

Manantial Neighbourhood Services Inc.
Financial Statements
For the year ended September 30, 2011

Johnson & Robinson Professional Corporation

Chartered Accountants

Auditors' Report

**To the Members of
Manantial Neighbourhood Services Inc.**

We have audited the statement of financial position of Manantial Neighbourhood Services Inc. as at September 30, 2011 and the statements of operations and changes in fund balances 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.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards for not-for-profit organization. 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 common with many non-profit organizations, the organization derives revenue from fundraising events, donations and gifts in kind, the completeness of which is not susceptible to 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 revenue, excess of revenue over expenditures, accounts receivable and fund balances.

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 revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Authorized to practise public accounting by The Institute of Chartered Accountants of Ontario
Mississauga, Ontario
February 3, 2012

**Manantial Neighbourhood Services Inc.
Statement of Financial Position**

As at September 30, 2011

	2011				2010		October 1, 2010
	CAPITAL ASSETS FUND	GENERAL FUND	WOMEN'S SHELTER FUND	RESTRICTED FUND	TOTAL	TOTAL	(Unaudited) TOTAL
CURRENT							
Cash	\$ -	\$ 9,789		\$ 57,128	\$ 66,917	\$ 53,334	\$ 44,543
Interfund receivable	1,530	-	11,050	1,415	13,995	6,455	1,714
	<u>1,530</u>	<u>9,789</u>	<u>11,050</u>	<u>58,543</u>	<u>80,912</u>	<u>59,789</u>	<u>46,257</u>
Tangible capital assets (Note 1)	<u>11,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,042</u>	<u>5,286</u>	<u>7,037</u>
	<u>\$ 12,572</u>	<u>\$ 9,789</u>	<u>\$ 11,050</u>	<u>\$ 58,543</u>	<u>\$ 91,954</u>	<u>\$ 65,075</u>	<u>\$ 53,294</u>
	LIABILITIES AND FUND BALANCES						
LIABILITIES							
Accounts payable	-	4,145	-	-	4,145	6,098	5,055
Interfund payable	-	13,995	-	-	13,995	6,455	1,714
Deferred revenue (Note 2)	-	-	-	37,813	37,813	30,378	32,000
	<u>-</u>	<u>18,140</u>	<u>-</u>	<u>37,813</u>	<u>55,953</u>	<u>42,931</u>	<u>38,769</u>
FUND BALANCES							
Surplus, beginning	5,286	3,844	-	13,014	22,144	14,525	14,525
Excess revenues over expenditures	7,286	(12,195)	11,050	7,716	13,857	7,619	-
	<u>12,572</u>	<u>(8,351)</u>	<u>11,050</u>	<u>20,730</u>	<u>36,001</u>	<u>22,144</u>	<u>14,525</u>
Surplus, end	<u>12,572</u>	<u>(8,351)</u>	<u>11,050</u>	<u>20,730</u>	<u>36,001</u>	<u>22,144</u>	<u>14,525</u>
	<u>\$ 12,572</u>	<u>\$ 9,789</u>	<u>\$ 11,050</u>	<u>\$ 58,543</u>	<u>\$ 91,954</u>	<u>\$ 65,075</u>	<u>\$ 53,294</u>

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

**Manantial Neighbourhood Services Inc.
Statement of Operations and Fund Balance**

For the year ended September 30, 2011

	2011					2010
	CAPITAL ASSETS FUND	GENERAL FUND	WOMEN'S SHELTER FUND	RESTRICTED FUND	TOTAL	TOTAL
REVENUES						
Government Grants	\$ 9,830	\$ -	\$ -	\$ 50,454	\$ 60,284	\$ 48,872
Gifts from Charities	-	25,482	-	-	25,482	35,550
Other income	-	300	-	-	300	-
Fundraising	-	-	-	-	-	7,863
Donations	-	4,750	11,050	-	15,800	3,790
	<u>9,830</u>	<u>30,532</u>	<u>11,050</u>	<u>50,454</u>	<u>101,866</u>	<u>96,075</u>
EXPENDITURES						
Administration	-	11,865	-	-	11,865	14,140
Amortization	2,544	-	-	-	2,544	1,751
Fundraising	-	1,499	-	-	1,499	2,370
Program costs	-	-	-	42,738	42,738	34,728
Salaries and benefits	-	29,363	-	-	29,363	35,467
	<u>2,544</u>	<u>42,727</u>	<u>-</u>	<u>42,738</u>	<u>88,009</u>	<u>88,456</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 7,286</u>	<u>\$(12,195)</u>	<u>\$ 11,050</u>	<u>\$ 7,716</u>	<u>\$ 13,857</u>	<u>\$ 7,619</u>

