# FARMWORKS CO-OPERATIVE INVESTMENT LIMITED

# INTERIM FINANCIAL STATEMENTS

# FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020

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# Notice to Reader

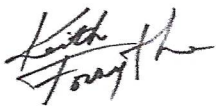
On the basis of information provided by management, I have compiled the statements of income, equity and cash flows for Farmworks Investment Co-operative Limited for the six month period ended June 30, 2020 and the statement of financial position as at the period end date.

I have not performed an audit or a review engagement in respect of these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

July 27, 2020

Small Business and NGO's



# Farmworks Investment Co-operative Limited
# Statement of Income
# For the Six Month Period Ended June 30, 2020

| | 6 months 2020 | 6 months 2019 |
|---|---|---|
| **Revenue** | | |
| Interest Income | $ 43,556 | $ 49,580 |
| Grants and Subsidies | 0 | 7,500 |
| Miscellaneous | 130 | 1,001 |
| **Total Revenue** | **43,686** | **58,080** |
| **Expenses** | | |
| Office Expense | 7,111 | 2,551 |
| Professional Fees | 5,385 | 3,280 |
| Labour Expense | 0 | 17,069 |
| Board Expense | 2,270 | 2,109 |
| Client Related Expense | 2,609 | 4,900 |
| Share Offering and Promotion | 3,146 | 3,234 |
| General Advertising Expense | 383 | 1,274 |
| Total Expenses | **20,905** | **34,418** |
| **Net Operating Income for the Period** | 22,781 | 23,663 |
| Income Tax Expense | 0 | 0 |
| **Net Income for the Period** | **$ 22,781** | **$ 23,663** |

# Farmworks Investment Co-operative Limited
# Statement of Financial Position
# As At June 30, 2020

| | June 30 2020 | June 30 2019 |
|---|---|---|
| **ASSETS** | | |
| **Non-Current** | | |
| Loans Receivable (Note 3) | $ 2,051,551 | $ 1,775,874 |
| **Current** | | |
| **Financial Instruments** | | |
| Cash and Cash Equivalents | 547,626 | 370,170 |
| Other Accounts Receivable | 527 | 1,372 |
| Prepaid Expenses | 0 | 0 |
| Loans Receivable - Current Portion (Note 3) | 582,765 | 525,787 |
| Total Current | 1,130,918 | 897,330 |
| **Total Assets** | **3,182,469** | **2,673,204** |
| **LIABILITES** | | |
| **Current** | | |
| **Financial Instruments** | | |
| Payables and Accruals | 444 | 7 |
| **Total Liabilities** | **444** | **7** |
| **NET ASSETS** | **$ 3,182,025** | **$ 2,673,197** |
| **EQUITY** | | |
| Share Capital | 3,158,100 | 2,674,900 |
| Retained Earnings (Deficit) | 23,925 | (1,703) |
| **NET EQUITY** | **$ 3,182,025** | **$ 2,673,197** |

# Farmworks Investment Co-operative Limited
# Statement of Equity
# For the Six Month Period Ended June 30, 2020

| | June 30 2020 | June 30 2019 |
|---|---|---|
| **Share Capital** | | |
| Share Capital Issued | $ 516,700 | $ 483,300 |
| Share Capital Redeemed | (33,000) | (6,000) |
| Net Increase (Decrease) for the Period | 483,700 | 477,300 |
| Share Capital, Beginning of Period | 2,674,900 | 2,197,600 |
| Net Increase (Decrease) after the Period | (500) | 0 |
| **Share Capital, End of Period** | **$ 3,158,100** | **$ 2,674,900** |
| **Retained Earnings (Deficit)** | | |
| Net Income for the Period | 22,781 | 23,663 |
| Dividends Declared | 0 | 0 |
| Net Increase (Decrease) in Retained Earnings | 22,781 | 23,663 |
| Retained Earnings (Deficit), Beginning of Period | (1,703) | (25,366) |
| Net Increase (Decrease) after the Prior Period | 2,847 | 0 |
| **Retained Earnings (Deficit), End of Period** | **$ 23,925** | **($ 1,703)** |

