



COATS O'NEILL MANNEROW LLP  
Chartered Accountants

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

FINANCIAL STATEMENTS

OCTOBER 31, 2014



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 sheet as at October 31, 2014 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 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 the 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 audit 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, 2014 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.

*Coats O'Neill Mannerow LLP*

Licensed Public Accountants

Caledon, Ontario

February 17, 2015

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

**BALANCE SHEET**

OCTOBER 31, 2014

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>			
Current:			
Cash		\$ 174,462	\$ 60,969
Prepaid expense		1,093	1,094
Interest receivable		152	972
HST recoverable		3,854	3,591
DFATD contributions receivable	4	<u>          </u>	<u>43,935</u>
		179,561	110,561
Investment in marketable securities	5	<u>257,287</u>	<u>242,116</u>
		<u>\$ 436,848</u>	<u>\$ 352,677</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable and accruals		\$ 6,565	\$ 16,370
DFATD contributions in advance	4	<u>62,418</u>	<u>          </u>
		68,983	16,370
<b>NET ASSETS</b>			
Unrestricted net assets		<u>367,865</u>	<u>336,307</u>
		<u>\$ 436,848</u>	<u>\$ 352,677</u>

Approved by:

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Director

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Director

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

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS

YEAR ENDED OCTOBER 31, 2014

	<b>2014</b>	<b>2013</b>
Revenue:		
Department of Foreign Affairs, Trade and Development:		
Contributions received during the year	\$ 359,062	\$ 209,353
Interest earned on contributions	260	258
Increase (decrease) in contributions receivable	(43,935)	37,868
Defer contributions in advance	<u>(62,418)</u>	<u>          </u>
Contributions applied to projects	252,969	247,479
Donations – general	267,337	233,803
– scholarships	17,786	14,971
– in kind (note 6)	6,985	6,623
– fund-raising (note 6)	39,667	26,655
Fund-raising activities (note 6)	55,131	49,939
Investment income (note 5)	<u>15,113</u>	<u>14,357</u>
	<u>654,988</u>	<u>593,827</u>
Expenditure:		
Project costs (schedule)	572,108	588,297
Fund-raising activities (note 6)	28,739	27,474
Newsletter	8,275	8,615
Marketing, promotion and public awareness	1,452	1,677
Administration:		
Travel	981	2,044
Office supplies, postage and insurance	5,787	5,100
Professional fees	<u>6,088</u>	<u>11,070</u>
	<u>623,430</u>	<u>644,277</u>
Revenue over (under) expenditure	31,558	(50,450)
Net assets, beginning of year	<u>336,307</u>	<u>386,757</u>
Net assets, end of year	<u>\$ 367,865</u>	<u>\$ 336,307</u>

See Accompanying Notes to Financial Statements

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

SCHEDULE OF PROJECT COSTS

YEAR ENDED OCTOBER 31, 2014

	<b>Direct costs</b>	<b>Monitoring &amp; overhead</b>	<b>Total costs 2014</b>	<b>Total costs 2013</b>
DFATD supported project				
Improved Economic Livelihoods and Well Being for Rural Families in Honduras and El Salvador	\$ <u>327,348</u>	\$ <u>9,598</u>	\$ <u>336,946</u>	\$ <u>329,627</u>
Other projects:				
Brazil	26,205	3,982	30,187	30,337
Belize:				
Scholarships	14,347	954	15,301	18,702
Other	192		192	266
El Salvador	3,162		3,162	7,680
Mexico	6,000		6,000	5,000
Guatemala	80,576	1,622	82,198	153,099
Honduras	26,451		26,451	870
Panama				5,500
Haiti	34,319		34,319	20,688
Cambodia	11,835		11,835	
Bolivia	<u>23,227</u>	<u>2,290</u>	<u>25,517</u>	<u>16,528</u>
	<u>226,314</u>	<u>8,848</u>	<u>235,162</u>	<u>258,670</u>
Total project costs	\$ <u>553,662</u>	\$ <u>18,446</u>	\$ <u>572,108</u>	\$ <u>588,297</u>

