



COATS O'NEILL MANNEROW <sup>LLP</sup>  
Chartered Accountants

**S.H.A.R.E. AGRICULTURE FOUNDATION**

FINANCIAL STATEMENTS

OCTOBER 31, 2011



COATS O'NEILL MANNEROW <sup>LLP</sup>  
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

To the Directors

### **S.H.A.R.E. AGRICULTURE FOUNDATION**

We have audited the accompanying financial statements of S.H.A.R.E. Agriculture Foundation which comprise the balance sheet as at October 31, 2011 and the statements of operations and change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of S.H.A.R.E. Agriculture Foundation as at October 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Coats O'Neill Mannerow LLP*

Licensed Public Accountants

Caledon, Ontario

January 13, 2012

**S.H.A.R.E. AGRICULTURE FOUNDATION**

**BALANCE SHEET**

OCTOBER 31, 2011

	<b>Notes</b>	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>			
Current:			
Cash		\$ 300,413	\$ 258,438
Prepaid expense		1,083	1,083
Interest receivable		402	391
C.I.D.A. contributions receivable	5	<u>40,068</u>	<u>87,544</u>
		341,966	347,456
Investment in marketable securities	6	<u>215,928</u>	<u>213,624</u>
		<u>\$ 557,894</u>	<u>\$ 561,080</u>
<b>LIABILITIES</b>			
Current			
Accounts payable and accruals		\$ 13,269	\$ 22,945
<b>NET ASSETS</b>			
Unrestricted net assets		<u>544,625</u>	<u>538,135</u>
		<u>\$ 557,894</u>	<u>\$ 561,080</u>

Approved by:

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Director

\_\_\_\_\_  
Director

See Accompanying Notes to Financial Statements

**S.H.A.R.E. AGRICULTURE FOUNDATION**

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS

YEAR ENDED OCTOBER 31, 2011

	<b>2011</b>	<b>2010</b>
Revenue:		
Canadian International Development Agency:		
Contributions received during the year	\$ 205,729	\$ 270,314
Interest earned on contributions	668	1,000
Increase (decrease) in contributions receivable	<u>(47,476)</u>	<u>33,536</u>
Contributions applied to projects	158,921	304,850
Donations - general	217,109	221,387
- scholarships	26,010	23,315
- in kind (note 7)	6,358	11,693
- Agri-Skills Abroad	1,750	1,350
- fund-raising (note 7)	26,370	27,890
Fund-raising activities (note 7)	39,082	39,790
Investment income (note 6)	<u>8,104</u>	<u>27,632</u>
	<u>483,704</u>	<u>657,907</u>
Expenditure:		
Project costs (schedule)	429,163	596,172
Fund-raising activities (note 7)	23,942	29,064
Newsletter	8,269	7,495
Marketing, promotion and public awareness	1,989	11,555
Administration:		
Travel	1,035	1,881
Office supplies, postage and insurance	4,791	3,707
Professional fees	<u>8,025</u>	<u>7,258</u>
	<u>477,214</u>	<u>657,132</u>
Excess of revenue over expenditure	6,490	775
Net assets, beginning of year	<u>538,135</u>	<u>537,360</u>
Net assets, end of year	<u>\$ 544,625</u>	<u>\$ 538,135</u>

