

Consolidated Financial Statements of

# GENOME PRAIRIE

An Independent Auditors' Report thereon  
Year ended March 31, 2020

**BIOFUELS & MATERIALS**  
AGILE CUC MAVEN EVOLVES  
Prairie Gold  
**MGB BIOREMEDIATION**  
EcoToxChip  
TUFGEN  
CTAG & CTAG2  
**CROP ADAPTATION**  
Genomic ASSETS for Livestock  
4D Wheat  
ZIKA Virus CAG  
**EDUCATION & APPLICATION**  
MGCB2 GENICE  
TPGII ReVAMP **GE3LS**  
**HEALTH & VACCINES**  
Genome360 OSS  
NorCOMM  
**MICROBIAL INOCULATES**

DivSeek  
MEOR  
VALGEN  
FLOWTTER



## INDEPENDENT AUDITORS' REPORT

To the Directors of Genome Prairie

### ***Opinion***

We have audited the consolidated financial statements of Genome Prairie (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations and changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2020, and its consolidated results of operations and its consolidated 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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.



## ***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants  
Saskatoon, Canada  
June 22, 2020

# GENOME PRAIRIE

## Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,557,436	\$ 2,118,220
Accounts receivable	85,602	164,522
GST receivable	17,856	10,832
Project advances receivable	650,348	500,531
Prepaid expenses	30,322	15,044
	<u>\$ 3,341,564</u>	<u>2,809,149</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 201,127	148,591
Project advances payable	625,415	951,165
Deferred contributions (note 4)	2,249,535	1,443,906
	<u>3,076,077</u>	<u>2,543,662</u>
Net assets	265,487	265,487
	<u>\$ 3,341,564</u>	<u>\$ 2,809,149</u>

Commitments (note 5)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# GENOME PRAIRIE

## Consolidated Statement of Operations and Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Project revenues (note 4)	\$ 3,924,671	\$ 5,033,811
Administrative support revenues (note 4)	1,131,784	1,023,959
Interest income	68,946	72,099
	5,125,401	6,129,869
Expenses:		
Project expenditures	3,924,671	5,033,811
General and administrative	1,085,144	1,034,215
Project development	115,586	61,843
	5,125,401	6,129,869
Excess of revenue over expenses	-	-
Net assets, beginning of year	265,487	265,487
Net assets, end of year	\$ 265,487	\$ 265,487

See accompanying notes to consolidated financial statements.

# GENOME PRAIRIE

## Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash flows from (used in):		
Operations:		
Excess of revenues over expenses	\$ -	\$ -
Change in non-cash operating working capital:		
Accounts receivable	78,920	25,895
GST receivable	(7,024)	1,633
Project advances	(149,817)	712,218
Prepaid expenses	(15,278)	(1,137)
Accounts payable and accrued liabilities	52,536	26,753
Project advances payable	(325,750)	
Deferred contributions	805,629	(1,768,542)
Increase (decrease) in cash and cash equivalents	439,216	(1,003,180)
Cash and cash equivalents, beginning of year	2,118,220	3,121,400
Cash and cash equivalents, end of year	\$ 2,557,436	\$ 2,118,220
Cash and cash equivalents consist of:		
Cash	\$ 1,557,436	1,118,220
Investment certificate	1,000,000	1,000,000
	\$ 2,557,436	\$ 2,118,220

See accompanying notes to consolidated financial statements.

# GENOME PRAIRIE

## Notes to Consolidated Financial Statements

Year ended March 31, 2020

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### 1. Nature of business:

Genome Prairie (the "Corporation") was incorporated in 2000 under the *Canada Corporations Act*, and transitioned in 2013 to the *Canada Not-for-profit Corporations Act*, as a not-for-profit organization. The Corporation funds organizations and institutions that conduct genomic research and development for the economic benefit of the Prairie Region (Saskatchewan and Manitoba) and Canada. The majority of Genome Prairie's operational funding is received from Genome Canada.

### 2. Significant accounting policies:

#### (a) Basis of presentation:

The consolidated financial statements include the accounts of the Corporation and its subsidiary, Interra Biosciences Inc.

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### (b) Use of estimates:

The preparation of financial statements in accordance with ASNPO 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 amount of revenue and expenses during the year. Actual results could differ from these estimates.

#### (c) Revenue recognition:

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

During the year ended March 31, 2019 the Corporation received a contribution from Western Economic Diversification related to the purchase of laboratory equipment. There is uncertainty related to the future ownership of this equipment. Therefore, the corporation has expensed this as project costs and recognized the corresponding contribution as project revenue.

#### (d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short term deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

# GENOME PRAIRIE

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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## 2. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are comprised of financial assets (including cash, accounts receivable, GST receivable, project advances receivable, and prepaid expenses) and financial liabilities (including accounts payable and accrued liabilities and project advances payable). Financial instruments are initially recognized at fair value and subsequent measurement is at amortized cost with investment income recorded on an effective interest basis, unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such financial instruments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

### (f) Income taxes:

The Corporation qualifies as a tax exempt organization under Section 149 of the Income Tax Act.

