



2021 Annual Report



CAAIN  **RCAIA**

connect
create
cultivate

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cultiver



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TEAM CAAIN

KERRY WRIGHT, CEO • TRACY BOWERS, EXECUTIVE ASSISTANT • JOAN UNGER, OPERATIONS COORDINATOR
JULIE THIBEAULT, FINANCE MANAGER • NICOLE GAUDETTE AND GARSON LAW, PROGRAM MANAGERS
NICOLE BAZLEY, NETWORK & MARKETING MANAGER • ERIC MORIN, COMMUNICATIONS MANAGER

CAAIN 2021 BOARD OF DIRECTORS

LAURA KILCREASE (CHAIR) • MICHELINE AYOUB, PHD • DAVID BAILEY PHD, ICD.D • STUART CULLUM, MBA, ICD.D
BETHANY DESHPANDE, PHD • TANIA HUMPHREY, PHD • CORNELIA KREPLIN, DVM, PHD
CHRIS PATERSON • ROBERT SAIK, PAG, CAC • FRED WALL • RICKEY YADA, PHD

Message from the Chair

In 2021 CAAIN advanced as an organization, with a full board of directors and a CEO in place moving its mandate forward. The four funding calls launched so far represent a commitment of over \$30 million supporting the adoption of new technologies and the improves collaboration and competitiveness of Canada's agri-food ecosystem.

This year saw us announce funding agreements with the nine project teams selected as part of our inaugural competition, bringing together academia, research, and private-sector partners.

The 2021 fiscal year also saw CAAIN conclude its first open competition and launch a second focused on automation and digitization in agri-food.

CAAIN's new Beef and Pork Primary Processing Automation and Robotics Program will help Canada's red meat industry be more competitive and safer through the adoption of new technologies.

As well, a planned Continuous Intake Program, aimed at expanding the smart farm network, will help entrepreneurs de-risk innovations and overcome technical barriers to moving solutions into the marketplace.

The pandemic sped up changes in how consumers connect with and access food. It also highlighted just how vulnerable supply chains are. No sooner were we emerging from the COVID crisis when the world's food producers were challenged by the conflict in Ukraine which interrupted the country's crop production and distribution, putting food security for many at risk.

Despite these challenges to the sector, CAAIN will continue to support innovators bringing technology to market, applying data and new problem-solving technologies, and identifying opportunities for collaboration across the value chain between sectors.



Closed Competition Project Leads

The nine successful projects selected through CAAIN's first competition are led by the following seven organizations:

- JCA Electronics (Winnipeg, MB)
- MacDon (Winnipeg, MB)
- MatrixSpec Solutions (Baie D'Urfe, QC)
- Olds College (Olds, AB)
- Raven Industries (Regina, SK)
- Transport Genie (Toronto, ON)
- VeriGrain Sampling (Saskatoon, SK)

Laura Kilcrease, Board Chair
June 29, 2022
Edmonton, Alberta

Message from the CEO

My first year as leader of CAAIN has been more rewarding than I could have imagined. A new organization typically has challenges but with the amazing team of people at CAAIN, a committed and competent Board of Directors and the support of my Board Chair, Laura Kilcrease, we are making strides in championing collaborative AgTech innovation in Canada. Allow me to share my list of CAAIN's *Top 5 Accomplishments* for the year ending March 31, 2022:

1. We assembled a full roster of excellent professionals and a terrific board of directors. This, in turn, allowed us to advance our core business supported by a dedicated team, coupled with the oversight required by Innovation, Science and Economic Development Canada (ISED).
2. We drafted the strategic business plan that will guide our efforts over the next three years, and will allow us to set an organizational tone that will assure our long-term sustainability and success.



2020-21 Open Competition Project Leads

Our Open Competition projects are led by the following partners:

- Super GeoAI Technology (Saskatoon, SK)
- Cromptimistic Technology (Naicam, SK)
- Be Seen Be Safe (Guelph, ON)
- Lakeland College (Lloydminster, AB)
- MatrixSpec Solutions (Baie D'Urfe, QC)
- Alpha Phenomics (Edmonton, AB)
- Grain Discovery (Prince Edward and Toronto, ON)

3. We dotted the i's and crossed the t's on more than \$14M in funding agreements with the successful applicants of our Closed Competition, and began telling their very interesting stories, thereby validating the Government of Canada's decision to support us.