See Accompanying Notes to Financial Statements

**S.H.A.R.E. AGRICULTURE FOUNDATION**

SCHEDULE OF PROJECT COSTS

YEAR ENDED OCTOBER 31, 2011

	Direct costs	Monitoring & overhead	Total costs 2011	Total costs 2010
C.I.D.A. supported projects:				
Advancing Environmental Sustainability in Brazil through Training Small Farmers	\$ 110,217	\$ 7,346	\$ 117,563	\$ 120,873
Empowering Salvadorans through Elimination of Illiteracy and Establishment of Micro Enterprises	36,888	5,708	42,596	140,450
Empowering Rural Salvadorans Through Skills Training	<u>21,814</u>	<u>9,000</u>	<u>30,814</u>	<u>88,192</u>
	<u>168,919</u>	<u>22,054</u>	<u>190,973</u>	<u>349,515</u>
Other projects:				
Brazil:				
Sister Ellen	2,000		2,000	15,509
STRAF, CEPPA and Ocara Contractors	20,989	161	21,150	20,327
Other	25,958		25,958	14,139
				13,460
Belize:				
Scholarships	17,125	1,678	18,803	19,902
Other	274		274	354
El Salvador - ANTA	106,622	668	107,290	43,385
Nicaragua				5,000
Guatemala	34,509	3,332	37,841	58,551
Honduras	12,692		12,692	7,500
Haiti	3,000		3,000	32,300
Cambodia				10,799
Bolivia	<u>6,662</u>	<u>2,520</u>	<u>9,182</u>	<u>5,431</u>
	<u>229,831</u>	<u>8,359</u>	<u>238,190</u>	<u>246,657</u>
Total project costs	\$ <u>398,750</u>	\$ <u>30,413</u>	\$ <u>429,163</u>	\$ <u>596,172</u>

See Accompanying Notes to Financial Statements

**S.H.A.R.E. AGRICULTURE FOUNDATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED OCTOBER 31, 2011**

	<b>2011</b>	<b>2010</b>
Cash flow was provided from (applied to):		
Operating activities:		
Cash received from:		
Donors	\$ 271,239	\$ 273,942
C.I.D.A.	205,729	270,314
Fundraising activities	39,082	39,790
Cash paid to suppliers	(44,521)	(49,831)
Cash paid for projects	<u>(436,011)</u>	<u>(577,368)</u>
	<u>35,518</u>	<u>(43,153)</u>
Investing activities:		
Investment in marketable securities	(3,023)	(3,733)
Investment income	<u>9,480</u>	<u>11,535</u>
	<u>6,457</u>	<u>7,802</u>
Increase (decrease) in cash	41,975	(35,351)
Cash, beginning of year	<u>258,438</u>	<u>293,789</u>
Cash, end of year	<u>\$ 300,413</u>	<u>\$ 258,438</u>

See Accompanying Notes to Financial Statements

# S.H.A.R.E. AGRICULTURE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2011

### 1. **Incorporation and foundation activities**

S.H.A.R.E. Agriculture Foundation is incorporated without share capital under the laws of Canada and qualifies as a registered charity under provisions of the Income Tax Act (Canada).

The mandate of S.H.A.R.E. Agriculture Foundation is to enable impoverished communities in developing countries to improve their quality of life and provide a better future for their children through sustainable agriculturally based projects. S.H.A.R.E. believes in a "hand up" rather than a "hand out". Communities that receive assistance from S.H.A.R.E. must in turn share the benefits of these projects with others.

### 2. **Summary of significant accounting policies**

#### **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Contributions from the Canadian International Development Agency (C.I.D.A.) are recognized in relation to and as direct expenses are incurred on the respective projects. Contributions through donations are recognized as received. Donations in-kind are recorded when the goods or services would have otherwise been purchased by the foundation, and may include donations for fund-raising purposes. Fund-raising revenues are recognized when the event has occurred and collectibility is reasonably assured.

#### **Marketable securities**

Marketable securities held for trading on a long-term basis are recorded at market value. Unrealized gains or losses are included in the statement of operation and change in net assets each year.

#### **Equipment**

Office equipment and software purchases, which tend to be relatively minor, are fully expensed in the year of acquisition. There was no capital equipment expensed in the current or prior year.

#### **Contributed services**

Volunteers contribute over 9,400 hours annually to the foundation to ensure service delivery. Because of the difficulty in determining the fair value of contributed services, they are not recognized in the financial statements.

#### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenditures for the periods reported. Actual results could differ from those estimates. The key area of estimation where management has made judgments, often as a result of matters that are inherently uncertain, is the recognition of accrued liabilities.

