

**FarmWorks Investment Co-operative Limited**

**Unaudited Financial Statements and  
Notice to Reader**

**November 30, 2017**

**Prepared by:  
Athena Koros, CPA, CMA  
Wolfville, Nova Scotia**

**Notice to Reader**

Based on information provided by management, I have compiled the balance sheet of FarmWorks Investment Co-operative as at November 30, 2017, the statement of income(loss), the statement of deficit and the statement of cash flows for the period ended November 30, 2017.

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.

**Athena Koros, CPA, CMA**  
4 Prince Street  
Wolfville, NS B4P 1P6  
(902) 670-0584

December 13, 2017

# FarmWorks Investment Co-operative Limited

## Balance Sheet

November 30, 2017 (Unaudited-See Notice to Reader)

November 30, 2017

2016

### Assets

#### Current

Bank	143,310	92,801
Savings	282,586	221,728
Receivables	2,045	3,210
Prepays	714	296
Current portion of loans receivable, at amortized cost (Note 3)	349,270	252,744
	<b>777,924</b>	570,779
Loans receivable (Note 3)	1,003,429	800,342
Allowance for loan impairment (Note 3)	-36,000	-36,000
	<b>1,745,353</b>	1,335,121

### Liabilities

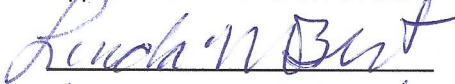
#### Current


Payables and accruals	2,681	1,900
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### Equity

Share capital (Note 4)	1,769,600	1,400,700
Deficit	-26,929	-67,479
	<b>1,742,671</b>	1,333,221
	<b>1,745,353</b>	1,335,121

Approved on Behalf of the Board:

  
Linda M Best, Director

  
ANN L ANDERSON, Director

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

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# FarmWorks Investment Co-operative Limited

## Statements of Loss and Deficit

For the Eleven Months Ended November 30, 2017

(Unaudited – See Notice to Reader)

November 30, 2017

2016

### Revenue

Interest income	\$64,852	51,709
Miscellaneous revenue	555	1,175
	<hr/>	<hr/>
	65,407	52,884

### Expenses

Advertising and promotion	4,985	3,692
Insurance	1,306	1,356
Interest and bank charges	643	283
Memberships and licenses	538	453
Offering expenses	3,663	8,546
Professional fees	10,132	14,433
Provision for bad debts		35,900
Sub-contracts		12,600
Travel	3,590	4,557
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	24,856	81,820

### Net Income (Loss)

40,550 -28,936

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Deficit, beginning of year	-67,479	-38,543
Net income (loss)	40,550	-28,936
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Deficit, end of year	-26,929	-67,479

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

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# FarmWorks Investment Co-operative Limited

## Statement of Cash Flows

For the Eleven Months Ended November 30, 2017  
(Unaudited – See Notice to Reader)

November 30, 2017

2016

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Increase (decrease) in cash and cash equivalents

### Operating

Net income	40,550	-28,936
Provision for doubtful accounts		36,000
Change in non-cash operating working capital		
Receivables	1,165	-575
Prepays	-418	-296
Payables and accruals	782	-2,183
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	42,079	4,010

### Investing

Issue of loans receivable	-560,055	-377,009
Collection of loans receivable	260,442	198,279
	<hr/>	<hr/>
	-299,614	-178,730

### Financing

Proceeds from issue of common stock	378,900	372,300
Repurchase common shares	-10,000	
	<hr/>	<hr/>
	368,900	372,300

Net increase (decrease) in cash and cash equivalents	111,367	197,580
Cash and cash equivalents, beginning of year	314,529	116,949
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Cash and cash equivalents, end of period	\$425,896	\$314,529

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

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# FarmWorks Investment Co-operative Limited

## Notes to the Financial Statements

November 30, 2017 (Unaudited-See Notice to Reader)

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### 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 provides subordinated debt funding to farms and food-related businesses to help increase the supply of local food, and the level of agricultural and related economic activity.

