Western Crop Innovations
Financial Statements

For the year ended
March 31, 2026

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For the year ended March 31, 2026

Contents

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Independent Auditor's Report

To the board of directors of
Western Crop Innovations

Opinion
We have audited the financial statements of Western Crop Innovations (the "Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets, operations 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 March 31, 2026, 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.

Other Matter
We have not audited, reviewed or otherwise attempted to verify the accuracy of completeness of Schedule 2 on page 17 of the Organization's financial statements.

Information other than the Financial Statements and Auditor's Report thereon
Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

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 identified above 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 in this auditor's report. 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.

BDO Canada LLP

Chartered Professional Accountants

Edmonton, Alberta
June 11, 2026

Western Crop Innovations
Statement of Financial Position

March 31	2026	2025
Assets		
Current		
Cash	$ 1,515,147	$ 183,571
Accounts receivable	145,009	302,207
Inventory	22,048	-
Prepaid expenses	63,762	49,755
Deposits	25,505	25,000
GST receivable	29,941	31,088
	1,801,412	591,621
Capital assets (Note 2)	977,021	661,119
	$ 2,778,433	$ 1,252,740
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 3)	$ 255,174	$ 415,763
Current portion of capital lease obligation (Note 4)	4,755	24,000
	259,929	439,763
Capital lease obligation (Note 4)	7,598	-
Deferred capital contributions (Note 5)	690,433	508,623
Deferred revenue (Note 6)	897,451	-
	1,855,411	948,386
Net assets		
Invested in capital assets	274,235	128,496
Unrestricted	648,787	175,858
	923,022	304,354
	$ 2,778,433	$ 1,252,740

Approved on behalf of the board:

Signed by: [signature] AA7DC5E49FE8485... , Director

Signed by: Chris Israelson CCA3597932534BD... , Director

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

Western Crop Innovations
Statement of Changes in Net Assets

For the year ended March 31 — 2026

	Invested in capital assets	Unrestricted	Total
Balance, beginning of year	$ 128,496	$ 175,858	$ 304,354
Excess (deficiency) of revenue over expenditures for the year	(54,790)	673,458	618,668
Purchase of capital assets	435,350	(435,350)	-
Capital lease additions	(15,040)	15,040	-
Principal reduction in capital lease	26,687	(26,687)	-
Deferred capital contributions	(246,468)	246,468	-
Balance, end of year	$ 274,235	$ 648,787	$ 923,022

For the year ended March 31 — 2025

	Invested in capital assets	Unrestricted	Total
Balance, beginning of year	$ -	$ -	$ -
Excess (deficiency) of revenue over expenditures for the year	(25,173)	329,527	304,354
Purchase of capital assets	206,494	(206,494)	-
Capital assets transferred from Olds College	516,736	(516,736)	-
Capital lease additions	(37,000)	37,000	-
Principal reduction in capital lease	13,000	(13,000)	-
Deferred capital contributions	(545,561)	545,561	-
Balance, end of year	$ 128,496	$ 175,858	$ 304,354

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

Western Crop Innovations
Statement of Operations

For the year ended March 31	2026	2025
Revenue		
RDAR funding (Schedule 1)	$ 2,137,650	$ 2,000,000
Ministry of Agriculture and Irrigation funding (Note 11)	1,016,871	1,240,000
Project revenue	513,253	430,780
Licenses and royalties	282,466	278,581
Membership funding	280,000	575,000
Field commodity sales	187,330	130,687
Regional variety trials	109,815	44,990
Chair agreement	92,639	-
Contribution revenue (Note 5)	64,658	34,720
Fee for services	30,893	10,285
Interest income	10,214	-
	4,725,789	4,745,043
Cost of sales	109,075	-
	4,616,714	4,745,043
Expenditures		
Salaries and benefits		
Benefits	313,109	324,395
Salaries	2,541,651	2,239,820
	2,854,760	2,564,215
Farm Operations		
Custom plot work	40,425	61,336
Farm vehicles	43,342	51,958
Rent and lease expense	36,933	228,199
Rent and lease recovery	(206,986)	-
Repairs and maintenance	102,971	101,107
Supplies and services	146,255	257,071
	162,940	699,671
Lab Operations		
Lab supplies	125,318	48,229
General Operations		
Administrative building lease	81,761	68,626
Advertising and promotion	7,600	7,470
Bank fees	4,025	3,850
Business development	3,668	2,122
Director fees	51,227	58,010
Freight	19,993	17,885
Information technology	87,897	78,226
Insurance	55,346	26,197
Legal and accounting fees	45,699	94,682
Meals and entertainment	6,853	4,700
Memberships	10,026	11,320
Office	29,934	17,142
Professional development	11,801	11,838
Professional fees	190,037	508,409
Software subscriptions (Note 9)	40,949	30,669
Telephone and internet	20,884	15,141
Travel	45,397	87,114
	713,097	1,043,401