**2. Summary of significant accounting policies (cont'd.)**

**Accounting standards with future implementation dates**

In December 2010, The Canadian Institute of Chartered Accountants (CICA) issued new accounting standards for not-for-profit organizations allowing those in the private sector to choose between adopting International Financial Reporting Standards, and following existing standards for not-for-profits supplemented by accounting standards for private enterprises. The new standards will apply for fiscal years beginning after January 1, 2012. The impact of these changes is unlikely to be significant for the organization.

**3. Capital management**

The foundation's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can ensure the continuation of support to its communities. The capital structure of the foundation consists of unrestricted net assets. The foundation manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. The foundation's primary use of capital is to finance project commitments. Cash is held to ensure sufficient liquidity. The foundation is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

**4. Financial instruments**

The foundation's financial instruments consist of cash, accounts receivable, long-term investments and accounts payable. Cash is classified as held for trading. Financial instruments are initially recorded at historical cost. If subsequent circumstances indicate that a decline in the fair value of a financial asset is other than temporary, the financial instrument is written down to its fair value. The carrying amounts of financial instruments approximate their fair value because of the short-term maturity of these items. Unless otherwise indicated, it is management's opinion that the foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Liquidity and funding risk is managed by the preparation of approved budgets for all projects undertaken, and maintenance of adequate cash reserves to fund existing commitments and future contingencies.

**5. C.I.D.A. supported projects**

C.I.D.A. contributions receivable in relation to direct project costs incurred for the year are as follows:

	<b>2011</b>	<b>2010</b>
Advancing Environmental Sustainability in Brazil through Training Small Farmers	\$ 40,068	\$ 14,683
Empowering Salvadorans through Elimination of Illiteracy and Establishment of Micro Enterprises		44,773
Empowering Rural Salvadorans Through Skills Training	<u>                    </u>	<u>28,088</u>
	<u>\$ 40,068</u>	<u>\$ 87,544</u>



**6. Investment in marketable securities and subsequent event**

Commencing in 1998, the foundation was the recipient of a bequest totalling \$115,654. As well, in 2005 a donation in the amount of \$50,050 was received. Both donors suggested that the funds be segregated and invested in order that the annual interest income would be available to fund administrative costs of the foundation. To date, the Board of Directors has invested the funds in compliance with these recommendations.

Marketable securities consist of a portfolio of managed assets invested in mutual funds and a Canadian fixed income security with interest at 5.29% and maturing August 2012. Cumulative unrealized gains recorded in the accounts are \$18,665 (2010 - \$19,384). Investment income includes current year unrealized losses of \$719 (2010 - unrealized gains of \$17,103).

Subsequent to year end, the value of marketable securities increased by a further \$2,971 (2010 - \$4,472).

**7. Fund-raising activities and donations**

	2011	2010
Fund-raising revenue (excluding donation component):		
Dinner/dance	\$ 14,327	\$ 18,201
Other	<u>24,755</u>	<u>21,589</u>
	<u>39,082</u>	<u>39,790</u>
Fund-raising expenditure:		
Dinner/dance	12,917	19,283
Other	<u>11,025</u>	<u>9,781</u>
	<u>23,942</u>	<u>29,064</u>
	<u>\$ 15,140</u>	<u>\$ 10,726</u>

Donations received in conjunction with various fundraising events held during the year amounted to \$26,370 (2010 - \$27,890).

Dinner/dance revenue includes \$4,517 (2010 - \$7,679) of proceeds from the sale of silent auction items which were donated to the foundation. Charitable donation receipts of \$5,158 (2010 - \$11,248) were issued for these auction donations at fair market value, and this amount has been recorded as donation in-kind revenue and dinner/dance fund-raising expenditure. The remaining \$1,200 (2010 - \$445) of in-kind donation revenue relates to the donation of items for other fundraising events or activities.

**8. Funding commitments**

The foundation has committed to future expenditures for direct project costs as follows:

Brazil - contractors	\$ 22,500
Belize - scholarships	6,500
Cambodia - wells	10,800
El Salvador - ANTA	<u>30,000</u>
	<u>\$ 69,800</u>