4. We completed our first Open Competition, and while the \$2.7M total price tag is lower than we hoped, it proved that our evaluation process is both rigorous and fair, and that our funding calls attract quality applicants, which means we are building a reputation in the right circles.

5. We launched two additional funding calls:

- In October, we announced our second Open Competition. It was highly successful, attracting some excellent submissions which we look forward to sharing in the coming months.
- As the fiscal year came to a close, we kicked off our Beef and Pork Primary Processing Automation and Robotics Program. This was the result of months of research and industry consultations. We believe it has the potential to help transform Canada's small and medium-sized red meat primary processors, which could in turn have a real impact on our nation's food security.

I like to say that CAAIN, though small, is mighty. Because we are a small team, we rely on a tremendous amount of external support, and I would be remiss not to acknowledge the groups who contribute so much to our success.

- First, we receive all manner of assistance from the extraordinary folks at Alberta Innovates. Not only do they provide our office space—including parking!—they also help with HR, administration, communications, performance measurement, and legal advice, and they do it all with smiles that bely the extra effort we require of them.
- We are also blessed to benefit from the guidance of a stellar Board of Directors who, despite their own hectic personal and professional lives somehow make time to ensure we put our best foot forward.
- Our funding calls receive many submissions, and we rely on our Technology and Science Advisory Committee (TSAC) for the expertise required to evaluate the quality of the applications. We truly could not meet our funding obligations without them.
- Last, and by no means least, I must thank our friends at the Government of Canada, particularly the departments of Innovation, Science and Economic Development and Agriculture and Agri-Food. Without them none of this would be possible.

Finally, on a personal note, I want to acknowledge the terrific work of my small—but mighty—team! They are the reason we have been able to achieve so much over the past 12 months, and I can't wait to see what we will accomplish in the coming year.



Kerry Wright, CEO
June 29, 2022
Edmonton, Alberta



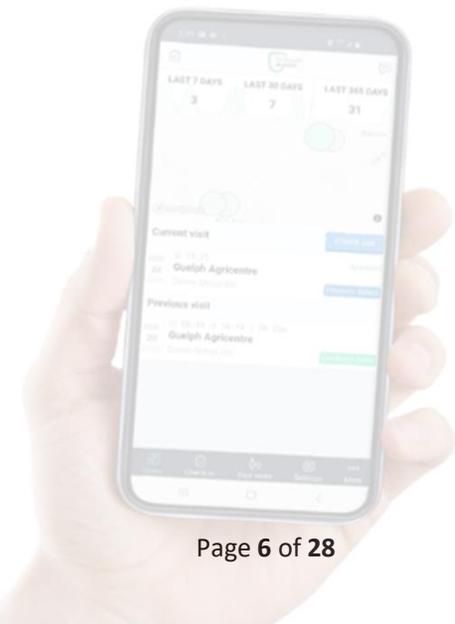
Programs*

The year ending March 31, 2022, saw significant CAAIN maturation as the organization:

- Began working with, and reimbursing, Closed Competition recipients;
- Finalised 2020-21 Open Competition project funding agreements and began working with, and reimbursing, recipients;
- Launched a \$10M second (2021-22) Open Competition and moved the process through to the TSAC Full Project Proposal (FPP) approval stage; and,
- Engaged in nationwide industry consultations leading to the development and launch of a \$5M Beef and Pork Primary Processing Automation and Robotics Competition.

