ATLANTIC CHRISTIAN TRAINING CENTRE

(Operating as The Tatamagouche Centre)

Consolidated Financial Statements

Year Ended December 31, 2013

ATLANTIC CHRISTIAN TRAINING CENTRE

(Operating as The Tatamagouche Centre)

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Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Members of Atlantic Christian Training Centre (Operating as The Phantasmagoric 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, 2013 and the consolidated statements of revenues and expenditures, 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 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Atlantic Christian Training Centre, (Operating as The Tatamagouche Centre), derives revenue from donations and 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 year ended December 31, 2013, current assets and net assets as at January 1, 2013 and December 31, 2013

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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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

McIsaac Darragh

Amherst, Nova Scotia
March 24, 2014

CHARTERED ACCOUNTANTS

ATLANTIC CHRISTIAN TRAINING CENTRE

(Operating as The Tatamagouche Centre)

Consolidated Statement of Financial Position

December 31, 2013

	2013	2012
ASSETS		
CURRENT		
Accounts receivable *(Note 3)*	**$ 1,876**	$ 1,070
Inventory	**6,185**	7,179
Harmonized sales tax recoverable	**498**	8,446
	8,559	16,695
LONG TERM INVESTMENTS *(Note 4)*	**106,191**	186,251
LAND, BUILDINGS AND EQUIPMENT *(Note 5)*	**630,321**	589,758
	$ 745,071	$ 792,704
LIABILITIES AND NET ASSETS		
CURRENT		
Bank overdraft *(Note 6)*	**$ 61,907**	$ 110,306
Accounts payable and accrued liabilities	**27,820**	28,716
Government remittances payable	**9,111**	10,554
Deferred revenue *(Note 7)*	**123,372**	145,703
Current portion of long term debt *(Note 8)*	**7,436**	8,900
	229,646	304,179
LONG TERM DEBT *(Note 8)*	**-**	7,460
DEFERRED CAPITAL CONTRIBUTIONS *(Note 9)*	**339,860**	268,922
	569,506	580,561
NET ASSETS		
Unrestricted	**(135,796)**	(113,690)
Internally restricted *(Note 10)*	**28,337**	28,337
Invested in capital assets	**283,024**	297,496
	175,565	212,143
	$ 745,071	$ 792,704

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, 2013

	2013	2012
REVENUE		
Program fees	**$ 363,815**	$ 314,492
Other grants	**72,660**	166,582
Hosting fees	**170,670**	142,472
Donations	**125,351**	118,013
CIDA program funding (BTS Project)	**34,957**	108,329
United Church of Canada grant	**79,200**	79,200
Maritime Conference operating grant	**50,000**	50,000
BTS donations	**50,265**	49,988
Sundry	**28,288**	25,311
Accessibility fund	**3,753**	4,402
Book store	**2,252**	2,953
	981,211	1,061,742
EXPENSES		
Program expenses	**508,114**	529,121
Administration expenses	**157,162**	183,788
Plant expenses	**183,184**	180,458
CIDA program expenditures	**34,957**	108,329
Food services	**130,316**	135,510
	1,013,733	1,137,206
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	**(32,522)**	(75,464)
OTHER INCOME (EXPENSES)		
Investment income	**3,762**	4,873
Gain on disposal of investments	**3,718**	951
Unrealized gains (losses) on marketable securities	**7,327**	4,080
Amortization of deferred capital contributions	**9,434**	10,531
Amortization of tangible assets	**(28,297)**	(29,502)
	(4,056)	(9,067)
DEFICIENCY OF REVENUE OVER EXPENSES	**$ (36,578)**	$ (84,531)

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, 2013

	Unrestricted	Internally Restricted	Invested in Capital Assets	**2013**	2012
NET ASSETS - BEGINNING OF YEAR	$ (113,690)	$ 28,337	$ 297,496	**$ 212,143**	$ 296,674
Deficiency of revenue over expenses	(17,715)	-	(18,863)	**(36,578)**	(84,531)
Investment in capital assets	(4,391)	-	4,391	**-**	-
NET ASSETS - END OF YEAR	$ (135,796)	$ 28,337	$ 283,024	**$ 175,565**	$ 212,143

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ATLANTIC CHRISTIAN TRAINING CENTRE
(Operating as The Tatamagouche Centre)
Consolidated Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Cash receipts from funding partners, donors and program participants	**$ 1,035,228**	$ 1,085,026
Cash paid to suppliers and employees	**(1,000,151)**	(1,127,107)
Cash flow from (used by) operating activities	**35,077**	(42,081)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(68,859)**	(52,516)
Addition to loans and notes receivable	**-**	(51,802)
Proceeds from sale of investments	**110,085**	86,895
Purchase of investments	**(18,980)**	-
Cash flow from (used by) investing activities	**22,246**	(17,423)
FINANCING ACTIVITY		
Repayment of long term debt	**(8,924)**	(8,924)
INCREASE (DECREASE) IN CASH FLOW	**48,399**	(68,428)
Deficiency - beginning of year	**(110,306)**	(41,878)
DEFICIENCY - END OF YEAR	**$ (61,907)**	$ (110,306)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF OPERATIONS

Atlantic Christian Training Centre (Phantasmagoric 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).