## 3. Financial instruments and risk management:

The fair value of the Corporation's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these financial instruments.

# GENOME PRAIRIE

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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### 3. Financial instruments and risk management (continued):

The Corporation has exposure to the following risks from its use of financial instruments:

#### **Interest rate risk**

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on amounts invested in interest bearing accounts and investment certificates. Cash, when received, is deposited into an interest bearing account which earns interest at a rate of 1.50%. The current investment certificate is a term deposit which earns interest at a rate of 3.25% and matures on March 17, 2021. The term deposit may be redeemed by the Corporation at any date prior to the maturity date without penalty.

#### **Credit risk**

The Corporation's financial assets including accounts receivable are not exposed to significant credit risk since the majority of receivables are from government organizations.

#### **Other risks**

The Corporation has no significant exposure to liquidity risk, currency risk or other price risk. There is a concentration of risk due to the limited number of individual counterparties to the Corporation's cash and cash equivalents and investment certificate.

# GENOME PRAIRIE

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 4. Deferred contributions:

The Corporation receives funding from Genome Canada, Provincial Ministries, Western Economic Diversification Canada and other sources to be held, administered and distributed in accordance with the related funding agreements between Genome Prairie and the other parties. Deferred contributions relate to expenses of future periods and represent the unspent externally restricted funding and related investment income, which are for the purposes of providing funding to eligible recipients and the payment of operating and capital expenditures in future periods. The changes in the deferred contribution balances for the period are as follows:

	2020	2019
Opening deferred contributions for expenses of future periods	\$ 1,443,906	\$ 3,212,448
Contributions during the year:		
Genome Canada	3,728,744	2,835,162
Province of Saskatchewan – Projects	1,111,064	210,000
Province of Saskatchewan - Project development	42,500	18,975
Western Grain Research Foundation	556,663	-
Genome Alberta	37,500	120,500
Manitoba Agriculture, Food and Rural Development	-	214,400
Western Economic Diversification	355,355	789,684
Manitoba Wheat & Barley Commission	18,750	37,500
Miscellaneous	60,564	-
North Forge Technology Exchange	52,940	68,709
University of Manitoba	-	3,770
University of Saskatchewan – Project development	15,000	52,371
Total contributions received	5,979,080	4,351,071
Total contributions available	7,422,986	7,563,519
Less amounts recognized as project revenues	(3,924,671)	(5,033,811)
Less amounts recognized as administrative support revenues	(1,131,784)	(1,023,959)
Less project development support	(116,996)	(61,843)
Closing deferred contributions for expenses of future periods	\$ 2,249,535	\$ 1,443,906

# GENOME PRAIRIE

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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## 5. Commitments:

### Funding commitments:

The Corporation signed a funding agreement with Genome Canada on March 24, 2020 which applies to all funding awarded and provided to the Corporation from April 1, 2020 until such time that a new or amended agreement is signed or the agreement is cancelled.

### Base funding

The Corporation received a Notice of Award from Genome Canada on March 24, 2020, approving administrative support funding up to a maximum of \$807,400 for the year ending March 31, 2021 increasing to \$880,000 for the year ending March 31, 2022 and thereafter until changed. As a condition of funding under this Notice of Award, the Corporation is expected to secure co-funding from other sources in an amount at least equal to the contribution of Genome Canada, or, provide Genome Canada with a documented plan to meet this requirement within a reasonable time period. As specified in the funding agreement, Genome Canada may provide funding to the Corporation notwithstanding the fact that formal commitments from other parties have not yet been secured. In such cases, funds provided in advance "in good faith" shall not be reimbursable in the event such commitments from other parties are not secured, but Genome Canada may then terminate the present agreement or suspend or reduce funding.

### Project funding

Genome Canada has approved funding remaining of \$10,505,241 to be provided to the Corporation for ongoing and future research projects. In accordance with the funding agreements, the Corporation will secure additional financial contributions or in-kind commitments at amounts specified in the Notice of Awards issued by Genome Canada. As at March 31, 2020, the Corporation had \$18,953,375 in co-funding related to these projects still to be applied.

### Lease commitments:

The Corporation has entered into a sub-lease agreement for its Saskatoon office space expiring on March 31, 2020. A new lease is being negotiated. The approximate annual rental is \$60,000. The Corporation has also entered into a sub-lease agreement for its Winnipeg office space expiring on March 31, 2020, unless terminated prior to that date. The length of notice of termination required is six months. The approximate annual rental is \$48,000.

# GENOME PRAIRIE

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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## **6. COVID-19:**

On March 11, 2020 COVID-19 was declared a pandemic by the World Health Organization. This has resulted in significant economic uncertainty and financial markets have experienced significant volatility in response to the developing COVID-19 pandemic. While operations of the Organization have not been significantly impacted by the pandemic, the situation is dynamic and the ultimate duration and magnitude of the potential impact on future results is currently undeterminable.

## **7. Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.