FarmWorks Investment Co-operative Limited

Interim Financial Statements

January 1st – June 30th, 2014

FarmWorks Investment Co-operative Limited (note 1)
Interim Balance Sheet
January 1st – June 30th, 2014

	June 30th, 2014	Dec 31th, 2013
ASSETS		
Current		
Bank	$ 193,389	$21,356
VCU in Trust		
Receivable (note 2)	$778	$657
Current portion of loans receivable at amortized cost (note 3)	$104,542	$78,663
	$298,709	$100,676
Loans receivable (note 3)	$408,539	$343,201
	$707,247	$443,877
LIABILITIES		
Current		
Payables and accruals	$569	$4,142
Equity		
Share capital (note 4)	$721,000	$449,500
Deficit	($14,322)	($9,765)
	$707,247	$443,877

The accompanying notes are an integral part of these financial statements

FarmWorks Investment Co-operative Limited
Interim Statement of Loss and Deficit
January 1st – June 30th, 2014

	June 30th, 2014	Dec 31st, 2013
Revenue		
Interest income	$11,162	$11,316
Other revenue		
	$11,162	$11,316
Expenses		
Advertising and promotion	$1,504	$2,559
Dues and fees	$407	$200
Insurance	$1,551	$1,551
Bank charges	$219	$168
Offering expenses	$5,489	$3,583
Professional fees	$3,084	$2,713
Travel		$3,400
Miscellaneous		
Wages	$3,502	
	$15,719	$14,174
Net loss	($4,557)	($2,858)
Deficit, beginning of period	($9,765)	($6,907)
Net Loss	($4,557)	($2,858)
Deficit, end of period	($14,322)	($9,765)

The accompanying notes are an integral part of these financial statements

FarmWorks Investment Co-operative Limited

Interim Statement of Cash Flow

January 1st – June 30th, 2014

	June 30th, 2014	Dec 31st, 2013
Increase (decrease) in cash and cash equivalents		
Operating		
Net Loss	($4,557)	($2,858)
Change in non-cash operating capital		
Receivables	($121)	$460
Payables and accruals	($3,573)	$1,899
	($8,431)	($499)
Investing		
Issue of loans receivable	($144,500)	($288,000)
Collection of loans receivable	$53,284	$44,482
Decrease in organizational costs		
	($91,216)	($243,518)
Financing		
Proceeds from issue of common stock	$271,500	$225,300
Net increase in cash and cash equivalents	$172,033	($18,717)
Cash and cash equivalents beginning of year	$21,356	$40,073
Cash and cash equivalents end of period	$193,389	$21,356

The accompanying notes are an integral part of these financial statements

Date: August 5th, 2014

On Behalf of the Board

Nicola M Best Director

Alan G Anderson Director

FarmWorks Investment Co-operative Limited

Notes to the Financial Statements

Interim for the period January 1st to June 30th, 2014 (Unaudited)

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.

2. Significant Accounting Policies

Basis of accounting
The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

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.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

3. Loans receivable

	2014	2013
Loans Receivable bearing interest at 6%, maturing in 2018 and 2019, at amortized cost	**$512,200**	**$421,864**
Current portion of loans, at amortized cost	**$104,542**	**$78,663**
Total	**$407,658**	**$343,201**

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

2014	**$55,426**
2015	**$108,002**
2016	**$114,663**
2017	**$118,958**
2018	**$97,468**
2019	**$19,541**

4. Capital Stock

Authorized
The Company is authorized to issue common shares with a par value of $100 each.

Issued	2014	2013	2012
Common shares	$271,500	$449,500	$224,200

During the year 2012, the co-operative issued 2,242 common shares for a cash consideration of $224,200.

During the year 2013, the co-operative issued 2,253 common shares for a cash consideration of $225,300.

During the year 2014, the co-operative issued 2,715 common shares for a cash consideration of $271,500.

5. Financial instruments

Risks and concentrations
The company is exposed to various risks through its financial instruments. The following analysis provides a measure of the co-operative's risk exposure as at June 30, 2014.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company 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 cooperative 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.