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

Western Crop Innovations
Statement of Operations (continued)

For the year ended March 31	2026	2025
Other		
Amortization	119,448	62,111
Lacombe field days	21,471	23,062
	140,919	85,173
	3,997,034	4,440,689
Excess of revenue over expenditures before undernoted item	619,680	304,354
Other expense		
Loss on foreign exchange	1,012	-
Excess of revenue over expenditures for the year	$ 618,668	$ 304,354

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

Western Crop Innovations
Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Excess of revenue over expenditures for the year	$ 618,668	$ 304,354
Adjustments for non-cash items		
Amortization	119,448	62,111
Amortization of deferred capital contributions	(64,658)	(36,938)
	673,458	329,527
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	157,198	(302,207)
Increase in inventory	(22,048)	-
Increase in prepaid expenses	(14,007)	(49,755)
Increase in deposits	(505)	(25,000)
Decrease (increase) in GST receivable	1,147	(31,088)
Increase in deferred revenue	897,451	-
Increase (decrease) in accounts payable and accrued liabilities	(160,589)	415,763
Increase in deferred capital contributions	246,468	28,825
	1,778,573	366,065
Cash flows from investing activity		
Purchase of capital assets	(420,310)	(169,494)
Cash flows from financing activity		
Repayment of capital lease obligation	(26,687)	(13,000)
Increase in cash during the year	1,331,576	183,571
Cash, beginning of year	183,571	-
Cash, end of year	$ 1,515,147	$ 183,571

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

Nature of operations

Western Crop Innovations (the "Organization") is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act that began operations on April 1, 2024. 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 conduct research and development in relation to new high-yielding and resilient crop varieties that will benefit Alberta and western Canadian agriculture sectors and the public.

1. Summary of significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

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 expenses 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. Accounts specifically affected by estimates in these financial statements are accounts payable and accrued liabilities and revenue recognition.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Contributions of tangible assets and externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the net equity investment in capital assets balance.

Project revenue arises from contracts or specific deliverables tied to a funded project where funders either remit the project funds once the agreement is executed or reimburse the Organization for expenses incurred once the report is filed and approved. Revenue is recognized in the year in which the related expenditures are incurred.

Field commodity sales and licenses and royalties are recognized once the service or product has been provided and collection is reasonably assured.

1. Summary of significant accounting policies (continued)

Contributed services	Contributed services were received for rent in carrying out the activities of the Organization. Because of the difficulty in determining the fair value, these contributed services are not recognized in these financial statements.
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
Computer equipment	3-5 years
Computer software	3-5 years
Machinery and equipment	3-25 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Cloud computing arrangements	The Organization applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are expensed as incurred.
Income taxes	The Organization is registered as a not-for-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

1. Summary of significant accounting policies (continued)

Financial instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

2. Capital assets

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 114,742	$ 41,283	$ 52,819	$ 12,855
Computer software	81,702	28,089	81,702	10,550
Leasehold improvements	58,969	4,487	58,969	1,923
Machinery and equipment	903,167	107,700	529,740	36,783
	1,158,580	181,559	723,230	62,111
Net book value		$ 977,021		$ 661,119

Included in machinery and equipment are assets under capital lease with a cost of $15,040 (2025 - $37,000) and accumulated amortization of $877 (2025 - $6,167).

3. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of $30,238 (2025 - $15,327). The total credit limit on business credit cards is $25,000. As at March 31, 2026, the available credit is $14,341.

4. Capital lease obligation

	2026	2025
CWB National Leasing capital lease bearing interest at 9.973%, payable in blended monthly payments of $481, secured by equipment with a net book value of $14,163, maturing in August 2028	$ 12,353	$ -
Pentagon Farm Centre capital lease, repaid in the year	-	24,000
	12,353	24,000
Less current portion	4,755	24,000
Long-term portion	$ 7,598	$ -

Estimated future lease payments are as follows:

2027	$ 5,773
2028	5,773
2029	2,406
Total future minimum lease payments	13,952
Less amount representing interest	1,599
Present value of minimum net lease payments	$ 12,353

5. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of capital asset contributions and contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2026	2025
Balance, beginning of year	$ 508,623	$ -
Add: Contributions received	246,468	545,561
	755,091	545,561
Less: Amounts recognized as revenue during the year	(64,658)	(36,938)
Balance, end of year	$ 690,433	$ 508,623

5. Deferred capital contributions (continued)

In 2025, the Organization entered into a transaction with Olds College where various capital assets with a fair market value of $516,737 were acquired in exchange for consideration of $1. The difference between the fair market value of the assets and the consideration exchanged is deferred and recognized into income as contribution revenue. In the prior year, $34,720 was recognized into revenue as contribution revenue.

During the year, the Organization purchase capital assets for $246,468 (2025 - $28,824) with restricted project funds. In the prior year, $2,218 was recognized into project revenue.

