

**DRAFT - FOR DISCUSSION PURPOSES ONLY**

**CENTRE AGAPE CENTRE  
FINANCIAL STATEMENTS**

**March 31, 2019**

# CENTRE AGAPE CENTRE

March 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Members and Board of Directors of  
Centre Agape Centre

### Qualified Opinion

We have audited the financial statements of Centre Agape Centre (the "Organization") which comprise the statement of financial position as at March 31, 2019, and the statements of financial activities 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, 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, surplus and cash flows for the years ended March 31, 2019 and March 31, 2018, assets as at March 31, 2019 and March 31, 2018 and fund balances as at April 1 and March 31 for both 2019 and 2018 years. The audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of 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.

### Responsibilities of Management and Those Charged With Governance 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.

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 qualified 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 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 management and 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.

Cornwall, Ontario  
June 25, 2019

**Chartered Professional Accountants**  
Licensed Public Accountants

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# CENTRE AGAPE CENTRE

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

	Invested in Capital Assets	Operating Fund	2019	2018
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ -	\$ 42,205	\$ 42,205	\$ 75,038
Term deposits	-	1,471	1,471	4,506
Accounts receivable	-	15,294	15,294	15,298
Prepaid expenses	-	8,512	8,512	6,714
	-	67,482	67,482	101,556
<b>CAPITAL (Note 2)</b>	<b>1,425,906</b>	<b>-</b>	<b>1,425,906</b>	<b>1,484,800</b>
	<b>\$ 1,425,906</b>	<b>\$ 67,482</b>	<b>\$ 1,493,388</b>	<b>\$ 1,586,356</b>
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable (Note 3)	\$ -	\$ 54,389	\$ 54,389	\$ 58,200
Deferred revenue (Note 4)	-	-	-	38,681
Current portion of callable debt (Note 5)	40,000	-	40,000	40,000
<b>CURRENT LIABILITIES BEFORE CALLABLE DEBT</b>	<b>40,000</b>	<b>54,389</b>	<b>94,389</b>	<b>136,881</b>
<b>CALLABLE DEBT (Note 5)</b>	<b>236,667</b>	<b>-</b>	<b>236,667</b>	<b>270,000</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>276,667</b>	<b>54,389</b>	<b>331,056</b>	<b>406,881</b>
<b>DEFERRED CONTRIBUTIONS (Note 6)</b>	<b>869,508</b>	<b>-</b>	<b>869,508</b>	<b>899,285</b>
	<b>1,146,175</b>	<b>54,389</b>	<b>1,200,564</b>	<b>1,306,166</b>
<b>NET ASSETS</b>				
<b>FUND BALANCES</b>	<b>279,731</b>	<b>13,093</b>	<b>292,824</b>	<b>280,190</b>
	<b>\$ 1,425,906</b>	<b>\$ 67,482</b>	<b>\$ 1,493,388</b>	<b>\$ 1,586,356</b>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

See Accompanying Notes

# CENTRE AGAPE CENTRE

## STATEMENT OF OPERATIONS

For the year ended March 31, 2019

	Invested in Capital Assets	Operating Fund	2019	2018
<b>REVENUE</b>				
Donations	\$ -	\$ 226,795	\$ 226,795	\$ 231,566
Grants	-	49,181	49,181	26,779
Fundraising events	-	91,965	91,965	75,652
Thrift store	-	387,173	387,173	388,901
Soup kitchen	-	7,434	7,434	8,431
Miscellaneous	-	899	899	5,408
Amortization of deferred contributions	42,354	-	42,354	41,213
	<b>42,354</b>	<b>763,447</b>	<b>805,801</b>	<b>777,950</b>
<b>EXPENDITURES</b>				
Amortization	66,471	-	66,471	64,954
Food	-	25,027	25,027	52,820
Fundraising and advertising	-	32,863	32,863	12,388
Garden	-	1,324	1,324	3,232
Insurance	-	13,438	13,438	8,536
Interest and bank charges	-	6,904	6,904	5,838
Interest on callable debt	-	15,357	15,357	15,004
Janitorial	-	23,535	23,535	24,041
Kitchen	-	1,919	1,919	2,473
Meetings, training and conventions	-	2,043	2,043	958
Office and computer supplies	-	6,701	6,701	10,359
Organization and membership dues	-	3,226	3,226	3,000
Professional and contractual fees	-	12,503	12,503	16,715
Property and water taxes	-	5,688	5,688	5,420
Property repairs and maintenance	-	17,813	17,813	10,822
Recognition and appreciation	-	4,865	4,865	4,493
Salaries and benefits	-	492,744	492,744	477,647
Telecommunications	-	4,815	4,815	3,799
Thrift store	-	2,932	2,932	837
Utilities	-	39,114	39,114	34,994
Vehicle and travel	-	6,795	6,795	11,532
Waste disposal	-	7,090	7,090	7,079
	<b>66,471</b>	<b>726,696</b>	<b>793,167</b>	<b>776,941</b>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>\$ (24,117)</b>	<b>\$ 36,751</b>	<b>\$ 12,634</b>	<b>\$ 1,009</b>

