

CENTRE AGAPE CENTRE

FINANCIAL STATEMENTS

March 31, 2018

CENTRE AGAPE CENTRE

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INDEPENDENT AUDITORS' REPORT

To the Members and Board of Directors of
Centre Agape Centre

We have audited the accompanying financial statements of Centre Agape Centre, which comprise the statement of financial position as at March 31, 2018, the statement of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donation and fundraising revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues and surplus for the year ended March 31, 2018, and current assets and unrestricted net assets as at March 31, 2018.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Centre Agape Centre as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of Centre Agape Centre for the year ended March 31, 2017 were audited by another Chartered Professional Accounting firm which expressed a qualified opinion on those statements dated June 20, 2017.

Cornwall, Ontario
June 28, 2018

Chartered Professional Accountants
Licensed Public Accountants



ACCOUNTING > CONSULTING > TAX
709 COTTON MILL STREET, CORNWALL ON, K6H 7K7
T: 613.932.3610 F: 613.938.3215 MNP.ca

CENTRE AGAPE CENTRE

STATEMENT OF FINANCIAL POSITION

As at March 31, 2018

	Invested in Capital Assets	Operating Fund	2018	2017
ASSETS				
CURRENT				
Cash	\$ -	\$ 75,038	\$ 75,038	\$ 71,803
Term deposits	-	4,506	4,506	-
Accounts receivable	-	15,298	15,298	19,432
Prepaid expenses	-	6,714	6,714	7,430
	-	101,556	101,556	98,665
CAPITAL (Note 2)	1,484,800	-	1,484,800	1,509,548
	\$ 1,484,800	\$ 101,556	\$ 1,586,356	\$ 1,608,213
LIABILITIES				
CURRENT				
Accounts payable (Note 3)	\$ -	\$ 58,200	\$ 58,200	\$ 82,343
Deferred revenue (Note 4)	-	38,681	38,681	-
Current portion of callable debt (Note 5)	40,000	-	40,000	40,000
CURRENT LIABILITIES BEFORE CALLABLE DEBT	40,000	96,881	136,881	122,343
CALLABLE DEBT (Note 5)	270,000	-	270,000	310,000
TOTAL CURRENT LIABILITIES	310,000	96,881	406,881	432,343
DEFERRED CONTRIBUTIONS (Note 6)	899,285	-	899,285	896,689
	1,209,285	96,881	1,306,166	1,329,032
NET ASSETS				
FUND BALANCES	275,515	4,675	280,190	279,181
	\$ 1,484,800	\$ 101,556	\$ 1,586,356	\$ 1,608,213

APPROVED ON BEHALF OF THE BOARD:

_____ Director
 _____ Director
 _____ Date

See Accompanying Notes

CENTRE AGAPE CENTRE

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	Invested in Capital Assets	Operating Fund	2018	2017
REVENUE				
Donations	\$ -	\$ 231,566	\$ 231,566	\$ 178,296
Grants	-	26,779	26,779	29,014
Fundraising events	-	75,652	75,652	44,327
Thrift store	-	388,901	388,901	532,985
Soup kitchen	-	8,431	8,431	11,714
Miscellaneous	-	5,408	5,408	613
Amortization of deferred contributions	41,213	-	41,213	63,993
	41,213	736,737	777,950	860,942
EXPENDITURES				
Amortization	64,954	-	64,954	108,106
Food	-	52,820	52,820	69,146
Fundraising and advertising	-	12,388	12,388	9,558
Garden	-	3,232	3,232	984
Insurance	-	8,536	8,536	7,705
Interest and bank charges	-	5,838	5,838	7,206
Interest on callable debt	-	15,004	15,004	15,557
Janitorial	-	24,041	24,041	13,089
Kitchen	-	2,473	2,473	1,796
Meetings, training and conventions	-	958	958	1,835
Office and computer supplies	-	10,359	10,359	12,182
Organization and membership dues	-	3,000	3,000	-
Professional and contractual fees	-	16,715	16,715	13,350
Property and water taxes	-	5,420	5,420	5,344
Property repairs and maintenance	-	10,822	10,822	19,508
Recognition and appreciation	-	4,493	4,493	6,786
Salaries and benefits	-	477,647	477,647	580,901
Telecommunications	-	3,799	3,799	4,719
Thrift store	-	837	837	6,910
Utilities	-	34,994	34,994	37,514
Vehicle and travel	-	11,532	11,532	10,627
Waste disposal	-	7,079	7,079	8,246
	64,954	711,987	776,941	941,069
SURPLUS (DEFICIT) FOR THE YEAR	\$ (23,741)	\$ 24,750	\$ 1,009	\$ (80,127)

