ATLANTIC CHRISTIAN TRAINING CENTRE

(Operating as The Tatamagouche Centre)

Consolidated Financial Statements

Year Ended December 31, 2014

ATLANTIC CHRISTIAN TRAINING CENTRE

(Operating as The Tatamagouche Centre)

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Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Atlantic Christian Training Centre (Operating as The Tatamagouche Centre)

We have audited the accompanying consolidated financial statements of Atlantic Christian Training Centre, (Operating as The Tatamagouche Centre), which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

(continues)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Atlantic Christian Training Centre, (Operating as The Tatamagouche Centre), derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Atlantic Christian Training Centre, (Operating as The Tatamagouche Centre),. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2013 and 2012, current assets as at December 31, 2013 and 2012, and net assets as at January 1 and December 31 for both the 2013 and 2012. Our audit opinion on the financial statements for the year ended December 31, 2012 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Atlantic Christian Training Centre, (Operating as The Tatamagouche Centre), as at December 31, 2014 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.

Emphasis of Matter

We draw attention to Note 2 to the financial statement which describes the uncertainty related to the ability of the Atlantic Christian Training Centre to continue as a going concern. Our opinion is not qualified in respect of this matter.

McIsaac Darragh

Amherst, Nova Scotia
March 28, 2015

CHARTERED ACCOUNTANTS

ATLANTIC CHRISTIAN TRAINING CENTRE

(Operating as The Tatamagouche Centre)

Consolidated Statement of Financial Position

December 31, 2014

	2014	2013
ASSETS		
CURRENT		
Accounts receivable *(Note 3)*	**$ 12,012**	$ 1,876
Inventory	**4,599**	6,185
Prepaid expenses	**1,855**	-
Harmonized sales tax recoverable	**1,543**	498
	20,009	8,559
LONG TERM INVESTMENTS *(Note 4)*	**86,815**	106,191
LAND, BUILDINGS AND EQUIPMENT *(Note 5)*	**655,449**	630,321
	$ 762,273	$ 745,071
LIABILITIES AND NET ASSETS		
CURRENT		
Bank overdraft *(Note 6)*	**$ 147,410**	$ 61,907
Accounts payable and accrued liabilities	**57,208**	27,820
Government remittances payable	**9,893**	9,111
Deferred revenue *(Note 7)*	**118,815**	123,372
Current portion of long term debt *(Note 8)*	**2,013**	7,436
	335,339	229,646
LONG TERM DEBT *(Note 8)*	**3,187**	-
DEFERRED CAPITAL CONTRIBUTIONS *(Note 9)*	**341,320**	339,860
	679,846	569,506
NET ASSETS		
Unrestricted deficit	**(274,838)**	(135,796)
Internally restricted and endowment *(Note 10)*	**48,337**	28,337
Invested in Capital Assets	**308,928**	283,024
	82,427	175,565
	$ 762,273	$ 745,071

SUBSEQUENT EVENT *(Note 10)*

ON BEHALF OF THE BOARD

_________________________________ *Director*

_________________________________ *Director*

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ATLANTIC CHRISTIAN TRAINING CENTRE
(Operating as The Tatamagouche Centre)
Consolidated Statement of Revenues and Expenditures
Year Ended December 31, 2014

	2014	2013
REVENUE		
Program fees	**$ 285,984**	$ 363,815
Other grants	**74,518**	72,660
Hosting fees	**157,520**	170,670
Donations	**88,703**	125,351
CIDA program funding (BTS Project)	**-**	34,957
United Church of Canada grant	**79,200**	79,200
Maritime Conference operating grant	**50,000**	50,000
BTS donations	**15,657**	50,265
Sundry	**34,169**	28,288
Accessibility fund	**3,771**	3,753
Book store	**1,859**	2,252
	791,381	981,211
EXPENSES		
Program expenses	**381,491**	508,114
Administration expenses	**209,626**	157,162
Plant expenses	**188,797**	183,184
CIDA program expenditures	**-**	34,957
Food services	**114,225**	130,316
	894,139	1,013,733
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	**(102,758)**	(32,522)
OTHER INCOME (EXPENSES)		
Investment income	**1,909**	3,762
Gain on disposal of investments	**4,937**	3,718
Unrealized gains (losses) on marketable securities	**(749)**	7,327
Amortization of deferred capital contributions *(Note 9)*	**12,540**	9,434
Amortization of tangible assets	**(29,017)**	(28,297)
	(10,380)	(4,056)
DEFICIENCY OF REVENUE OVER EXPENSES	**$ (113,138)**	$ (36,578)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ATLANTIC CHRISTIAN TRAINING CENTRE
(Operating as The Tatamagouche Centre)
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2014

	Unrestricted deficit	Internally Restricted and Endowment (Note 10)	Invested in Capital Assets	**2014**	2013
NET ASSETS - BEGINNING OF YEAR	$ (135,796)	$ 28,337	$ 283,024	**$ 175,565**	$ 212,143
Deficiency of revenue over expenses	(96,661)	-	(16,477)	**(113,138)**	(36,578)
Endowment contribution	-	20,000	-	**20,000**	-
Investment in capital assets	(42,381)	-	42,381	**-**	-
NET ASSETS - END OF YEAR	$ (274,838)	$ 48,337	$ 308,928	**$ 82,427**	$ 175,565