In the current year, the full amount recognized into revenue was recorded as contribution revenue.

6. Deferred revenue

	Opening balance	Contributions received	Amount recognized into revenue	Ending balance
Alberta Grains	$ -	$ 350,000	$ (242,639)	$ 107,361
Ministry of Agriculture and Irrigation	-	1,810,214	(1,020,124)	790,090
	$ -	$ 2,160,214	$ (1,262,763)	$ 897,451

7. Commitments

The Organization's total obligations under various operating leases for occupied premises, exclusive of realty taxes and other occupancy charges, are as follows:

Estimated principal repayments are as follows:

2027	$ 98,537
2028	85,936
2029	85,936
2030	21,484
	$ 291,893

8. Economic dependence

The Organization receives a significant portion of its revenue through funding agreements from Results Driven Agriculture Research ("RDAR") and the Ministry of Agriculture and Irrigation. The Organization's continued operations are dependent on these funding agreements and on satisfying the terms of the agreements.

9. Cloud computing arrangements

During the year, the Organization expensed $40,949 (2025 - $28,038) with respect to cloud computing arrangements which is included in software subscriptions (2025 - software subscription and legal and accounting fees) .

10. 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 resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization is exposed to credit risk as it maintains all its bank accounts at a single financial institution. Balances in these accounts exceed federally insured amounts.

The Organization is also exposed to credit risk as approximately 90% (2025 - 66%) of the accounts receivable was due from one funder. The Organization reduces its exposure to credit risk by performing credit valuations on a regular basis. At this time, management expects to collect all accounts receivable.

There has been no change to this risk from the prior year.

(b) Liquidity risk
Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date. Liquidity risk arises from accounts payable and commitments. In the opinion of management, the liquidity risk exposure to the Organization is low.

There has been no change to this risk from the prior year.

11. Ministry of Agriculture and Irrigation

In the prior year, $1,240,000 of funding from the Ministry of Agriculture and Irrigation was recognized as revenue. Of this, $940,000 was in relation to the Sustainable Canadian Agricultural Partnership and $300,000 was for the purpose of first year, transitional expenditures.

12. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Western Crop Innovations
Schedule 1 - RDAR funding

For the year ended March 31	2026	2025
RDAR funding	$ 2,137,650	$ 2,000,000
Expenditures		
Salaries and benefits	1,715,178	1,559,183
Farm supplies and services	100,528	193,803
Professional fees	61,337	-
Lab services external	52,525	-
Software subscriptions	38,181	-
Custom plotwork	33,675	37,936
Insurance	31,278	-
Office	25,000	7,804
Travel	18,351	-
Shipping and freight	16,829	17,885
Telephone and internet	13,978	15,141
Farm repairs and maintenance	8,547	87,550
Lab supplies	6,408	5,774
Professional development	5,976	8,718
Land lease	5,961	10,406
Advertising and promotion	3,898	-
Automotive repairs and maintenance	-	21,885
Automotive fuel	-	15,494
Automotive insurance	-	10,932
Bank fees	-	3,850
Automotive registration	-	3,647
	2,137,650	2,000,008
Deficiency of revenue over expenditures	$ -	$ (8)

Western Crop Innovations
Schedule 2 - Ministry of Agriculture and Irrigation funding (unaudited)

For the year ended March 31	2026	2025
Revenue		
Ministry of Agriculture and Irrigation funding	$ 1,009,910	$ 940,000
Interest income	10,214	-
	1,020,124	940,000
Cost of sales		
Cost of sales	109,075	-
	911,049	940,000
Expenditures		
Salaries	468,062	92,710
Professional fees	95,546	463,404
Farm repairs and maintenance	88,959	-
Information technology	81,204	78,226
Amortization	68,177	-
Legal and accounting fees	45,699	94,682
Director remuneration	43,330	58,010
HSA/WSA	31,776	-
Travel	25,814	-
Business commercial general liability	19,921	-
Insurance	19,698	22,971
Farm supplies and services	14,596	-
Automotive repairs and maintenance	13,055	-
Registration	7,245	-
Industry engagement	6,982	9,436
Meals and entertainment	6,853	-
Telephone and internet	5,185	-
Automotive fuel	4,697	-
Office	4,168	-
Bank fees	4,011	-
Professional development	3,055	-
Professional memberships	2,578	-
Shipping and freight	1,974	-
Foreign exchange	1,012	-
Lab operations	744	-
Business development	387	-
Taxes and licenses	190	-
Non-deductible interest and penalties	14	-
Capital purchases	-	107,989
Supplies and services	-	8,760
Software subscriptions (recoveries)	(1,553)	16,872
Project overhead	(37,730)	-
Lease recovery	(114,600)	-
	911,049	953,060
Deficiency of revenue over expenditures	$ -	$ (13,060)