CENTRE AGAPE CENTER

FINANCIAL STATEMENTS

MARCH 31, 2017

Johnston Beaudette
Chartered Professional Accountants

CENTRE AGAPE CENTER

MARCH 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members and Board of Directors of
Centre Agape Center

We have audited the accompanying financial statements of Centre Agape Center which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flow 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 of 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 internal 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 audit opinion.

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Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, clothing sales and other sources, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expense, current assets and net assets.

Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Centre Agape Center as at March 31, 2017, 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.

Johnston Beaudette

Chartered Professional Accountants
Licensed Public Accountants

June 20, 2017

CENTRE AGAPE CENTER

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	$ 71,803	$ 85,494
Accounts receivable	19,432	51,015
Prepaid expenses	7,430	10,604
	98,665	147,113
CAPITAL ASSETS (Note 3)	1,509,548	1,602,146
	$ 1,608,213	$ 1,749,259
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 67,134	$ 61,914
Government payroll taxes payable	15,209	8,575
Current portion of long-term debt	40,000	40,000
	122,343	110,489
DEFERRED CONTRIBUTIONS (Note 4)	896,689	929,462
LONG-TERM DEBT (Note 5)	310,000	350,000
	1,329,032	1,389,951
NET ASSETS		
INVESTED IN CAPITAL ASSETS (Note 6)	262,859	282,684
INTERNALLY RESTRICTED FOR CAPITAL ASSET ACQUISITIONS (Note 7)	19,792	19,792
UNRESTRICTED	(3,470)	56,832
	279,181	359,308
	$ 1,608,213	$ 1,749,259

APPROVED ON BEHALF OF THE BOARD:

_______________ Director

_______________ Director

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Chartered Professional Accountants

CENTRE AGAPE CENTER

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
REVENUE		
CONTRIBUTIONS		
Donations	$ 186,760	$ 303,661
Grants	29,013	7,449
Amortization of deferred revenues	63,994	69,426
	279,767	380,536
FUNDRAISING EVENTS	47,577	19,596
THRIFT STORE SALES	532,985	490,463
OTHER	613	4,082
	860,942	894,677
EXPENSE		
CHARITABLE PROGRAMS		
Community programs	3,216	6,244
Food bank	129,446	179,166
Soup kitchen	168,199	192,540
	300,861	377,950
OTHER		
Thrift Store expenses	401,921	402,967
Fundraising activities	24,382	4,615
Administration	105,517	28,082
Amortization	108,106	111,135
Campaign expenses for Within these Walls	282	6,920
	640,208	553,719
	941,069	931,669
EXCESS OF EXPENSES OVER REVENUES FROM OPERATIONS	(80,127)	(36,992)
LOSS ON DISPOSAL OF CAPITAL ASSETS	-	(14,114)
EXCESS OF EXPENSES OVER REVENUES	$ (80,127)	$ (51,106)

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CENTRE AGAPE CENTER

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	Invested in Capital Assets	Internally Restricted for Capital Asset Aquisitions	Unrestricted	Total 2017	Total 2016
NET ASSETS beginning of year	$ 282,684	$ 19,792	$ 56,832	$ 359,308	$ 410,414
Excess of revenues over expenses	(108,106)	-	27,979	(80,127)	(51,106)
Investment in capital assets	88,281	-	(88,281)	-	-
NET ASSETS, end of year	$ 262,859	$ 19,792	$ (3,470)	$ 279,181	$ 359,308

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CENTRE AGAPE CENTER

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from clients and donors	$ 859,752	$ 1,316,480
Cash payments to suppliers	(231,523)	(229,943)
Cash payments to employees	(570,855)	(592,864)
Interest paid	(15,557)	-
	41,817	493,673
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(15,508)	(990,489)
Decrease in short term deposits	-	5,425
	(15,508)	(985,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term debt	-	757,500
Repayments of long term debt	(40,000)	(367,500)
	(40,000)	390,000
NET DECREASE IN CASH	(13,691)	(101,391)
CASH BALANCE, beginning of year	85,494	186,885
CASH BALANCE, end of year	$ 71,803	$ 85,494

1. DESCRIPTION OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and cash equivalents

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

(b) Donated materials and services

The financial statements do not account for the value of donated materials and services received by the Center.

