

**NORTH END COMMUNITY  
RENEWAL CORPORATION**

**Financial Statements**  
For the year ended March 31, 2010

# **NORTH END COMMUNITY RENEWAL CORPORATION**

## **Financial Statements**

**For the year ended March 31, 2010**

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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, 2010 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants

Winnipeg, Manitoba  
April 30, 2010

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

**March 31** **2010** 2009  
(Restated Note 2)

**Assets**

**Current Assets**

Cash and bank	\$	<b>119,335</b>	\$	104,986
Grants and accounts receivable (Note 3)		<b>345,579</b>		285,306
Prepaid expenses		<b>14,646</b>		16,012
		<b>479,560</b>		406,304

**Capital assets (Note 4)** **519,548** 555,336

**\$ 999,108** \$ 961,640

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable and accrued liabilities (Note 5)	\$	<b>115,014</b>	\$	158,086
Deferred grant revenue (Note 6)		<b>286,100</b>		225,949
Current portion of long-term debt (Note 8)		<b>45,749</b>		60,890
		<b>446,863</b>		444,925

**Deferred contributions relating to capital assets (Note 7)** **66,375** 70,875

**Long-term debt (Note 8)** **332,290** 378,774

**845,528** 894,574

**Net Assets**

Invested in capital assets		<b>75,134</b>		44,797
Internally restricted for capital asset replacement		<b>35,812</b>		35,812
Internally restricted for payroll		<b>36,000</b>		-
Unrestricted		<b>6,634</b>		(13,543)
		<b>153,580</b>		67,066

**\$ 999,108** \$ 961,640

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**For the year ended March 31**

**2010**

**2009**

	Unrestricted	Restricted for Capital Asset Replacement	Restricted for Payroll	Invested in Capital Assets	Total	Total
<b>Balance</b> , beginning of year	\$ (13,543)	\$ 35,812	\$ -	\$ 44,797	\$ 67,066	\$ (3,844)
<b>Excess (deficiency) of revenue over expenditures for the year</b>	117,802	-	-	(31,288)	86,514	70,910
<b>Interfund Transfers</b>						
Repayment on long-term debt	(61,625)	-	-	61,625	-	-
Establishment of internally restricted fund	(36,000)	-	36,000	-	-	-
<b>Balance</b> , end of year	\$ 6,634	\$ 35,812	\$ 36,000	\$ 75,134	\$ 153,580	\$ 67,066

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## NORTH END COMMUNITY RENEWAL CORPORATION

### Statement of Operations

For the year ended March 31	2010	2009
		(Restated Note 2)
<b>Revenue</b>		
Administration fees (Note 9)	\$ 36,780	\$ 37,072
Administration fees - external	64,170	-
Amortization of deferred contributions relating to capital assets (Note 7)	4,500	4,500
Donations	1,158	275
Grants		
Government of Canada		
HRDC	9,398	89,553
Justice	-	(1,756)
Province of Manitoba		
Community Places	12,609	-
Competitiveness, Training and Trade	383,641	362,709
Education & Training	-	14,676
Manitoba Housing Authority	1,529,427	435,735
NDAP: Core	277,777	306,770
Special Projects	219,150	180,394
Other		
Winnipeg Regional Health Authority	355,028	-
United Way	129,953	174,111
Wellness Project	1,117,270	3,386,261
Winnipeg Partnership Agreement	3,174	21,605
Thomas Sill Foundation	9,786	5,950
Winnipeg Foundation	52,945	18,100
CDPI funding	221	339
B.U.I.L.D.	-	7,744
Burrows Central Residence Council	-	77,794
Green Teams	58,194	45,300
Other projects	21,801	6,132
Interest	188	-
Other	2,371	516
Rent	100,110	100,704
	<b>4,389,651</b>	<b>5,274,484</b>
<b>Expenditures (per Schedule)</b>	<b>4,303,137</b>	<b>5,203,574</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 86,514</b>	<b>\$ 70,910</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## NORTH END COMMUNITY RENEWAL CORPORATION

