Manitoba Livestock Cash Advance Inc.
Financial Statements
June 30, 2025

To the Board of Manitoba Livestock Cash Advance Inc.:

Opinion

We have audited the financial statements of Manitoba Livestock Cash Advance Inc. (the "Organization"), which comprise the statement of financial position as at June 30, 2025, and the statement 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 June 30, 2025, 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.

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.

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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

November 18, 2025

MNP LLP

Chartered Professional Accountants

Manitoba Livestock Cash Advance Inc.
Statement of Financial Position
As at June 30, 2025

	2025	*2024*
Assets		
Current		
Cash	**422,765**	2,201,346
Prepaid expenses and deposits	**10,256**	15,155
	433,021	2,216,501
Capital and intangible assets *(Note 3)*	**14,493**	14,364
Cash advances receivable *(Note 4)*	**65,135,767**	69,219,128
	65,583,281	71,449,993
Liabilities		
Current		
Bank indebtedness *(Note 5)*	**65,384,288**	71,216,497
Accounts payable and accruals *(Note 6)*	**75,103**	23,163
Manitoba Beef Producers cash infusion payable *(Note 7)*	**45,000**	45,000
	65,504,391	71,284,660
Computer loan	**-**	3,555
	65,504,391	71,288,215
Net Assets		
Unrestricted	**78,890**	161,778
	65,583,281	71,449,993

Approved on behalf of the Board of Directors

Mark Good

Chair

The accompanying notes are an integral part of these financial statements

Manitoba Livestock Cash Advance Inc.
Statement of Operations and Changes in Net Assets
For the year ended June 30, 2025

	2025	*2024*
Revenue		
Administration fee revenue	**140,650**	97,450
Interest bearing spread revenue	**84,409**	88,061
Default interest spread revenue	**64,260**	147,264
Cash payment penalty spread revenue	**30,079**	32,264
Interest	**16,646**	17,913
Default management fee	**10,393**	21,944
	346,437	404,896
Expenses		
Advertising and promotion	**18,289**	16,925
Amortization	**7,201**	8,429
Insurance	**8,346**	5,870
Interest and bank charges	**2,345**	520
Loan processing expense	**49,806**	40,105
Miscellaneous	**131**	1,962
Office	**20,727**	13,357
Photocopying	**2,449**	3,849
Professional fees	**18,257**	16,105
Rent	**32,285**	32,234
Salaries and benefits	**263,664**	315,020
Telephone	**5,157**	3,303
Training and education	**-**	357
Travel	**668**	1,092
	429,325	459,128
Deficiency of revenue over expenses	**(82,888)**	(54,232)
Net assets, beginning of year	**161,778**	216,010
Net assets, end of year	**78,890**	161,778

The accompanying notes are an integral part of these financial statements

Manitoba Livestock Cash Advance Inc.
Statement of Cash Flows
For the year ended June 30, 2025

	2025	*2024*
Cash provided by (used for) the following activities		
Operating		
Cash received from producers	**329,792**	386,983
Cash paid for program service expenses	**(99,276)**	(141,728)
Cash paid to employees	**(263,664)**	(315,020)
Interest paid	**(2,345)**	(520)
Interest received	**16,646**	17,913
	(18,847)	(52,372)
Financing		
Advances (repayments) of bank indebtedness, net	**(5,832,209)**	3,773,775
Repayments of computer loan	**(3,555)**	(5,220)
Repayment of Canada Emergency Business Account loan	**-**	(10,000)
	(5,835,764)	3,758,555
Investing		
Purchase of capital and intangible assets	**(7,330)**	(3,075)
Cash advanced to producers	**(62,823,268)**	(68,901,159)
Cash repaid by producers	**66,906,628**	66,183,917
	4,076,030	(2,720,317)
Increase (decrease) in cash resources	**(1,778,581)**	985,866
Cash resources, beginning of year	**2,201,346**	1,215,480
Cash resources, end of year	**422,765**	2,201,346

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Manitoba Livestock Cash Advance Inc. (the “Organization”) is a producer organization that administers the Advance Payments Program (APP) for cattle and other specified livestock. The APP is administered in accordance with Agriculture and Agri-Food Canada (AAFC) Guidelines, as well as the Agricultural Marketing Programs Act (AMPA).

The Organization was incorporated under the Province of Manitoba on April 3, 2007 as a not-for-profit organization and is exempt under the Income Tax Act under section 149(1)(e) as an agricultural organization.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

The Organization follows the deferral method of accounting for revenue. The Organization recognizes administration revenue when it is received or receivable, upon the advances to producers. Interest revenue is recognized once it is received from the producers. Default interest spread revenue is recorded once collection of loans has occurred, and the government paid interest amount has been approved. Cash payment penalty spread revenue is recorded once it is received from the producers.