Programs Status Summary

Program	Status	Approved Projects	CAAIN \$	4% Project Management	Total Project Value
Closed Competition	Funded, in progress	9	\$14.2M	\$0.5M	\$36.6M
2020-21 Open Competition	Funded, in progress	7	\$2.8M	\$0.3M	\$11.0M
2021-22 Open Competition	Awaiting TSAC recommendations for Board approval	TBD	-	-	-
Beef and Pork Primary Processing Automation and Robotics Competition	Launched	TBD	-	-	-
TOTALS		16	\$17M	\$0.8M	\$47.6M



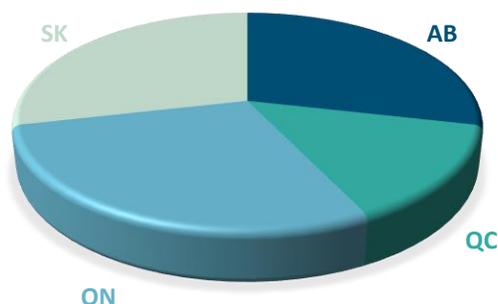
* See [Appendix 3](#) for program process details.

Approved 2020-2021 Open Competition Projects

Project Name	Lead Partner	Total Value	CAAIN Contribution
GeoAI Platform for Automating Manual Observation Associated with Wheat Production	Super GeoAI Technology Inc.	\$1,226,978	\$372,074
Automation and Scalability of SWAT MAPS to Advance Canadian Agriculture	Croptimistic Technology Inc.	\$5,004,087	\$1,100,000
Digitizing Fomite Contact Tracing to Mitigate Pathogen Spread in Agriculture	Be Seen Be Safe	\$152,531	\$50,757
Precision Ranching for Improved Reproductive and Grazing Efficiencies	Lakeland College	\$1,374,196	\$142,765
Development of Automated Smart Device for Pork Marbling Assessment	MatrixSpec Solutions Inc.	\$771,752	\$301,428
The Utilisation of 3-D Real-Time Multispectral Cameras to Identify the Liveweight, Optimal Slaughter Weight, and Carcass Weight in Pre-Slaughter Cattle	Alpha Phenomics Inc.	\$1,267,915	\$354,647
Field to Glass - The Next Generation of Barley Traceability	Grain Discovery	\$1,496,598	\$478,888
TOTALS		\$11,294,057	\$2,800,559

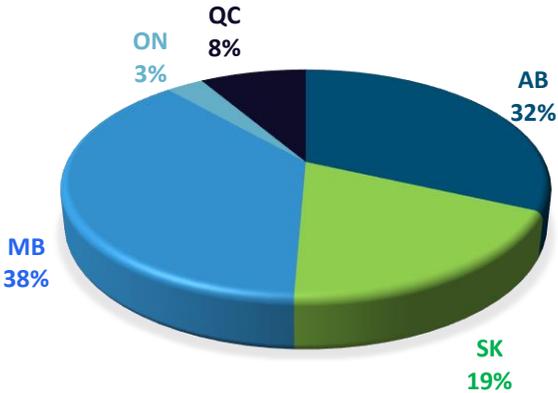
Geographic Distribution of Approved 2020-2021 Open Competition Projects

