AGAPE TABLE INC.

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

AGAPE TABLE INC.
DECEMBER 31, 2022
INDEX

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Agape Table Inc.:

Qualified Opinion

We have audited the accompanying financial statements of Agape Table Inc. ("the Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets, and cash flow for the year then ended, and the notes to 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 December 31, 2022, and the results of its operations and its cash flow 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 Organizations derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from this source 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 revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2022, and current assets and net assets as at December 31, 2022.

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.

Other Matter

The financial statements for the year ended December 31, 2021, were audited by another auditor who expressed a qualified opinion on those financial statements on May 11, 2022, for the reasons described in the *Basis for Qualified Opinion* section.

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 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.

Fort Group

Winnipeg, Manitoba
June 15, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS INC.

AGAPE TABLE INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 1,363,201	1,149,558
Accounts receivable (Note 3)	49,918	44,626
Prepaid expenses and deposits (Note 4)	15,866	93,149
	1,428,985	1,287,333
PROPERTY AND EQUIPMENT (Note 5)	1,383,844	89,449
	$ 2,812,829	1,376,782
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	$ 51,167	32,208
Current portion of mortgage payable (Note 10)	34,415	-
Deferred contributions - capital campaign (Note 7)	236,008	10,000
	321,590	42,208
MORTGAGE PAYABLE (Note 10)	827,195	-
	1,148,785	42,208
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	108,796	20,260
	1,257,581	62,468
NET ASSETS		
Invested in property and equipment	413,438	59,189
Unrestricted net assets	1,141,810	1,255,125
	1,555,248	1,314,314
	$ 2,812,829	1,376,782

APPROVED BY THE BOARD:

[signature] Director

[signature] Director

AGAPE TABLE INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUES		
Donations	$ 959,163	811,493
Capital campaign donations (Note 7)	51,654	-
In-kind donations (Note 9)	47,742	26,773
Amortization of deferred capital contributions (Note 8)	7,802	3,415
Interest	4,714	11,332
Grants	-	87,577
	1,071,075	940,590
FOOD AND PROGRAM COSTS		
Direct salaries and wages	243,394	277,795
Food cost	3,150	2,804
Kitchen supplies	15,244	11,720
Program expenses	82,651	55,680
	344,439	347,999
REVENUES IN EXCESS OF FOOD AND PROGRAM COSTS	726,636	592,591
EXPENSES		
Advertising and promotion	60,436	65,842
Amortization of property and equipment	56,117	40,061
Bank charges and interest	9,867	8,577
Board expenses	1,932	1,775
Capital campaign expenses	51,654	-
Insurance	10,766	3,774
Interest on long-term debt	12,199	-
Office and supplies	23,373	20,823
Professional fees	13,365	10,785
Property taxes	9,573	-
Rent	39,000	37,500
Staff training and development	201	-
Repairs and maintenance	7,206	5,025
Utilities	1,455	1,475
Vehicle expenses	5,782	6,535
Wages and benefits	180,544	140,172
	483,470	342,344
EXCESS OF REVENUES BEFORE OTHER ITEM	243,166	250,247
OTHER ITEM		
Loss on sale of property and equipment	(2,232)	-
EXCESS OF REVENUES OVER EXPENSES	$ 240,934	250,247

AGAPE TABLE INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Invested in property and equipment	Unrestricted net assets	2022	2021
NET ASSETS, BEGINNING OF YEAR	$ 59,189	1,255,125	1,314,314	1,064,067
Excess of revenues over expenses	(50,547)	291,481	240,934	250,247
Purchase of property and equipment	1,353,444	(1,353,444)	-	-
Deferred capital contributions	(86,338)	86,338	-	-
Proceeds on mortgage advance	(877,500)	877,500	-	-
Principal repayment of mortgage payable	15,890	(15,890)	-	-
Proceeds on sale of property and equipment	(700)	700	-	-
NET ASSETS, END OF YEAR	$ 413,438	1,141,810	1,555,248	1,314,314

