Agape Centre (Help for the Needy) Cornwall Inc.
Financial Statements
March 31, 2021

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For the year ended March 31, 2021

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Management's Responsibility

To the Board of Directors of Agape Centre (Help for the Needy) Cornwall Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 7, 2021

Executive Director

To the Members of Agape Centre (Help for the Needy) Cornwall Inc.:

Qualified Opinion

We have audited the financial statements of Agape Centre (Help for the Needy) Cornwall Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets 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 March 31, 2021, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, fundraising activities and the sale of donated goods, 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 donations, fundraising events and thrift store revenues, excess (deficiency) of revenue over expenses and cash flows from operations for the years ended March 31, 2021 and March 31, 2020, assets as at March 31, 2021 and March 31, 2020 and fund balances as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 the 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 opinion.

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 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.

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

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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.

MNP LLP

Cornwall, Ontario | Chartered Professional Accountants

September 7, 2021 | Licensed Public Accountants

Agape Centre (Help for the Needy) Cornwall Inc.
Statement of Financial Position
As at March 31, 2021

	Invested in Capital Assets	Operating Fund	2021	2020
Assets				
Current				
Cash	-	723,207	723,207	92,162
Accounts receivable *(Note 3)*	-	33,514	33,514	9,067
Prepaid expenses	-	15,628	15,628	5,986
	-	772,349	772,349	107,215
Capital assets *(Note 4)*	1,546,237	-	1,546,237	1,366,722
	1,546,237	772,349	2,318,586	1,473,937
Liabilities				
Current				
Accounts payable *(Note 6)*	-	135,078	135,078	48,696
Current portion of long-term debt *(Note 7)*	7,014	-	7,014	6,689
	7,014	135,078	142,092	55,385
Long-term debt *(Note 7)*	235,484	40,000	275,484	242,611
Deferred capital contributions *(Note 8)*	1,024,017	-	1,024,017	831,260
	1,266,515	175,078	1,441,593	1,129,256
Net Assets				
Fund balances	279,722	597,271	876,993	344,681
	1,546,237	772,349	2,318,586	1,473,937

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Agape Centre (Help for the Needy) Cornwall Inc.
Statement of Operations
For the year ended March 31, 2021

	Invested in Capital Assets	Operating Fund	2021	2020
Revenue				
Donations	-	515,680	515,680	218,702
Grants	-	321,735	321,735	17,000
Thrift store	-	228,974	228,974	392,355
Amortization of deferred capital contributions *(Note 8)*	62,585	-	62,585	38,248
Fundraising events	-	30,650	30,650	81,544
Miscellaneous	-	559	559	366
Soup kitchen	-	473	473	7,457
	62,585	1,098,071	1,160,656	755,672
Expenses *(Note 9)*				
Salaries and benefits	-	360,299	360,299	412,293
Amortization of capital assets	80,308	-	80,308	59,182
Professional and contractual fees	-	31,203	31,203	25,026
Utilities	-	27,017	27,017	33,223
Repairs and maintenance	-	25,849	25,849	23,274
Fundraising and advertising	-	24,042	24,042	32,848
Insurance	-	16,870	16,870	14,962
Food	-	15,006	15,006	9,015
Vehicle and travel	-	14,486	14,486	15,017
Interest on long-term debt	-	12,422	12,422	19,636
Office and computer supplies	-	11,134	11,134	6,642
Thrift store	-	7,344	7,344	2,509
Interest and bank charges	-	6,913	6,913	7,870
Property and water taxes	-	5,223	5,223	6,191
Waste disposal	-	3,945	3,945	7,551
Kitchen	-	3,910	3,910	1,825
Membership dues	-	3,896	3,896	2,385
Telecommunications	-	3,849	3,849	5,087
Janitorial	-	3,686	3,686	16,858
Recognition and appreciation	-	3,203	3,203	3,605
Garden	-	217	217	111
Meetings and training	-	31	31	1,361
	80,308	580,545	660,853	706,471
Excess (deficiency) of revenue over expenses before other income	(17,723)	517,526	499,803	49,201
Other income				
Government assistance *(Note 10)*	-	12,509	12,509	2,656
Loan forgiveness *(Note 7)*	-	20,000	20,000	-
	-	32,509	32,509	2,656
Excess (deficiency) of revenue over expenses	(17,723)	550,035	532,312	51,857