Proportion of Approved 2020-21 Open Competition Projects by Province



Portfolio of All Approved CAAIN Projects

Geographic Distribution of All Approved Projects by Dollar Value



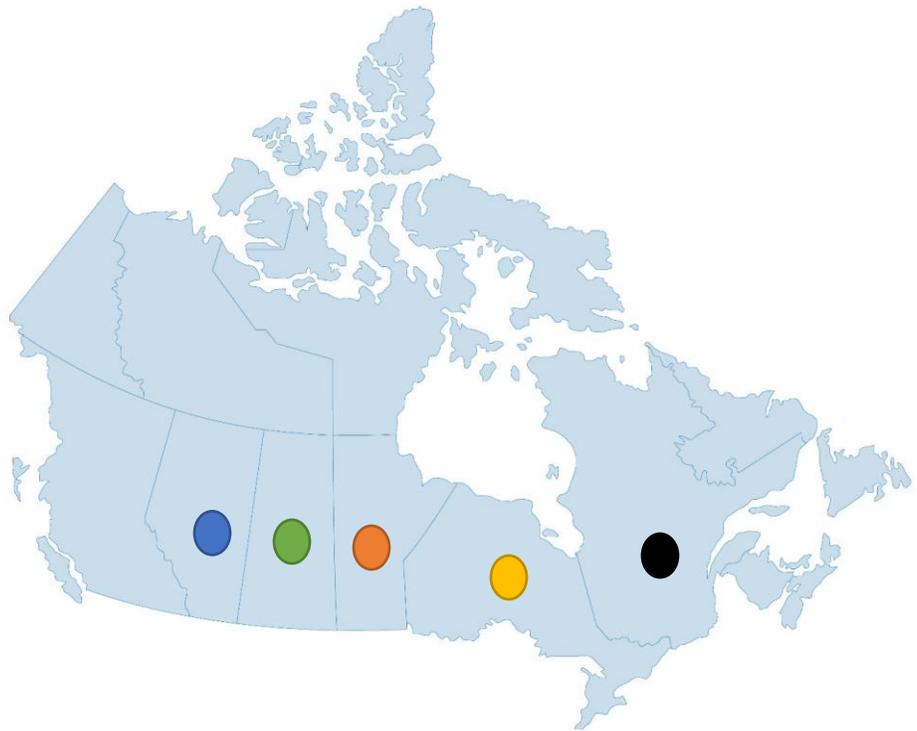
5 projects; \$6,016,768

4 projects; \$3,543,403

2 projects; \$7,156,477

3 projects; \$563,636

2 projects, 1,598,997



Financial Statements

**CANADIAN AGRI-FOOD AUTOMATION AND
INTELLIGENCE NETWORK LTD.
Financial Statements
For The Year Ended March 31, 2022**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Board of Directors of CAAIN are composed entirely of individuals who are neither management nor employees of CAAIN. The Board of Directors have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Board of Directors are also responsible for the appointment of CAAIN's external auditor.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Directors to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with the Board of Directors and management to discuss their audit findings.



Ms. Kerry Wright,
Chief Executive Officer

Edmonton, Alberta
June 29, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Agri-Food Automation and Intelligence Network Ltd.

Qualified Opinion

We have audited the financial statements of Canadian Agri-Food Automation and Intelligence Network Ltd. ("CAAIN"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of CAAIN as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

CAAIN derives revenue from project management fees the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of CAAIN and we were not able to determine whether any adjustments might be necessary to project management fees, excess of revenues over expenses, current assets, and net assets.

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 report. We are independent of CAAIN in accordance with 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 qualified audit 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 CAAIN'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 CAAIN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CAAIN's financial reporting process.

(continues)



Independent Auditors' Report to the Members of Canadian Agri-Food Automation and Intelligence Network Ltd. *(continued)*

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 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 CAAIN'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 CAAIN'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 CAAIN 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
June 29, 2022

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.
Statement of Financial Position
As at March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 523,271	\$ 366,941
Short term investments (Note 2)	5,013	5,000
Accounts receivable (Note 3)	1,598,127	753,465
Prepaid expenses	29,817	6,528
	<u>2,156,228</u>	1,131,934
TANGIBLE CAPITAL ASSETS (Note 4)	<u>2,455</u>	7,062
	<u>\$ 2,158,683</u>	<u>\$ 1,138,996</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 1,996,854	\$ 1,110,146
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>2,455</u>	7,062
	<u>1,999,309</u>	1,117,208
NET ASSETS		
Unrestricted	<u>159,374</u>	21,788
	<u>\$ 2,158,683</u>	<u>\$ 1,138,996</u>

ON BEHALF OF THE BOARD


 _____ Chairperson


 _____ Director

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

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.
Statement of Operations
For The Year Ended March 31, 2022