See Accompanying Notes

CENTRE AGAPE CENTRE

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2018

	Internally Restricted for Capital Assets Acquisitions	Invested in Capital Assets	Operating Fund	2018	2017
Balance, beginning of year	\$ 19,792	\$ 262,859	\$ (3,470)	\$ 279,181	\$ 359,308
Surplus (deficit) for the year	-	(23,741)	24,750	1,009	(80,127)
Interfund transfers (Note 7)	(19,792)	-	19,792	-	-
Purchase of capital assets	-	40,206	(40,206)	-	-
Deferred contributions received	-	(43,809)	43,809	-	-
Payments of callable debt	-	40,000	(40,000)	-	-
Change for the year	(19,792)	12,656	8,145	1,009	(80,127)
Balance, end of year	\$ -	\$ 275,515	\$ 4,675	\$ 280,190	\$ 279,181

See Accompanying Notes

CENTRE AGAPE CENTRE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	2018	2017
CASH FROM OPERATING ACTIVITIES		
Net surplus (deficit) for the year	\$ 1,009	\$ (80,127)
Items not affecting cash		
Amortization of deferred contributions	(41,213)	(63,993)
Amortization of capital assets	64,954	108,106
Changes in non-cash working capital balances		
Accounts receivable	4,134	31,583
Prepaid expenses	716	3,174
Accounts payable	(24,143)	11,854
Deferred revenue	38,681	-
	44,138	10,597
CASH FROM (USED IN) FINANCING ACTIVITIES		
Repayment of callable debt	(40,000)	(40,000)
Deferred contributions received	43,809	31,220
	3,809	(8,780)
CASH USED IN INVESTING ACTIVITIES		
Increase in short term deposits	(4,506)	-
Purchase of capital assets	(40,206)	(15,508)
	(44,712)	(15,508)
INCREASE (DECREASE) IN CASH	3,235	(13,691)
CASH, beginning of year	71,803	85,494
CASH, end of year	\$ 75,038	\$ 71,803
REPRESENTED BY:		
Cash	\$ 75,038	\$ 71,803

See Accompanying Notes

CENTRE AGAPE CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

PURPOSE OF THE CORPORATION

Centre Agape Centre (the "Centre") is a not-for-profit organization providing food and clothing to need individuals in Cornwall, Ontario. The Centre is a registered charity under the Income Tax Act and is exempt from income taxes. The Centre is incorporated under the Corporations Act (Ontario) as Agape Centre (Help to the Needy) Cornwall Inc./Centre Agape (Assistance aux Demunis) Cornwall Inc.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian standards for not-for-profit organizations and include the following significant policies:

(a) Use of estimates

The preparation of these financial statements, in conformity with the Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the current period. Significant items subject to such estimates and assumptions include valuation of allowances for doubtful accounts, estimated useful lives of capital assets and estimated deferred contributions. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

(b) Fund accounting

The Centre follows the deferral method of accounting for contributions and discloses the financial activities of each fund using the deferral method as follows:

Invested in Capital Assets represent the net book value of the capital assets purchased by the Centre less long-term debt and deferred contributions related to the funding of those assets.

The Operating Fund reflects the activities of the Centre in providing services under its mandate defer specific contributions until the related expenditures are realized.

(c) Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for capital assets are deferred and amortized to income at the same rate used to amortize the cost of the related asset. Unrestricted contributions are recognized as revenue in the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising events is recorded when the event has been completed. Revenue from the sale of goods is recognized when the goods are transferred to the customer.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash on deposit with a Canadian chartered bank and cheques issued and outstanding.

(e) Donated materials and services

The financial statements do not account for the value of donated materials and services received by the Centre except for donated capital assets which are recorded at fair value.

