

**FarmWorks Investment Co-operative Limited**  
**Financial Statements**  
**For the Year Ended December 31, 2024**  
**(Unaudited)**

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## Independent Practitioner's Review Engagement Report

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### To the shareholders of FarmWorks Investment Co-operative Limited

We have reviewed the accompanying financial statements of FarmWorks Investment Co-operative Limited that comprise the balance sheet as at December 31, 2024, the statements of operations and retained earnings 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 private enterprises, 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.

#### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of FarmWorks Investment Co-operative Limited as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

**Other Matter**

The comparative financial statements were reviewed by another practitioner who provided an unmodified conclusion on April 25, 2024.

*BDO Canada LLP*

Chartered Professional Accountants

Halifax, Nova Scotia

July 4, 2025

**FarmWorks Investment Co-operative Limited**  
**Balance Sheet**  
**(Unaudited)**

**December 31** **2024** **2023**

**Assets**

**Current**

Cash	\$ 290,245	\$ 320,806
Term deposit	50,565	50,705
Loans receivable - current portion (Note 2)	1,112,133	1,013,874

	1,452,943	1,385,385
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Loan receivable (Note 2)	3,477,978	3,486,806
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	\$ 4,930,921	\$ 4,872,191
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**Liabilities and Shareholders' Equity**

**Current**

Accounts payable and accrued liabilities	\$ 3,853	\$ 4,036
Income taxes payable (Note 3)	14,567	9,267

	18,420	13,303
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**Shareholders' Equity**

Share capital (Note 4)	5,069,600	4,797,400
Retained earnings (deficit)	(157,099)	61,488

	4,912,501	4,858,888
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	\$ 4,930,921	\$ 4,872,191
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On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**FarmWorks Investment Co-operative Limited**  
**Statement of Operations and Retained Earnings (Deficit)**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Interest income	\$ 221,410	\$ 232,858
Grants and subsidies	-	3,600
Miscellaneous	2,789	1,323
Loan losses recovered	2,664	2,674
	<u>226,863</u>	<u>240,455</u>
<b>Operating expenses</b>		
Administrative fees	6,000	6,000
Bad debt expense	280,614	49,123
Board expense	5,403	3,860
Client related expense	7,878	12,877
General advertising expense	12,648	11,542
Office expense	28,610	25,941
Professional fees	28,466	29,017
Share offering and promotion	4,488	6,791
Wage expense	53,014	64,522
	<u>427,121</u>	<u>209,673</u>
<b>Income (loss) before income taxes</b>	<b>(200,258)</b>	<b>30,782</b>
<b>Income taxes - current</b>	<b>18,329</b>	<b>9,496</b>
<b>Net income (loss)</b>	<b>(218,587)</b>	<b>21,286</b>
<b>Retained earnings, beginning of the year</b>	<b>61,488</b>	<b>40,202</b>
<b>Retained earnings (deficit), end of the year</b>	<b>\$ (157,099)</b>	<b>\$ 61,488</b>

The accompanying notes are an integral part of these financial statements.

**FarmWorks Investment Co-operative Limited**  
**Statement of Cash Flows**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ (218,587)	\$ 21,286
Adjustments for non-cash items		
Provision for doubtful accounts	261,838	19,118
Write-down of loans receivable	18,776	30,006
	<u>62,027</u>	<u>70,410</u>
Changes in non-cash working capital:		
Accounts receivable	-	275
Accounts payable and accrued liabilities	(182)	1,586
Employee deductions payable	-	883
Deposits	-	(12,000)
Income taxes payable	5,300	(3,056)
	<u>67,145</u>	<u>58,098</u>
<b>Cash flows from investing activities</b>		
Issue of loans receivable	(1,296,000)	(1,253,455)
Collection of loans receivable	925,953	920,061
Term deposit	141	(50,705)
	<u>(369,906)</u>	<u>(384,099)</u>
<b>Cash flows from financing activities</b>		
Redemption of share capital	(202,800)	(163,000)
Issuance of share capital	475,000	574,900
	<u>272,200</u>	<u>411,900</u>
<b>Net (decrease) increase in cash</b>	<b>(30,561)</b>	<b>85,899</b>
<b>Cash, beginning of the year</b>	<b>320,806</b>	<b>234,907</b>
<b>Cash, end of the year</b>	<b>\$ 290,245</b>	<b>\$ 320,806</b>

The accompanying notes are an integral part of these financial statements.

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# FarmWorks Investment Co-operative Limited

## Notes to Financial Statements

### (Unaudited)

December 31, 2024

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#### 1. Significant Accounting Policies

**Nature of Business** FarmWorks Investment Co-operative Limited (the "Co-operative") was incorporated on May 17, 2011 under the laws of Nova Scotia and commenced operations on May 17, 2011. The Co-operative is engaged in promoting and providing strategic and responsible community investment in food production, distribution and preparation in order to increase access to a sustainable local food supply for all Nova Scotians.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for private enterprises.