See Accompanying Notes

# CENTRE AGAPE CENTRE

## STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2019

	Invested in Capital Assets	Operating Fund	2019	2018
Balance, beginning of year	\$ 275,515	\$ 4,675	\$ 280,190	\$ 279,181
Surplus (deficit) for the year	(24,117)	36,751	12,634	1,009
Purchase of capital assets	7,577	(7,577)	-	-
Deferred contributions received	(12,577)	12,577	-	-
Payments of callable debt	33,333	(33,333)	-	-
Change for the year	4,216	8,418	12,634	1,009
Balance, end of year	\$ 279,731	\$ 13,093	\$ 292,824	\$ 280,190

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# CENTRE AGAPE CENTRE

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

	2019	2018
<b>CASH (USED IN) FROM OPERATING ACTIVITIES</b>		
Net surplus for the year	\$ 12,634	\$ 1,009
Items not affecting cash		
Amortization of deferred contributions	(42,354)	(41,213)
Amortization of capital assets	66,471	64,954
Changes in non-cash working capital balances		
Accounts receivable	4	4,134
Prepaid expenses	(1,798)	716
Accounts payable	(3,811)	(24,143)
Deferred revenue	(38,681)	38,681
	(7,535)	44,138
<b>CASH (USED IN) FROM FINANCING ACTIVITIES</b>		
Repayment of callable debt	(33,333)	(40,000)
Deferred contributions received	12,577	43,809
	(20,756)	3,809
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Decrease (increase) in short term deposits	3,035	(4,506)
Purchase of capital assets	(7,577)	(40,206)
	(4,542)	(44,712)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(32,833)</b>	<b>3,235</b>
<b>CASH, beginning of year</b>	<b>75,038</b>	<b>71,803</b>
<b>CASH, end of year</b>	<b>\$ 42,205</b>	<b>\$ 75,038</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 42,205	\$ 75,038

See Accompanying Notes



# CENTRE AGAPE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

### PURPOSE OF THE ORGANIZATION

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 Corporation 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, 2019

### 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

(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 2019	Net 2018
Land	\$ 68,000	\$ -	\$ 68,000	\$ 68,000
Building	2,006,090	681,640	1,324,450	1,374,603
Computer	52,555	40,622	11,933	11,170
Equipment	142,774	121,251	21,523	31,027
Automobiles	28,374	28,374	-	-
	<b>\$ 2,297,793</b>	<b>\$ 871,887</b>	<b>\$ 1,425,906</b>	<b>\$ 1,484,800</b>

### 3. ACCOUNTS PAYABLE

Included in accounts payable are government remittances payable of \$3,925 (2018 - \$13,311).

# CENTRE AGAPE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

### 4. DEFERRED REVENUE

Deferred revenue represents funds received from Food Banks Canada but not yet spent. The funds were utilized to hire a Food Distribution Coordinator that would build partnerships needed to access the food, 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 were utilized by October 31, 2018.

### 5. CALLABLE DEBT

	2019	2018
Mortgage, due on demand, interest at prime plus 1.5%, repayable in monthly installments of \$3,333 plus interest, due December 2020, secured with a first collateral charge over land and building with a carrying value of \$1,392,450	\$ 276,667	\$ 310,000
Less: current portion	40,000	40,000
	\$ 236,667	\$ 270,000
Repayment of callable debt is as follows:		
2020	\$ 40,000	
2021	236,667	
	\$ 276,667	

### 6. DEFERRED CONTRIBUTIONS

	Building Improvement Campaign	Building Capital Campaign	Equipment Grants	Total 2019	Total 2018
Balance, beginning of year	\$ 564,921	\$ 301,141	\$ 33,223	\$ 899,285	\$ 896,689
Contributions received	5,000	-	7,577	12,577	43,809
Amortization	(16,567)	(14,333)	(11,454)	(42,354)	(41,213)
Balance, end of year	\$ 553,354	\$ 286,808	\$ 29,346	\$ 869,508	\$ 899,285

### 7. ALLOCATION OF EXPENSES BY FUNCTION

	2019	2018
Community programs	\$ 38,509	\$ 11,503
Food bank	141,905	118,998
Soup kitchen	113,643	133,469
Thrift Store expenses	285,616	282,091
Fundraising activities	36,331	17,123
Administration	95,336	133,799
Amortization	66,470	64,954
Interest on callable debt	15,357	15,004
	\$ 793,167	\$ 776,941

See Accompanying Notes

# CENTRE AGAPE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

### 8. 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, 2019:

#### 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.

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