



COATS O'NEILL MANNEROW ^{LLP}
Chartered Accountants

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

FINANCIAL STATEMENTS

OCTOBER 31, 2013



COATS O'NEILL MANNEROW LLP
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 sheets as at October 31, 2013 and October 31, 2012 and November 1, 2011 and the statements of operations and change in net assets and cash flows for the years ended October 31, 2013 and October 31, 2012, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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, 2013, October 31, 2012 and November 1, 2011 and the results of its operations and its cash flows for the years ended October 31, 2013 and October 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Coats O'Neill Mannerow LLP

Licensed Public Accountants

Caledon, Ontario

February 23, 2014

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

BALANCE SHEET

OCTOBER 31, 2013

	Notes	October 31 2013	October 31 2012	November 1 2011
ASSETS				
Current:				
Cash		\$ 60,969	\$ 153,861	\$ 300,413
Prepaid expense		1,094	1,091	1,083
Interest receivable		972	313	402
DFATD contributions receivable	5	<u>43,935</u>	<u>6,067</u>	<u>40,068</u>
		106,970	161,332	341,966
Investment in marketable securities	6	<u>242,116</u>	<u>230,011</u>	<u>215,928</u>
		<u>\$ 349,086</u>	<u>\$ 391,343</u>	<u>\$ 557,894</u>
LIABILITIES				
Current				
Accounts payable and accruals		\$ 12,779	\$ 4,586	\$ 13,268
NET ASSETS				
Unrestricted net assets		<u>336,307</u>	<u>386,757</u>	<u>544,626</u>
		<u>\$ 349,086</u>	<u>\$ 391,343</u>	<u>\$ 557,894</u>

Approved by:

Director

Director

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

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS

YEAR ENDED OCTOBER 31, 2013

	2013	2012
Revenue:		
Department of Foreign Affairs, Trade and Development:		
Contributions received during the year	\$ 209,353	\$ 150,162
Interest earned on contributions	258	1,450
Increase (decrease) in contributions receivable	<u>37,868</u>	<u>(34,001)</u>
Contributions applied to projects	247,479	117,611
Donations – general	233,633	225,742
– scholarships	14,971	20,890
– in kind (note 7)	6,623	6,185
– Agri-Skills Abroad	170	9,100
– fund-raising (note 7)	26,655	31,171
Fund-raising activities (note 7)	49,939	44,863
Investment income (note 6)	<u>14,357</u>	<u>17,654</u>
	<u>593,827</u>	<u>473,216</u>
Expenditure:		
Project costs (schedule)	588,297	580,029
Fund-raising activities (note 7)	27,474	26,131
Newsletter	8,615	8,163
Marketing, promotion and public awareness	1,677	4,698
Administration:		
Travel	2,044	2,322
Office supplies, postage and insurance	5,100	3,681
Professional fees	<u>11,070</u>	<u>6,061</u>
	<u>644,277</u>	<u>631,085</u>
Excess of expenditure over revenue	(50,450)	(157,869)
Net assets, beginning of year	<u>386,757</u>	<u>544,626</u>
Net assets, end of year	<u>\$ 336,307</u>	<u>\$ 386,757</u>

See Accompanying Notes to Financial Statements

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

SCHEDULE OF PROJECT COSTS

YEAR ENDED OCTOBER 31, 2013

	Direct costs	Monitoring & overhead	Total costs 2013	Total costs 2012
DFATD supported project				
Improved Economic Livelihoods and Well Being for Rural Families in Honduras and El Salvador	\$ <u>320,488</u>	\$ <u>9,139</u>	\$ <u>329,627</u>	\$ <u>154,881</u>
Other projects:				
Brazil	23,553	6,784	30,337	64,309
Belize:				
Scholarships	18,053	649	18,702	21,116
Other	266		266	1,083
El Salvador	7,680		7,680	150,255
Mexico	5,000		5,000	5,000
Guatemala	147,731	5,368	153,099	105,793
Honduras	870		870	5,475
Panama	5,500		5,500	
Haiti	20,688		20,688	13,700
Cambodia				22,185
Bolivia	<u>13,920</u>	<u>2,608</u>	<u>16,528</u>	<u>36,232</u>
	<u>243,261</u>	<u>15,409</u>	<u>258,670</u>	<u>425,148</u>
Total project costs	\$ <u>563,749</u>	\$ <u>24,548</u>	\$ <u>588,297</u>	\$ <u>580,029</u>

See Accompanying Notes to Financial Statements

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

STATEMENT OF CASH FLOWS

YEAR ENDED OCTOBER 31, 2013

	2013	2012
Cash flow was provided from (applied to):		
Operating activities:		
Cash received from:		
Donors	\$ 275,429	\$ 286,903
DFATD	209,353	150,162
Fundraising activities	49,939	44,863
Cash paid to suppliers	(39,088)	(44,309)
Cash paid for projects	<u>(590,376)</u>	<u>(589,281)</u>
	<u>(94,743)</u>	<u>(151,662)</u>
Investing activities:		
Investment in marketable securities	(8,369)	(15,983)
Investment income	<u>10,220</u>	<u>21,093</u>
	<u>1,851</u>	<u>5,110</u>
Decrease in cash	(92,892)	(146,552)
Cash, beginning of year	<u>153,861</u>	<u>300,413</u>
Cash, end of year	<u>\$ 60,969</u>	<u>\$ 153,861</u>

See Accompanying Notes to Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2013

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). During the current year the foundation applied for, and was granted, a Certificate of Continuance under the Canada Not-for-Profit Corporations Act.

