

# **NORTH END COMMUNITY RENEWAL CORPORATION**

## **Financial Statements**

**For the year ended March 31, 2009**

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### **Contents**

<b>Auditors' Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Changes in Net Assets	<b>4</b>
Statement of Operations	<b>5</b>
Statement of Cash Flows	<b>6</b>
Summary of Significant Accounting Policies	<b>7</b>
Notes to Financial Statements	<b>10</b>
<b>Supplementary Financial Information</b>	
Schedule of Expenditures	<b>14</b>



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## Auditors' Report

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To the Members of the  
**NORTH END COMMUNITY RENEWAL CORPORATION**

We have audited the statement of financial position of the **NORTH END COMMUNITY RENEWAL CORPORATION** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants

Winnipeg, Manitoba  
April 30, 2009

**NORTH END COMMUNITY RENEWAL CORPORATION**  
**Statement of Financial Position**

March 31	2009	2008
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank	\$ 104,986	\$ 74,492
Grants and accounts receivable (Note 3)	374,210	190,731
Prepaid expenses	16,012	15,550
	495,208	280,773
<b>Capital assets (Note 4)</b>	<b>555,336</b>	591,124
	<b>\$ 1,050,544</b>	\$ 871,897

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 246,990	\$ 83,142
Deferred grant revenue (Note 6)	225,949	202,481
Current portion of long-term debt (Note 8)	60,890	44,806
	533,829	330,429
<b>Deferred contributions relating to capital assets (Note 7)</b>	<b>70,875</b>	75,375
<b>Long-term debt (Note 8)</b>	<b>378,774</b>	469,937
	<b>983,478</b>	875,741
<b>Net Assets</b>		
Invested in capital assets	44,797	1,006
Internally restricted for capital asset replacement	35,812	35,812
Unrestricted	(13,543)	(40,662)
	67,066	(3,844)
	<b>\$ 1,050,544</b>	\$ 871,897

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**NORTH END COMMUNITY RENEWAL CORPORATION**  
**Statement of Changes in Net Assets**

<b>For the year ended March 31</b>				<b>2009</b>	<b>2008</b>
	<b>Unrestricted</b>	<b>Restricted for Capital Asset Replacement</b>	<b>Invested in Capital Assets</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	\$ (40,662)	\$ 35,812	\$ 1,006	\$ (3,844)	\$ (97,056)
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>102,198</b>	<b>-</b>	<b>(31,288)</b>	<b>70,910</b>	<b>93,212</b>
<b>Interfund Transfers</b>					
Repayment on long-term debt	(75,079)	-	75,079	-	-
<b>Balance, end of year</b>	<b>\$ (13,543)</b>	<b>\$ 35,812</b>	<b>\$ 44,797</b>	<b>\$ 67,066</b>	<b>\$ (3,844)</b>

## NORTH END COMMUNITY RENEWAL CORPORATION

### Statement of Operations

For the year ended March 31	2009	2008
<b>Revenue</b>		
Administration fees (Note 9)	\$ 37,072	\$ 35,817
Amortization of deferred contributions relating to capital assets (Note 7)	4,500	4,500
Donations	275	46,119
Grants		
City of Winnipeg - WHHI	-	(519)
Government of Canada		
HRDC	89,553	1,480
Justice	(1,756)	105,521
Province of Manitoba		
Community Connections	-	8,780
Competitiveness, Training and Trade	362,709	193,124
Education & Training	14,676	146,938
Family Services	-	59,468
Manitoba Housing Authority	435,735	580,817
NDAP: Core	306,770	215,955
Special Projects	180,394	166,317
Other		
Organizational Capacity Building	-	1,513
United Way	174,111	52,752
Wellness Project	3,297,357	271,788
Winnipeg Partnership Agreement	21,605	39,986
Thomas Sill Foundation	5,950	-
Winnipeg Foundation	18,100	-
CDPI funding	339	-
B.U.I.L.D.	7,744	-
Burrows Central Residence Council	77,794	-
Green Teams	45,300	-
Other projects	6,132	-
Interest	-	242
Other	516	1,564
Rent (Note 9)	100,704	118,469
	<b>5,185,580</b>	<b>2,050,631</b>
<b>Expenditures (per Schedule)</b>	<b>5,114,670</b>	<b>1,993,231</b>
<b>Excess of revenues over expenditures before other item</b>	<b>70,910</b>	<b>57,400</b>
<b>Other Item</b>		
Gain on sale of property	-	35,812
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 70,910</b>	<b>\$ 93,212</b>

