

FarmWorks Investment Co-operative Limited

Interim Financial Statements

(Unaudited - See Report on Management Prepared Financial Statements)

**For the Six Month Period Ended
June 30, 2025**

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Report on the Management Prepared

On the basis of information provided by the books and records of the cooperative, the management of FarmWorks Investment Cooperative has prepared the statements of income, equity and cash flows for FarmWorks Investment Co-operative Limited for the fiscal period ended June 30, 2025 and the statement of financial position as at that date.

Neither an audit nor a review engagement has been performed in respect of these financial statements.

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

Signed on Behalf of Management:

Signature

Position:

Date:



Executive Director

August 27, 2025

FarmWorks Investment Co-operative Limited
Statement of Operations
For the Six Month Period Ended June 30, 2025

	6 months <u>2025</u>	6 months <u>2024</u>
Revenue		
Interest Income	\$ 114,410	\$ 106,920
Loan Loss Recoveries	2,526	1,430
Grants and Subsidies	11,250	0
Miscellaneous	1,142	1,487
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Total Revenue	129,327	109,837
Expenses		
Wages	22,132	32,254
Subcontracting Fees	7,547	7,794
Office Expense	14,323	15,435
Professional Fees	8,497	7,035
Board Expense	2,010	4,412
Client Related Expense	3,604	30,694
Share Offering and Promotion	7,076	4,030
Website and Advertising Expense	1,864	7,252
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Total Expenses	67,052	108,906
Net Operating Income before Taxes	62,275	930
Income Tax Expense	0	(458)
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Net Income for the Period	\$ 62,275	\$ 472

Officer or Director:

Position:

Date:

Lindsay Bert

Director

August 27, 2025

Lindsay Reid

Director

Aug 27/25

FarmWorks Investment Co-operative Limited
Statement of Financial Position
As At June 30, 2025

	Jun-30 <u>2025</u>	Dec-31 <u>2024</u>
ASSETS		
Financial Instruments		
Current		
Cash and Cash Equivalents	652,016	340,810
Loans Receivable - Current Portion (Note 3)	<u>1,084,792</u>	<u>1,112,133</u>
Total Current	<u>1,736,808</u>	<u>1,452,943</u>
Non-Current		
Loans Receivable (Note 3)	<u>3,408,621</u>	<u>3,477,978</u>
TOTAL ASSETS	<u>\$ 5,145,428</u>	<u>\$ 4,930,921</u>
LIABILITIES		
Financial Instruments		
Current		
Payables and Accruals	18,562	3,853
Income Taxes Payable	<u>0</u>	<u>14,567</u>
Total Liabilities	<u>18,562</u>	<u>18,420</u>
EQUITY		
Share Capital	5,221,690	5,069,600
Retained Earnings	<u>(94,824)</u>	<u>(157,099)</u>
Total Liabilities	<u>5,126,866</u>	<u>4,912,501</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 5,145,428</u>	<u>\$ 4,930,921</u>

FarmWorks Investment Co-operative Limited
Statement of Retained Earnings (Deficit)
For the Six Month Period Ended June 30, 2025

	June 30 <u>2025</u>	June 30 <u>2024</u>
Share Capital		
Share Capital Issued	\$ 300,000	\$ 475,000
Share Capital Redeemed	<u>(147,910)</u>	<u>(143,800)</u>
Net Increase (Decrease) for the Period	152,090	331,200
Share Capital, Beginning of Year	<u>5,069,600</u>	<u>4,797,400</u>
Share Capital, End of Period	<u><u>\$ 5,221,690</u></u>	<u><u>\$ 5,128,600</u></u>
Net Increase (Decrease) after the Interim Period		<u>(59,000)</u>
Share Capital, End of Year		<u><u>\$ 5,069,600</u></u>
Retained Earnings		
Net Income for the Period	\$ 62,275	\$ 472
Dividends Declared	<u>0</u>	<u>0</u>
Net Increase in Retained Earnings	62,275	472
Retained Earnings (Deficit), Beginning of Year	<u>(157,099)</u>	<u>61,488</u>
Retained Earnings (Deficit), End of Period	<u><u>\$ (94,824)</u></u>	<u><u>\$ 61,960</u></u>
Net Increase (Decrease) after the Interim Period		<u>(219,059)</u>
Retained Earnings (Deficit), End of Year		<u><u>\$ (157,099)</u></u>