Capital and intangible assets

Capital and intangible assets are recorded at cost.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates below.

Computer equipment	50 %
Computer software	45 %
Furniture and fixtures	20 %

Impairment of long-lived assets

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

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations and changes in net assets.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Cash advances receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. No allowance has been recorded in the current year. Amortization is based on the estimated useful lives of capital and intangible assets.

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

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

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 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 prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. With the exception of 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 the excess (deficiency) of revenue over expenses for the current period. 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 there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty; or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, 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.

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.

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 estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

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

Customer's accounting for cloud computing arrangement

The Organization has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Organization recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred. In the current year, expenses of $2,587 have been recognized as office on the financial statement line item where expenses are included.

3. Capital and intangible assets

	Cost	***Accumulated amortization***	***2025 Net book value***
Computer equipment	**7,678**	**7,616**	**62**
Computer software	**70,582**	**59,091**	**11,491**
Furniture and fixtures	**32,843**	**29,903**	**2,940**
	111,103	**96,610**	**14,493**

	Cost	*Accumulated amortization*	*2024 Net book value*
Computer equipment	7,678	7,554	124
Computer software	63,252	52,687	10,565
Furniture and fixtures	32,843	29,168	3,675
	103,773	**89,409**	**14,364**

4. Cash advances receivable

Cash advances receivable consists of two components; cash advanced to producers, which are outstanding cash advances that the producers will pay back to the Organization, and interest receivable, which is receivable from the government monthly. Cash advances under $250,000 (2024 - $250,000) are advanced to the producers interest free and the Government of Canada pays the interest on the advances to the bank. For cash advances over $250,000 (2024 - 250,000), producers are responsible for the interest. All advances are 100% guaranteed by the Government of Canada. Advances are secured by the producer's livestock or grain which the loan is being taken against.

	2025	*2024*
Cash advanced to producers	**65,409,341**	69,466,199
Government interest payable	**(273,574)**	(247,071)
	65,135,767	69,219,128

5. Bank indebtedness

Bank indebtedness includes the lines of credit and bankers acceptances established by the Organization to advance cash to crops and livestock producers. The Organization has revolving demand credit available up to $65,000,000 (2024 - $65,000,000) for 2025 program year at an interest rate of bank prime of 4.95% less 1.25% (2024 - bank prime of 6.95% less 1.25%). Bank indebtedness is representative of the cash advances outstanding plus any interest owing on these accounts and also combination of multiple programs years.

6. Accounts payable and accruals

	2025	*2024*
Trade accounts payable	**70,139**	16,748
Source deductions payable	**4,964**	6,415
	75,103	23,163

7. Manitoba Beef Producers cash infusion payable

Manitoba Beef Producers cash infusion payable is the amount owing to Manitoba Beef Producers for financing the start-up of the Organization, and to assist with on-going operations. The loan is interest-free with no fixed terms of repayment.

8. Commitments

The Organization has entered into various office equipment and premise lease agreements with estimated minimum annual payments as follows:

2026	34,563
2027	34,563
2028	1,546
2029	773
	71,445

9. Economic dependence

The Organization is currently economically dependent on Manitoba Beef Producers for cash flow. Discussions have been held with Manitoba Beef Producers regarding repayment terms, and the Organization's ability to repay the balance outstanding. The Organization is also dependent on the Government of Canada for the loan guarantees and the continuance of the APP.

10. 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.

Interest rate risk

The Organization is exposed to the effect of changes in interest rates, as bank indebtedness fluctuates with market rates of interest; however, the risk is mitigated by the fact that producer loans receivable are also impacted by the same fluctuating market rates of interest.

Credit risk

The Organization is not exposed to credit risk on producer loans receivable and related interest on bank indebtedness, as these items are guaranteed by the Government of Canada (Note 4).

11. Advance Payments Program

The *Agricultural Marketing Programs Act* requires the Advance Payments Program (APP) revenues and expenses to be separately disclosed. Further, beginning in the 2023 fiscal year, a contingency fund will be established with a cap of the most recent three-year average of APP expenses multiplied by a factor of 1.5. At June 30, 2025, the Organization had a balance of $nil (2024 - $13,139) in its contingency fund.

	2025	*2024*
Advance Payments Program revenue	**346,437**	404,896
Advanced Payments Program expense	**(429,325)**	(459,128)
	(82,888)	(54,232)