



**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**

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## INDEPENDENT AUDITORS' REPORT

To the Stakeholders of Lifecorps International (O/A The Food Bank of York Region)

### *Report on the Audit of the Financial Statements*

#### *Qualified Opinion*

We have audited the accompanying financial statements of Lifecorps International (O/A The Food Bank of York Region), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in operations, changes in net assets and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lifecorps International (O/A The Food Bank of York Region) as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Lifecorps International (O/A The Food Bank of York Region) derives revenue from donations and donated products and services, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues and food program costs were limited to the amounts recorded in the records of Lifecorps International (O/A The Food Bank of York Region). Therefore, we were not able to determine whether any adjustments might be necessary to these revenues, food program costs, excess of revenues over expenses, and cash flows from operations for the year ending December 31, 2018, and current assets, and net assets as at December 31, 2018. Our audit opinion was modified accordingly because of the possible effects of this scope limitation.

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 audit 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.

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### ***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.

May 6, 2019


*Sloan Partners LLP*

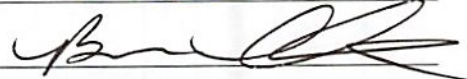
Chartered Professional Accountants  
Licensed Public Accountants

LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)  
STATEMENT OF FINANCIAL POSITION

As at December 31	2018	2017
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 176,353	\$ 111,135
Restricted cash (note 4 & 9)	61,392	-
Accounts receivable (note 8)	45,445	44,502
Inventory (note 9)	143,625	44,628
Prepaid expenses	10,491	9,524
	437,306	209,789
Capital assets (note 5)	220,575	123,166
	\$ 657,881	\$ 332,955
 <b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 20,504	\$ 20,070
Deferred grants and donations (note 9)	237,813	44,628
Loans payable (note 7)	-	4,398
Obligations under capital lease (note 11)	15,938	15,162
Designated funds payable	-	400
	274,255	84,258
Obligations under capital lease (note 11)	70,730	86,668
Deferred capital grants (note 6 & 9)	153,309	37,353
	498,294	208,279
 <b>NET ASSETS</b>		
Unrestricted net assets	159,587	124,676
	159,587	124,676
	\$ 657,881	\$ 332,955

Approved by:

Director: 

Director: 

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)  
STATEMENT OF CHANGES IN NET ASSETS**

<b>Year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>NET ASSETS CONSIST OF:</b>		
<b>Internally restricted assets</b>		
Balance, beginning of the year	\$ -	\$ -
Invested in capital assets	-	-
Excess of (expenses) over revenue	-	-
	<hr/>	<hr/>
Balance, end of the year	-	-
<b>Unrestricted net assets</b>		
Balance, beginning of the year	124,676	62,809
Excess of revenue over expenses	34,911	61,867
	<hr/>	<hr/>
Balance, end of the year	159,587	124,676
	<hr/>	<hr/>
<b>NET ASSESTS, end of the year</b>	<b>\$ 159,587</b>	<b>\$ 124,676</b>

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)  
STATEMENT OF OPERATIONS**

<b>Year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Food program	\$ 3,284,929	\$ 2,194,289
Donations	149,572	133,155
Grants	143,650	111,366
Designated fund receipts (note 10)	57,631	39,971
Service charges from agencies	18,250	27,399
Other revenue	10,591	12,731
Amortization of deferred capital grants	32,261	14,348
	<u>3,696,884</u>	<u>2,533,259</u>
<b>EXPENSES</b>		
Food program costs	3,284,929	2,194,289
Salaries and wages	126,492	92,155
Designated fund disbursements (note 10)	54,590	19,412
Professional fees	34,064	19,133
Office and general	23,527	35,003
Rent	22,174	28,061
Vehicle and travel	17,409	24,173
Advertising & promotion	11,842	2,456
Insurance	7,371	6,183
Supplies and warehousing costs	7,082	9,573
Utilities	6,822	6,208
Interest on capital lease	5,056	3,780
Interest and bank charges	1,707	1,533
Amortization of tangible assets	58,908	29,433
	<u>3,661,973</u>	<u>2,471,392</u>
<b>Excess of revenue over expenses</b>	<u>\$ 34,911</u>	<u>\$ 61,867</u>

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)  
STATEMENT OF CASH FLOWS**

<b>Year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income	\$ 34,911	\$ 61,867
Items not affecting cash:		
Amortization of tangible assets	58,908	29,433
Amortization of deferred capital grants	(32,261)	(14,348)
Food program and other donations-in-kind	(3,284,929)	(2,194,289)
Food program and other donations-in-kind expenses	3,284,929	2,194,289
	<u>61,558</u>	<u>76,952</u>
<b>Changes in non-cash working capital:</b>		
Restricted cash	(61,392)	25,000
Accounts receivable	(943)	(26,349)
Inventory	(98,997)	34,364
Prepaid expenses	(969)	1,951
Accounts payable and accrued liabilities	436	11,523
Deferred grants and donations	193,185	(59,364)
Loan payable	(4,398)	-
Designated funds	-	(400)
	<u>88,480</u>	<u>63,677</u>
Net cash provided by operating activities	<u>88,480</u>	<u>63,677</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(156,317)	(128,708)
Net cash used in investing activities	<u>(156,317)</u>	<u>(128,708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from capital lease	-	115,308
Repayment of capital lease obligation	(15,162)	(13,479)
Grants funds received	148,217	27,810
Net cash provided by financing activities	<u>133,055</u>	<u>129,639</u>
<b>NET INCREASE IN CASH</b>	<b>65,218</b>	<b>64,608</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<b>111,135</b>	<b>46,527</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>\$ 176,353</b>	<b>\$ 111,135</b>