The accompanying notes are an integral part of these financial statements

Agape Centre (Help for the Needy) Cornwall Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2021

	Invested in Capital Assets	*Operating Fund*	***2021***	*2020*
Net assets, beginning of year	**286,162**	**58,519**	**344,681**	292,824
Excess (deficiency) of revenue over expenses	**(17,723)**	**550,035**	**532,312**	51,857
	268,439	**608,554**	**876,993**	344,681
Purchase of capital assets	**259,823**	**(259,823)**	**-**	-
Contributions received for capital assets	**(255,342)**	**255,342**	**-**	-
Net payments on long-term debt	**6,802**	**(6,802)**	**-**	-
Net assets, end of year	**279,722**	**597,271**	**876,993**	344,681

The accompanying notes are an integral part of these financial statements

Agape Centre (Help for the Needy) Cornwall Inc.
Statement of Cash Flows
For the year ended March 31, 2021

	2021	*2020*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**532,312**	51,857
Amortization of deferred capital contributions	**(62,585)**	(38,248)
Amortization of capital assets	**80,308**	59,182
Loan forgiveness	**(20,000)**	-
Changes in working capital accounts		
Accounts receivable	**(24,447)**	6,227
Prepaid expenses	**(9,642)**	2,526
Accounts payable	**86,382**	(5,691)
	582,328	75,853
Financing		
Advances of long-term debt	**60,000**	249,300
Repayment of long-term debt and callable debt	**(6,802)**	(276,667)
Contributions received for capital assets	**255,342**	-
	308,540	(27,367)
Investing		
Purchase of capital assets	**(259,823)**	-
Increase in cash resources	**631,045**	48,486
Cash resources, beginning of year	**92,162**	43,676
Cash resources, end of year	**723,207**	92,162

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Agape Centre (Help for the Needy) Cornwall Inc. (the “Organization”) was incorporated without share capital under the authority of the Ontario's Corporation Act as Agape Centre (Help to the Needy) Cornwall Inc./Centre Agape (Assistance aux Demunis) Cornwall Inc. and is a registered charity and thus is exempt from income taxes under the Income Tax Act (“the Act”).

The Organization provides food and clothing to individuals in need in Cornwall, Ontario.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains two funds: the Operating Fund and the Invested in Capital Assets Fund.

The Operating Fund reports the Organization’s revenue and expenses related to program delivery and administrative activities.

The Invested in Capital Assets fund reports the Organization’s net book value of the capital assets purchased by the Organization less long-term debt and deferred contributions related to the funding of those assets.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund 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.

Unrestricted investment income is recognized as revenue in the Operating Fund when earned.

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

Cash and cash equivalents

Cash and cash equivalents include balances with banks and any short-term investments with maturities of three months or less. Any cash subject to restrictions that prevent its use for current purposes is included in restricted cash. The Organization did not have any cash equivalents or restricted cash as at March 31, 2021 and 2020.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives as follows:

	Method	Years
Building and building improvements	straight-line	30 - 40 years
Automotive	straight-line	10 years
Computer equipment and software	straight-line	5 years
Equipment	straight-line	5 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization’s ability to provide goods and services. The asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value or replacement cost as determined on an asset-by-asset basis.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations only when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. Contributions of materials and services not recorded consist of donated food, donated clothes and goods for sale at the Thrift store and volunteer hours provided at the Organization.

Allocation of expenses

The Organization engages in 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 Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The Organization 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.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such election.

All financial instruments are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets and deferred contributions is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the years in which they become known.

Government assistance

Government assistance, which includes wage subsidies, is recognized in other income in the same period as the related expenses

3. Accounts receivable

Included in accounts receivable is harmonized sales tax recoverable of $27,431 (2020 - $6,163).