	2022	2021
REVENUE		
ISED funding - CAAIN	\$ 894,153	\$ 267,889
Project management fees	184,622	33,390
Amortization of deferred capital contributions (Note 7)	3,531	3,531
Disposal of deferred capital contributions (Note 7)	1,076	-
Interest	13	-
	<u>1,083,395</u>	<u>304,810</u>
EXPENSES		
Salaries, wages and benefits	735,236	157,064
Contracted and general services	104,643	47,533
TSAC committee	25,250	19,100
Meals, travel, and registration fees	16,063	-
Advertising and promotion	13,990	-
Peer review	12,500	5,750
Computer supplies and software	9,302	11,722
Professional fees	9,000	28,761
Insurance	4,903	782
Amortization of tangible capital assets	3,531	3,531
Office supplies	3,227	360
Telephone	2,659	3,922
Interest and bank charges	1,861	747
Memberships	1,368	-
Sponsorship	1,200	3,750
	<u>944,733</u>	<u>283,022</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	138,662	21,788
OTHER INCOME (EXPENSES)		
Loss on disposal of tangible capital assets	(1,076)	-
EXCESS OF REVENUE OVER EXPENSES	\$ 137,586	\$ 21,788

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

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.
Statement of Changes in Net Assets
For The Year Ended March 31, 2022

	Unrestricted	Invested in tangible capital assets	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 21,788	\$ -	\$ 21,788	\$ -
Excess of revenue over expenses	137,586	-	137,586	21,788
Amortization of tangible capital assets	3,531	(3,531)	-	-
Amortization of deferred capital contributions	(3,531)	3,531	-	-
Disposal of tangible capital assets	1,076	(1,076)	-	-
Disposal of deferred capital contributions	(1,076)	1,076	-	-
NET ASSETS - END OF YEAR	\$ 159,374	\$ -	\$ 159,374	\$ 21,788

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

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.
Statement of Cash Flows
For The Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 137,586	\$ 21,788
Items not affecting cash:		
Amortization	3,531	3,531
Amortization of deferred capital contributions	(3,531)	(3,531)
Loss on disposal of tangible capital assets	1,076	-
Disposal of deferred capital contributions	(1,076)	-
	<u>137,586</u>	<u>21,788</u>
Changes in non-cash working capital:		
Accounts receivable	(844,662)	(753,465)
Prepaid expenses	(23,289)	(6,528)
Accounts payable and accrued liabilities	886,708	1,110,146
Deferred capital contributions	-	10,593
	<u>18,757</u>	<u>360,746</u>
	<u>156,343</u>	<u>382,534</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	-	(10,593)
Purchase of short term investments	(13)	(5,000)
	<u>(13)</u>	<u>(15,593)</u>
INCREASE IN CASH FLOWS	156,330	366,941
CASH - BEGINNING OF YEAR	366,941	-
CASH - END OF YEAR	\$ 523,271	\$ 366,941

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

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.

Notes to Financial Statements

Year Ended March 31, 2022

NATURE OF OPERATIONS

Canadian Agri-Food Automation and Intelligence Network Ltd. ("CAAIN") is a not-for-profit company created to enable the accelerated application of digital and automated technologies in the agri-food industry. CAAIN will receive up to \$49.5 million in funding from the ministry of Innovation, Science and Economic Development Canada ("ISED"). The funding will cover eligible costs for CAAIN's activities and project expenditures until 2026.

Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

(b) Revenue recognition

CAAIN follows the deferral method of accounting for government transfers. 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.

Restricted contributions are recognized as revenue during the year in which the related expenses are incurred.

Restricted contributions for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital assets.

Project management fees are recognized as revenue in the year received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue as earned.

(c) Contributed services

The operations of CAAIN depends on both the contribution of services and materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(d) Short term investments

Short term investments have a maturity beyond three months and less than twelve months at acquisition, are held for the purpose of meeting short-term cash commitments rather than for investing, and are carried at amortized cost.

(e) Net assets

- a) Net assets invested in tangible capital assets represents CAAIN's net investment in tangible capital assets which is comprised of the unamortized amount of tangible capital assets purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by CAAIN's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by CAAIN each year, not of transfers, and are available for general purposes.

(continues)

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.
Notes to Financial Statements
Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	3 years straight-line method
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CAAIN regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(g) Financial instruments

Measurement of financial instruments

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

Network subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement on operations.