CENTRE AGAPE CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Capital assets

Capital assets are recorded at cost. The costs are amortized using the straight line basis over the estimated useful lives of the assets as follows:

Building	40 years
Equipment	5 years
Computer	5 years
Automobiles	5 years

The estimated useful life of the building was changed from 20 years to 40 years in the current fiscal year.

(g) Allocation of expenses by function

The Centre engages in several client support services and fundraising programs. The costs of each program include the costs of personnel, supplies, and other expenses that are directly related to providing the program. The Centre also incurs a number of general support expenses that are common to administration of the organization and each of its programs.

The Centre allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year.

Other general support expenses are allocated on the following basis:

Accounting and finance department costs - proportionately on the same percentage as the direct salaries and benefits of the program

Building ownership and occupancy costs - proportionately on the basis of the area each program occupies.

(h) Financial instruments

The Centre initially records financial assets and financial liabilities at fair value. Subsequent measurements of financial assets and financial liabilities are at amortized cost.

2. CAPITAL

	Cost	Accumulated Amortization	Net 2018	Net 2017
Land	\$ 68,000	\$ -	\$ 68,000	\$ 68,000
Building	2,006,090	631,487	1,374,603	1,423,337
Computer	51,035	39,865	11,170	3,557
Equipment	136,717	105,690	31,027	14,654
Automobiles	28,374	28,374	-	-
	\$ 2,290,216	\$ 805,416	\$ 1,484,800	\$ 1,509,548

3. ACCOUNTS PAYABLE

Included in accounts payable are government remittances payable of \$13,311 (2017 - \$13,989).

See Accompanying Notes

CENTRE AGAPE CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

4. DEFERRED REVENUE

Deferred revenue represent funds received from Food Banks Canada but not yet spent. The funds received of \$50,000 are to be utilized to hire a Food Distribution Coordinator that can build partnerships needed to access the food and organize the store and movement of food, and work with other agencies who might have clients in need when the Centre have any surplus. The funds are to be utilized by October 31, 2018. The unspent portion as of March 31, 2018 is \$38,681.

5. CALLABLE DEBT

	2018	2017
Mortgage, due on demand, interest at prime plus 1.5%, repayable in monthly instalments of \$3,333 plus interest, due December 2026, secured with a first collateral charge over land and building with a carrying value of \$1,442,602	\$ 310,000	\$ 350,000
Less: current portion	40,000	40,000
	\$ 270,000	\$ 310,000

Repayment of callable debt is as follows:

2019	\$ 40,000
2020	40,000
2021	40,000
2022	40,000
2023	40,000
Thereafter	110,000
	\$ 310,000

6. DEFERRED CONTRIBUTIONS

	Building Improvement Campaign	Building Capital Campaign	Equipment Grants	Total 2018	Total 2017
Balance, beginning of year	\$ 576,863	\$ 315,474	\$ 4,352	\$ 896,689	\$ 929,462
Contributions received	5,000	-	38,809	43,809	31,220
Amortization	(16,942)	(14,333)	(9,938)	(41,213)	(63,993)
Balance, end of year	\$ 564,921	\$ 301,141	\$ 33,223	\$ 899,285	\$ 896,689

7. RESTRICTIONS OF NET ASSETS

The Board internally restricts amounts for automotive, building and equipment acquisitions. The board approved to eliminate the restrictions of net assets on June 20, 2017.

CENTRE AGAPE CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

8. ALLOCATION OF EXPENSES BY FUNCTION

	2018	2017
Community programs	\$ 11,503	\$ 3,216
Food bank	118,998	129,446
Soup kitchen	133,469	168,199
Thrift Store expenses	282,091	386,364
Fundraising activities	17,123	24,382
Administration	133,799	105,799
Amortization	64,954	108,106
Interest on callable debt	15,004	15,557
	\$ 776,941	\$ 941,069

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Risks and concentrations

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at March 31, 2018:

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements.

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. The Centre is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable arise primarily from outstanding donations and HST rebate recoverable. The maximum exposure to credit risk is the carrying value of accounts receivable on the statement of financial position. Accounts receivable are non-interest bearing and are generally due in 30 to 60 days.

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 Centre has a variable interest rate on its callable debt. Consequently, the exposure to fluctuations in future cash flows as a result of changes in market interest rates, is limited to the change in the bank's prime interest rate.

10. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's financial statement presentation.