Agape Centre
Financial Statements
March 31, 2022

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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 15, 2022

Executive Director

Independent Auditor's Report

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, 2022, 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, 2022, 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, 2022 and March 31, 2021, assets as at March 31, 2022 and March 31, 2021 and fund balances as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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 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 15, 2022

Licensed Public Accountants

Agape Centre
Statement of Financial Position
As at March 31, 2022

	Invested in Capital Assets	*Operating Fund*	*2022*	*2021*
Assets				
Current				
Cash	-	1,246,097	1,246,097	723,205
Accounts receivable *(Note 3)*	-	28,552	28,552	33,514
Prepaid expenses	-	64,327	64,327	15,630
	-	1,338,976	1,338,976	772,349
Capital assets *(Note 4)*	1,485,569	-	1,485,569	1,546,237
	1,485,569	1,338,976	2,824,545	2,318,586
Liabilities				
Current				
Accounts payable *(Note 6)*	-	96,730	96,730	135,078
Current portion of long-term debt *(Note 7)*	7,500	-	7,500	7,014
	7,500	96,730	104,230	142,092
Long-term debt *(Note 7)*	227,869	40,000	267,869	275,484
Deferred capital contributions *(Note 8)*	961,432	-	961,432	1,024,017
	1,196,801	136,730	1,333,531	1,441,593
Net Assets				
Fund balances	288,768	1,202,246	1,491,014	876,993
	1,485,569	1,338,976	2,824,545	2,318,586

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Agape Centre
Statement of Operations
For the year ended March 31, 2022

	Invested in Capital Assets	Operating Fund	2022	2021
Revenue				
Donations	-	589,224	589,224	515,680
Grants	-	392,496	392,496	321,735
Thrift store	-	238,120	238,120	228,974
Amortization of deferred capital contributions *(Note 8)*	62,585	-	62,585	62,585
Fundraising events	-	50,875	50,875	30,650
Miscellaneous	-	9,395	9,395	1,032
	62,585	1,280,110	1,342,695	1,160,656
Expenses *(Note 9)*				
Salaries and benefits	-	410,255	410,255	360,299
Amortization of capital assets	83,280	-	83,280	80,308
Fundraising and advertising	-	55,300	55,300	24,042
Professional and contractual fees	-	39,353	39,353	31,203
Utilities	-	37,336	37,336	27,017
Repairs and maintenance	-	27,363	27,363	25,849
Food	-	26,149	26,149	15,006
Insurance	-	19,847	19,847	16,870
Office and computer supplies	-	13,283	13,283	11,134
Interest on long-term debt	-	11,257	11,257	12,422
Vehicle and travel	-	11,012	11,012	14,486
Kitchen	-	7,233	7,233	3,910
Janitorial	-	6,366	6,366	3,686
Property and water taxes	-	6,093	6,093	5,223
Furniture partners	-	5,862	5,862	-
Recognition and appreciation	-	5,699	5,699	3,203
Waste disposal	-	5,546	5,546	3,945
Thrift store	-	4,922	4,922	7,344
Membership dues	-	3,672	3,672	3,896
Telecommunications	-	2,876	2,876	3,849
Interest and bank charges	-	2,801	2,801	6,913
Garden	-	1,898	1,898	217
Meetings and training	-	135	135	31
	83,280	704,258	787,538	660,853
Excess (deficiency) of revenue over expenses before other income	(20,695)	575,852	555,157	499,803
Other income				
Government assistance *(Note 10)*	-	58,864	58,864	12,509
Loan forgiveness *(Note 7)*	-	-	-	20,000
	-	58,864	58,864	32,509
Excess (deficiency) of revenue over expenses	(20,695)	634,716	614,021	532,312

The accompanying notes are an integral part of these financial statements

Agape Centre
Statement of Changes in Net Assets
For the year ended March 31, 2022

	Invested in Capital Assets	*Operating Fund*	*2022*	*2021*
Net assets, beginning of year	**279,722**	**597,271**	**876,993**	344,681
Excess (deficiency) of revenue over expenses	**(20,695)**	**634,716**	**614,021**	532,312
	259,027	**1,231,987**	**1,491,014**	876,993
Purchase of capital assets	**22,612**	**(22,612)**	**-**	-
Net payments on long-term debt	**7,129**	**(7,129)**	**-**	-
Net assets, end of year	**288,768**	**1,202,246**	**1,491,014**	876,993

