

S.H.A.R.E. AGRICULTURE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2021

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

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YEAR ENDED OCTOBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of: S.H.A.R.E. Agriculture Foundation

Qualified Opinion

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, 2021 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2021 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.

Basis for Qualified Opinion

In common with many not for profit organizations, the foundation derives some of its revenues from cash sources, 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, 2021 and 2020, current assets as at October 31, 2021 and 2020, and net assets as at November 1 and October 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended October 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of S.H.A.R.E. Agriculture Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This description forms part of our auditor's report. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario
February 22, 2022

Chartered Professional Accountants
Licensed Public Accountants

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 375,375	\$ 244,810
Accounts receivable	16,162	14,119
Prepaid expenses	<u>2,198</u>	<u>2,217</u>
	393,735	261,146
INVESTMENTS (note 4)	303,000	381,940
ENDOWMENT INVESTMENTS (note 4)	283,781	279,734
INTANGIBLE ASSETS	<u>25,465</u>	<u>0</u>
	<u>\$ 1,005,981</u>	<u>\$ 922,820</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 16,283	\$ 6,000
DEFERRED CONTRIBUTIONS (note 7)	<u>241,853</u>	<u>364,626</u>
	<u>258,136</u>	<u>370,626</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	464,064	272,460
ENDOWMENT FUND	<u>283,781</u>	<u>279,734</u>
	<u>747,845</u>	<u>552,194</u>
	<u>\$ 1,005,981</u>	<u>\$ 922,820</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, 2021

	Unrestricted Fund	Endowment Fund	2021	2020
NET ASSETS, beginning of year	\$ 272,460	\$ 279,734	\$ 552,194	\$ 389,265
Excess of revenues over expenditures for the year	192,049	3,602	195,651	162,929
Transfers	<u>(445)</u>	<u>445</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 464,064</u>	<u>\$ 283,781</u>	<u>\$ 747,845</u>	<u>\$ 552,194</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2021

	2021	2020
REVENUES		
Donations	\$ 842,065	\$ 772,913
Fundraising	9,563	37,624
Investment income	6,138	18,103
	<u>857,766</u>	<u>828,640</u>
EXPENDITURES		
Projects (schedule 1)	638,886	614,729
Newsletter	8,718	8,956
Professional fees	6,236	8,207
Office	4,996	4,500
Fundraising	1,810	26,856
Advertising	1,259	481
Development and education	210	1,982
	<u>662,115</u>	<u>665,711</u>
EXCESS OF REVENUES OVER EXPENDITURES for the year	<u>\$ 195,651</u>	<u>\$ 162,929</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2021

	2021	2020
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 195,651	\$ 162,929
Changes in non-cash working capital		
Accounts receivable	(2,043)	(2,700)
Prepaid expenses	19	45
Accounts payable and accrued liabilities	10,283	100
Deferred contributions	<u>(122,773)</u>	<u>(4,517)</u>
	<u>81,137</u>	<u>155,857</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Net investments redeemed (purchased)	74,893	18,083
Additions to intangible assets	<u>(25,465)</u>	<u>0</u>
	<u>49,428</u>	<u>18,083</u>
NET INCREASE IN CASH	130,565	173,940
NET CASH, BEGINNING OF YEAR	<u>244,810</u>	<u>70,870</u>
NET CASH, END OF YEAR	<u>\$ 375,375</u>	<u>\$ 244,810</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2021

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) INTANGIBLE ASSETS

Intangible assets are amortized on the basis of their useful life using the straight-line method at the following rates:

Website	- 5 years
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The website was not amortized in the current year as it was not in use until subsequent to year end.

(c) FOREIGN OPERATIONS, ASSETS AND MEASUREMENT UNCERTAINTY

The foundation has consistently followed the policy of expensing all costs for overseas operations, and property and equipment, through its overseas project expenditures, unless these amounts represent advances that are to be repaid to the organization. This policy is based on the practice that such assets, while generally redeployable under the direction of the foundation's board, are not always accessible for redeployment due to foreign property titling regulations and international fund transfer and foreign currency exchange limitations. While the foundation may specifically assign title to national overseas partners, it generally retains control of title while considering an orderly transfer of assets to stable national overseas partners. Accordingly, these assets and operations are not included in the financial statements.

