

**AOHKII (2018) Ltd.**  
**Compiled Financial Information**  
*For the year ended March 31, 2023*

To the Management of AOHKII (2018) Ltd.:

On the basis of information provided by management, we have compiled the balance sheet of AOHKII (2018) Ltd. as at March 31, 2023, the statements of earnings and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information and, if applicable, other explanatory information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

The firm MNP is not independent of the Company as prior to compiling the financial statements of the Company, we performed bookkeeping services, which included the preparation of journal entries.

Lethbridge, Alberta

June 7, 2023

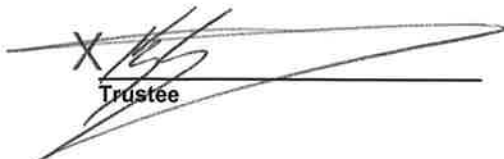


Chartered Professional Accountants

**AOHKII (2018) Ltd.**  
**Balance Sheet**  
As at March 31, 2023

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	3,059,614	2,473,062
Trade and other receivables	26,362	116,340
Prepaid expenses and deposits	50,000	-
Current portion of long-term notes receivable (Note 2)	66,000	171,000
	<b>3,201,976</b>	2,760,402
<b>Property, plant and equipment (Note 3)</b>	<b>11,799,451</b>	12,171,901
<b>Investments (Note 4)</b>	<b>375,000</b>	375,000
<b>Patronage equity</b>	<b>24,674</b>	24,674
<b>Notes receivables</b>	-	66,000
<b>Guaranteed investment certificates (Note 5)</b>	<b>2,025,500</b>	2,000,000
<b>Investment in Kainai Forage Limited Partnership (Note 6)</b>	<b>1,915,374</b>	684,993
	<b>19,341,975</b>	18,082,970
<b>Liabilities</b>		
<b>Current</b>		
Trade and other payables	27,932	24,211
Goods and Services Tax payable	14,210	13,459
Deferred revenue (Note 7)	2,050,718	-
	<b>2,092,860</b>	37,670
<b>Long-term debt (Note 8)</b>	<b>2,105,556</b>	2,305,556
	<b>4,198,416</b>	2,343,226
<b>Equity</b>		
<b>Retained earnings</b>	<b>11,593,179</b>	12,189,364
<b>Contributed surplus</b>	<b>3,550,380</b>	3,550,380
	<b>15,143,559</b>	15,739,744
	<b>19,341,975</b>	18,082,970

Approved on behalf of the Board of Trustees

  
Trustee

  
Trustee

**AOHKII (2018) Ltd.**  
**Statement of Earnings**  
*For the year ended March 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Lease revenue	6,207,838	6,148,240
Other revenue	145,524	198,332
Rental income	176,255	172,667
Straw sales	125,223	204,360
	<b>6,654,840</b>	<b>6,723,599</b>
<b>Expenses</b>		
Lease fees	2,188,516	2,188,516
Salaries, wages and benefits	872,212	876,145
Repairs and maintenance	280,995	304,313
Insurance	182,897	136,130
Professional fees	161,215	259,400
Utilities	143,295	179,911
Interest on long-term debt	115,271	74,721
Board costs	83,560	96,773
Automotive	66,933	60,278
Office	46,292	55,699
Travel	21,208	11,617
Training and education	7,338	8,147
Interest and bank charges	4,304	12,038
Miscellaneous	805	-
Amortization	1,071,809	1,088,173
	<b>5,246,650</b>	<b>5,351,861</b>
<b>Income from operations</b>	<b>1,408,190</b>	<b>1,371,738</b>
<b>Other income (expense)</b>		
KFLP - change in accounting policy adjustment (Note 6)	1,091,902	-
Share of income (loss) from investment in Kainai Forage LP (Note 6)	138,479	(496,105)
Gain on disposal of property, plant and equipment	18,707	-
Legal settlements	-	(75,000)
Grant revenue	-	13,485
	<b>1,249,088</b>	<b>(557,620)</b>
<b>Net income</b>	<b>2,657,278</b>	<b>814,118</b>

**AOHKII (2018) Ltd.**  
**Statement of Retained Earnings**  
*For the year ended March 31, 2023*

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	<b>2023</b>	<b>2022</b>
Retained earnings, beginning of year	12,189,364	11,760,554
Net income	2,657,278	814,118
Dividends	(253,463)	(385,308)
Transfer to Capital Reserve Fund Trust (Note 9)	(3,000,000)	-
Retained earnings, end of year	11,593,179	12,189,364

