

S.H.A.R.E. AGRICULTURE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2022

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

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YEAR ENDED OCTOBER 31, 2022

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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, 2022 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 possible 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, 2022 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, 2022 and 2021, current assets as at October 31, 2022 and 2021, and net assets as at November 1 and October 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended October 31, 2021 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 24, 2023

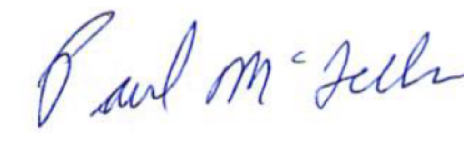
Chartered Professional Accountants
Licensed Public Accountants

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 306,872	\$ 375,375
Accounts receivable	16,301	16,162
Prepaid expenses	<u>4,492</u>	<u>2,198</u>
	327,665	393,735
INVESTMENTS (note 4)	180,000	303,000
ENDOWMENT INVESTMENTS (note 4)	389,558	283,781
INTANGIBLE ASSETS (note 5)	<u>20,372</u>	<u>25,465</u>
	<u>\$ 917,595</u>	<u>\$ 1,005,981</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,051	\$ 16,283
DEFERRED CONTRIBUTIONS (note 7)	<u>75,123</u>	<u>241,853</u>
	<u>82,174</u>	<u>258,136</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	445,863	464,064
ENDOWMENT FUND	289,558	283,781
SCHOLARSHIP ENDOWMENT FUND	<u>100,000</u>	<u>0</u>
	<u>835,421</u>	<u>747,845</u>
	<u>\$ 917,595</u>	<u>\$ 1,005,981</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, 2022

	Unrestricted Fund	Endowment Fund	Scholarship Endowment Fund	2022	2021
NET ASSETS, beginning of year	\$ 464,064	\$ 283,781	\$ 0	\$ 747,845	\$ 552,194
(Deficiency) excess of revenues over expenditures for the year	(18,344)	5,920	0	(12,424)	195,651
Transfers	143	(143)	0	0	0
Endowment contribution	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 445,863</u>	<u>\$ 289,558</u>	<u>\$ 100,000</u>	<u>\$ 835,421</u>	<u>\$ 747,845</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2022

	2022	2021
REVENUES		
Donations	\$ 803,200	\$ 842,065
Fundraising	32,870	9,563
Investment income	13,563	6,138
	<u>849,633</u>	<u>857,766</u>
EXPENDITURES		
Projects (schedule 1)	817,685	638,886
Fundraising	16,883	1,810
Professional fees	8,341	6,236
Newsletter	7,818	8,718
Amortization	5,093	0
Advertising	3,016	1,259
Office	2,801	4,996
Development and education	420	210
	<u>862,057</u>	<u>662,115</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES for the year	<u>\$ (12,424)</u>	<u>\$ 195,651</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenditures for the year	\$ (12,424)	\$ 195,651
Items not requiring an outlay of cash		
Amortization	5,093	0
Scholarship endowment fund	<u>100,000</u>	<u>0</u>
	92,669	195,651
Changes in non-cash working capital		
Accounts receivable	(139)	(2,043)
Prepaid expenses	(2,294)	19
Accounts payable and accrued liabilities	(9,232)	10,283
Deferred contributions	<u>(166,730)</u>	<u>(122,773)</u>
	<u>(85,726)</u>	<u>81,137</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Net investments redeemed	17,223	74,893
Additions to intangible assets	<u>0</u>	<u>(25,465)</u>
	<u>17,223</u>	<u>49,428</u>
NET (DECREASE) INCREASE IN CASH	(68,503)	130,565
NET CASH, BEGINNING OF YEAR	<u>375,375</u>	<u>244,810</u>
NET CASH, END OF YEAR	<u>\$ 306,872</u>	<u>\$ 375,375</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2022

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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(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, 2022

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 13,100 hours (2021 - 12,700) 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. Contributed materials include in kind stock donations of \$13,506 (2021 - \$41,441).

(g) ENDOWMENT FUNDS

Endowment fund

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

Scholarship endowment fund

The scholarship endowment fund reports funds that are to be held as permanent endowments whose annual interest funds scholarships and other education initiatives. If the foundation ceases to exist, the funds will be given to Bethel House with no restrictions.

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2022

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.

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 2022 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 \$4,782 (2021 - \$120,936).

4. INVESTMENTS

Investments consist of:

	2022	2021
<u>UNRESTRICTED</u>		
Meridian GIC bearing interest of 2.6%, due August 31, 2024	\$ 57,339	\$ 0
Queensbury Securities Inc. GIC bearing interest of 3.35%, due October 30, 2023	90,000	0
Queensbury Securities Inc. GIC bearing interest of 2.87%, due April 28, 2023	32,661	0
Meridian GIC bearing interest of 1.0%, due April 7, 2022	<u>0</u>	<u>303,000</u>
	<u>\$ 180,000</u>	<u>\$ 303,000</u>

S.H.A.R.E. AGRICULTURE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2022

4. INVESTMENTS (continued)

ENDOWMENT FUND

Queensbury Securities Inc. (at fair value)	\$	158,986	\$	60,000
Cash		289		0
Home Equity Bank GIC bearing interest of 1.7%, due September 2, 2025		57,442		57,442
HSBC Bank GIC bearing interest of 4.55%, due October 1, 2024		61,002		0
Meridian GIC bearing interest of 2.6%, due August 31, 2024		0		57,339
Manulife Bank GIC bearing interest of 3.15%, due August 30, 2023		54,500		54,500
Queensbury Securities Inc. GIC bearing interest of 2.87%, due April 28, 2023		57,339		0
Laurentian Bank GIC bearing interest of 2.9%, due August 30, 2022		<u>0</u>		<u>54,500</u>
	\$	<u>389,558</u>	\$	<u>283,781</u>

5. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
Website	\$ <u>25,465</u>	\$ <u>5,093</u>	\$ <u>20,372</u>	\$ <u>25,465</u>

6. COMMITMENTS

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

2022-2023	\$ 650,000
2023-2024	650,000
2024-2025	<u>462,168</u>
	<u>\$ 1,762,168</u>

Private foundations have committed to provide \$25,000 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, 2022

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:

	2022	2021
Balance, beginning of the year	\$ 241,853	\$ 364,626
Less amount recognized as revenue in the year	(468,147)	(547,281)
Plus amount received during the year	<u>301,417</u>	<u>424,508</u>
Balance, end of year	<u>\$ 75,123</u>	<u>\$ 241,853</u>

Deferred contributions relate to the following projects and events:

Families and Land	\$ 37,168	\$ 218,437
Education Fund	30,755	23,416
Dinner Dance	<u>7,200</u>	<u>0</u>
	<u>\$ 75,123</u>	<u>\$ 241,853</u>

8. 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, 2022

Schedule 1

	Direct Costs	Monitoring & Overhead	Total 2022	Total 2021
Belize	\$ 2,055	\$ 0	\$ 2,055	\$ 6,998
Bolivia	78,458	0	78,458	69,280
Cambodia	48,445	0	48,445	16,146
El Salvador	235,470	0	235,470	206,295
Guatemala	202,468	0	202,468	102,673
Haiti	77,601	4,389	81,990	51,373
Honduras	<u>168,799</u>	<u>0</u>	<u>168,799</u>	<u>186,121</u>
Total project costs	<u>\$ 813,296</u>	<u>\$ 4,389</u>	<u>\$ 817,685</u>	<u>\$ 638,886</u>