AGAPE TABLE INC.
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 240,934	250,247
Add back non-cash item(s):		
Amortization of property and equipment	56,117	40,061
Amortization of deferred capital contributions	(7,802)	(3,415)
Loss on sale of property and equipment	2,232	-
	291,481	286,893
Changes in non-cash working capital:		
Accounts receivable	(5,292)	594
Prepaid expenses	77,283	(83,636)
Accounts payable and accrued liabilities	18,959	12,348
Deferred contributions - capital campaign	226,008	23,200
	608,439	239,399
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,353,444)	(17,592)
FINANCING ACTIVITIES		
Proceeds on mortgage advance	877,500	-
Principal mortgage payments	(15,890)	-
Deferred capital contributions	96,338	-
Proceeds on sale of property and equipment	700	-
	958,648	-
CHANGE IN CASH	213,643	221,807
CASH, BEGINNING OF YEAR	1,149,558	927,751
CASH, END OF YEAR	$ 1,363,201	1,149,558

AGAPE TABLE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. ACCOUNTING ENTITY

Agape Table Inc. ("the Organization") is a not-for-profit, non-share capital organization that provides low cost nutritional food to low income individuals in the downtown area of Winnipeg, Manitoba. It is a registered charity under the Corporations Act of Manitoba and solicits donations from the public. As a registered charity, the Organization is not subject to income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Donations and grants restricted for capital expenditures are recognized as deferred contributions until the capital cost to which they relate, have been incurred. Once capital costs have been incurred, contributions are recognized into income on basis consistent with the rate of amortization of the property and equipment.

(b) Property and Equipment

Property and equipment is stated at cost less accumulated amortization. Amortization is recorded beginning in the later of the month of acquisition or when the asset is available for use. Amortization is based on the estimated useful life of the asset and is as follows:

Building	50 year straight-line
Computer equipment	30% declining balance
Computer software	100% declining balance
Equipment	20% declining balance
Vehicles	30% declining balance
Leasehold improvements	5 year lease term

Additions are amortized at one half the above rates in the year of acquisition.

Building renovation in progress represents architectural design costs related to the renovation of the existing building. Amounts will be amortized once the asset is in use.

(c) Contributed Goods and Services

Contributed goods and services including donations of materials and volunteer services, which are used in the normal course of the Organization's operations and would otherwise have been purchased, are reported in the financial statements when fair value can be reasonably estimated. The Organization does not report in-kind donations when there is valuation uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved, and the estimated useful lives of property and equipment. Actual results may differ from estimates.

(e) Financial Instruments

Financial instruments held by the Organization include cash, accounts receivable, accounts payable and accrued liabilities and the current and long term portion of the mortgage payable. The Organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition, less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

3. ACCOUNTS RECEIVABLE

	2022	2021
Donations and grants	$ 39,765	41,926
GST receivable	10,153	2,700
	$ 49,918	44,626

4. PREPAID EXPENSES AND DEPOSITS

In November 2021, the Organization made an offer to purchase land and building at 352 and 356 Furby Street, Winnipeg, for a consideration of $1,170,000. At December 31, 2021, the Organization paid a $50,000 deposit and incurred professional fees of $30,734 relating to the purchase of the properties. The deposit and professional fees totaling $80,734 are reported as part of the 2021 prepaid expenses and deposits.

During 2022 and upon closing on the purchase of the land and building, the prepaid expense and deposit amounts have been capitalized and included in property and equipment on the statement of financial position.

5. PROPERTY AND EQUIPMENT

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 654,155	-	-	-
Building	548,799	5,488	-	-
Computer equipment	3,297	3,079	3,297	2,813
Computer software	7,043	7,043	7,043	7,043
Equipment	63,504	32,748	63,504	25,059
Vehicles	79,152	11,873	14,365	11,433
Leasehold improvements	154,003	137,216	154,003	106,415
Building under renovation	71,338	-	-	-
	1,581,291	197,447	242,212	152,763
Net book value	$ 1,383,844		89,449	

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables	$ 12,468	10,191
Salaries payable	6,035	7,214
Accrued liabilities	21,617	7,490
Credit card payable	178	184
Vacation pay accrual	10,869	7,129
	$ 51,167	32,208