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### 2. Significant Accounting Policies

#### Basis of accounting

The financial statements have been prepared in accordance with Accounting Standards for Private Enterprises.

#### Revenue recognition

Interest income is recognized over the term of the loans receivable.

#### Cash and cash equivalents

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

#### Impairment of long lived assets

In the event that facts and circumstances indicate that the carrying amount of an asset may not be recoverable and an estimate of future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss will be recognized. Management's estimates of revenues, operating expenses, and operating capital are subject to certain risks and uncertainties which may affect the recoverability of the co-operative's investments. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur which could adversely affect management's estimate of the net cash flow expected to be generated from its operations.

#### Financial instruments

#### Transaction costs expensed

The co-operative recognizes all transaction costs related to financial assets and liabilities as a reduction to net income in the period in which the costs were incurred.

#### Fair values not materially different from book values

The co-operative has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

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# FarmWorks Investment Co-operative Limited

## Notes to the Financial Statements

November 30, 2017 (Unaudited-See Notice to Reader)

### Significant Accounting Policies continued

#### Use of estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Private Enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the recognized amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the impairment of financial assets.

#### Financial instruments - Transaction costs expensed

The Co-operative recognized all transaction costs related to financial assets and liabilities as a reduction to net income in the period in which the costs were incurred.

### 3. Loans Receivable

	2017	2016
Loans receivable bearing interest at 6%, maturing from 2017 to 2027, at amortized cost.	1,352,699	1,053,085
Allowance for loan impairment	-36,000	-36,000
Total debt	1,316,699	1,017,085
Current portion of loans receivable, at amortized cost	349,270	252,744
	<b>967,429</b>	764,341

Principal amounts receivable over the next ten years are as follows:

November 2018	349,270
November 2019	302,125
November 2020	277,485
November 2021	216,842
November 2022	140,761
November 2023	33,647
November 2024	21,369
November 2025	5,799
November 2026	1,517
November 2027	3,883

### 4. Capital Stock

#### Authorized

The co-operative is authorized to issue common shares with a par value of \$100 each.

Issued	Nov 30, 2017	2016	2015	2014
Common Shares	\$1,769,600	\$1,400,700	\$1,028,400	\$721,000

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# FarmWorks Investment Co-operative Limited

## Notes to the Financial Statements

November 30, 2017 (Unaudited-See Notice to Reader)

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### Capital stock continued

#### Issuance of stock

On February 8, 2017, the Co-operative issued 3,537 common shares for cash consideration of \$353,700. In February 2017, mature shares in the amount of \$10,000 were refunded. An additional 252 shares have been issued since February 8, 2017 for \$25,200 cash consideration.

## 5. Financial instruments

### Risks and concentrations

The co-operative is exposed to various risks through its financial instruments.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The co-operative is exposed to this risk mainly in respect of its payables and accruals.

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Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The co-operative is exposed to this risk mainly in respect of its payables and accruals.

#### Concentration of 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. Financial instruments which potentially subject the co-operative to concentrations of credit risk consist of loans receivable. The co-operative has loans receivable from clients engaged in farming and food-related industries in Nova Scotia. These industries may be affected by economic factors which may impact loans receivable.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There were no foreign denominated transactions during the year.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The co-operative is exposed to interest rate risk on its financial instruments. Fixed-interest instruments subject the co-operative to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the co-operative to related cash flow risk. There are currently no floating rate instruments.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

# Kelly Coombs CPA Inc.

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December 19, 2017

FarmWorks Investment Co-operative Limited  
70 Eden Row  
RR2  
Wolfville NS B4P 2R2

Invoice No: 2017987

Client No: 6080

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Provision of Consent Letter to include with the Offering Document dated December 12, 2017 relating to the issue and sale of common shares of the Co-operative.

Our Fee	\$	200.00
Harmonized SalesTax @ 15%		<u>30.00</u>
Total	\$	<u>230.00</u>

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*HST Reg # 82491 6290 RT0001  
Invoices due upon receipt  
Interest charged at 2% per month*