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ATLANTIC CHRISTIAN TRAINING CENTRE

(Operating as The Tatamagouche Centre)

Consolidated Statement of Cash Flow

Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Cash receipts from funding partners, donors and program participants	**$ 808,810**	$ 1,035,228
Cash paid to suppliers and employees	**(863,426)**	(1,000,151)
Cash flow from (used by) operating activities	**(54,616)**	35,077
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(54,145)**	(68,859)
Proceeds from sale of investments	**33,757**	110,085
Purchase of investments	**(2,224)**	(18,980)
Cash flow from (used by) investing activities	**(22,612)**	22,246
FINANCING ACTIVITY		
Repayment of long term debt	**(8,275)**	(8,924)
INCREASE (DECREASE) IN CASH FLOW	**(85,503)**	48,399
Deficiency - beginning of year	**(61,907)**	(110,306)
DEFICIENCY - END OF YEAR	**$ (147,410)**	$ (61,907)

1. DESCRIPTION OF OPERATIONS

Atlantic Christian Training Centre is an organization sponsoring and facilitating programs to provide educational opportunities for individuals to develop their potential for more effective participation in church and community. The Centre is incorporated in accordance with the Societies Act of the Province of Nova Scotia and is a registered charity under Section 149(l)(f) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Centre has experienced losses and negative cash flows over the past four years and has a net unrestricted deficit. The application of the going concern basis is dependent on the continued support of funding parties and the Centre's ability to sustain future break even operations.

The Board and Management is of the opinion that with certain sustainability measures in place sufficient funds will be obtained to meet the Centre's future obligations.

If the going concern basis were not appropriate, adjustments would be necessary to the carrying value of assets, the reported revenues and expenses and the balance sheet classifications used. These financial statements do not reflect such adjustments.

Basis of consolidation

The consolidated financial statements include the accounts of the Centre and The Phantasmagoric Society for Educational Transformation (TSET), a registered charity controlled by virtue of having the same Board and no independent management. As a result, figures as at December 31, 2014 include the financial position of TSET and the results of its operations for the year then ended. The results of operations of TSET are included in the consolidated financial statement from the date of registration as a charitable organization.

Inventory

Bookstore inventory is measured at the lower of cost or net realizable value. Cost is determined on a specific item basis.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments are classified as held for trading and are recorded at fair value, based on quoted market values at year end. In determining fair values, adjustments have not been made for commissions and fees on purchase and sale because these transaction costs are not considered to be material.

Land, buildings and equipment

Land, buildings and equipment are stated at cost or deemed cost less accumulated amortization. Land, buildings and equipment are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Land		not depreciable
Buildings	2.5%	declining balance method
Equipment, furniture and fixtures	20%	declining balance method
TeePee	30%	declining balance method
Computer software	20%	declining balance method
Solar panels	30%	declining balance method

The Centre regularly reviews its land, buildings and equipment to eliminate obsolete items. Government grants are treated as a reduction of land, buildings and equipment cost. In the year of acquisition a half year of amortization is recorded.

Land, buildings and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

a) The Centre 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.

b) Investment income is recorded when earned on the investment.

c) Donated property is recorded at fair market value at the time of the donation, when the fair value can be reasonably established.

d) Program and hosting fees are recognized when services related to the event have been delivered. Amounts received relating to activities to be held after the fiscal year end are deferred and recognized on completion of the program.

Pledges

Pledges are not recognized as income until the pledge payments are received.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Cash equivalents

The Centre considers cash on hand and operating balances with banks, net of overdrafts, as cash and cash equivalents. Cash held temporarily in investment accounts, or in high-yield savings accounts is considered to be invested.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Centre's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of buildings and equipment;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the allowance for inventory obsolescence;

3. ACCOUNTS RECEIVABLE

	2014	2013
Accounts receivable	**$ 12,012**	$ 1,876
Allowance for doubtful accounts	**-**	-
Net accounts receivable	**12,012**	1,876

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Centre is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

4. LONG TERM INVESTMENTS

	2014	2013
Cash	**$ 31,004**	$ 21,264
Common shares	**6,140**	15,564
Mutual funds	**27,742**	37,437
Fixed income	**21,929**	31,926
	$ 86,815	$ 106,191

All investments are recorded at fair value. The fixed income investments have interest rates ranging from 2.55% - 2.85% (2013 - 2.3% - 2.85%) and mature at varying dates from 2015 to 2016 (2013 - 2014 to 2016).

5. LAND, BUILDINGS AND EQUIPMENT

	Cost	Accumulated amortization	**2014 Net book value**	2013 Net book value
Land	$ 92,835	$ -	**$ 92,835**	$ 92,835
Buildings	787,353	283,283	**504,070**	473,914
Equipment, furniture and fixtures	352,529	297,275	**55,254**	59,151
TeePee	3,830	3,379	**451**	644
Computer software	5,310	3,744	**1,566**	1,958
Solar panels	10,820	9,547	**1,273**	1,819
	$ 1,252,677	$ 597,228	**$ 655,449**	$ 630,321

6. BANK OVERDRAFT

The Centre has overdraft protection on its operating account up to $150,000, bearing interest at 2.50%. As security, the Centre has provided a collateral mortgage on real estate (the Stevens House residence).

