

**LIFECORPS INTERNATIONAL
FINANCIAL STATEMENTS
DECEMBER 31, 2013**

**SMITH, SYKES, LEEPER & TUNSTALL LLP
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

LIFECORPS INTERNATIONAL
FINANCIAL STATEMENTS
DECEMBER 31, 2013

CONTENTS

	<u>Page</u>
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10

ACCOUNTING | TAX | ADVISORY

INDEPENDENT AUDITOR'S REPORT

To the Members of,
Lifecorps International.

We have audited the accompanying financial statements of **Lifecorps International**, which comprise the statement of financial position as at **December 31, 2013** and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 (ASNPO) 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the company derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the company and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. As well, we were unable to attend the inventory count at the end of the fiscal year or satisfy ourselves concerning those inventory quantities by alternative means. Since we were unable to obtain sufficient appropriate audit evidence over inventory as at **December 31, 2013** due to this limitation, we were unable to determine whether any adjustments to this amount or the results of operations was necessary

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions or amount of inventory referred to in the preceding paragraph these financial statements present fairly, in all material respects, the financial position of Lifecorps International as at **December 31, 2013** and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Barrie, Ontario.
June 9, 2014.

Smith, Sykes, Leeper & Tunstall LLP
CHARTERED ACCOUNTANTS
Licensed Public Accountants

LIFECORPS INTERNATIONAL
(Incorporated Under the Laws of Canada Without Share Capital)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

	2013	2012
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 6,119	\$ 109,728
Inventory	25,550	0
Prepaid expenses	<u>19,394</u>	<u>6,981</u>
	51,063	116,709
Capital assets (Note 3)	<u>61,169</u>	<u>6,207</u>
	\$ 112,232	\$ 122,916
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 13,181	\$ 8,951
Designated funds (Note 6)	22,526	34,259
Deferred grants (Note 6)	29,295	93,162
Loan payable (Note 5)	<u>8,341</u>	<u>4,096</u>
	73,343	140,468
Deferred capital grants (Note 6)	<u>61,169</u>	<u>6,038</u>
	134,512	146,506
<u>NET ASSETS</u>		
Invested in capital assets (Note 4)	0	169
Unrestricted	<u>(22,280)</u>	<u>(23,759)</u>
	(22,280)	(23,590)
	\$ 112,232	\$ 122,916

Approved on Behalf of the Institute,

_____, Director.

_____, Director.

The accompanying notes are an integral part of these financial statements.

**LIFECORPS INTERNATIONAL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013			2012
	Invested in Capital Assets	Unrestricted	Total	Total
NET ASSETS, BEGINNING OF THE YEAR	\$ 169	\$ (23,759)	\$ (23,590)	\$ (3,669)
Excess of revenues over expenditures (expenditures over revenues) for the year	0	1,310	1,310	(19,921)
Net change in investment in capital assets (Note 4)	(169)	169	0	0
NET ASSETS, END OF THE YEAR	\$ 0	\$ (22,280)	\$ (22,280)	\$ (23,590)

The accompanying notes are an integral part of these financial statements.

**LIFECORPS INTERNATIONAL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
REVENUES		
Food program	\$ 965,944	\$ 415,300
Designated fund receipts (Note 7)	45,316	86,256
Grants	36,186	4,051
Donations	\$ 21,262	\$ 22,842
Amortization of deferred capital grants	21,241	0
Capital (losses)	0	(200)
	1,089,949	528,249
EXPENDITURES		
Food program costs	964,713	416,363
Designated fund disbursements (Note 7)	45,316	87,667
Rent	19,837	1,403
Amortization of capital assets	18,758	0
Vehicle and travel	14,567	16,883
Office and general	7,664	2,988
Professional fees	6,832	7,439
Salaries and benefits	4,505	0
Insurance	2,473	2,287
Supplies	2,281	918
Advertising	1,495	12,118
Bank charges and interest	198	104
	1,088,639	548,170
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES) FOR THE YEAR	\$ 1,310	\$ (19,921)

The accompanying notes are an integral part of these financial statements.

**LIFECORPS INTERNATIONAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
CASH PROVIDED BY (USED FOR) OPERATIONS		
Excess of revenues over expenditures (expenditures over revenues) for the year	\$ 1,310	\$ (19,921)
Items not requiring an outlay of cash:		
Amortization	18,758	0
Amortization of deferred capital grants	(21,241)	0
Capital loss	<u>0</u>	<u>200</u>
	(1,173)	(19,721)
Changes in operating working capital		
Inventory	(25,550)	200
Prepaid expenses	(12,413)	(3,232)
Accounts payable and accrued expenses	4,231	15,826
Designated funds	(11,733)	(6,020)
Deferred grants	(63,868)	93,162
Loan payable	<u>4,245</u>	<u>0</u>
	(105,088)	99,936
CASH (USED FOR) PROVIDED BY OPERATIONS	(106,261)	80,215
FINANCING		
Capital grant funding	<u>76,372</u>	<u>(6,038)</u>
CASH PROVIDED BY (USED FOR) FINANCING	76,372	(6,038)
INVESTING		
Additions to capital assets	(76,372)	(6,207)
Proceeds on disposal of capital assets	<u>2,652</u>	<u>0</u>
CASH (USED FOR) INVESTING	(73,720)	(6,207)
NET CHANGE IN CASH POSITION	(103,609)	67,970
Cash position, beginning of the year	109,728	41,758
CASH POSITION, END OF THE YEAR	\$ 6,119	\$ 109,728

The accompanying notes are an integral part of these financial statements.

LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NATURE OF OPERATIONS

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; 4. Further Primary Needs, such as: Potable Water, Sanitation Facilities, Food, Clothing and Shelter.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) and include the following significant accounting policies:

Donated Materials and Supplies

Donated materials and supplies are recorded at their fair market value at the time of the donation. During the year \$965,944 (2012 - \$415,300) 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.

Estimates and assumptions -

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at December 31, 2013 and the reported amounts of the revenues and expenses for the year ended December 31, 2013. These estimates are reviewed periodically, and, as adjustments are necessary, they are reported in earnings in the period in which they become known.

Revenue recognition

LifeCorps International 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

Foreign currency translation -

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

Employee future benefits -

The Institute has a defined contribution plan providing pension benefits for its employees. The cost of the defined contribution plan is recognized based on the contributions required to be made during each period.

LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

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.

Impairment of long-lived assets -

Long-lived assets consist of property, plant and equipment and are measured and amortized as described in Note 3. The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets may not be recoverable. Impairment losses are recognized where undiscounted future cash flows from its use and disposal are less than the carrying amount. Impairment loss is measured as the amount by which the asset carrying value exceeds fair value. Any impairment is included in loss for the year.

2. FINANCIAL RISK MANAGEMENT

The Organization is exposed to the following risks related to its financial assets and liabilities:

Foreign currency risk -

The organization does donate funds to other countries which use their own foreign currency. As the donations are made in Canadian dollars and then converted to the particular foreign currency, the level of service provided from the donated funds are exposed to currency risk.

LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2013</u>	<u>Net 2012</u>
Leasehold improvements	29,473	5,895	23,578	0
Furniture and equipment	11,569	2,180	9,389	6,207
Vehicles	<u>38,900</u>	<u>10,698</u>	<u>28,202</u>	<u>0</u>
	<u>\$ 79,942</u>	<u>\$ 18,773</u>	<u>\$ 61,169</u>	<u>\$ 6,207</u>

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a declining-balance basis at the following annual rates:

Leasehold improvements	- 3 year straight line
Furniture and equipment	- 20% declining balance
Vehicles	- 30% declining balance

4. NET ASSETS INVESTED IN CAPITAL ASSETS

The net assets invested in capital assets consists of the following:

	<u>2013</u>	<u>2012</u>
Net book value of capital assets	\$ 61,169	\$ 6,207
Amounts financed by deferred capital grants	<u>(61,169)</u>	<u>(6,038)</u>
	<u>\$ 0</u>	<u>\$ 169</u>

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

Purchase of capital assets	\$ 76,372	\$ 6,207
Amortization	(18,758)	0
Amortization of deferred capital grants	21,241	0
Grant funds received	(76,372)	(6,038)
Net book value of capital assets sold	<u>(2,652)</u>	<u>0</u>
	<u>\$ (169)</u>	<u>\$ 169</u>

5. RELATED PARTY TRANSACTIONS

DUE TO RELATED PARTY

The funds advanced from a former director of the Organization are non-interest bearing and due on demand.

LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

6. DESIGNATED FUNDS AND DEFERRED GRANTS

	<u>2013</u>	<u>2012</u>
Designated funds consists of the following:		
Hospital Shalom Project	\$ 12,414	\$ 12,414
Swaziland Project	8,311	21,381
Faith, Hope & Love Family Service Association	1,495	305
Schlamps	147	0
York Region Food Network	<u>159</u>	<u>159</u>
Balance, end of the year	<u>\$ 22,526</u>	<u>\$ 34,259</u>
Deferred grants consists of the following:		
York Region Grant	3,745	4,162
Trillium Grant	<u>0</u>	<u>89,000</u>
Balance, end of the year	<u>\$ 3,745</u>	<u>\$ 93,162</u>
Deferred capital grants related to capital assets:		
Balance, beginning of the year	\$ 6,038	\$ 0
Additional restricted transfers received	76,372	6,038
Current year's amortization	<u>0</u>	<u>0</u>
Balance, end of the year	<u>\$ 82,410</u>	<u>\$ 6,038</u>

The deferred contributions represent unspent resources externally restricted for the identified projects. The deferred contributions related to the Hospital Shalom Project will be forwarded when certain criteria are met regarding how the funding will be actually used on the Hospital. The deferred Swaziland contributions will be forwarded in the following fiscal year.

LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

7. DESIGNATED FUNDS

Designated fund receipts consists of the following:

	<u>2013</u>	<u>2012</u>
Hospital Shalom Project	\$ 0	\$ 55,507
Swaziland Project	14,070	25,262
Faith, Hope & Love Family Service Association	6,514	2,945
York Region Food Network	0	2,542
Filter Pure Project	10,730	0
Schlamps Project	<u>14,002</u>	<u>0</u>
	<u>\$ 45,316</u>	<u>\$ 86,256</u>

Designated fund disbursements consists of the following:

	<u>2013</u>	<u>2012</u>
Hospital Shalom Project	\$ 0	\$ 55,506
Swaziland Project	13,870	25,262
Faith, Hope & Love Family Service Association	6,489	2,945
York Region Food Network	0	2,542
Filter Pure Project	10,730	1,412
Schlamps	13,974	0
Wiring & Postage fees	<u>253</u>	<u>0</u>
	<u>\$ 45,316</u>	<u>\$ 87,667</u>

8. LEASE COMMITMENTS

The Organization has entered into a lease with minimum aggregate annual payments for the next year as follows:

2014	\$ 16,200
------	-----------