# Farmworks Investment Co-operative Limited
# Statement of Cash Flows
# For the Six Month Period Ended June 30, 2020

| | 6 months 2020 | 6 months 2019 |
|---|---|---|
| **Operating Activities** | | |
| Net Income for the Period | $ 22,781 | $ 23,663 |
| Income Taxes Paid | (212) | 0 |
| Adjustments for Items not Affecting Cash | | |
| Change in Allowance for Loan Impairment | 2,382 | 0 |
| Net Cash Provided by Net Income | 24,951 | 23,663 |
| Adjustments for Non-Cash Working Capital Items | | |
| Other Accounts Receivable | 0 | 2,730 |
| Prepaid Expenses | 0 | 550 |
| Payables and Accruals | (3,146) | (9,254) |
| **Net Cash Provided by Operating Activities** | **21,805** | **17,689** |
| **Financing Activities** | | |
| Share Capital Issued | 516,700 | 483,300 |
| Share Capital Redeemed | (33,000) | (6,000) |
| **Net Cash Provided by Financing Activities** | 483,700 | 477,300 |
| **Investing Activities** | | |
| Loans Receivable Issued | (176,000) | (730,000) |
| Loans Receivable Payments | 96,371 | 224,228 |
| **Net Cash Provided by Investing Activities** | (79,629) | (505,772) |
| **Increase (Decrease) in Cash Flow** | **425,875** | **(10,783)** |
| **Cash and Cash Equivalents, Beginning of Period** | 121,750 | 380,953 |
| **Cash and Cash Equivalents, End of Period** | **$ 547,625** | **$ 370,170** |
| **Components of Cash and Cash Equivalents** | | |
| Current Account | $ 251,152 | $ 88,490 |
| Savings Account | 288,813 | 281,681 |
| PAP Clearing Account | 7,660 | 0 |
| **Cash and Cash Equivalents, End of Period** | **$ 547,625** | **$ 370,170** |

# Farmworks Investment Co-operative Limited
# Notes to Financial Statements
# For the Six Month Period Ended June 30, 2020

## 1. Nature of Operations

FarmWorks Investment Co-operative Limited (the "Co-operative") was incorporated on May 17, 2011, under the laws of Nova Scotia. The co-operative is a Community Investment Fund (CEDIF) and is owned by individual investors in Nova Scotia. The co-operativeEconomic Development promotes and provides strategic and responsible community investment in food production and distribution in order to increase access to a sustainable local food supply for all Nova Scotians. The address of the organization is 70 Eden Row, Wolfville, NS, B4P 2R2. The financial are presented in the local currency (CAD).

## 2. Significant Accounting Policies

The financial statements have been prepared in accordance with Part II of the CPA Canada Handbook - Canadian accounting standards for private enterprises.

**Financial instruments**

The co-operative considers any contract that creates a financial asset, liability or equity instrument to both parties as a financial instrument, except in certain limited circumstances.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. At the balance sheet date the financial assets and liabilities are stated at their fair value unless the market interest rate is material different from the contracted rate, at which case they are measured on an amortized cost basis.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than fair value. The amounts of any write-downs or reversals are recognized in net income.

**Use of estimates**

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the Period they become known.

Significant items subject to management estimates include the allowance for loan impairment on the loans receivable. Management has reviewed the loan portfolio in detail and identified specific loans that were know to be uncollectible or for which significant doubt exists. Additionally a general provision has been recorded for other loans that may become impaired.

**Income Taxes**

The co-operative has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary differences and no recognition of the benefit of income tax losses carried forward.

**3. Loans Receivable**

Loans receivable are unsecured and generally bear interest at the rate of 6% per annum. In some circumstances when a loan has suffered an impairment loss because of the discontinuance of the client's business the interest portion of any future payment is forgiven. Loan normally have a five Period term with a few loans that have a ten Period term. Therefore the last maturity dates of the existing loans is 2030.

| | June 30 **2020** | June 30 **2019** |
|---|---|---|
| Total Loans Outstanding | $ 2,715,790 | $ 2,351,513 |
| Allowance for Impairment Losses | (81,474) | (49,851) |
| Net Fair Value of Loans Receivable | 2,634,316 | 2,301,662 |
| Less: Current Portion | (582,765) | (525,787) |
| **Non-Current Portion of Loans Receivable** | **$ 2,051,551** | **$ 1,775,874** |

# Farmworks Investment Co-operative Limited
# Notes to Financial Statements
# For the Six Month Period Ended June 30, 2020

**4. Income Taxes**

The company has taxable losses which can be applied to reduce future Periods' taxable income. These losses begin to expire in the Period 2036. The benefit of these losses have not been recognised in the financial statements.

| | June 30 **2020** | June 30 **2019** |
|---|---|---|
| **Taxable Losses** | | |
| Balance, Beginning of Period | $ 25,369 | $ 25,369 |
| Incurred in the Period | 0 | 0 |
| Utilized to Reduce Taxable Income | 0 | 0 |
| Expired in the Period | 0 | 0 |
| Balance, End of Period | $ 25,369 | $ 25,369 |

**5. Financial Instrument Risk Assessment**

**Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential of loan recipients to not making payments as specified under the terms of their lending agreement which could lead to a financial loss to the co-operative. Although the loans are unsecured, the credit risk is managed through a stringent loan application process and regular monitoring and follow up on all issued loans. The co-operative has no significant concentration risk with respect to any single party. There was no significant change in exposure from the prior Period.