See Accompanying Notes to Financial Statements

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

**STATEMENT OF CASH FLOWS**

**YEAR ENDED OCTOBER 31, 2014**

	<b>2014</b>	<b>2013</b>
Cash flow was provided from (applied to):		
Operating activities:		
Cash received from:		
Donors	\$ 324,790	\$ 275,429
DFATD	359,062	209,353
Fundraising activities	55,131	49,939
Cash paid to suppliers	(54,090)	(39,088)
Cash paid for projects	<u>(572,422)</u>	<u>(590,376)</u>
	<u>112,471</u>	<u>(94,743)</u>
Investing activities:		
Investment in marketable securities	(9,499)	(8,369)
Investment income	<u>10,521</u>	<u>10,220</u>
	<u>1,022</u>	<u>1,851</u>
Increase (decrease) in cash	113,493	(92,892)
Cash, beginning of year	<u>60,969</u>	<u>153,861</u>
Cash, end of year	<u>\$ 174,462</u>	<u>\$ 60,969</u>

See Accompanying Notes to Financial Statements

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

## NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2014

### 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 prior 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. 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.

#### Equipment

Office equipment and software purchases, which tend to be relatively minor, are fully expensed in the year of acquisition. The cumulative investment in office equipment and software at cost is \$4,235 (2013 - \$4,235).

#### Contributed services

Volunteers contribute over 10,870 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.

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

**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.

**3. 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. If subsequent circumstances indicate that a decline in the 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, liquidity, interest rate 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.

*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.

*Liquidity risk*

Liquidity risk is the risk that the foundation will encounter difficulty in meeting its financial obligations associated with financial liabilities. 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.

**3. Financial instruments (cont'd)**

*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.

*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 specific 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.

**4. DFATD supported projects**

DFATD contributions receivable (received in advance) in relation to direct project costs incurred are as follows:

	<b>2014</b>	<b>2013</b>
Improved Economic Livelihoods and Well Being for Rural Families in Honduras and El Salvador	\$ <u>(62,418)</u>	\$ <u>43,935</u>

**5. 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.

**5. Investment in marketable securities and subsequent event (cont'd)**

Marketable securities consist of a portfolio of managed assets invested in mutual funds and a Canadian fixed income security with interest at 2.05% (2013 – 2.2%) maturing August 2016 (2013 – August 2014). Cumulative unrealized gains recorded in the accounts are \$26,173 (2013 – \$20,501). Investment income includes current year unrealized gains of \$5,672 (2013 – \$3,736).

Subsequent to year end, the value of marketable securities decreased by \$140 (2013 – increased by \$4,044).

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

	2014	2013
Fund-raising revenue (excluding donation component):		
Dinner/dance	\$ 15,558	\$ 19,428
Other	<u>39,573</u>	<u>30,511</u>
	<u>55,131</u>	<u>49,939</u>
Fund-raising expenditure:		
Dinner/dance	14,890	16,363
Other	<u>13,849</u>	<u>11,111</u>
	<u>28,739</u>	<u>27,474</u>
	<u>\$ 26,392</u>	<u>\$ 22,465</u>

Donations received in conjunction with various fundraising events held during the year amounted to \$39,667 (2013 – \$26,655).

Dinner/dance revenue includes \$3,938 (2013 – \$5,793) of proceeds from the sale of silent auction items which were donated to the foundation. Charitable donation receipts of \$6,985 (2013 – \$5,822) 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. In the prior year, \$801 of in-kind donation revenue relates to the donation of items for other fundraising events or activities.

**7. 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	\$ 147,053
Brazil	2,309
Mexico	2,515
Guatemala	<u>134,494</u>
	<u>\$ 286,371</u>

In addition to the \$62,418 of DFATD contributions received in advance at year end, DFATD has committed to provide \$47,872 in further funding related to sponsored projects.