

Treasurers notes on Financial Statements:

In 2016 no loans were written off. There were several clients whose payments were intermittent but everyone is making payments at a rate that protects both their businesses and FarmWorks' investment in their business.

Please note that, starting this year, the Accountant has included a provision for bad debt – see Note 2. This is not a loss until a loss is actually incurred but reflects Generally Accepted Accounting Practice. Companies estimate the amount of uncollectible balances based on historic data (based on a loss in 2015) and that is added to the expenses to reflect the accounts receivable that might not be collected.

We will always strive to keep our losses below 33% of income. At the end of 2016 total loss for all years was \$38,129 which was 27% of all year's total income of \$140,2013.

Expenses for five years were \$128,744 which was 92% of total income. This is not surprising considering that we had only \$4,100 income in 2012. As investments in FarmWorks grow and the portfolio of loans increases expenses relative to income will decrease to 33%.

Income in 2016 was \$52,884 and expenses were \$45,820 with an operational profit of \$7,064. This was smaller than anticipated for reasons over which FarmWorks had little control. It is frequently difficult for food-related businesses to access capital. There are limitations to the amount that FarmWorks lends to qualifying applicants since, as required by the CEDIF program, our loans are unsecured. However, there is increasing interest from other lenders and the number of applicants has increased significantly.

The challenge is to increase the amount of capital that is generating interest. More investments and more loans will contribute to FarmWorks impact on the economy and health and the sustainability of this Province.

| Income | 2012 actual | 2013 actual | 2014 actual | 2015 actual | 2016 actual |
|-------------------------------------|------------------|------------------|------------------|--------------------|--------------------|
| Share Purchases | \$224,200 | \$225,300 | \$271,500 | \$312,400 | \$372,200 |
| Total Investment | \$224,200 | \$449,500 | \$721,000 | \$1,033,400 | \$1,400,600 |
| Less Redemptions | | | | (\$5,000) | |
| Annual Expenses | | | | | |
| Offering Expenses | \$5,000 | \$3,583 | \$5,858 | \$6,133 | \$8,546 |
| Bank and other fees | \$150 | \$168 | \$251 | \$689 | \$283 |
| Professional fees | \$2,300 | \$2,713 | \$5,658 | \$4,548 | \$14,433 |
| Insurance | \$650 | \$1,551 | \$1,551 | \$1,551 | \$1,356 |
| Publicity | \$2,900 | \$2,559 | \$2,694 | \$2,385 | \$3,692 |
| Miscellaneous | - | \$200 | \$1,105 | \$1,075 | \$318 |
| Travel costs | - | \$3,400 | \$5,960 | \$8,273 | \$4,557 |
| Sub-contracts | - | - | \$4,454 | \$5,600 | \$12,600 |
| Less Interest | (\$1,100) | (\$11,316) | (\$31,444) | (\$40,459) | (\$52,884) |
| Income after Expenses (loss) | (\$9,900) | (\$2,858) | (\$946) | \$10,205 | \$7,064 |
| Expenses as % of income | 90% | 80% | 97% | 75% | 87% |
| Loan Loss | | | | (\$38,129) | |