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**AOHKII (2018) Ltd.**  
**Notes to the Compiled Financial Information**  
*For the year ended March 31, 2023*

**1. Basis of accounting**

The basis of accounting applied in the preparation of the financial information of AOHKII (2018) Ltd. as at March 31, 2023 is on the historical cost basis, reflecting cash transactions with the addition of:

- Accounts receivable less an allowance for doubtful accounts
- Property, plant and equipment amortized over their useful life
- Long term investments at cost with earnings reported when received
- Investment in Kainai Forage Limited Partnership using the equity method
- Accounts payable and accrued liabilities
- Rental revenue recorded in accordance with the lease terms

**2. Current portion of long-term notes receivable**

	2023	2022
Degenstein Farms note 1 - equipment sale	-	105,000
Degenstein Farms note 2 - equipment sale	<b>66,000</b>	66,000
	<b>66,000</b>	171,000

**3. Property, plant and equipment**

	2023 <i>Cost</i>	2023 <i>Accumulated amortization</i>	2023 <i>Net book value</i>	2022 <i>Net book value</i>
Buildings	870,680	417,690	452,990	447,081
Automotive	1,002,208	796,507	205,701	200,943
Computer equipment	254,886	232,183	22,703	32,433
Equipment	21,276,586	10,787,326	10,489,260	10,845,426
Road improvements	710,063	81,266	628,797	646,018
	<b>24,114,423</b>	<b>12,314,972</b>	<b>11,799,451</b>	12,171,901

**4. Investment**

	2023	2022
<b>API Labs Inc.</b>		
125,000 shares at \$3 per share	<b>375,000</b>	375,000

**5. Guaranteed investment certificates**

During the current year AOHKII (2018) Ltd. invested \$2,000,000 in a guaranteed investment certificate. The GIC has an interest rate of 4.25% and matures December 2023. The balance at year end includes accrued interest to March 31, 2023 of \$25,500.

In 2022, the amount related to a guaranteed investment certificate to be used to fund the capital expansion trust. During the year, the trust was approved by the Board of Trustees, BMO was approved as the Trustee and investment manager for the trust and the funds were deposited to the AOHKII (2018) Ltd. Capital Reserve Fund Trust.

**AOHKII (2018) Ltd.**  
**Notes to the Compiled Financial Information**  
*For the year ended March 31, 2023*

**6. Investment in Kainai Forage Limited Partnership**

	2023	2022
<b>Kainai Forage Limited Partnership (50.9995% ownership interest)</b>		
Contribution - initial investment	3,550,380	3,550,380
Share of loss from investment - 2020	(1,077,023)	(1,077,023)
Share of loss from investment - 2021	(1,292,259)	(1,292,259)
Share of loss from investment - 2022	(496,105)	(496,105)
Share of income from investment - 2023	138,479	-
KFLP - change in accounting policy regarding IFRS 16 (elected not to follow)	1,091,902	-
	1,915,374	684,993

The share of gain/loss has been calculated up to March 31, 2023.

**7. Deferred revenue**

	2023	2022
Deferred revenue	2,050,718	-

During the year, Kainai Forage Limited Partnership paid irrigation and dryland rent relating from April 1, 2023 to September 30, 2023 in March. This rent relates to the 2023/2024 fiscal year and as such will be reported in the next fiscal year.

**8. Long-term debt**

	2023	2022
BMO pivot expansion loan. Loan was taken to assist with the construction of the pivot expansion project. Principal instalment in the amount of \$200,000 are required annually, interest is paid monthly at a rate of 6.3%, due October 2024.	2,105,556	2,305,556

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment, are estimated as follows:

2024	200,000
2025	200,000
2026	200,000
2027	200,000
2028	200,000
Thereafter, to due date	1,105,556
	2,105,556

**9. Transfer to Capital Reserve Fund Trust**

During the year, the Capital Reserve Fund Trust was approved by the Board of Trustees, BMO was approved as the trustee and investment manager for the trust. As per the trust agreement funds were deposited to the AOHKII (2018) Ltd. Capital Reserve Fund Trust in the amounts of \$2,000,000 for the initial allocation and \$900,000 for the annual allocation. An additional allocation of \$100,000 was deposited to the trust at the direction of the Trustees of the Blood Tribe Agri Business Trust (AOHKII (2018) Ltd. is held as an investment of the business trust).