4. Capital assets

	Cost	*Accumulated amortization*	*2021 Net book value*	*2020 Net book value*
Land	**68,000**	**-**	**68,000**	68,000
Building and building improvements	**2,078,784**	**775,762**	**1,303,022**	1,278,599
Automotive	**180,497**	**43,586**	**136,911**	-
Computer equipment and software	**56,215**	**47,421**	**8,794**	8,677
Equipment	**174,118**	**144,608**	**29,510**	11,446
	2,557,614	**1,011,377**	**1,546,237**	1,366,722

5. Bank loan

The Organization has an authorized revolving line of credit of $10,000 bearing interest at the bank's prime rate plus 1% per annum secured by a mortgage on the Organization's property and a general security agreement over all assets and income of the Organization. The line of credit drawn as at March 31, 2021 was Nil (2020 - Nil).

6. Accounts payable

Included in accounts payable are government remittances payable of $13,179 (2020 - $10,969).

7. Long-term debt

	2021	*2020*
Mortgage, interest at 4.75% per annum, repayable in monthly blended installments of $1,532, due March 2025, secured by land and building with a net book value of $1,371,022 (2020 - $1,346,599), an assignment of any rent charged on the property and a general security over all assets and income of the Organization	**242,498**	249,300
Canada Emergency Business Account loan, without interest, terms of repayment as follows: if $40,000 is repaid before December 31, 2022, $20,000 of the loan amount will be forgiven, otherwise, it is converted to a three-year term loan on January 1, 2023 bearing interest at 5%, due December 31, 2025. Recognized net of forgivable portion of $20,000, which has been recognized as loan forgiveness in other income.	**40,000**	-
	282,498	249,300
Less: Current portion	**7,014**	6,689
	275,484	242,611

Principal repayments on long-term debt in each of the next five years are as follows:

2022	7,014
2023	47,354
2024	7,711
2025	220,419
	282,498

8. Deferred capital contributions

	Social Services Relief Funding	*Capacity Boost Canada Funding*	*"Within these Walls" Building Improvement Campaign*	*Original Building Capital Campaign*	*Equipment Grants*	***2021***	*2020*
Balance, beginning of year	**-**	**-**	**534,273**	**276,918**	**20,069**	**831,260**	869,508
Contributions received	**227,809**	**11,433**	**-**	**-**	**16,100**	**255,342**	-
Amortization	**(20,736)**	**(381)**	**(19,081)**	**(9,890)**	**(12,497)**	**(62,585)**	(38,248)
Balance, end of year	**207,073**	**11,052**	**515,192**	**267,028**	**23,672**	**1,024,017**	831,260

9. Allocation of expenses by program

	2021	*2020*
Community programs	**5,002**	5,322
Food bank	**163,870**	123,952
Soup kitchen	**96,720**	102,317
Thrift store	**163,943**	248,197
Fundraising activities	**22,555**	28,949
Administration	**116,033**	118,915
Amortization of capital assets	**80,308**	59,183
Interest on long-term debt	**12,422**	19,636
	660,853	706,471

10. Government assistance

During the year, the Organization recognized $6,057 in Canada Emergency Wage Subsidy ("CEWS") and $6,452 in Temporary Wages Subsidy ("TWS") as other income, of which $6,057 was accrued in accounts receivable at year-end. The organization also received $38,097 of CEWS which is recorded in accounts payable at March 31, 2021. The CEWS and TWS, introduced in response to the COVID-19 (coronavirus) pandemic, provides eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods. There are no unfulfilled conditions related to amounts recognized as revenue. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government.

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization has a fixed interest rate on its mortgage. Consequently, the exposure to fluctuations in future cash flows as a result of changes in market interest rates is limited.

Liquidity risk

Liquidity risk is the risk that the Organization 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.

12. Significant event

During the prior year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

During the current year, the COVID-19 outbreak caused the thrift store to be closed for several months while the demand for the Organization's food bank, soup kitchen and community programs increased significantly.

While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Organization’s operations and financial condition.