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. Adoption of accounting standards for not-for-profit organizations

These financial statements have been prepared in accordance with Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting. The foundation's first reporting period using Part III is for the year ended October 31, 2013. As a result, the date of transition to Part III is November 1, 2011. As these are the foundation's first financial statements prepared in accordance with Part III, the financial statements have been prepared in accordance with the transitional provisions set out in Section 1501 of Part III, First-time Adoption by not-for-profit organizations. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended October 31, 2013, the comparative information for the year ended October 31, 2012 and the opening balance sheet at November 1, 2011. There have been no changes to assets, liabilities or net assets at the date of transition.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The foundation follows the deferral method of accounting for contributions. Contributions from DFATD (Department of Foreign Affairs, Trade and Development; formerly 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 operations and change in net assets each year.

3. Summary of significant accounting policies (cont'd.)

Equipment

Office equipment and software purchases, which tend to be relatively minor, are fully expensed in the year of acquisition. Capital equipment expensed in the year was \$nil (2012 - \$804).

Contributed services

Volunteers contribute over 10,760 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 Canadian accounting standards for not-for-profit organizations 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 amounts of revenues and expenditures during the years. Key areas of estimation where management has made judgments, often as a result of matters that are inherently uncertain, include the recognition of accrued liabilities. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known. Actual results could differ from those estimates.

4. Financial instruments

The foundation's financial instruments consist of cash, contributions and interest receivable, long-term investments and accounts payable. Cash and long-term investments are classified as held for trading. Financial instruments are initially recorded at fair value. The foundation subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in marketable securities that are quoted in an active market as those are measured at fair value.

At the end of each reporting period, the foundation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. If 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. If circumstances are reversed then the subsequent increase in value is recognized in the statement of operations in the period the reversal occurs.

Unless otherwise indicated, it is management's opinion that the foundation is not exposed to significant market, currency, credit, interest rate, liquidity or other price risks arising from these financial instruments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

4. Financial instruments (cont'd)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the foundation is the Canadian dollar. The foundation frequently transacts in other currencies, predominantly US dollars in relation to their project expenditures. The foundation does not use foreign exchange forward contracts to manage foreign exchange transaction exposures as the foreign exchange loss potential is not considered significant.

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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure of the foundation to interest rate risk arises from its interest bearing assets. The foundation's cash includes amounts on deposit with financial institutions that earn interest at market rates.

The foundation manages the exposure of its assets to interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the foundation's results of operations. The primary objective of the foundation with respect to its variable income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity and achieve a satisfactory investment return.

Liquidity risk

Liquidity risk is the risk that the foundation will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk is managed by the preparation of approved budgets for all projects undertaken, and maintenance of adequate, readily available cash reserves to fund existing commitments and future contingencies.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer or factors affecting all similar instruments traded in the market.

Changes in risk

There have been no changes in the foundation's risk exposures from the prior year.

5. DFATD supported projects

DFATD contributions receivable in relation to direct project costs incurred are as follows:

	2013	2012
Improved Economic Livelihoods and Well Being for Rural Families in Honduras and El Salvador	\$ <u>43,935</u>	\$ <u>6,067</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 2.2% (2012 - 2.2%) maturing August 2014. Cumulative unrealized gains recorded in the foundation's accounts are \$20,501 (2012 - \$16,765). Investment income includes current year unrealized gains of \$3,736 (2012 - losses of \$1,900).

Subsequent to year end, the value of marketable securities increased by a further \$4,044 (2012 - \$753).

7. Fund-raising activities and donations

	2013	2012
Fund-raising revenue (excluding donation component):		
Dinner/dance	\$ 19,428	\$ 18,214
Other	<u>30,511</u>	<u>26,649</u>
	<u>49,939</u>	<u>44,863</u>
Fund-raising expenditure:		
Dinner/dance	16,363	14,211
Other	<u>11,111</u>	<u>11,920</u>
	<u>27,474</u>	<u>26,131</u>
	<u>\$ 22,465</u>	<u>\$ 18,732</u>

Donations received in conjunction with various fundraising events held during the year amounted to \$26,655 (2012 - \$31,171).

Dinner/dance revenue includes \$5,793 (2012 - \$4,489) of proceeds from the sale of silent auction items which were donated to the foundation. Charitable donation receipts of \$5,822 (2012 - \$5,146) 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 \$801 (2012 - \$1,039) 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:

Improved Economic Livelihoods and Well Being for Rural Families in Honduras and El Salvador	\$ 484,000
Brazil	2,400
El Salvador	3,500
Mexico	6,000
Guatemala	18,400
Honduras	6,000
Cambodia	<u>11,800</u>
	<u>\$ 532,100</u>

DFATD has committed to provide \$406,900 in additional funding related to sponsored projects.

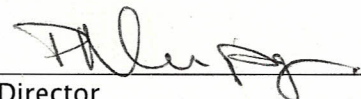
S.H.A.R.E. AGRICULTURE FOUNDATION

BALANCE SHEET

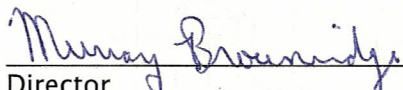
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Approved by:



Director



Director

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