(d) 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.

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

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 excess of revenues over expenditures. 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 excess of revenues over expenditures.

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.

(f) CONTRIBUTED MATERIALS AND SERVICES

During the year, volunteers contributed 12,700 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.

(g) 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.

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

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 the financial instruments. The extent of the foundation's exposure to these risks did not change in 2021 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 \$120,936 (2020 - \$43) and foreign investment balances of \$0 (2020 - \$51,940) denominated in Canadian dollars.

4. INVESTMENTS

Investments consist of:

	2021	2020
<u>UNRESTRICTED</u>		
Meridian GIC bearing interest of 1.0%, due April 7, 2022	\$ 303,000	\$ 300,000
Meridian GIC bearing interest of 1.75%, due April 6, 2021	0	30,000
RBC US GIC bearing interest of 1.75%, due January 21, 2021	<u>0</u>	<u>51,940</u>
	<u>\$ 303,000</u>	<u>\$ 381,940</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2021

4. INVESTMENTS (continued)

ENDOWMENT FUND

Queensbury Securities Inc. (at fair value)	\$ 60,000	\$ 0
Equitable Bank GIC bearing interest of 1.7%, due September 2, 2025	57,442	57,442
Meridian GIC bearing interest of 2.6%, due August 31, 2024	57,339	55,886
Manulife Bank GIC bearing interest of 3.15%, due August 30, 2023	54,500	54,500
Laurentian Bank GIC bearing interest of 2.9%, due August 30, 2022	54,500	54,500
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	<u>0</u>	<u>57,406</u>
	<u>\$ 283,781</u>	<u>\$ 279,734</u>

5. SUBSEQUENT EVENTS

On November 23, 2021, the foundation received \$100,000 to set up a Scholarship Endowment fund. Revenue from this fund can be used for scholarships. If the foundation ceases to exist, the funds will be given to Bethel House with no restrictions.

6. COMMITMENTS

The foundation has committed to future expenditures for the Families and Land project as follows:

2021-2022	\$ 530,688
2022-2023	650,000
2023-2024	650,000
2024-2025	<u>650,000</u>
	<u>\$ 2,480,688</u>

Private foundations have committed to provide \$1,075,000 in further funding related to the Families and Land Project.

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2021

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:

	2021	2020
Balance, beginning of the year	\$ 364,626	\$ 369,143
Less amount recognized as revenue in the year	(547,281)	(482,381)
Plus amount received during the year	<u>424,508</u>	<u>477,864</u>
Balance, end of year	<u>\$ 241,853</u>	<u>\$ 364,626</u>

Deferred contributions relate to the following projects:

Families and Land	\$ 218,437	\$ 316,924
Education Fund	23,416	23,050
Central American Initiative	<u>0</u>	<u>24,652</u>
	<u>\$ 241,853</u>	<u>\$ 364,626</u>

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. In 2021, the micro credit loans in Brazil were closed. 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 micro credit loans were issued in 2021 (2020 - one issued for \$6,500). No micro credit loans were repaid in 2021 or 2020.

9. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)

During and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the foundation's assets and its future ability to deliver all services.

S.H.A.R.E. AGRICULTURE FOUNDATION
SCHEDULE OF PROJECT COSTS
FOR THE YEAR ENDED OCTOBER 31, 2021

Schedule 1

	Direct Costs	Monitoring & Overhead	Total 2021	Total 2020
Belize	\$ 6,998	\$ 0	\$ 6,998	\$ 1,659
Brazil	0	0	0	450
Bolivia	69,280	0	69,280	63,592
Cambodia	16,146	0	16,146	16,703
El Salvador	206,235	60	206,295	219,000
Guatemala	102,673	0	102,673	113,109
Haiti	51,373	0	51,373	42,228
Honduras	<u>186,121</u>	<u>0</u>	<u>186,121</u>	<u>157,988</u>
Total project costs	<u>\$ 638,826</u>	<u>\$ 60</u>	<u>\$ 638,886</u>	<u>\$ 614,729</u>