

**FARMWORKS CO-OPERATIVE
INVESTMENT LIMITED**

**INTERIM FINANCIAL STATEMENTS
(Unaudited - See Notice to Reader)**

**FOR THE TEN MONTH PERIOD
ENDED OCTOBER 31, 2023**

Table of Contents

Notice to Reader	1
Statement of Income	2
Statement of Financial Position	3
Statement of Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6

Notice to Reader

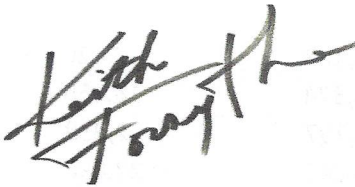
On the basis of information provided by management, I have compiled the statements of income, equity and cash flows for Farmworks Investment Co-operative Limited for the ten month period ended October 31, 2023 and the statement of financial position as at the period end date.

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.

November 28, 2023

Small Business and NGO's



Farmworks Investment Co-operative Limited
Statement of Income
(Unaudited - See Notice to Reader)
For the Ten Month Period Ended October 31, 2023

	10 months <u>2023</u>	10 months <u>2022</u>
Revenue		
Interest Income	\$ 194,277	\$ 173,740
Loan Loss Recoveries	2,674	690
Grants and Subsidies	3,600	0
Miscellaneous	845	476
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Total Revenue	201,396	174,906
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Expenses		
Office Expense	21,162	7,120
Wages and Subcontracting Fees	68,374	18,159
Board Expense	3,797	2,932
Client Related Expense	15,243	27,898
Share Offering and Promotion	6,885	1,006
Website and Advertising Expense	10,433	12,593
Professional Fees	17,820	5,802
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Total Expenses	143,713	75,511
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Net Operating Income before Taxes	57,682	99,396
Income Tax Expense	(16,983)	(21,761)
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Net Income for the Period	\$ 40,700	\$ 77,635
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Farmworks Investment Co-operative Limited
Statement of Financial Position
(Unaudited - See Notice to Reader)
As At October 31, 2023 and Dec. 31, 2022

	<u>Oct-31</u> <u>2023</u>	<u>Dec-31</u> <u>2022</u>
ASSETS		
Financial Instruments		
Current		
Cash and Cash Equivalents	\$ 360,148	\$ 234,907
Other Accounts Receivable	0	275
Loans Receivable - Current Portion (Note 3)	986,418	908,042
Total Current	<u>1,346,566</u>	<u>1,143,224</u>
Non-Current		
Loans Receivable (Note 3)	3,556,135	3,308,366
TOTAL ASSETS	<u><u>\$ 4,902,700</u></u>	<u><u>\$ 4,451,590</u></u>
LIABILITIES		
Financial Instruments		
Current		
Payables and Accruals	4,510	2,430
Deposits Received	0	12,000
Income Taxes Payable	16,754	12,323
Total Liabilities	<u>21,264</u>	<u>26,753</u>
EQUITY		
Share Capital	4,801,400	4,385,500
Retained Earnings	80,036	39,337
Total Equity	<u>4,881,436</u>	<u>4,424,837</u>
TOTAL LIABILITIES AND ASSETS	<u><u>\$ 4,902,700</u></u>	<u><u>\$ 4,451,590</u></u>

Approved by the Board:

Board Member:

Date:

Luísa M. Best

December 20, 2023

Acourtinho

December 20, 2023

Farmworks Investment Co-operative Limited
Statement of Equity
(Unaudited - See Notice to Reader)
For the Ten Month Period Ended October 31, 2023

	Oct-31 <u>2023</u>	Oct-31 <u>2022</u>
Share Capital		
5,749 Shares Issued (2022 - 6,518)	\$ 574,900	\$ 615,800
1588 Shares Redeemed (2022 - 805)	<u>(159,000)</u>	<u>(80,500)</u>
Net Increase (Decrease) for the Period	415,900	535,300
38,502 Shares, Beginning of Year (2021 - 31,666)	<u>4,385,500</u>	<u>3,850,200</u>
48,015 Shares, End of Period (2022 - 43,855)	<u>\$ 4,801,400</u>	<u>\$ 4,385,500</u>
Net Increase (Decrease) after the Interim Period		<u>0</u>
Share Capital, End of Year		<u>\$ 4,385,500</u>
Retained Earnings		
Net Income for the Period	\$ 40,700	\$ 77,635
Dividends Declared	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Retained Earnings	40,700	77,635
Retained Earnings (Deficit), Beginning of Year	<u>39,337</u>	<u>5,745</u>
Retained Earnings, End of Period	<u>\$ 80,036</u>	<u>\$ 83,380</u>
Net Increase (Decrease) after the Interim Period		<u>(44,043)</u>
Retained Earnings, End of Year		<u>\$ 39,337</u>

Farmworks Investment Co-operative Limited
Statement of Cash Flows
(Unaudited - See Notice to Reader)
For the Ten Month Period Ended October 31, 2023

	10 months <u>2023</u>	10 months <u>2022</u>
Operating Activities		
Net Operating Income before Taxes	\$ 57,682	\$ 99,396
Income Taxes (Paid) Refunded	(12,551)	3,888
Adjustments for Items not Affecting Cash		
Change in Allowance for Loan Impairment	4,323	22,207
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Net Cash Provided by Operating Income	49,455	125,491
Adjustments for Non-Cash Working Capital Items		
Change in Other Accounts Receivable	275	0
Change in Deposits Received	(12,000)	12,000
Change in Payables and Accruals	2,080	3,081
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Net Cash Provided by Operating Activities	39,810	140,572
Financing Activities		
Share Capital Issued and Paid Up	574,900	615,800
Share Capital Redeemed	(159,000)	(80,500)
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Net Cash Provided by Financing Activities	415,900	535,300
Investing Activities		
Loans Receivable Issued	(1,109,950)	(1,541,000)
Loans Receivable Repaid	779,481	653,473
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Net Cash Provided by Investing Activities	(330,469)	(887,527)
Increase (Decrease) in Cash Flow	125,241	(211,655)
Cash and Cash Equivalents, Beginning of Period	234,907	445,625
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Cash and Cash Equivalents, End of Period	\$ 360,148	\$ 233,970
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Components of Cash and Cash Equivalents		
Current Account	\$ 258,441	\$ 121,133
Savings Accounts	101,707	112,837
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Cash and Cash Equivalents, End of Period	\$ 360,148	\$ 233,970
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Farmworks Investment Co-operative Limited

Notes to Financial Statements

(Unaudited - See Notice to Reader)

For the Ten Month Period Ended October 31, 2023

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 statements 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 known 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
(Unaudited - See Notice to Reader)
For the Ten Month Period Ended October 31, 2023

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. Loans 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 2033.

	Oct-31 <u>2023</u>	Dec-31 <u>2022</u>
Total Loans Outstanding	\$ 4,666,531	\$ 4,336,063
Allowance for Impairment Losses	<u>(123,978)</u>	<u>(119,655)</u>
Net Fair Value of Loans Receivable	4,542,553	4,216,408
Less: Current Portion	<u>(986,418)</u>	<u>(908,042)</u>
Non-Current Portion of Loans Receivable	<u>\$ 3,556,135</u>	<u>\$ 3,308,366</u>

4. Income Taxes

The corporation has a combined federal and provincial statutory income tax rate of 29%. Minor adjustments made to net income to arrive at taxable income have not caused the effective income tax rate to be materially different from the statutory rate.

5. 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.

Farmworks Investment Co-operative Limited
Notes to Financial Statements
(Unaudited - See Notice to Reader)
For the Ten Month Period Ended October 31, 2023

6. 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 exposure from the prior period.