## NORTH END COMMUNITY RENEWAL CORPORATION

### Statement of Cash Flows

For the year ended March 31	2009	2008
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenditures for the year	\$ 70,910	\$ 93,212
Adjustments for		
Amortization of capital assets	35,788	35,844
Amortization of deferred contributions relating to capital assets	(4,500)	(4,500)
Gain on sale of property	-	(35,812)
	102,198	88,744
Changes in non-cash operating working capital balances		
	(183,479)	(25,314)
Prepaid expenses	(462)	(655)
Accounts payable and accrued liabilities	163,848	12,972
Deferred grant revenue	23,468	30,465
	105,573	106,212
<b>Cash Flows from Financing and Investing Activities</b>		
Proceeds from sale of capital asset	-	69,282
Principal repayment on long-term debt	(75,079)	(82,075)
	(75,079)	(12,793)
<b>Net increase in cash and cash equivalents during the year</b>	<b>30,494</b>	<b>93,419</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>74,492</b>	<b>(18,927)</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 104,986</b>	<b>\$ 74,492</b>

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# NORTH END COMMUNITY RENEWAL CORPORATION

## Summary of Significant Accounting Policies

**For the year ended March 31, 2009**

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**Fund Accounting**                    The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Replacement Fund reports only internally restricted resources that are to be used for capital asset replacement.

The Invested in Capital Assets Fund reports the assets, liabilities, revenues and expenditures related to the organization's capital assets.

**Revenue Recognition**            The organization follows the deferral method of accounting for contributions. Grant revenue is recorded in the period the expenditures are incurred. Rent revenue is recorded in the period the services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Capital Assets**                    Buildings are capitalized in the year of acquisition at an amount equal to the cost less government assistance and are amortized on a straight line basis over a period of twenty years. Office furniture and equipment is expensed in the year of acquisition.

**Contributed Assets**              Contributed assets are capitalized at an amount equal to the appraised value on date of acquisition. An amount equal to the value of the appraisal is recorded as a contribution. The contribution is deferred and recognized annually at the same rate as the amortization on the related asset.

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The organization classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

# NORTH END COMMUNITY RENEWAL CORPORATION

## Summary of Significant Accounting Policies

**For the year ended March 31, 2009**

### Financial Instruments (continued)

<u>Assets/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash and bank	Held for trading	Fair value
Grants and accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Related parties	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

### Use of Estimates

In preparing the organization's financial statements, in accordance with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

### New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

*Financial Statement Concepts* - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The organization is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

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## NORTH END COMMUNITY RENEWAL CORPORATION

### Summary of Significant Accounting Policies

**For the year ended March 31, 2009**

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**New Accounting  
Pronouncements**  
(continued)

*Financial Instruments - Disclosure and Presentation* - On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The organization has elected to defer application of these standards.

*Financial Statements by Not-for-Profit Organizations* - In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

The organization continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

# NORTH END COMMUNITY RENEWAL CORPORATION

## Notes to Financial Statements

**March 31, 2009**

### 1. Nature of Operations

North End Community Renewal Corporation (NECRC) was incorporated on July 29, 1998 as a non-profit organization under the laws of the Province of Manitoba. The objects of the organization are to alleviate poverty, reduce unemployment and relieve suffering in the North End of Winnipeg by assisting low-income people to prepare for, find and keep employment; improving the quality of affordable housing for the benefit of low-income people in the community; promoting industry and trade for the benefit of the North End community at large; and reducing the level of crime and violence in the North End community. The corporation qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act*.

### 2. Significant Accounting Policies

*Capital Disclosures* - On April 1, 2008 the organization adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 11).

### 3. Grants and Accounts Receivable

	2009	2008
Grants	\$ 63,389	\$ 126,645
Due from North End Revitalization Inc.	107,243	25,827
GST rebate	193,806	25,036
Other	9,772	13,223
	\$ 374,210	\$ 190,731

### 4. Capital Assets

	2009			2008	
Cost	Government Assistance	Accumulated Amortization	Net Book Value	Net Book Value	
Buildings					
221 Austin	\$ 125,594	\$ 124,465	\$ 301	\$ 828	\$ 828
627 Selkirk	45,758	-	18,875	26,883	29,171
509 Selkirk	90,000	-	19,125	70,875	75,375
510 Selkirk	580,000	-	123,250	456,750	485,750
	\$ 841,352	\$ 124,465	\$ 161,551	\$ 555,336	\$ 591,124

**NORTH END COMMUNITY RENEWAL CORPORATION**  
**Notes to Financial Statements**

**March 31, 2009**

**5. Accounts Payable and Accrued Liabilities**

	<u>2009</u>		<u>2008</u>
Trade	\$ 186,717	\$	32,559
Salaries	35,464		27,108
Vacation pay	16,439		13,995
Professional fees	7,000		6,500
Mortgage interest	1,370		2,980
	<u>\$ 246,990</u>	\$	<u>83,142</u>

