

S.H.A.R.E. AGRICULTURE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018

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

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YEAR ENDED OCTOBER 31, 2018

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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, 2018 and the statements of changes in net assets, operations 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 its 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 years ended October 31, 2018 and 2017, current assets as at October 31, 2018 and 2017, and net assets as at November 1 and October 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended October 31, 2017 was modified because of the 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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Handwritten signature in black ink, appearing to read "RLB LLP".

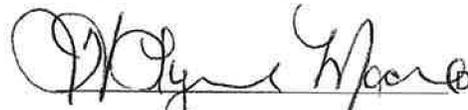
Guelph, Ontario
February 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 97,401	\$ 136,141
Accounts receivable	6,238	4,550
Prepaid expenses	<u>2,172</u>	<u>2,031</u>
	105,811	142,722
INVESTMENTS (note 4)	90,000	100,000
ENDOWMENT INVESTMENTS (note 4)	<u>272,637</u>	<u>270,375</u>
	<u>\$ 468,448</u>	<u>\$ 513,097</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ <u>5,800</u>	\$ <u>6,899</u>
DEFERRED CONTRIBUTIONS (note 7)	<u>109,683</u>	<u>129,888</u>
	<u>115,483</u>	<u>136,787</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	80,328	105,935
ENDOWMENT FUND	<u>272,637</u>	<u>270,375</u>
	<u>352,965</u>	<u>376,310</u>
	<u>\$ 468,448</u>	<u>\$ 513,097</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, 2018

	Unrestricted Fund	Endowment Fund	2018	2017
NET ASSETS, beginning of year	\$ 105,935	\$ 270,375	\$ 376,310	\$ 333,069
Net excess of revenues over expenditures for the year	(29,615)	6,270	(23,345)	43,241
Transfers	<u>4,008</u>	<u>(4,008)</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 80,328</u>	<u>\$ 272,637</u>	<u>\$ 352,965</u>	<u>\$ 376,310</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2018

	2018	2017
REVENUES		
Donations	\$ 482,856	\$ 543,540
Fundraising	53,029	59,319
Investment income	8,437	12,664
	<u>544,322</u>	<u>615,523</u>
EXPENDITURES		
Projects	511,691	510,789
Fundraising	31,040	38,307
Newsletter	9,444	8,981
Professional fees	8,421	5,700
Office	4,844	4,995
Advertising	1,084	1,314
Travel	661	1,074
Development and education	482	1,122
	<u>567,667</u>	<u>572,282</u>
EXCESS OF REVENUES OVER EXPENDITURES for the year	<u>\$ (23,345)</u>	<u>\$ 43,241</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ (23,345)	\$ 43,241
Changes in non-cash working capital		
Accounts receivable	(1,688)	46,338
Prepaid expenses	(141)	(981)
Accounts payable and accrued liabilities	(1,099)	(2,594)
Deferred contributions	<u>(20,205)</u>	<u>47,803</u>
	<u>(46,478)</u>	<u>133,807</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Investments	<u>7,738</u>	<u>(107,807)</u>
NET (DECREASE) INCREASE IN CASH	(38,740)	26,000
NET CASH, BEGINNING OF YEAR	<u>136,141</u>	<u>110,141</u>
NET CASH, END OF YEAR	<u>\$ 97,401</u>	<u>\$ 136,141</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018

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.

The foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments, endowment investments 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, 2018

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 11,500 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, 2018

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 its financial instruments.

The extent of the foundation's exposure to these risks did not change in 2018 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 \$55,508 (2017 - \$49,804) denominated in Canadian dollars.

4. INVESTMENTS

Investments consist of:

	2018	2017
<u>UNRESTRICTED</u>		
Meridian GIC bearing interest of 2.1%, due February 9, 2019	\$ 90,000	\$ 0
Meridian GIC bearing interest of 1.5%, due March 22, 2018	<u>0</u>	<u>100,000</u>
	<u>\$ 90,000</u>	<u>\$ 100,000</u>
<u>ENDOWMENT FUND</u>		
BMO GIC bearing interest of 2.25%, due August 30, 2019	\$ 54,500	\$ 0
Equitable Bank GIC bearing interest of 2.66%, due August 31, 2020	54,500	0
Meridian GIC bearing interest of 2.0% in year 1, 3.0% in year 2 and 4.0% in year 3, due August 31, 2021	54,637	0
Laurentian Bank GIC bearing interest of 2.9%, due August 30, 2022	54,500	0
Manulife Bank GIC bearing interest of 3.15%, due August 30, 2023	54,500	0
Dynamic Strategic Yield Mutual Fund	0	85,131
IA Clarington Strategic Corporate Bond Mutual Fund	0	79,552
iShares Canadian Corporate Bond Index	0	64,722
Laurentian Bank GIC bearing interest of 1.65%, due August 31, 2018	<u>0</u>	<u>40,970</u>
	<u>\$ 272,637</u>	<u>\$ 270,375</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2018	Net 2017
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:

2018-2019	\$ <u>297,938</u>
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These future expenditures relate to the following projects:

Central American Initiative	\$ 296,248
Local Stove Project	<u>1,690</u>
	<u>\$ 297,938</u>

Private foundations have committed to provide \$87,500 in further funding related to the Central American Initiative.

7. DEFERRED CONTRIBUTIONS

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

	2018	2017
Balance, beginning of the year	\$ 129,888	\$ 82,085
Less amount recognized as revenue in the year	(280,341)	(328,602)
Plus amount received during the year	<u>260,136</u>	<u>376,405</u>
Balance, end of year	<u>\$ 109,683</u>	<u>\$ 129,888</u>

Deferred contributions relate to the following projects:

	2018	2017
Central American Initiative	\$ 60,794	\$ 33,117
Scholarship Fund	27,692	29,688
Pathways to Progress	18,670	63,738
Pumps for Food	2,527	365
KAMI	<u>0</u>	<u>2,980</u>
	<u>\$ 109,683</u>	<u>\$ 129,888</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018

8. MICRO CREDIT LOANS

The foundation has outstanding micro credit loans being maintained in trust by its partners in Central and South America. Upon coming due, these funds are then redistributed on an ongoing basis to individuals in need. These are not recognized on the Statement of Financial Position as there is no expectation that the funds will be repaid to the organization. No new micro credit loans were funded in 2018 or 2017. Transactions of repayment and issuing loans were carried out by Central and South American partners.

S.H.A.R.E. AGRICULTURE FOUNDATION
SCHEDULE OF PROJECT COSTS
FOR THE YEAR ENDED OCTOBER 31, 2018

	Direct Costs	Monitoring & Overhead	Total 2018	Total 2017
Belize	\$ 10,575	\$ 378	\$ 10,953	\$ 12,307
Brazil	13,884	13,211	27,095	29,333
Bolivia	69,583	2,003	71,586	0
Cambodia	16,100	0	16,100	16,870
El Salvador	176,610	2,859	179,469	219,727
Guatemala	80,897	3,725	84,622	89,424
Haiti	13,935	0	13,935	11,271
Honduras	<u>107,931</u>	<u>0</u>	<u>107,931</u>	<u>131,857</u>
Total project costs	<u>\$ 489,515</u>	<u>\$ 22,176</u>	<u>\$ 511,691</u>	<u>\$ 510,789</u>