



LIFECORPS INTERNATIONAL

FINANCIAL STATEMENTS

DECEMBER 31, 2017

LIFECORPS INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

To the Stakeholders of Lifecorps International

Report on the Financial Statements

We have audited the accompanying financial statements of Lifecorps International, which comprise the statement of financial position as at December 31, 2017, and the statements of changes in net assets, operations and cash flows for the years 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 Organization 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 Organization 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.

Qualified Opinion

In our opinion, except for the effect 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 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, 2017** 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.

Comparative figures

The comparative figures were audited by another firm of Chartered Professional Accountants.

June 19, 2018

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

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COMMITTED TO YOUR SUCCESS

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**LIFECORPS INTERNATIONAL
STATEMENT OF FINANCIAL POSITION**

As at December 31	2017	2016
ASSETS		
Current		
Cash and cash equivalents	\$ 111,135	\$ 46,527
Restricted cash (note 4)	-	25,000
Accounts receivable	44,502	18,153
Inventory	44,628	78,992
Prepaid expenses	9,524	11,476
	209,789	180,148
Capital assets (note 5)	123,166	23,891
	\$ 332,955	\$ 204,039
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 20,070	\$ 8,549
Designated funds (note 8)	-	400
Deferred grants and donations (note 8)	44,628	103,992
Loans payable (note 7)	4,398	4,398
Obligations under capital lease (note 10)	15,162	-
	84,258	117,339
Obligations under capital lease (note 10)	86,668	-
Deferred capital grants (note 6 & 8)	37,353	23,891
	208,279	141,230
 NET ASSETS		
Unrestricted net assets	124,676	62,809
	124,676	62,809
	\$ 332,955	\$ 204,039

Approved by:

Director: _____

Director: _____

**LIFECORPS INTERNATIONAL
STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31	2017	2016
NET ASSETS CONSIST OF:		
Internally restricted assets		
Balance, beginning of the year	\$ -	\$ -
Invested in capital assets	-	-
Excess of (expenses) over revenue	-	-
	<hr/>	<hr/>
Balance, end of the year	-	-
Unrestricted net assets		
Balance, beginning of the year	62,809	22,887
Excess of revenue over expenses	61,867	39,922
	<hr/>	<hr/>
Balance, end of the year	124,676	62,809
	<hr/>	<hr/>
NET ASSETS, end of the year	\$ 124,676	\$ 62,809

**LIFECORPS INTERNATIONAL
STATEMENT OF OPERATIONS**

Year ended December 31	2017	2016
REVENUE		
Food program	\$ 2,194,289	\$ 1,445,397
Donations	138,036	92,835
Grants	111,366	108,650
Designated fund receipts (note 9)	39,971	33,298
Service charges from agencies	22,518	4,881
Other revenue	12,731	-
Amortization of deferred capital grants	14,348	12,121
	2,533,259	1,697,182
EXPENSES		
Food program costs	2,194,289	1,444,361
Salaries and wages	92,155	74,284
Office and general	35,003	20,870
Rent	28,061	13,011
Vehicle and travel	24,173	17,725
Designated fund disbursements (note 9)	19,412	31,492
Professional fees	19,133	9,961
Supplies and warehousing costs	9,573	14,925
Utilities	6,208	8,241
Insurance	6,183	5,659
Interest on capital lease	3,780	-
Advertising & promotion	2,456	3,297
Interest and bank charges	1,533	1,313
Amortization of tangible assets	29,433	12,121
	2,471,392	1,657,260
Excess of revenue over expenses	\$ 61,867	\$ 39,922

**LIFECORPS INTERNATIONAL
STATEMENT OF CASH FLOWS**

Year ended December 31	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$ 61,867	\$ 39,922
Items not affecting cash:		
Amortization of tangible assets	29,433	12,121
Amortization of deferred capital grants	(14,348)	(12,121)
Food program and other donations-in-kind	(2,194,289)	(1,446,271)
Food program and other donations-in-kind expenses	2,194,289	1,446,271
	<u>76,952</u>	<u>39,922</u>
<u>Changes in non-cash working capital:</u>		
Restricted cash	25,000	(25,000)
Accounts receivable	(26,349)	(5,135)
Inventory	34,364	(52,106)
Prepaid expenses	1,951	(5,190)
Accounts payable and accrued liabilities	11,523	(5,224)
Deferred grants and donations	(59,364)	77,106
Designated funds	(400)	400
	<u>63,677</u>	<u>24,773</u>
Net cash provided by operating activities	<u>63,677</u>	<u>24,773</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(128,708)	-
	<u>(128,708)</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>(128,708)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital lease	115,308	-
Repayment of capital lease obligation	(13,479)	-
Grants funds received	27,810	-
	<u>129,639</u>	<u>-</u>
Net cash provided by financing activities	<u>129,639</u>	<u>-</u>
NET INCREASE IN CASH	64,608	24,773
CASH AT THE BEGINNING OF THE YEAR	46,527	21,754
CASH AT THE END OF THE YEAR	\$ 111,135	\$ 46,527

**LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 \$ 2,194,289 (2016 - \$1,445,397) 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
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.
- Externally restricted donations used to purchase land are recorded as a direct increase in net assets invested in 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.

LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2017.

4. RESTRICTED CASH

The Organization received donations which are externally restricted for the purchase of a delivery vehicle.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Vehicles - capital lease	\$ 122,023	\$ 18,303	\$ 103,720	\$ -
Vehicles	\$ 38,900	\$ 32,129	\$ 6,771	\$ 9,673
Furniture and equipment	23,730	11,055	12,675	8,323
Leasehold improvements	29,473	29,473	-	5,895
	<u>\$ 214,126</u>	<u>\$ 90,960</u>	<u>\$ 123,166</u>	<u>\$ 23,891</u>

**LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. NET ASSETS INVESTED IN CAPITAL ASSETS

	2017	2016
The net assets invested in capital assets consists of the following:		
Net book value of capital assets	\$ 123,166	\$ 23,891
Amounts financed by deferred capital grants	(37,353)	(23,891)
	\$ 85,813	\$ -

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

Purchase of capital assets	\$ 128,708	\$ -
Amortization	(29,433)	(12,121)
Amortization of deferred capital grants	14,348	12,121
Grant funds received	(27,810)	-
	\$ 85,813	\$ -

7. LOAN PAYABLE

Loan payable to a former director of the Organization is non-interest bearing and due on demand.

8. DESIGNATED FUNDS AND DEFERRED GRANTS

	2017	2016
Designated funds consists of the following:		
Faith, Hope & Love Family Service Association	\$ -	\$ 400
Deferred grants and donations consists of the following:		
Walmart Foundation	\$ -	\$ 25,000
Undistributed food donations	44,628	78,992
	\$ 44,628	\$ 103,992
Deferred capital grants related to capital assets:		
Balance, beginning of the year	\$ 23,891	\$ 36,012
Additional restricted transfers received	27,810	-
Current year's amortization	(14,348)	(12,121)
	\$ 37,353	\$ 23,891

The deferred contributions represent unspent resources externally restricted for the identified projects. The Walmart Foundation contributions was used to purchase a delivery vehicle in the current fiscal year.

LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
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9. DESIGNATED FUNDS

Designated fund receipts consists of the following;

Faith, Hope & Love Family Service Association	\$	2,810	\$	4,040
Region of York Transit		-		2,120
Region of York Refugee Resettlement		-		27,138
Markham & RH Food bank bus tickets		1,975		-
El Shaddai ministries - Aurora Food Pantry		6,127		-
Ontario Trillium Benefit		8,800		-
Country Hoedown & Magna		20,259		-
	\$	39,971	\$	33,298

Designated fund disbursements consists of the following;

Ontario Trillium Benefit	\$	8,500	\$	-
El Shaddai ministries - Aurora Food Pantry		6,127		-
Faith, Hope & Love Family Service Association		2,810		3,591
Markham & RH Food bank bus tickets		1,975		-
Region of York Transit		-		2,120
Region of York Refugee Resettlement		-		25,781
	\$	19,412	\$	31,492

10. OBLIGATION UNDER CAPITAL LEASE

	Current	Long-term	2017	2016
Capital Lease	\$ 15,162	\$ 86,668	\$ 101,830	\$ -

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, the 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:

2018	\$ 15,162
2019	15,938
2020	16,761
2021	17,633
2022	36,337
	\$ 101,830

**LIFECORPS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
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11. SIGNIFICANT EVENTS

The organization has filed an application with Ontario Trillium Foundation "The Foundation" for a grant to expand a program helping economically vulnerable people living in York region to meet basic food needs. On November 9, 2017, the Foundation approved this grant for \$373,500 which will be received by the organization over the period of thirty six months starting from May 5, 2018. Subsequent to the year end, upon receipt of the first instalment, the organization has already spent \$164,619 towards the purchase of 2018 HINO Truck. This expense has been incurred based on Ontario Trillium Foundation's approved spending.

12. COMMITMENTS

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

2018	\$	27,792
2019		27,792
2020		2,316
	<u>\$</u>	<u>57,900</u>

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's method of presentation.