7. DEFERRED CONTRIBUTIONS - CAPITAL CAMPAIGN

Deferred contributions - capital campaign represent unspent funding restricted for both capital purchases related to the renovation of the building and expenses related to the capital campaign. Changes in the deferred contributions balance are as follows:

	2021	Contributions Received	Contributions Recognized	Property and Equipment Purchases	2022
Restricted donations	$ 10,000	349,000	51,654	71,338	236,008

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the purchased but unamortized balance of capital campaign contributions used for the purchase of property and equipment. Deferred capital contributions will be amortized into income over the useful life of the property and equipment once put into use. Changes in the deferred contributions balance by assets purchased with restricted donations are as follows:

	2021	Property and Equipment Purchases	Amortization Revenue Recognized	2022
Building under renovation	$ -	71,338	-	71,338
Equipment	20,260	-	4,052	16,208
Vehicle	-	25,000	3,750	21,250
	$ 20,260	96,338	7,802	108,796

9. IN-KIND DONATIONS

In-kind donations in the amount of $47,742 (2021 - $26,773) have been reported as revenue in 2022. Food donations from Manitoba Harvest have not been reported in the financial statements due to valuation uncertainty. Manitoba Harvest has confirmed 374,266 lbs of food donated to the Organization in 2022 (2021 - 306,333 lbs).

10. MORTGAGE PAYABLE

	2022	2021
Assiniboine Credit Union mortgage, bearing interest 3,475%, repayable in monthly blended installments of $5,093 term maturing May 1, 2027, and is secured by a general security agreement over the land and building.	$ 861,610	-
Less: current portion	34,415	-
	$ 827,195	-

The future estimated principal repayment of the mortgage payable is follows:

2023	$ 34,415
2024	35,591
2025	34,148
2026	35,354
2027	36,602
Thereafter	685,500
	$ 861,610

11. COMMITMENTS

The Organization entered into a lease commitment on June 15, 2018 with an unrelated third party respecting its premises. The agreement requires base rental payments of $2,500 per month. In addition to its base rental payments, the Organization is required to pay $750 per month respecting its proportionate share of utilities. The lease commitment is to be reviewed on June 15, 2023.

12. AGAPE TABLE ENDOWMENT FUND

On February 16, 2006, the Organization entered into an agreement with The Winnipeg Foundation to establish the Agape Table Endowment Fund. Contributions to the endowment fund are made by both the Organization and the general public. All contributions made to the endowment fund are held and invested by The Winnipeg Foundation.

Investment income generated from the contributed capital may be used at the discretion of the Board of Directors of Agape Table. In the event of a proven extraordinary need of the Organization to access the fund, such as cash flow shortfalls or necessary capital expenditures. The Organization can be funded up to 25% of the endowment contributions at the discretion of The Winnipeg Foundation.

The Organization earned and received $nil (2021 - $6,340) in investment income from the endowment fund and contributed $nil (2021 - $nil) to the endowment fund.

The endowment fund asset is not reported on the statement of financial position of the Organization, but had a market value of $142,327 (2021 - $159,669) as of December 31, 2022.

13. FINANCIAL RISK MANAGEMENT

(a) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities and the current portion of the mortgage payable. Financial liabilities are paid in the normal course of business and except under certain exceptions, no later than three months.

The Organization’s approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet financial liabilities when due. At December 31, 2022, the Organization has a cash balance of $1,363,201 (2021 - $1,149,558) and financial liabilities of $85,582 (2021 - $32,208).

(b) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial instruments which potentially subject the Organization to credit risk and concentrations of credit risk consist principally of accounts receivable.

The Organization manages credit risk associated with accounts receivable by pursuing collections when they are due.

(c) 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. It is management's opinion that the Organization is exposed to interest rate price risk and interest rate cash flow risk due to its mortgage payable. The Organization mitigates this risk by being locked in a fixed term.

14. COMPARATIVE FIGURES

Certain of the prior year comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.