**6. Deferred Grant Revenue**

	<u>2009</u>		<u>2008</u>
Province of Manitoba			
Adult Learning Centre	\$ 2,185	\$	15,208
Ambassador Project - NA!	25,646		-
Comprehensive Community Initiatives	-		2,413
Family Services - PATH Program	15,234		15,234
LSP Resource Centre - NA!	28,403		-
MAET - Job Search Program	29,585		15,943
School Resource Officer - NA!	46,544		-
Wellness Centre	15,908		15,357
WHHI			
Other			
Ambassador Project	-		21,605
Burrows CDC	7,136		51,794
CTT - Job Search Program	-		23,518
Dufferin Seniors	-		2,598
Employment Core	-		26,742
Real Program - Turtle Island	-		6,630
United Way	36,909		2,794
White Dove	2,645		2,645
OPK - Donation	1,067		-
TLC - Winnipeg Foundation	11,687		-
TLC - Thomas Sill Foundation	3,000		-
	<u>\$ 225,949</u>	\$	<u>202,481</u>

**NORTH END COMMUNITY RENEWAL CORPORATION**  
**Notes to Financial Statements**

**March 31, 2009**

**7. Deferred Contributions Relating to Capital Assets**

	<b>2009</b>	<b>2008</b>
Balance, beginning of period	\$ 75,375	\$ 79,875
Received during the year	-	-
Recognized during the year	(4,500)	(4,500)
Balance, end of period	<b>\$ 70,875</b>	<b>\$ 75,375</b>

**8. Long-term Debt**

	<b>2009</b>	<b>2008</b>
Loan for 510 Selkirk - Payments of \$1,660 per month including interest calculated at the rate of prime + .5% due March 1, 2010, amortized over 5 years.	\$ 17,552	\$ 36,082
Commercial Mortgage for 510 Selkirk - Payments of \$4,780 per month including interest calculated at the rate of prime + 1.0%, due March 1, 2020, amortized over 15 years.	422,112	478,661
	<b>439,664</b>	514,743
Less amounts due within one year included in current liabilities	60,890	44,806
	<b>\$ 378,774</b>	<b>\$ 469,937</b>

All loans are secured by registered mortgages over all properties owned by the organization, by an assignment of rents and leases over all properties registered, by a General Security Agreement and by assignment of all risk insurance.

Principal repayments for the next five years and thereafter are as follows:

2010	\$ 60,890
2011	44,880
2012	46,476
2013	48,129
2014	49,841
Thereafter	189,448
	<b>\$ 439,664</b>

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# NORTH END COMMUNITY RENEWAL CORPORATION

## Notes to Financial Statements

**March 31, 2009**

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### 9. Related Party Transactions

NECRC controls NERI as NECRC appointed members to NERI's Board of Directors at inception of the corporation, the majority of members of NERI are members of NECRC's Board of Directors and NECRC and NERI have common management. Transactions between the two organizations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for services rendered.

The following summarizes transactions with NERI for the year:

	<u>2009</u>	<u>2008</u>
Revenue		
Administration fees	\$ 37,072	\$ 35,817
Rent	10,500	10,500
	<u>\$ 47,572</u>	<u>\$ 46,317</u>
Expenditures		
Administration fees	\$ 38,604	\$ 39,123

### 10. Economic Dependence

The organization is economically dependent upon the Government of Canada, the Province of Manitoba and the City of Winnipeg for financing its operations.

### 11. Capital Disclosures

The organization considers its capital to comprise its Unrestricted Net Assets, its Assets Restricted for Capital Replacement and its Assets Invested in Capital Assets. There have been no changes to what the organization considers to be its capital since the previous period.

As a not-for-profit entity, the organization's operations are reliant on revenues generated annually.

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**NORTH END COMMUNITY RENEWAL CORPORATION**  
**Schedule of Expenditures**

<b>For the year ended March 31</b>	<b>2009</b>	<b>2008</b>
Administration fees (Note 9)	\$ 38,604	\$ 39,123
Advertising and promotion	26,004	4,946
Amortization	35,788	35,844
Bank and payroll charges	2,806	4,001
Equipment and furniture	5,750	32,093
Equipment leases	3,080	3,813
Evaluations	5,932	5,344
Insurance	24,198	15,776
Interest on long-term debt	24,969	40,746
Maintenance and repairs	20,388	25,859
Meetings	8,760	9,876
Office	50,480	43,192
Professional fees	14,969	9,739
Projects	3,507,615	475,184
Property tax	7,397	10,111
Rent	1,217	1,474
Resources	11,860	9,381
Salaries and benefits	1,264,238	1,165,348
Staff and Board development	9,906	6,068
Telephone	24,269	23,123
Travel	2,551	1,281
Utilities	23,889	30,909
	<b>\$ 5,114,670</b>	<b>\$ 1,993,231</b>

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