(c) 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	20 years
Equipment	5 years
Computer	5 years
Automobiles	5 years

(d) Revenue recognition

The Agape Centre follows the deferral method of accounting for contributions. 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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fund-raising events is recorded when the event has been completed. Revenue from the sale of goods is received when the goods are transferred to the customer.

(e) Allocation of expenses

The Centre engages in several client support services and fund-raising 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 the 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 bases:

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.

(f) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Financial instruments

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

3. CAPITAL ASSETS

	2017			2016
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	$ 68,000	$ -	$ 68,000	$ 68,000
Building	2,004,673	581,336	1,423,337	1,510,176
Computer	39,935	36,379	3,556	3,585
Equipment	109,030	94,375	14,655	20,385
Automobiles	28,374	28,374	-	-
	$ 2,250,012	$ 740,464	$ 1,509,548	$ 1,602,146

4. DEFERRED CONTRIBUTIONS

	Building Improvement Campaign	Building Capital Campaign	Community Futures Development Capital Fund	Trillium Foundation Capital Fund	Total 2017	Total 2016
DEFERRED CONTRIBUTIONS, beginning of year	$ 577,526	$ 344,139	$ 4,073	$ 3,724	$ 929,462	$ 546,900
Contributions received	31,220	-	-	-	31,220	496,988
Assets retired	-	-	-	-	-	(45,000)
Amortization	(31,883)	(28,665)	(1,358)	(2,087)	(63,993)	(69,426)
DEFERRED CONTRIBUTIONS, end of year	$ 576,863	$ 315,474	$ 2,715	$ 1,637	$ 896,689	$ 929,462

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5. LONG-TERM DEBT

	2017	2016
Demand loan, payable in monthly instalments of $3,333.33 plus interest at prime plus 3%, due December 2026, secured with a first collateral charge over land and building with a carrying value of $1,491,337.	$ 350,000	$ 390,000
Current portion	(40,000)	(40,000)
	$ 310,000	$ 350,000

Principal payments required in the next five years are as follows:

2018	$40,000
2019	40,000
2020	40,000
2021	40,000
2022	40,000

6. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is determined as follows:

	2017	2016
Capital assets	$ 1,509,548	$ 1,602,146
Amount financed by mortgage	(350,000)	(390,000)
Amount financed by deferred contributions	(896,689)	(929,462)
	$ 262,859	$ 282,684

7. RESTRICTIONS ON NET ASSETS

The Board internally restricts amounts for automotive, building and equipment acquisitions.

These internally restricted amounts are not available for other purposes without approval of the board of directors.

8. ALLOCATION OF COSTS BY FUNCTION

Personnel and premise costs were allocated as follows:

	Personnel		Premises	
	2017	**2016**	**2017**	**2016**
Food bank	$ 63,550	$ 115,532	$ 14,093	$ 14,928
Soup kitchen	94,670	125,518	27,909	21,219
Thrift Store	315,968	334,118	47,985	31,934
Fundraising	9,778	4,118	-	-
Community Programs	2,435	3,438	-	-
Capitalized	-	25,431	-	-
Within these Walls Campaign	-	-	-	1,667
Administration	84,453	10,140	8,730	4,729
	$ 570,854	$ 618,295	$ 98,717	$ 74,477

9. FINANCIAL INSTRUMENTS

The Center's financial instruments consist of cash, accounts receivable, accounts payable and long term debt.

The risks that arise from transacting in financial instruments include interest rate risk, liquidity risk, credit risk and market risk. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. Other price risk arises from other changes in market prices caused by factors specific to the financial instruments or its issuer, or factors affecting all similar financial instruments in the market.

(a) Credit risk

The carrying value of the Center's main financial assets represent the maximum credit risk to which the Center is exposed. The Center's exposure to credit risk arises from the possibility that a counterpart to a contract fails to perform according to the terms of that contract.
The Center's cash is with a single Canadian chartered bank and a major portion of accounts receivable are from government and local businesses.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The enterprise has exposure to interest rate risk on its floating rate long term debt. Fixed-interest instruments subject the enterprise to a fair value risk while floating instruments subject it to a cash flow risk.