan (Schedule 6)	433,739	-
Development and recruitment	57,465	12,065
District meetings	478	4,971
Grants	8,500	13,200
Information technology consulting	39,521	31,973
Insurance	5,654	5,507
Leases	9,687	11,058
Legal and professional	51,202	51,834
Office	41,704	16,572
Postage	21,471	24,138
President's deductions	1,345	1,624
President's expenses	5,251	15,742
President's per diem	37,296	36,396
Rent	144,888	141,061
Salaries and wages	696,111	750,560
Staff benefits	98,007	91,910
Staff travel	9,167	53,035
Telephone	17,402	18,118
Vice President's deductions	1,583	979
Vice President's expenses	4,610	14,713
Vice President's per diems	39,074	30,913
Young Farmers' Committee	20,056	34,978
	1,975,500	1,689,242
Excess of revenue over expenses before other items	184,130	112,813
Other items		
Unrealized gain on investments	15,458	-
Excess of revenue over expenses	199,588	112,813
Net assets, beginning of year	1,201,033	1,088,220
Net assets, end of year	1,400,621	1,201,033

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	199,588	112,813
Amortization	29,004	29,953
Unrealized gain on investments	(15,458)	-
	213,134	142,766
Changes in working capital accounts		
Accounts receivable	(134,777)	(53,490)
Prepaid expenses	19,210	14,130
Accrued interest	4,574	(1,738)
Accounts payable	148,995	156
Producer refunds payable	(21,984)	34,400
Unclaimed membership refunds	138	(57,752)
Unearned membership fees	(215,119)	(13,285)
Deferred revenue	(29,473)	45,341
	(15,302)	110,528
Investing		
Purchase of capital assets	(8,327)	(3,309)
Net sale (purchases) of investments	(18,436)	17,568
	(26,763)	14,259
Increase (decrease) in cash resources	(42,065)	124,787
Cash resources, beginning of year	565,220	440,433
Cash resources, end of year	523,155	565,220

The accompanying notes are an integral part of these financial statements

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, both current and long-term, consist of guaranteed investment certificates and equities. The guaranteed investment certificates are recorded at cost, less any provision for other than temporary impairment. Equities 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 revenue is 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 2021 and 2020. 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.

Keystone Agricultural Producers Inc.
Notes to the Financial Statements
For the year ended October 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

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. 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 earnings. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. 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. If so, 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; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues 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 the excess (deficiency) of revenues over expenses in the year the reversal occurs.

3. Investments

	2021	2020
Cash held in investment portfolio	3,163	16,066
Guaranteed investment certificate, bearing interest at 2.95%, maturing June 2022	97,000	-
Guaranteed investment certificate, bearing interest at 2.20%, maturing June 2022	100,000	-
Equities and bonds (book value of \$203,942)	224,190	-
Guaranteed investment certificate, matured during the year	-	100,000
Guaranteed investment certificate, matured during the year	-	100,000
	424,353	216,066

Keystone Agricultural Producers Inc.
Notes to the Financial Statements
For the year ended October 31, 2021

4. Long-term investments

	2021	2020
Guaranteed investment certificate, bearing interest at 2.60%, maturing August 2023	102,607	100,000
Guaranteed investment certificate, bearing interest at 2.50%, maturing July 2025	97,000	97,000
Guaranteed investment certificate, bearing interest at 1.54%, maturing July 2024	20,000	-
Guaranteed investment certificate, bearing interest at 2.20%, maturing June 2022	-	100,000
Guaranteed investment certificate, bearing interest at 2.95%, maturing June 2022	-	97,000
	219,607	394,000

5. 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.

6. Capital assets

	Cost	Accumulated amortization	2021 Net book value
Computer equipment	77,621	59,757	17,864
Computer software	7,770	7,770	-
Equipment	66,724	51,916	14,808
Leasehold improvements	198,300	80,089	118,211
	350,415	199,532	150,883

	Cost	Accumulated amortization	2020 Net book value
Computer equipment	69,293	53,887	15,406
Computer software	7,770	7,770	-
Equipment	66,724	48,214	18,510
Leasehold improvements	198,300	60,657	137,643
	342,087	170,528	171,559

7. Accounts payable

Included in accounts payable is \$17,496 (2020 - \$20,019) of government remittances payable.