7. DEFERRED REVENUE

Deferred revenue represents contributions received that have not yet been spent in accordance with the restrictions imposed by the contributors and other revenue received that has not been earned by year end. Changes in the deferred contributions balances are as follows:

	Opening balance	Contributions	Recognized as revenue	**2014**	2013
To Seek Justice	$ 45,037	$ -	$ 32	**$ 45,069**	$ 45,037
Programs and fees	15,604	136,466	(111,971)	**40,099**	15,604
BTS - Guatemala Program	31,024	17,161	(25,982)	**22,203**	31,024
Peace and Friendship Project	4,881	20,454	(24,186)	**1,149**	4,881
Catherine Donnelley Foundation	615	-	(615)	**-**	615
Donations	5,000	5,100	(5,100)	**5,000**	5,000
Common Life Program	345	235	(311)	**269**	345
Atlantic Jubilee	570	3,000	(3,385)	**185**	570
Gift certificates	762	-	(75)	**687**	762
Green Shield	15,380	-	(15,380)	**-**	15,380
Return to Spirit	4,154	-	-	**4,154**	4,154
	$ 123,372	$ 182,416	$ (186,973)	**$ 118,815**	$ 123,372

8. LONG TERM DEBT

	2014	2013
Proudfoot Motors loan	**$ 5,200**	$ 7,436
Amounts payable within one year	**(2,013)**	(7,436)
	$ 3,187	$ -

In June 2014, the Centre entered into a three-year, non-interest bearing payment schedule of $167 per month for a commercial lawn tractor. The loan is amortized to July 2017 and is secured by the tractor, which has a net book value of $5,842.

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions related to depreciable buildings and equipment represent the unamortized balance of contributions made by various donors/grantors. Amortization of these contributions is calculated on a declining balance basis at the same rate as the related capital assets.

Changes in the deferred contributions are as follows:

	2014	2013
Opening balance	**$ 339,860**	$ 268,922
Add: capital contributions received in the year	**14,000**	80,372
Less: amounts amortized to revenue	**(12,540)**	(9,434)
	$ 341,320	$ 339,860

10. INTERNALLY RESTRICTED AND ENDOWMENT

	2014	2013
Endowment	**$ 20,000**	$ -
To Seek Justice Fund (Internally Endowed)	**2,470**	2,470
Capital Campaign Costs	**4,710**	4,710
Anniversary Fund	**21,157**	21,157
	28,337	28,337
Total Internally Restricted Net Assets and Endowment	**$ 48,337**	$ 28,337

The Board has approved internal restrictions on net assets for the To Seek Justice program. It is the intent of the Board that deferred contributions (Note 7) and internally restricted net assets for the To Seek Justice Fund will be funded by long term investments. Subsequent to year end, the Board reviewed the history of the To Seek Justice Fund and the intentions of the donors and the Board at the time the funds were raised. In keeping with their findings, in February 2015 the Board approved a reclassification of $47,600 to internally endowed net assets for the To Seek Justice Fund.

The Anniversary Fund balance consists of funds that are "in trust" from donations collected as part of the celebration of the Centre's 25th anniversary in 1981. The income from these funds was restricted by the Board to be used for three different purposes including programs, bursary funding, and capital improvements.

11. PENSION PLAN

The Centre contributes to the United Church of Canada multi-employer defined benefit plan, based on the career average pensionable earnings of the plan members. The plan is administered by Aon Hewitt, providing pension benefits to most of the Centre's employees. Employees that work fourteen hours or more a week are eligible for enrolment in the plan. The most recent actuarial valuation was done as of December 31, 2011. The plan was in a surplus position at that time.

The Centre's total pension expense for the year amounted to $29,567 (2013 - $18,877)

12. RESTRICTIONS ON NET ASSETS

The United Church of Canada, through its General Council and the Maritime Conference office, holds de facto control of the assets of the Atlantic Christian Training Centre. The Centre's bylaws state that the majority of the Directors of the Centre must be members of the United Church of Canada and require prior approval of real estate transactions, some financing arrangements, donation appeals and selection and hiring of management and program staff.

In the event that the Centre cease to function or exist, the ownership of its property shall be vested with the United Church of Canada.

13. RELATED PARTY

On occasion, the Centre's staff and management facilitate programs outside of their regular duties and receive an honorarium. In 2014, the Centre's staff were paid $4,550 (2013 - $1,275) for such programs.

14. FINANCIAL INSTRUMENTS

The Centre is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Centre's significant risk exposure and concentration as of December 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its receipt of funds from its donors, program participants and funding organizations, long-term debt, contributions to the pension plan, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Centre is mainly exposed to interest rate risk and other price risk.

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14. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Centre manages exposure through its normal operating and financing activities. The Centre is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Centre is exposed to other price risk through its investment in quoted shares.

15. COMPARATIVE FIGURES

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