

**AGAPE TABLE INC.**  
**INDEPENDENT AUDITOR'S REPORT**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**AGAPE TABLE INC.  
DECEMBER 31, 2023  
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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, 2023, 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, 2023, 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 derive 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, 2023, and current assets and net assets as at December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2022, 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.

**Winnipeg, Manitoba  
May 16, 2024**

Fort Group  
**CHARTERED PROFESSIONAL  
ACCOUNTANTS INC.**

**AGAPE TABLE INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,512,889	1,363,201
Accounts receivable (Note 3)	97,798	49,918
Prepaid expenses	15,763	15,866
Guaranteed investment certificate (Note 4)	<u>250,000</u>	<u>-</u>
	2,876,450	1,428,985
<b>PROPERTY AND EQUIPMENT</b> (Note 5)	<u>1,586,206</u>	<u>1,383,844</u>
	<u>\$ 4,462,656</u>	<u>2,812,829</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 85,296	51,167
Current portion of mortgage payable (Note 10)	33,071	34,415
Deferred contributions - capital campaign (Note 7)	<u>1,507,278</u>	<u>236,008</u>
	1,625,645	321,590
<b>MORTGAGE PAYABLE</b> (Note 10)	<u>796,863</u>	<u>827,195</u>
	2,422,508	1,148,785
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (Note 8)	<u>334,897</u>	<u>108,796</u>
	<u>2,757,405</u>	<u>1,257,581</u>
<b>NET ASSETS</b>		
Invested in property and equipment	421,375	413,438
Unrestricted net assets	<u>1,283,876</u>	<u>1,141,810</u>
	<u>1,705,251</u>	<u>1,555,248</u>
	<u>\$ 4,462,656</u>	<u>2,812,829</u>

**APPROVED BY THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**AGAPE TABLE INC.  
STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Donations	\$ 882,634	959,163
Interest	46,532	4,714
Capital campaign donations (Note 7)	43,879	51,654
Reimbursement of WCB	21,991	-
In-kind donations (Note 9)	14,941	47,742
Amortization of deferred capital contributions (Note 8)	<u>10,879</u>	<u>7,802</u>
	<u>1,020,856</u>	<u>1,071,075</u>
 <b>FOOD AND PROGRAM COSTS</b>		
Direct salaries and wages	256,791	243,394
Food cost	6,250	3,150
Kitchen supplies	16,671	15,244
Program expenses	<u>58,945</u>	<u>82,651</u>
	338,657	344,439
 <b>REVENUES IN EXCESS OF FOOD AND PROGRAM COSTS</b>	<u>682,199</u>	<u>726,636</u>
 <b>EXPENSES</b>		
Advertising and promotion	65,322	60,436
Amortization of property and equipment	42,956	56,117
Bank charges and interest	9,430	9,867
Board expenses	3,002	1,932
Capital campaign expenses	43,879	51,654
Insurance	11,672	10,766
Interest on long-term debt	29,441	12,199
Office and supplies	23,056	23,373
Professional fees	26,127	13,365
Property taxes	3,517	9,573
Rent	39,000	39,000
Staff training and development	564	201
Repairs and maintenance	3,666	7,206
Utilities	2,308	1,455
Vehicle expenses	10,614	5,782
Wages and benefits	<u>217,642</u>	<u>180,544</u>
	<u>532,196</u>	<u>483,470</u>
 <b>EXCESS OF REVENUES BEFORE OTHER ITEM</b>	<u>150,003</u>	<u>243,166</u>
 <b>OTHER ITEM</b>		
Loss on sale of property and equipment	<u>-</u>	<u>(2,232)</u>
 <b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 150,003</u>	<u>240,934</u>

**AGAPE TABLE INC.  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2023**

	<u>Invested in property and equipment</u>	<u>Unrestricted net assets</u>	<u>2023</u>	<u>2022</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 413,438	1,141,810	1,555,248	1,314,314
Excess of revenues over expenses	(32,077)	182,080	150,003	240,934
Purchase of property and equipment	245,318	(245,318)	-	-
Deferred capital contributions	(236,980)	236,980	-	-
Principal repayment of mortgage payable	<u>31,676</u>	<u>(31,676)</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 421,375</u>	<u>1,283,876</u>	<u>1,705,251</u>	<u>1,555,248</u>

**AGAPE TABLE INC.  
STATEMENT OF CASH FLOW  
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 150,003	240,934
Add (subtract) non-cash item(s):		
Amortization of property and equipment	42,956	56,117
Amortization of deferred capital contributions	(10,879)	(7,802)
Loss on sale of property and equipment	<u>-</u>	<u>2,232</u>
	182,080	291,481
Changes in non-cash working capital:		
Accounts receivable	(47,880)	(5,292)
Prepaid expenses	103	77,283
Accounts payable and accrued liabilities	34,129	18,959
Deferred contributions - capital campaign	<u>(43,879)</u>	<u>226,008</u>
	<u>124,553</u>	<u>608,439</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(245,318)	(1,353,444)
Purchase of guaranteed investment certificate	<u>(250,000)</u>	<u>-</u>
	<u>(495,318)</u>	<u>(1,353,444)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds on mortgage advance	-	877,500
Principal mortgage payments	(31,676)	(15,890)
Deferred contributions - capital campaign received	1,539,505	96,338
Deferred capital contributions received	12,624	-
Proceeds on sale of property and equipment	<u>-</u>	<u>700</u>
	<u>1,520,453</u>	<u>958,648</u>
<b>CHANGE IN CASH</b>	1,149,688	213,643
<b>CASH, BEGINNING OF YEAR</b>	<u>1,363,201</u>	<u>1,149,558</u>
<b>CASH, END OF YEAR</b>	<u>\$ 2,512,889</u>	<u>1,363,201</u>