Financial assets measured at amortized cost include cash, short term investments, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Network has no financial assets measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Transaction costs

Network recognizes its transaction costs in the excess of revenue over expenses in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their organization, issuance or assumption.

(continues)

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.

Notes to Financial Statements

Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization, the measurement of accounts receivable and the corresponding recognition of revenue from project management fees, recoverability of accounts receivable, and the amount of accrued liabilities. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known. Actual results could differ from those estimates.

2. SHORT TERM INVESTMENTS

	<u>2022</u>	<u>2021</u>
Guaranteed Investment Certificate	\$ 5,013	\$ 5,000

The Guaranteed Investment Certificate has an original maturity date of October 19, 2022 bearing interest at 0.40% (2021 - 0.25%).

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Due from ISED	\$ 1,504,390	\$ 716,858
Trade and other accounts receivable	93,737	33,390
Goods and Services Tax recoverable	-	3,217
	\$ 1,598,127	\$ 753,465

4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2022 Net book value</u>	<u>2021 Net book value</u>
Computer equipment	\$ 7,366	\$ 4,911	\$ 2,455	\$ 7,062

5. CREDIT FACILITY

CAAIN has access to a credit facility with Canadian Imperial Bank of Commerce, via a corporate credit card that can be drawn upon to a maximum of \$5,000, which bears interest at prime plus 5.00%. As at March 31, 2022, the amount owing, which is due on demand, was \$1,023 (2021 - \$2,180).

The credit facility is secured by a guaranteed investment certificate held by CAAIN. As at March 31, 2022, the carrying value of the guaranteed investment certificate was \$5,013 (2021 - \$5,000).

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.

Notes to Financial Statements

Year Ended March 31, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Payable to project recipients	\$ 1,918,961	\$ 1,044,336
Trades payable and accrued liabilities	37,577	23,474
Vacation payable	23,911	7,323
Payroll remittances	10,885	35,013
Goods and Services Tax payable	5,520	-
	<u>\$ 1,996,854</u>	<u>\$ 1,110,146</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of Network's tangible capital assets. The amortization of deferred capital contributions begin with the associated tangible capital asset is put into use, and amortization is recorded in the statement of operations. The changes in deferred capital contributions are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 7,062	\$ -
Contributions received	-	10,593
Amortization of deferred capital contributions	(3,531)	(3,531)
Disposal of deferred capital contributions	(1,076)	-
Balance, end of year	\$ 2,455	\$ 7,062

8. PROJECT REVENUE AND EXPENSES

The obligation and risks associated with financing project expenditures belong to the project recipients. CAAIN does not incur any expenditure for the respective projects. CAAIN is responsible for facilitating the reimbursement of eligible costs from ISED. The excess of project revenues over expenses received by CAAIN have been recorded on a net basis in the statement of operations as follows.

	<u>2022</u>	<u>2021</u>
Recipient contributions	\$ 5,307,259	\$ 1,245,495
ISED funding to project recipients	4,041,016	1,044,336
	<u>9,348,275</u>	<u>2,289,831</u>
Project expenditures	(9,348,275)	(2,289,831)
	<u>\$ -</u>	<u>\$ -</u>

9. ECONOMIC DEPENDENCE

CAAIN's ongoing operations are dependent upon receiving continued funding from the ISED.

CANADIAN AGRI-FOOD AUTOMATION AND INTELLIGENCE NETWORK LTD.

Notes to Financial Statements

Year Ended March 31, 2022

10. FINANCIAL INSTRUMENTS

CAAIN is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about CAAIN's risk exposure and concentration as of March 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. CAAIN is exposed to credit risk from grant funding providers.

In order to reduce its credit risk, CAAIN assesses, on a continuous basis, amounts receivable on the basis of amounts it believes are virtually certain to be collected based on their estimated realizable value

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. CAAIN is exposed to this risk mainly in respect of its receipt of funds from grant funding providers and other related sources and accounts payable and accrued liabilities.