See accompanying notes to the financial statements

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**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**1. PURPOSE OF THE ORGANIZATION**

LifeCorps International is incorporated under the Canada Business Corporations Act. LifeCorps is a Canadian Registered Charity dedicated to the eradication of poverty in all its forms through the promotion of sustainable development including health care, education, provision of basic human needs to all people - irrespective of their race, politics or religion.

The mission is accomplished by working hand in hand with existing "on the ground" organizations, including Non-Governmental Organizations (NGOs), other groups and individuals in order to provide the following:

1. Health care facilities for primary health care and treatment of diseases such as Malaria, dengue fever and other Tropical diseases;
2. Education facilities and resources to break the "Poverty cycle";
3. Expertise and funding that begins with construction and empowers locals to assume responsibility; and
4. Further primary needs, such as: portable water, sanitation facilities, food, clothing and shelter.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations (ASNPO). Outlined below are those policies considered particularly significant by the Organization.

Donated materials and supplies

Donated materials and supplies are recorded at their fair market value at the time of the donation. During the year \$3,284,929 (2017 - \$2,194,289) was recorded as donations for the Lifebread program for donated materials and supplies. If the donating organization discloses the value of the goods, then that is used as the fair market value. If the value is not disclosed, then the organization uses \$2.50 per pound as the fair market value.

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of the valuation of inventory and contributed materials and supplies, and the useful lives of capital assets including deferred capital contributions.

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Vehicles	30%	declining balance
Vehicles - capital lease	30%	declining balance
Furniture and equipment	20%	declining balance
Leasehold improvements	5 years	straight-line over term of lease

The Organization regularly reviews its property, plant and equipment to eliminate obsolete items and fully amortized items no longer in service.

Revenue

The organization follows the deferral method of accounting for donations.

- Unrestricted donations are recognized as revenue when received.
- Externally restricted donations are deferred and taken into revenue when the funds are spent.
- Donations restricted for the purchase of capital assets are deferred and amortized into revenue at an amount equal to the amortization of that group of capital assets.
- Donated materials and supplies are only recorded as revenue when the estimated fair market value of the items donated can be supported within the policy set out by the Charities Directorate of the Canada Revenue Agency.
- The organization charges service fees from the agencies it serves during the year. The service charge is \$2 per unique individual served by the agencies during the year.

Inventory

Inventory consists of donated materials and supplies and is recorded within the policies set out above. Otherwise, inventory is stated at the lower of cost and market value. Market value is considered as replacement value or estimated realizable value, whichever is lower.

Contributed services

Volunteers contribute many hours each year to assist the Organization in carrying out its activities. Because of the difficulty of determining its fair value, contributed services are not recognized in the financial statements.

Financial instruments

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

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. CAPITAL MANAGEMENT**

When managing capital, the Organization's objective is to ensure that the entity continues as a going concern so that it can continue to pursue its purpose.

The Organization sets the amount of capital in proportion to the risk. To manage and maintain its capital structure, the Organization may make adjustments to internally restricted and unrestricted funds, in light of changes to economic conditions and the risk characteristics of the underlying assets, with consideration of externally imposed capital requirements.

There were no changes in the Organization's approach to capital management during the year ended December 31, 2018.

**4. RESTRICTED CASH**

The externally restricted cash consists of the following:

	2018	2017
Cash held in RBC Bingo account	\$ 4,675	\$ -
Cash - unused portion of Ontario Trillium Benefit grant	56,717	-
	\$ 61,392	\$ -

**5. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Vehicles - capital lease	\$ 122,023	\$ 49,419	\$ 72,604	\$ 103,720
Vehicles	\$ 190,803	\$ 56,946	\$ 133,857	\$ 6,771
Furniture and equipment	28,144	14,031	14,113	12,675
Leasehold improvements	29,473	29,473	-	-
	\$ 370,443	\$ 149,869	\$ 220,574	\$ 123,166

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. NET ASSETS INVESTED IN CAPITAL ASSETS**

	2018	2017
The net assets invested in capital assets consists of the following:		
Net book value of capital assets	\$ 220,574	\$ 123,166
Amounts financed by deferred capital grants	(153,309)	(37,353)
	\$ 67,265	\$ 85,813

The change in net assets invested in capital assets is calculated as follows:

Opening net cumulative balance	\$ 85,813	-
Purchase of capital assets	156,317	\$ 128,708
Amortization	(58,908)	(29,433)
Amortization of deferred capital grants	32,260	14,348
Grant funds received	(148,217)	(27,810)
	\$ 67,265	\$ 85,813

**7. LOAN PAYABLE**

Loan payable to a former director of the Organization has been paid off during the year.