**AGAPE TABLE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**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 are recognized when received or receivable and when collectibility is reasonably assured. Interest is recognized in the period to which it relates. Capital campaign donations are recognized as revenue when the related expense has been incurred. Reimbursement of WCB is recognized as revenue when cash has been received. Amortization of deferred capital contributions is recognized as income on the 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	2% declining balance
Computer equipment	30% declining balance
Computer software	100% declining balance
Equipment	20% declining balance
Vehicles	30% declining balance
Leasehold improvements	20% declining balance

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

Construction in progress represents architectural design and project management costs related to the construction of the new 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.

**AGAPE TABLE INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**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, guaranteed investment certificate, 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**

	<u>2023</u>	<u>2022</u>
Donations and grants	\$ 82,024	37,297
Accrued interest receivable	11,437	2,468
GST receivable	<u>4,337</u>	<u>10,153</u>
	<u>\$ 97,798</u>	<u>49,918</u>

**4. GUARANTEED INVESTMENT CERTIFICATE (GIC)**

The Organization has purchased a Guaranteed Investment Certificate ("GIC") of \$250,000 (2022 - \$nil) with an interest rate of 4.60% and a maturity date of January 3, 2024.

**5. PROPERTY AND EQUIPMENT**

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 654,155	-	654,155	-
Building	548,799	16,354	548,799	5,488
Computer equipment	3,297	3,297	3,297	3,079
Computer software	7,043	7,043	7,043	7,043
Equipment	84,466	41,079	63,504	32,748
Vehicles	79,152	32,057	79,152	11,873
Leasehold improvements	154,003	140,573	154,003	137,216
Construction in progress	<u>295,694</u>	<u>-</u>	<u>71,338</u>	<u>-</u>
	<u>1,826,609</u>	<u>240,403</u>	<u>1,581,291</u>	<u>197,447</u>
Net book value	<u>\$ 1,586,206</u>		<u>1,383,844</u>	

**AGAPE TABLE INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 41,876	12,468
Accrued liabilities	19,500	21,617
Vacation pay accrual	15,700	10,869
Salaries payable	8,182	6,035
Credit card payable	<u>38</u>	<u>178</u>
	<u>\$ 85,296</u>	<u>51,167</u>

**7. DEFERRED CONTRIBUTIONS - CAPITAL CAMPAIGN**

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

	<u>2022</u>	<u>Contributions Received</u>	<u>Contributions Recognized</u>	<u>Property and Equipment Purchases</u>	<u>2023</u>
Restricted donations	\$ <u>236,008</u>	<u>1,539,505</u>	<u>43,879</u>	<u>224,356</u>	<u>1,507,278</u>

**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:

	<u>2022</u>	<u>Property and Equipment Purchases</u>	<u>Amortization Revenue Recognized</u>	<u>2023</u>
Construction in progress	\$ 71,338	224,356	-	295,694
Equipment	16,208	12,624	4,504	24,328
Vehicle	<u>21,250</u>	<u>-</u>	<u>6,375</u>	<u>14,875</u>
	<u>\$ 108,796</u>	<u>236,980</u>	<u>10,879</u>	<u>334,897</u>

**9. IN-KIND DONATIONS**

In-kind donations in the amount of \$14,941 (2022 - \$47,742) have been reported as revenue in 2023. Food donations from Manitoba Harvest have not been reported in the financial statements due to valuation uncertainty. Manitoba Harvest has confirmed 66,110 lbs of food donated to the Organization in 2023 (2022 - 374,266 lbs).

**AGAPE TABLE INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**10. MORTGAGE PAYABLE**

	<u>2023</u>	<u>2022</u>
Assiniboine Credit Union mortgage, bearing interest at an annual blended rate of 3.48%, repayable in installments of \$5,093 term maturing May 1, 2027, and is secured by a general security agreement over the land and building.	\$ 829,934	861,610
Less: current portion	<u>33,071</u>	<u>34,415</u>
	<u>\$ 796,863</u>	<u>827,195</u>

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

2024	\$	33,071
2025		33,031
2026		31,498
2027		32,610
2028		33,762
Thereafter		<u>665,962</u>
		<u>\$ 829,934</u>

**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 expire on June 15, 2025.

**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 (the "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 Endowment Fund asset is not reported on the statement of financial position of the Organization but had a market value of \$148,308 (2022 - \$142,327) as of December 31, 2023.

The Organization earned and received \$nil (2022 - \$nil) in investment income from the Endowment Fund and contributed \$nil (2022 - \$nil) to the endowment fund.

**AGAPE TABLE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**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, 2023, the Organization has a cash balance of \$2,512,889 (2022 - \$1,363,201) and financial liabilities of \$118,367 (2022 - \$85,582).

**(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 guaranteed investment certificate, and mortgage payable. The Organization mitigates this risk by being locked in a fixed term.