FarmWorks Investment Co-operative Limited
Statement of Cash Flows
For the Six Month Period Ended June 30, 2024

	6 months <u>2025</u>	6 months <u>2024</u>
Operating Activities		
Net Operating Income before Taxes	\$ 62,275	\$ 930
Income Taxes (Paid) Refunded	(14,567)	9,267
Adjustments for Items not Affecting Cash		
Change in Allowance for Loan Impairment	763	9,765
Loan Write-Offs		18,775
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Net Cash Provided by Operating Income	48,471	38,737
Adjustments for Non-Cash Working Capital Items		
Other Accounts Receivable	0	0
Change in Payables and Accruals	14,710	2,313
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Net Cash Provided by Operating Activities	63,181	41,049
Financing Activities		
Share Capital Issued and Paid Up	300,000	475,000
Share Capital Redeemed	(147,910)	(143,800)
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Net Cash Provided by Financing Activities	152,090	331,200
Investing Activities		
Loans Receivable Issued	(363,000)	(795,000)
Loans Receivable Repaid	458,937	483,219
Loans Receivable Written Off	0	(18,775)
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Net Cash Provided by Investing Activities	95,937	(330,555)
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Increase (Decrease) in Cash Flow	311,206	41,694
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Cash and Cash Equivalents, Beginning of Period	340,810	370,124
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Cash and Cash Equivalents, End of Period	\$ 652,016	\$ 411,818
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Components of Cash and Cash Equivalents		
Current Account	\$ 548,467	\$ 309,594
Savings Account	51,992	51,659
Term Deposits	51,556	50,565
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Cash and Cash Equivalents, End of Period	\$ 652,016	\$ 411,818
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FarmWorks Investment Co-operative Limited

Notes to Financial Statements

For the Six Month Period Ended June 30, 2024

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-operative Economic 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, in 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 year 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.

FarmWorks Investment Co-operative Limited
Notes to Financial Statements
For the Six Month Period Ended June 30, 2024

2. Significant Accounting Policies (Cont'd)

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 year term with a few loans that have a ten year term. Therefore the last maturity date of the existing loans is 2032.

	June 30 <u>2025</u>	Dec 31 <u>2024</u>
Total Loans Outstanding	\$ 4,894,785	\$ 4,990,721
Allowance for Impairment Losses	<u>(401,372)</u>	<u>(400,610)</u>
Net Fair Value of Loans Receivable	4,493,413	4,590,111
Less: Current Portion	<u>(1,084,792)</u>	<u>(1,112,133)</u>
Non-Current Portion of Loans Receivable	<u>\$ 3,408,621</u>	<u>\$ 3,477,978</u>

4. Related Party Transactions

The corporation reimburses a director \$800 per month for use of a home office and for time spent managing the day to day affairs of the company.

5. Financial Instrument Risk Assessment

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential of loan recipients not making payments as specified under the terms of their lending agreement. This 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 the exposure risk compared to the prior period.

FarmWorks Investment Co-operative Limited
Notes to Financial Statements
For the Six Month Period Ended June 30, 2024

5. Financial Instrument Risk Assessment (Cont'd)

	June 30 <u>2025</u>	June 30 <u>2025</u>
Loans as a Percentage of the Number of Clients		
Loans less than \$ 50,000	68.0%	68.8%
Loans from \$ 50,000 - \$ 100,000	19.4%	20.2%
Loans greater than \$ 100,000	12.6%	11.0%
Total Loans Receivable	<u>100.0%</u>	<u>100.0%</u>
Loans as a Percentage of Total Amount Outstanding Loans		
Loans less than \$ 50,000	31.6%	34.0%
Loans from \$ 50,000 - \$ 100,000	27.6%	29.1%
Loans greater than \$ 100,000	40.8%	36.9%
Total Loans Receivable	<u>100.0%</u>	<u>100.0%</u>