CAAIN mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

It is management's opinion that Network is not exposed to significant interest, market, currency, or other price risk arising from these financial instruments.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

Appendices

Appendix 1: Operations

Calendar Year 2021

Month	Activity
April	Permanent CEO started
June	Hired new operations coordinator
September	Hired new program manager Completed permanent board of directors recruitment process
October	Permanent board of directors orientation
November	Board of directors approval of TSAC-recommended 2020-21 Open Competition projects

Calendar Year 2022

Month	Activity
January	Board Committee Appointments Financial and Program Plan presentation Hired network and marketing manager
March	Strategic Plan Roadmap

Appendix 2: External Relations

Calendar Year 2021

Month	Activity
May	1 st Closed Competition recipient announced
June	2 nd Closed Competition recipient announced
July	3 rd Closed Competition recipient announced
August	4 th Closed Competition recipient announced
October	2021-22 Open Competition launched
November	CAAIN network launched Remaining five Closed Competition recipients announced

Calendar Year 2022

Month	Activity
March	2020-21 Open Competition recipients announced Beef and Pork Primary Processing Automation and Robotics Program launched

Appendix 3: Program Processes

2020-2021 Open Competition

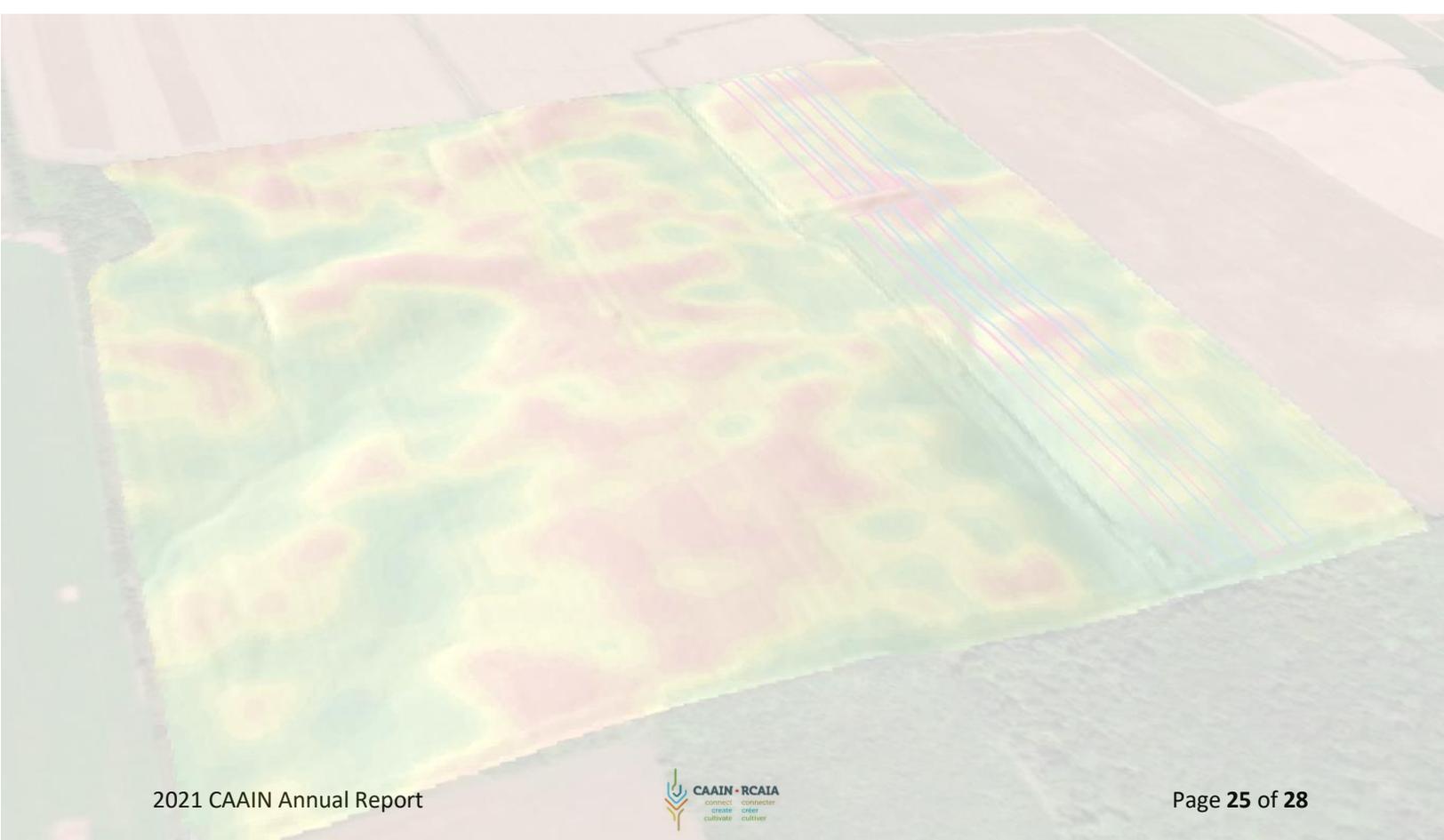
Summer/Fall 2020	Competition Program Guide and application forms developed	
October 2020	2020-2021 Open Competition launched	42 submissions
February 2021	EOIs due	19 evaluated by external reviewers
June 2021	FPPs due	11 received
September 2021	1 st TSAC meeting	
October 2021	2 nd TSAC meeting	7 recommended for Board approval
November 2021	Board approval	7 approved

