

S.H.A.R.E. AGRICULTURE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2017

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

INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 12
Schedule of Project Costs	13



INDEPENDENT AUDITOR'S REPORT

To the members of: 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 statement of financial position as at October 31, 2016 and the statements of changes in net assets, operations and changes 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 these 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 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 policies 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the foundation derives some of the revenues from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the foundation and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and cash flows from operations for the year ended October 31, 2017, current assets as at October 31, 2017, and net assets as at November 1, 2016 and October 31, 2017. The predecessor auditor's opinion on the financial statements for the year ended October 31, 2016 was modified because of the possible effects of a similar limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of S.H.A.R.E. Agriculture Foundation as at October 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Other Matter

The financial statements of S.H.A.R.E. Agriculture Foundation for the year ended October 31, 2016 were audited by the predecessor auditor who expressed a qualified opinion on those financial statements on February 28, 2017 for reasons described in the Basis for Qualified Opinion paragraph.

A handwritten signature in black ink that reads "RLB LLP". The letters are stylized and cursive.



Guelph, Ontario
February 27, 2018

Chartered Professional Accountants
Licensed Public Accountants

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2017

	2017	2016 (note 7, 9)
ASSETS		
CURRENT		
Cash	\$ 136,141	\$ 110,141
Accounts receivable	4,550	50,888
Prepaid expenses	<u>2,031</u>	<u>1,050</u>
	142,722	162,079
INVESTMENTS (note 4)	100,000	0
ENDOWMENT INVESTMENTS (note 4)	<u>270,375</u>	<u>262,568</u>
	<u>\$ 513,097</u>	<u>\$ 424,647</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ <u>6,899</u>	\$ <u>9,493</u>
DEFERRED INCOME (note 8, 9)	<u>129,888</u>	<u>82,085</u>
	<u>136,787</u>	<u>91,578</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	105,935	70,501
ENDOWMENT FUND	<u>270,375</u>	<u>262,568</u>
	<u>376,310</u>	<u>333,069</u>
	<u>\$ 513,097</u>	<u>\$ 424,647</u>

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2017

	Unrestricted Fund	Endowment Fund	2017	2016
NET ASSETS,				
beginning of year	\$ 70,501	\$ 262,568	\$ 333,069	\$ 367,963
Net excess (deficiency) of revenues over expenditures for the year	<u>35,434</u>	<u>7,807</u>	<u>43,241</u>	<u>(34,894)</u>
NET ASSETS, end of year	<u>\$ 105,935</u>	<u>\$ 270,375</u>	<u>\$ 376,310</u>	<u>\$ 333,069</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2017

	2017	2016 (note 7, 9)
REVENUES		
Donations (note 9)	\$ 543,540	\$ 358,142
Fundraising	59,319	50,748
Investment income	12,664	6,893
CIDA contributions	<u>0</u>	<u>126,998</u>
	<u>615,523</u>	<u>542,781</u>
EXPENDITURES		
Projects	510,789	520,801
Fundraising	38,307	30,414
Newsletter	8,981	9,405
Office	4,995	6,765
Professional fees	5,700	7,970
Advertising	1,314	774
Development and education	1,122	255
Travel	<u>1,074</u>	<u>1,291</u>
	<u>572,282</u>	<u>577,675</u>
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES for the year	<u>\$ 43,241</u>	<u>\$ (34,894)</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2017

	2017	2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures for the year	\$ 43,241	\$ (34,894)
Changes in non-cash working capital		
Accounts receivable	46,338	(1,973)
Prepaid expenses	(981)	55
Accounts payable and accrued liabilities	(2,594)	3,871
Deferred revenue	47,803	37,045
	<u>133,807</u>	<u>4,104</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Investments	<u>(107,807)</u>	<u>(6,364)</u>
NET INCREASE (DECREASE) IN CASH	26,000	(2,260)
NET CASH, BEGINNING OF YEAR	<u>110,141</u>	<u>112,401</u>
NET CASH, END OF YEAR	<u>\$ 136,141</u>	<u>\$ 110,141</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2017

1. NATURE OF FOUNDATION

S.H.A.R.E. Agriculture Foundation is a not for profit foundation incorporated under the laws of Canada without share capital and is a registered charity under the Income Tax Act. S.H.A.R.E. Agriculture Foundation is exempt from income tax. Its purpose is to enable impoverished communities in developing countries to improve their quality of life with projects that contribute to economic, social and environmental development and sustainability. 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

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

(a) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Office equipment	- 100 % declining balance basis
Computer software	- 100 % declining balance basis

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net surplus.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable.

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

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FINANCIAL INSTRUMENTS (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. 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 net surplus.

Transaction costs

The foundation recognizes its transaction costs in excess of revenues over expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(d) CONTRIBUTED MATERIALS AND SERVICES

During the year, volunteers contributed 11,330 hours to the foundation. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

Contributed materials, used in the normal course of operations, are recognized in the financial statements when the fair value can be reasonably estimated and the materials would otherwise have been purchased.