The accompanying notes are an integral part of these financial statements

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**614,021**	532,312
Amortization of deferred capital contributions	**(62,585)**	(62,585)
Amortization of capital assets	**83,280**	80,308
Loan forgiveness	**-**	(20,000)
Changes in working capital accounts		
Accounts receivable	**4,962**	(24,447)
Prepaid expenses	**(48,697)**	(9,642)
Accounts payable	**(38,348)**	86,382
	552,633	582,328
Financing		
Advances of long-term debt	**-**	60,000
Repayment of long-term debt	**(7,129)**	(6,802)
Contributions received for capital assets	**-**	255,342
	(7,129)	308,540
Investing		
Purchase of capital assets	**(22,612)**	(259,823)
Increase in cash resources	**522,892**	631,045
Cash resources, beginning of year	**723,205**	92,160
Cash resources, end of year	**1,246,097**	723,205

1. Incorporation and nature of the organization

Agape Centre (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, 2022 and 2021.

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.

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

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

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by using published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or 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, 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.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

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 excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Accounts receivable

Included in accounts receivable is harmonized sales tax recoverable of $11,148 (2021 - $27,431).

4. **Capital assets**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	**68,000**	**-**	**68,000**	68,000
Building and building improvements	**2,084,074**	**824,210**	**1,259,864**	1,303,022
Automotive	**180,497**	**58,798**	**121,699**	136,911
Computer equipment and software	**57,774**	**50,989**	**6,785**	8,794
Equipment	**189,881**	**160,660**	**29,221**	29,510
	2,580,226	**1,094,657**	**1,485,569**	1,546,237

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 was $Nil (2021 - $Nil).

6. **Accounts payable**

Included in accounts payable are government remittances payable of $12,720 (2021 - $13,179).

7. **Long-term debt**

	2022	2021
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 $1,327,864 (2021 - $1,371,022), an assignment of any rent charged on the property and a general security over all assets and income of the Organization	**235,369**	242,498
Canada Emergency Business Account loan, without interest, terms of repayment as follows: if $40,000 is repaid before December 31, 2023, $20,000 of the loan amount will be forgiven, otherwise, it is converted to a three-year term loan on January 1, 2024 bearing interest at 5%, due December 31, 2026. Recognized net of forgivable portion of $20,000, which has been recognized as loan forgiveness in other income.	**40,000**	40,000
	275,369	282,498
Less: Current portion	**7,500**	7,014
	267,869	275,484

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

2023	7,500
2024	47,700
2025	8,100
2026	8,500
2027	203,569
	275,369

8. Deferred capital contributions

	Social Services Relief Funding	*Capacity Boost Canada Funding*	*"Within these Walls" Building Improvement Campaign*	*Original Building Capital Campaign*	*Equipment Grants*	*2022*	*2021*
Balance, beginning of year	**207,073**	**11,052**	**515,192**	**267,028**	**23,672**	**1,024,017**	831,260
Contributions received	**-**	**-**	**-**	**-**	**-**	**-**	255,342
Amortization	**(20,736)**	**(381)**	**(19,081)**	**(9,890)**	**(12,497)**	**(62,585)**	(62,585)
Balance, end of year	**186,337**	**10,671**	**496,111**	**257,138**	**11,175**	**961,432**	1,024,017

9. Allocation of expenses by program

	2022	*2021*
Community programs	**6,546**	5,002
Food bank	**238,514**	163,870
Soup kitchen	**59,054**	96,720
Thrift store	**153,100**	163,943
Furniture store	**16,489**	-
Fundraising activities	**53,964**	22,555
Administration	**165,334**	116,033
Amortization of capital assets	**83,280**	80,308
Interest on long-term debt	**11,257**	12,422
	787,538	660,853

10. Government assistance

During the year, the Organization recognized $58,864 (2021 - $6,057) in Canada Emergency Wage Subsidy ("CEWS") and $Nil (2021 - $6,452) in Temporary Wages Subsidy ("TWS") as other income, of which $17,403 (2021 - $6,057) was accrued in accounts receivable at year-end. The organization also received $Nil (2021 - $38,097) of CEWS which is recorded in accounts payable at March 31. 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

The ongoing global outbreak of COVID-19 (coronavirus) 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.

During the current and prior 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 future impact is unknown, we anticipate this outbreak may continue to cause increased customer demand, supply chain disruptions, staff shortages, and involve government regulations, all of which may negatively impact the Organization's operations and financial condition.