2021-2022 Open Competition

Summer 2021	Competition Program Guide and application forms developed	
October 2021	2021-2022 Open Competition launched	41 submissions
November 2021	EOIs due	22 received
December 2021	TSAC EOI review	
February 2022	FPPs due	11 received
February/March	External review process	
April 2022	TSAC FPP review scheduled	
Spring 2022	Board FPP approvals scheduled	

Beef and Pork Primary Processing Automation and Robotics Program Competition

Winter 2021	Competition Program Guide and application forms developed	
March 2022	Beef and Pork Primary Processing Automation and Robotics Program Competition launched	
2022 Annual Report will provide results of:		
Early May 2022	Project Registration Forms (PRF) due	
Early June 2022	EOIs due	
Summer 2022	FPPs due	
Fall 2022	Notice of Decision	



Appendix 4: Approved Closed Competition Projects

Project Name	Lead Partner	Total Value	CAAIN Contribution
Pan-Canadian Smart Farm Network Development	Olds College	\$2,254,385	\$1,127,193
Evaluation And Improvement of Economic, Environmental and Logistical Benefits of Autonomous Agricultural Equipment Operation for Broad Acre Crop Production	Olds College	\$2,760,000	\$1,104,000
Advancing Agronomy Through Hyperlayer Data Collection and Analytics	Olds College	\$2,777,893	\$1,388,947
Agricultural Autonomous Controls Framework	JCA Electronics	\$6,611,732	\$3,305,867
Optimizing Hyper-Eye: An Integrated Solution for Assessment Of Fertility and Gender of Pre-Incubated Eggs	MatrixSpec Solutions.	\$2,653,777	\$1,326,889
Automating Traceability, Improving Supply Chain Resilience, Creating a Digital Manifest and Providing Transport Assurance Via Generic Data Enablers	Transport Genie	\$84,977	\$33,991
Harvesting Automation - Reducing the Requirement for Highly Skilled Labour During the Harvest of Broad-Acre Cash Crops	MacDon Industries	\$7,701,225	\$3,850,613
Artificial Intelligence (AI) Development for Autonomous Agriculture Applications	Raven Industries	\$3,768,519	\$1,507,408
VeriGrain™ Development, Validation, and Commercialization	VeriGrain Sampling	\$1,152,730	\$576,365
TOTALS		\$29,765,238	\$14,221,273

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- Olds College
- Raven Industries
- VeriGrain Sampling
- Glacier Farm Media Discovery Farm (Langham)

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- MatrixSpec Solutions

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- Lakeland College

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- Croptimistic Technology



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