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, 2013 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

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

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.

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

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) Bequests and donations are recognized when funds are received.

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

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

e) 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.

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.

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

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

	2013	2012
Accounts receivable	**$ 1,876**	$ 1,070
Allowance for doubtful accounts	**-**	-
Net accounts receivable	**1,876**	1,070

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

	2013	2012
Cash	**$ 21,264**	$ 12,457
Common shares	**15,564**	21,655
Mutual funds	**37,437**	77,748
Fixed income	**31,926**	74,391
	$ 106,191	$ 186,251

All investments are recorded at fair value. The fixed income investments have interest rates ranging from 2.3% - 2.85% (2012 - 2.01% - 2.85%) and mature at varying dates from 2014 to 2016 (2012 - 2013 to 2016).

5. LAND, BUILDINGS AND EQUIPMENT

	Cost	Accumulated amortization	**2013 Net book value**	2012 Net book value
Land	$ 92,835	$ -	**$ 92,835**	$ 92,835
Buildings	742,023	268,109	**473,914**	428,030
Equipment, furniture and fixtures	343,714	284,563	**59,151**	62,928
TeePee	3,830	3,186	**644**	920
Computer software	5,310	3,352	**1,958**	2,447
Solar panels	10,820	9,001	**1,819**	2,598
	$ 1,198,532	$ 568,211	**$ 630,321**	$ 589,758

Costs of $59,072 incurred to replace the Saswasig Lodge roof and for the installation of an elevator have been included in the cost of buildings. As construction was not complete as of December 31, 2013 amortization has not been recorded on these items for the fiscal year.

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 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	**2013**	2012
To Seek Justice	$ 51,782	$ 100	$ (6,845)	**$ 45,037**	$ 51,782
Programs and fees	26,936	89,007	(100,339)	**15,604**	26,936
BTS - Guatemala Program	22,736	58,553	(50,265)	**31,024**	22,736
Peace and Friendship Project	10,845	25,466	(31,430)	**4,881**	10,845
Catherine Donnelley Foundation	10,043	6,626	(16,054)	**615**	10,043
CIDA	9,636	25,321	(34,957)	**-**	9,636
Senior's programming	7,582	-	(7,582)	**-**	7,582
Donations	5,000	5,000	(5,000)	**5,000**	5,000
Common Life Program	445	-	(100)	**345**	445
Atlantic Jubilee	351	381	(162)	**570**	351
Gift certificates	347	415	-	**762**	347
Green Shield	-	20,000	(4,620)	**15,380**	-
Return to Spirit	-	42,856	(38,702)	**4,154**	-
	$ 145,703	$ 273,725	$ (296,056)	**$ 123,372**	$ 145,703

8. LONG TERM DEBT

	2013	2012
John Deere tractor loan	**$ 7,436**	$ 16,360
Amounts payable within one year	**(7,436)**	(8,900)
	$ -	$ 7,460

In October 2010, the Centre entered into a five-year, non-interest bearing payment schedule for a tractor and grounds equipment. The loan is amortized to October, 2014 and is secured by the tractor and equipment, which have a combined net book value of $21,917 (2012 - $27,396).

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:

	2013	2012
Opening balance	$ **268,922**	$ 286,432
Add: capital contributions received (repayable) in the year	**80,372**	(6,979)
Less: amounts amortized to revenue	**(9,434)**	(10,531)
	$ **339,860**	$ 268,922

10. INTERNALLY RESTRICTED NET ASSETS

	2013	2012
To Seek Justice	$ **2,470**	$ 2,470
Capital Campaign Costs	**4,710**	4,710
Endowment	**21,157**	21,157
Total Internally Restricted Net Assets	$ **28,337**	$ 28,337

The Board has approved internal restrictions on net assets for the Contemplative Learning Committee and the To Seek Justice program. It is the intent of the Board that deferred contributions and internally restricted net asset for the To Seek Justice program will not fall below $54,252.

The Endowment 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 $18,877 (2012 - $18,681)

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 2013, the Centre's staff were paid $1,275 (2012 - $3,770) 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, 2013.

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.

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.

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14. FINANCIAL INSTRUMENTS *(continued)*

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.