**8. ACCOUNTS RECEIVABLE**

	2018	2017
Grant receivable from The Regional Municipality of York	\$ 11,418	\$ 11,136
Donations receivable from Daily Bread re Sounds of the Season Fundraiser	26,561	17,108
Restricted donations receivable from BINGO	1,369	-
HST receivable	6,097	16,258
	\$ 45,445	\$ 44,502

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**  
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**9. DEFERRED GRANTS**

The balance represents the unamortized value of restricted grants received towards the purchase of capital assets. These grants are amortized at the same rate at which the related asset is amortized.

	2018	2017
Deferred grants and donations consists of the following:		
All State Insurance Company	\$ 21,428	-
Harold Balord Foundation	10,000	-
Ontario Trillium Benefit Foundation (Unutilized portion)	56,717	-
BINGO (Restricted Cash: \$4,675 and Accounts Receivable: \$1,367)	6,042	-
Undistributed food donations	143,625	44,628
	\$ 237,812	\$ 44,628
Deferred capital grants related to capital assets:		
Balance, beginning of the year	\$ 37,353	\$ 23,891
Additional restricted transfers received	148,217	27,810
Current year's amortization	(32,260)	(14,348)
	\$ 153,310	\$ 37,353

The aforementioned grants are restricted for the following purposes:

- All State Insurance Company: The grant has been provided for regular day to day expenses of the organization.
- Harold Balord Foundation: The grant was provided for the purchase of a new forklift.
- Ontario Trillium Benefit Foundation : As mentioned in note 12, the grant was provided to expand a program helping economically vulnerable people living in York region to meet basic food needs.
- BINGO : The Lifecorps' staff performs volunteer work at BINGO. This grant has been provided for the expenses towards the delivery truck, and the staff wages & salaries in carrying these activities.
- Undistributed food donations: This balance represents the inventory on hand at the year end waiting to be distributed subsequent to the year end.

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. DESIGNATED FUNDS**

Designated fund receipts consists of the following:

Ontario Trillium Benefit	\$ 48,566	\$ 8,800
Canada Summer Jobs Program	3,360	
Bingo Donations	3,205	-
Hillside Produce Donations	2,500	-
Country Hoedown & Magna	-	20,259
El Shaddai ministries - Aurora Food Pantry	-	6,127
Faith, Hope & Love Family Service Association	-	2,810
Markham & RH Food bank bus tickets	-	1,975
	<u>\$ 57,631</u>	<u>\$ 39,971</u>

Designated fund disbursements consists of the following:

Ontario Trillium Benefit	\$ 48,566	\$ 8,500
Summer Jobs Program Expenses	3,144	-
Bingo Donations (total disbursement \$3,205; of the total capital expense \$1,685)	1,520	-
Hillside Produce	1,360	-
El Shaddai ministries - Aurora Food Pantry	-	6,127
Faith, Hope & Love Family Service Association	-	2,810
Markham & RH Food bank bus tickets	-	1,975
	<u>\$ 54,590</u>	<u>\$ 19,412</u>

**11. OBLIGATION UNDER CAPITAL LEASE**

	Current	Long-term	2018	2017
Capital Lease	\$ 15,938	\$ 70,730	\$ 86,668	\$ -

The Organization has entered into a capital lease obligation. The lease bears interest at 5.88% per annum, is repayable in 60 monthly principal and interest payments of \$1,491, terms ends at April 2022 and includes a guaranteed buyout of \$30,256.

The long term debt repayment over the next five years are as follows:

2019	\$ 15,938
2020	16,761
2021	17,633
2022	36,336
	<u>\$ 86,668</u>

**LIFECORPS INTERNATIONAL (O/A THE FOOD BANK OF YORK REGION)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. SIGNIFICANT EVENTS**

The Ontario Trillium Foundation "The Foundation" has approved a grant of \$373,500 to expand a program helping economically vulnerable people living in York region to meet basic food needs. This grant will be disbursed to the Organization over the period of thirty six months as expenses will be incurred as per agreed upon terms. During the current fiscal year, total amount of \$253,500 has been received from the Foundation. Of the total grant received, \$148,217 was spent towards the purchase of 2018 HINO Truck and \$48,566 towards other expenses as per the approved budget. As of December 31, 2018, the remaining unused balance of \$56,717 has been recorded and included in deferred grants as disclosed in note 10.

**13. COMMITMENTS**

The Organization has entered into a premises rental lease with a minimum aggregate payments for the next two years as follows:

2019	\$	27,792
2020		2,316
		<hr/>
	\$	<u>30,108</u>

The Organization is currently negotiating a new lease for an office premises located at 8201 Keele Street starting from June 2019.