**Revenue Recognition** Interest revenue is recognised on a time proportional basis over the term of the outstanding loans at a fixed rate of 6%.

**Financial Instruments** Financial instruments are recorded at fair value at initial recognition.

In subsequent years, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

**Income Taxes** The Co-operative uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the year only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

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## FarmWorks Investment Co-operative Limited

### Notes to Financial Statements

#### (Unaudited)

December 31, 2024

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#### 1. Significant Accounting Policies (continued)

##### Management Estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods. Estimates include allowance for doubtful accounts related to loans receivable.

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#### 2. 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. Loans receivable are for a five year term except for loans in excess of \$100,000 which may have five to ten year terms. The last maturity dates of the existing loans in 2034

	2024	2023
Total loans outstanding	\$ 4,990,721	\$ 4,639,452
Allowance for loan impairment	(400,610)	(138,772)
	4,590,111	4,500,680
Current portion	(1,112,133)	(1,013,874)
Long-term portion of loans receivable	\$ 3,477,978	\$ 3,486,806

Loans receivable are unsecured.

Principal repayments on loans receivable over the next five years and thereafter are as follows:

2025	\$ 1,112,133
2026	1,001,625
2027	838,779
2028	681,966
2029	479,496
Thereafter	876,722
	\$ 4,990,721

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**FarmWorks Investment Co-operative Limited**  
**Notes to Financial Statements**  
**(Unaudited)**

**December 31, 2024**

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**3. Income Taxes**

The Co-operative accounts for income taxes using the taxes payable method. As a result, the Co-operative's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2024	2023
(Loss) Income before income taxes	\$ (200,258)	\$ 30,782
Combined basic federal and provincial tax rates	29.00 %	29.00 %
Expected income tax expense	\$ (58,075)	\$ 8,927
Increase (decrease) in income tax expense resulting from:		
Non-deductible expenses	471	340
Prior year income tax interest (2022-reassessments)	-	229
Reserve impact	75,933	-
Income tax expense	\$ 18,329	\$ 9,496

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**4. Share Capital**

The Co-operative is authorized to issue an unlimited number of voting common shares with a par value of \$100 each.

Issued and outstanding shares:

	2024	2023
50,696 common shares (2023 - 47,974)	\$ 5,069,600	\$ 4,797,400

During the year, 4,750 shares were issued for \$475,000 and 2,028 shares were redeemed for \$202,800.

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**FarmWorks Investment Co-operative Limited**  
**Notes to Financial Statements**  
**(Unaudited)**

**December 31, 2024**

**5. Financial Instruments**

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Co-operative is exposed to credit risk resulting from the possibility that a loan recipient does not make payments as specified under the terms of their lending agreements which could lead to a financial loss to the Co-operative. The Co-operative manages credit risk on its receivables through a rigorous loan application process, complemented by ongoing monitoring and follow-up of all issued loans. There is no significant concentration of credit risk associated with any single counterparty. Changes in exposure risk are outlined below.

Loans as a percentage of total amount of outstanding loans:

	2024		2023	
	As a % of total	\$	As a % of total	\$
Loans less than \$50,000	34	\$ 1,686,707	36	\$ 1,670,202
Loans from \$50,000 - \$100,000	29	1,428,003	22	1,020,679
Loans greater than \$100,000	37	1,876,012	42	1,948,569
<b>Total loans receivable</b>	<b>100</b>	<b>\$ 4,990,722</b>	<b>100</b>	<b>\$ 4,639,450</b>

Loans as a percentage of total number of clients:

	2024	2023
	As a % of total	As a % of total
Loans less than \$50,000	84	73
Loans from \$50,000 - \$100,000	10	14
Loans greater than \$100,000	6	13
<b>Total loans receivable</b>	<b>100</b>	<b>100</b>

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**FarmWorks Investment Co-operative Limited**  
**Notes to Financial Statements**  
**(Unaudited)**

**December 31, 2024**

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**6. Subsequent Events**

**Share offering**

Subsequent to year end, the Co-operative concluded its thirteenth offering in March 2025, resulting in the issue of 3,000 common shares and the redemption of 1,479 common shares for a net increase of \$152,100 in share capital.

**Tariffs**

In February 2025, the United States announced tariffs on certain goods imported from Canada and other countries. In response, Canada introduced counter-tariffs on certain U.S. goods entering Canada. After a delay, these tariffs became effective in early March 2025, followed by other delays, amendments, and proposed charges.

These tariffs could indirectly affect the fair value of the company's loans receivable by influencing broader economic conditions. Fluctuations in commodity prices and operating costs across Nova Scotia may impact the financial stability of borrowers, which in turn could affect the Co-operative's interest income. At this time, management cannot reasonably estimate the potential impact of these tariffs.

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**7. Comparative Figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

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