THRIVE FOR GOOD

Financial Statements

Year Ended December 31, 2021

THRIVE FOR GOOD

Index to Financial Statements

Year Ended December 31, 2021

VINE GROUP

VINE AND PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Thrive for Good

Qualified Opinion

We have audited the financial statements of Thrive for Good (the Organization), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

We were unable to satisfy opening balances by performing other auditing procedures as at December 31, 2020. Since opening net assets impacts net income and cash flows from previous fiscal years, we were unable to determine whether any adjustments might have been necessary in respect of the profit for the year reported in the statement of operations, statement of net assets and financial position and the net cash flows from operating activities reported in the statement of cash flows.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2020 were prepared by another practitioner and are unaudited.

Emphasis of Matter - Comparative Information

We draw attention to Note 1 to the financial statements which describes that Thrive for Good adopted ASNPO on January 1, 2021 with a transition date of January 1, 2020. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2020 and January 1, 2020, and the statements of changes in net assets, operations and cash flows for the year ended December 31, 2020 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

(continues)

1Hunter Street East, Suite 100, Hamilton, Ontario L8N 3W1 • Tel: 905 549 8463 • Fax: 905 549 6020 • www.vine.ca
Offices in Kitchener & Burlington

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vine and Partners LLP

Hamilton, Ontario
June 28, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THRIVE FOR GOOD
Statement of Financial Position
December 31, 2021

	December 31 2021	December 31 2020 (Unaudited)	January 1 2020 (Unaudited)
ASSETS			
CURRENT			
Cash	**$ 394,820**	$ 232,654	$ 121,938
Accounts receivable	**292**	130	-
Sales tax recoverable	**11,775**	3,585	3,974
	406,887	236,369	125,912
CAPITAL ASSETS *(Note 5)*	**3,170**	4,198	6,456
	$ 410,057	$ 240,567	$ 132,368
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities *(Note 6)*	**$ 23,894**	$ 5,798	$ 16,427
Deferred revenue	**103,130**	-	-
	127,024	5,798	16,427
GOVERNMENT LOAN *(Note 7)*	**40,000**	40,000	-
	167,024	45,798	16,427
NET ASSETS	**243,033**	194,769	115,941
	$ 410,057	$ 240,567	$ 132,368

ON BEHALF OF THE BOARD

________________________________ *Director*

________________________________ *Director*

See notes to financial statements

THRIVE FOR GOOD

Statement of Changes in Net Assets

Year Ended December 31, 2021

	2021	2020 *(Unaudited)*
NET ASSETS - BEGINNING OF YEAR		
As previously reported	**$ 257,961**	$ 179,133
Prior period adjustments *(Note 1)*	**(63,192)**	(63,192)
As restated	**194,769**	115,941
EXCESS OF REVENUES OVER EXPENDITURES	**48,264**	78,828
NET ASSETS - END OF YEAR	**$ 243,033**	$ 194,769

See notes to financial statements

THRIVE FOR GOOD

Statement of Operations

Year Ended December 31, 2021

		2021		2020 *(Unaudited)*
REVENUES				
Donations	**$**	**646,320**	$	360,646
Grants		**26,500**		113,000
Other		**2,051**		17,806
		674,871		491,452
EXPENDITURES				
Amortization of capital assets		**1,028**		2,258
Bank charges		**7,197**		3,960
Business taxes, licenses and memberships		**11,474**		726
Fundraising expenses		**22,828**		14,911
Insurance		**2,557**		2,435
Office and general		**17,243**		3,983
Professional fees		**10,182**		16,162
Program expenses		**344,617**		233,561
Salaries, contractors and benefits		**209,244**		136,166
Travel		**14,004**		9,791
		640,374		423,953
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS		**34,497**		67,499
OTHER INCOME (EXPENSES)				
Debt forgiveness *(Note 7)*		**-**		20,000
Loss on foreign exchange		**(3,141)**		(8,671)
Wage subsidy		**16,908**		-
		13,767		11,329
EXCESS OF REVENUES OVER EXPENDITURES	**$**	**48,264**	$	78,828

See notes to financial statements

THRIVE FOR GOOD
Statement of Cash Flows
Year Ended December 31, 2021

		2021		2020
OPERATING ACTIVITIES				
Excess of revenues over expenditures	**$**	**48,264**	$	78,828
Item not affecting cash:				
Amortization of capital assets		**1,028**		2,258
		49,292		81,086
Changes in non-cash working capital:				
Accounts receivable		**(162)**		(130)
Accounts payable and accrued liabilities		**18,096**		(10,629)
Deferred revenue		**103,130**		-
Sales tax payable		**(8,190)**		389
Government loan		**-**		40,000
		112,874		29,630
INCREASE IN CASH FLOW		**162,166**		110,716
Cash - beginning of year		**232,654**		121,938
CASH - END OF YEAR	**$**	**394,820**	$	232,654

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Organization adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, resulting in changes to beginning equity and restatement of certain assets and liabilities as described below.

a) The statement of financial position at January 1, 2020 has been restated as follows:

	January 1 2020	Adjustment	Restated
Other assets	$ 63,192	$ (63,192)	**$ -**

b) The balance of net assets at January 1, 2020 was adjusted as follows:

	January 1 2020
Net assets, beginning, as previously reported	**$ 179,133**
Adjustments to beginning net assets:	
Restatement of donation to other registered charities	(63,192)
Net assets, beginning, as restated.	**$ 115,941**

The Organization overstated assets by capitalizing donations to other registered charities during the 2019 fiscal year. Management corrected this adjustment retrospectively with restatement of the prior year's figures. Overall impact was a decrease to net assets of $63,192 and decrease to other assets for $63,192.

2. PURPOSE OF THE ORGANIZATION

Thrive for good (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. The Organization is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The Organization empowers people in the developing world to lead healthy and sustainable lives by training them to grow nutritious and income-generating whole foods. Thrive for good is spreading a naturally contagious model for growing health, organically. They train and equip communities to create Life Gardens, so they can step out of poverty and teach others to do the same.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and within the framework of the following significant accounting policies:

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Thrive for Good follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Equipment	20%	declining balance method
Computer equipment	30%	declining balance method

The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed materials and services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable and sales tax recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government loan.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. Reversals are recognized in net income.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as at December 31, 2021.

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. The Organization receives approximately 20% of donations and 56% of its expenditures in US dollars (2020 - 19% and 55% respectively). Consequently, certain assets and liabilities are exposed to foreign exchange fluctuations. As at December 31, 2021, the following assets and liabilities are the Canadian equivalent of US dollar amounts:

	2021	2020
Cash	**72,823**	13,303

5. CAPITAL ASSETS

	2021		2020	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Equipment	**$ 8,586**	**$ 6,731**	$ 8,586	$ 6,267
Computer equipment	**8,704**	**7,389**	8,704	6,825
	$ 17,290	**$ 14,120**	$ 17,290	$ 13,092
Net book value	**$ 3,170**		$ 4,198	

6. GOVERNMENT LIABILITIES

As at December 31, 2021, the amounts payable in respect of government remittances totaled $1,390 (2020 - $2,014) representing remittances payable for payroll taxes.

7. GOVERNMENT LOAN

During the prior year, the organization qualified for CEBA business support provided by the government as a result of efforts to minimize the impact of COVID-19. If the full balance owing of $60,000 is repaid on or before December 31, 2023, this will result in loan forgiveness of up to $20,000 which was recognized accurately as income in the prior year.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.