### Statement of Cash Flows

For the year ended March 31	2010	2009
		(Restated Note 2)
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenditures for the year	\$ 86,514	\$ 70,910
Adjustments for		
Amortization of capital assets	35,788	35,788
Amortization of deferred contributions relating to capital assets	(4,500)	(4,500)
	117,802	102,198
Changes in non-cash operating working capital balances		
Grant and accounts receivable	(60,273)	(94,575)
Prepaid expenses	1,366	(462)
Accounts payable and accrued liabilities	(43,072)	74,944
Deferred grant revenue	60,151	23,468
	75,974	105,573
<b>Cash Flows from Financing and Investing Activities</b>		
Principal repayment on long-term debt	(61,625)	(75,079)
<b>Net increase in cash and cash equivalents during the year</b>	<b>14,349</b>	<b>30,494</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>104,986</b>	<b>74,492</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 119,335</b>	<b>\$ 104,986</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# NORTH END COMMUNITY RENEWAL CORPORATION

## Summary of Significant Accounting Policies

**For the year ended March 31, 2010**

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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.

The Restricted for Payroll Fund reports only internally restricted resources that are to be maintained as a reserve for payroll.

### **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.

### **Financial Instruments**

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.

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## NORTH END COMMUNITY RENEWAL CORPORATION

### Summary of Significant Accounting Policies

**For the year ended March 31, 2010**

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#### 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 and accrued liabilities	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.

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## NORTH END COMMUNITY RENEWAL CORPORATION

### Summary of Significant Accounting Policies

**For the year ended March 31, 2010**

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#### **New Accounting Pronouncement**

A recent accounting pronouncement that has been issued but is not yet effective, and has a potential implication for the organization, is as follows:

*Financial Statements by Not-for-Profit Organizations* - In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO accounting standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting Board standards (PSAB) with NPO standards added. The PSAB agreed that there was sufficient support to develop an NPO series of standards to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB standards. The two Boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

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

**For the year ended March 31, 2010**

### 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. Correction of an Error

During the current year, the organization determined that accounts receivable and accounts payable as at March 31, 2009 were overstated. This was a result of the Goods and Services Tax rebate on the construction of the North End Wellness Centre being recorded at 100%, when the rebate should have been recorded at 50%. This also resulted in an understatement of grant revenue and project expenditures for the period. The excess (deficiency) of revenue over expenditures remains as previously reported and the comparative figures on the statement of financial position for the year ended March 31, 2009 have been adjusted as follows:

	Original	Adjustment	Restated
Accounts receivable	\$ 374,210	\$ (88,904)	\$ 285,306
Accounts payable	(246,990)	88,904	(158,086)
Grants - Wellness Project	(3,297,357)	(88,904)	(3,386,261)
Projects	3,507,615	88,904	3,596,519

### 3. Grants and Accounts Receivable

	2010	2009
		(Restated Note 2)
Grants	\$ 229,243	\$ 63,389
Due from North End Revitalization Inc.	69,854	107,243
GST rebate	31,244	104,902
Other	15,238	9,772
	\$ 345,579	\$ 285,306

## NORTH END COMMUNITY RENEWAL CORPORATION

### Notes to Financial Statements

**For the year ended March 31, 2010**

#### 4. Capital Assets

	2010			2009	
	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	-	21,163	24,595	26,883
509 Selkirk	90,000	-	23,625	66,375	70,875
510 Selkirk	580,000	-	152,250	427,750	456,750
	<b>\$ 841,352</b>	<b>\$ 124,465</b>	<b>\$ 197,339</b>	<b>\$ 519,548</b>	<b>\$ 555,336</b>

#### 5. Accounts Payable and Accrued Liabilities

	2010		2009	
				(Restated Note 2)
Trade	\$ 35,302		\$ 97,813	
Salaries	51,445		35,464	
Vacation pay	17,717		16,439	
Professional fees	9,500		7,000	
Mortgage interest	1,050		1,370	
	<b>\$ 115,014</b>		<b>\$ 158,086</b>	