Keystone Agricultural Producers Inc.
Notes to the Financial Statements
For the year ended October 31, 2021

8. Deferred revenue

Changes in the deferred revenue balance are as follows:

	2021	2020
Amount received during the year	168,359	100,000
Less: Amount recognized as revenue during the year	(152,491)	(54,659)
Balance, end of year	15,868	45,341

9. Expenses by major function

	2021	2020
Policy and Member Service	266,994	380,207
Administration Support	688,701	599,718
General	76,810	116,743
Office	207,683	192,809
Environmental Farm Plan Program Reviewers Fees	78,597	91,395
Environmental Farm Plan Program Online Development	433,739	-
Farm Safety Program	222,976	308,370
	1,975,500	1,689,242

10. Commitments

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

2022	149,830
2023	149,830
2024	149,830
2025	142,760
2026	142,760

11. 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, 2021
(Unaudited)

	2021	2020
Advisory council meetings	4,275	3,490
Annual meeting	24,425	87,142
Board meetings	16,114	19,768
Canadian Federation of Agriculture membership	72,401	73,769
Committee expense	17,030	32,097
District meetings	478	4,971
Insurance	5,654	5,507
President's deductions	1,345	1,624
President's expenses	5,251	15,742
President's per diem	37,296	36,396
Telephone	17,402	18,118
Vice President's deductions	1,583	979
Vice President's expenses	4,610	14,713
Vice President's per diems	39,074	30,913
Young Farmers' Committee	20,056	34,978
	266,994	380,207

Keystone Agricultural Producers Inc.
Schedule 2 - Administration Support Expenses

For the year ended October 31, 2021
(Unaudited)

	2021	2020
Amortization	29,004	29,953
Development and recruitment	32,294	9,565
Contract/research	10,067	18,874
Salaries and wages	512,339	427,181
Staff benefits	98,007	91,910
Staff travel	6,007	22,235
Office	983	-
	688,701	599,718

Keystone Agricultural Producers Inc.
Schedule 3 - General Expenses

For the year ended October 31, 2021
(Unaudited)

	2021	2020
Audit fee	17,584	15,000
Communications	35,524	44,899
Grants	8,500	13,200
Legal and professional	15,202	43,644
	76,810	116,743

Keystone Agricultural Producers Inc.
Schedule 4 - Office Expenses

For the year ended October 31, 2021
(Unaudited)

	2021	2020
Bank charges	4,865	2,903
Information technology consulting	39,521	31,973
Leases	9,687	11,058
Office	22,018	16,449
Postage	21,471	24,138
Rent	110,121	106,288
	207,683	192,809

Keystone Agricultural Producers Inc.
Schedule 5 - Environmental Farm Plan Program Reviewers Fee
For the year ended October 31, 2021
(Unaudited)

	2021	2020
Revenue		
Province of Manitoba	78,597	96,474
Expenses		
Salaries and wages	76,826	88,940
Staff travel	1,771	2,456
	78,597	91,396
Excess (deficiency) of revenue over expenses	-	5,078

Keystone Agricultural Producers Inc.
Schedule 6 - Environmental Farm Plan Program Online Development
For the year ended October 31, 2021
(Unaudited)

	2021	2020
Revenue		
Province of Manitoba	433,739	-
Expenses		
Contracted services - Environmental Farm Program (Schedule 6)	433,739	-
Deficiency of revenue over expenses	-	-

Keystone Agricultural Producers Inc.**Schedule 7 - Farm Safety Program***For the year ended October 31, 2021**(Unaudited)*

	2021	2020
Revenue		
Province of Manitoba	152,491	154,185
Training	-	8,221
	152,491	162,406
Expenses		
In-kind contributions	26,550	37,250
Office	12,060	123
Professional fees	36,000	8,190
Rent	34,767	34,774
Safety equipment	5,033	11,026
Salaries and wages	82,006	186,164
Staff travel	1,389	28,343
Training	25,171	2,500
	222,976	308,370
Deficiency of revenue over expenses	(70,485)	(145,964)

Included in the Province of Manitoba revenue is \$82,006 that is receivable as at October 31, 2021 (2020 - \$88,444).

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