(e) ENDOWMENT FUND

The endowment fund reports investments that are to be held as permanent endowments whose annual interest are available to fund administrative costs of the foundation. This fund is externally restricted.

(f) REVENUE RECOGNITION

The foundation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year. In-kind contributions are recognized when the goods or services would have otherwise been purchased by the foundation.

Fundraising revenues are recognized when the event has occurred and collectibility is reasonably assured.

Investment income, which includes foreign exchange gains and losses, interest income, and realized and unrealized investment gains and losses, is recognized as revenue when earned.

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2017

3. FINANCIAL INSTRUMENTS

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

The extent of the foundation's exposure to these risks did not change in 2017 compared to the previous period.

The foundation does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the foundation to certain financial risks and uncertainties. These risks include:

Currency risk

The currency risk refers to the risk that the fair value of the financial instruments or future cash flows associated with them will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The foundation is exposed to United States currency rate risk on foreign cash account balances in the amount of \$49,804 (2016 - \$40,087) denominated in Canadian dollars.

4. INVESTMENTS

Investments consist of:

	2017	2016
<u>UNRESTRICTED</u>		
Meridian GIC bearing interest of 1.5%, due March 22, 2018	\$ <u>100,000</u>	\$ <u>0</u>
<u>ENDOWMENT FUND</u>		
Dynamic Strategic Yield Mutual Fund	85,131	80,185
IA Clarington Strategic Corporate Bond Mutual Fund	79,552	75,506
iShares Canadian Corporate Bond Index	64,722	65,907
Laurentian Bank GIC bearing interest of 1.65%, due August 31, 2018	<u>40,970</u>	<u>40,970</u>
	<u>\$ 270,375</u>	<u>\$ 262,568</u>

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2017	Net 2016
Office equipment	\$ 2,434	\$ 2,434	\$ 0	\$ 0
Computer software	<u>2,817</u>	<u>2,817</u>	<u>0</u>	<u>0</u>
	<u>\$ 5,251</u>	<u>\$ 5,251</u>	<u>\$ 0</u>	<u>\$ 0</u>

6. COMMITMENTS

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

2018	\$ 360,062
2019	<u>262,500</u>
	<u>\$ 622,562</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2017

6. COMMITMENTS (continued)

These future expenditures relate to the following projects:

Central American Initiative	\$ 602,752
Cambodia	16,100
Brazil	<u>3,710</u>
	<u>\$ 622,562</u>

Private foundations have committed to provide \$275,000 in further funding related to the Central American Initiative.

7. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

8. DEFERRED CONTRIBUTIONS

Deferred contributions, which consist of the unexpended portion of contributions received that relates to future periods less related expenditures, are as follows:

	2017	2016
Balance, beginning of the year	\$ 82,085	\$ 45,040
Less amount recognized as revenue in the year	(328,602)	(114,059)
Plus amount received during the year	<u>376,405</u>	<u>151,104</u>
Balance, end of year	<u>\$ 129,888</u>	<u>\$ 82,085</u>

Deferred contributions relate to the following projects:

	2017	2016
Pathways to Progress	\$ 63,738	\$ 0
Central American Initiative	33,117	43,036
Scholarship Fund	29,688	27,965
KAMI	2,980	197
Pumps for Food	<u>365</u>	<u>10,887</u>
	<u>\$ 129,888</u>	<u>\$ 82,085</u>

9. PRIOR PERIOD ADJUSTMENT

During the audit, it was noted that restricted donations were not deferred in accordance with the deferral method of accounting for contributions. To comply with this method, the prior year's deferred revenue was increased by \$82,085, donations revenue was decreased by \$37,045 and opening unrestricted net assets were decreased by \$45,040.

S.H.A.R.E. AGRICULTURE FOUNDATION
SCHEDULE OF PROJECT COSTS
FOR THE YEAR ENDED OCTOBER 31, 2017

	Direct Costs	Monitoring & Overhead	Total 2017	Total 2016
GAC supported project:				
Improved Economic Livelihoods and Well Being for Rural Families in Honduras and El Salvador	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>161,653</u>
Other projects:				
Belize	11,499	808	12,307	17,101
Brazil	18,858	10,475	29,333	34,920
Bolivia	0	0	0	57,713
Cambodia	16,870	0	16,870	17,062
El Salvador	216,884	2,843	219,727	76,870
Guatemala	88,440	984	89,424	74,088
Haiti	11,271	0	11,271	23,009
Honduras	129,909	1,948	131,857	55,885
Mexico	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,500</u>
	<u>493,731</u>	<u>17,058</u>	<u>510,789</u>	<u>359,148</u>
Total project costs	<u>\$ 493,731</u>	<u>\$ 17,058</u>	<u>\$ 510,789</u>	<u>\$ 520,801</u>