## NORTH END COMMUNITY RENEWAL CORPORATION

### Notes to Financial Statements

**For the year ended March 31, 2010**

#### 6. Deferred Grant Revenue

	2010	2009
Province of Manitoba		
Adult Learning Centre	\$ 1,756	\$ 2,185
Ambassador Project	8,151	25,646
Family Services	15,234	15,234
Dufferin Resident's Association	34,377	-
LSP Resource Centre	-	28,403
MAET	29,585	29,585
Food Security	11,166	-
Programs for LSP	44	-
St. John's Resident's Association	40,261	-
School Resource Officer	23,272	46,544
Other		
ALC Student Support - WRHA	954	-
Burrows CDC	-	7,136
Ambassador Project - WPA	2,366	-
Employment Core - United Way	67,496	36,909
Manitoba Housing Authority	191	-
Rental Registry - MHA	27,220	-
Picnic in the Park - ACU and City of Winnipeg	3,300	-
White Dove - WRHA	-	2,645
Ogijita Pimatiswin Kinamatwin - Donation	2,178	1,067
Tenant Landlord Cooperation - Winnipeg Foundation	-	11,687
Tenant Landlord Cooperation - Thomas Sill Foundation	256	3,000
Wellness Centre	18,293	15,908
	<b>\$ 286,100</b>	<b>\$ 225,949</b>

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

	2010	2009
Balance, beginning of period	\$ 70,875	\$ 75,375
Received during the year	-	-
Recognized during the year	(4,500)	(4,500)
	<b>\$ 66,375</b>	<b>\$ 70,875</b>

## NORTH END COMMUNITY RENEWAL CORPORATION

### Notes to Financial Statements

**For the year ended March 31, 2010**

#### 8. Long-term Debt

	2010	2009
Loan for 510 Selkirk - Repayable in monthly instalments of \$1,660 including interest calculated at the rate of prime plus 0.5% due March 1, 2010, amortized over 5 years.	\$ -	\$ 17,552
Commercial Mortgage for 510 Selkirk - Repayable in monthly instalments of \$4,780 including interest calculated at the rate of prime plus 1.0%, due March 1, 2020, amortized over 15 years.	<b>378,039</b>	422,112
	<b>378,039</b>	439,664
Current portion of long-term debt	<b>45,749</b>	60,890
	<b>\$ 332,290</b>	\$ 378,774

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:

2011	\$	45,749
2012		47,258
2013		48,817
2014		50,428
2015		52,091
Thereafter		133,696
	<b>\$</b>	<b>378,039</b>

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# NORTH END COMMUNITY RENEWAL CORPORATION

## Notes to Financial Statements

**For the year ended March 31, 2010**

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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 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>2010</u>	<u>2009</u>
Revenue		
Administration fees	\$ 36,780	\$ 37,072
Rent	10,500	10,500
	<u>\$ 47,280</u>	<u>\$ 47,572</u>
Expenditures		
Administration fees	\$ 40,000	\$ 38,604

### 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, its Restricted for Payroll 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>2010</b>	<b>2009</b>
Administration fees (Note 9)	\$ 40,000	\$ 38,604
Advertising and promotion	21,289	26,004
Amortization	35,788	35,788
Bank and payroll charges	5,172	2,806
Equipment and furniture	4,334	5,750
Equipment leases	12,712	3,080
Evaluations	5,687	5,932
Insurance	25,596	24,198
Interest on long-term debt	13,212	24,969
Maintenance and repairs	28,529	20,388
Meetings	10,482	8,760
Office	44,810	50,480
Professional fees	30,187	14,969
Projects	1,740,127	3,596,519
Property tax	7,934	7,397
Rent	-	1,217
Resources	8,323	11,860
Salaries and benefits	2,208,615	1,264,238
Staff and Board development	7,065	9,906
Telephone	28,962	24,269
Travel	1,414	2,551
Utilities	22,899	23,889
	<b>\$ 4,303,137</b>	<b>\$ 5,203,574</b>

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