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

Manantial Neighbourhood Services Inc.
Statement of Cash Flows

For the year ended September 30	2011	2010
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 13,857	\$ 7,619
Adjustment for non monetary items:		
Amortization	2,544	1,751
	<u>16,401</u>	<u>9,370</u>
Changes in non-cash working capital balances		
Accounts payable	(1,954)	1,043
Deferred revenue	7,436	(1,622)
	<u>21,883</u>	<u>8,791</u>
Investing activities		
Purchase of capital assets	(8,300)	-
Increase in cash during the year	13,583	8,791
Cash, beginning of year	53,334	44,543
Cash, end of year	\$ 66,917	\$ 53,334

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

Manantial Neighbourhood Services Inc. Summary of Significant Accounting Policies

September 30, 2011

Nature of Operations

Manantial Neighbourhood Services Inc. is a non-profit organization incorporated without share capital under the laws of Ontario. Being a registered charity the organization is not subject to income tax and recovers a portion of goods and services tax paid on its purchases. Manantial Neighbourhood Services Inc. provides services such as crisis intervention and newcomer integration services, food and clothes banks, as well as other support and educational programs.

Basis of Presentation

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants ("C.I.C.A."), using the restricted fund method of accounting for funding and donations.

Revenue Recognition

Funding revenue and donations are recorded in the year to which it relates if receipt is reasonably assured. Revenues related to specific programs which have not yet occurred are recorded as deferred revenue until the program occurs. The Organization's operating and administrative activities are paid from the General Fund. Restricted Funds are resources contributed for restricted uses in the programs being funded by the funder. Restricted funds are recognized as revenue when earned and collection is reasonably assured.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Tangible capital assets acquired through contribution are recorded at an original cost equal to fair value at the date of contribution. During the transition from previous accounting standards used to Canadian accounting standards for not-for-profit organizations, the carrying value of certain of these assets were adjusted to fair value at January 1, 2010. This adjusted amount, known as the "deemed cost" is referred to in these financial statements as "cost". Amortization of tangible capital assets is calculated using the declining-balance method at the following annual rates:

Office furniture and equipment	20%
Computer equipment	30%

Manantial Neighbourhood Services Inc. Summary of Significant Accounting Policies

September 30, 2011

Contributed Services

Volunteers contribute a large number of hours per year to assist the organization in carrying out its activities. Despite the fact that without these volunteer hours certain activities may have to be cut back or possibly cancelled, these services would not otherwise be purchased and as a result contributed services have not been recognized in these financial statements.

Financial Instruments

Cash designated as "held for trading" and are measured at fair value. Accounts payable and accrued liabilities and deferred revenue are designated as "loans and receivables" and are measured at amortized cost less any discovered impairment. The fair values of these financial instruments approximates their carrying values, unless otherwise noted.

Changes in significant accounting policies

The Canadian Accounting Standards Board ("AcSB") confirmed that not-for-profit organizations will have to choose between the adoption International Financial Reporting Standards ("IFRS") or Accounting Standards for not-for-profit organizations, both effective for fiscal years beginning on or after January 1, 2010 (the "changeover date"). The Company issued its fiscal 2011 financial statements in accordance with Accounting Standards for not-for-profit organizations as new standards and recommendations are issued by the AcSB.

Transition to Canadian accounting standards for not-for-profit organizations:

The organization has elected to apply the standards in Part III of the ("CICA") Accounting Handbook for not-for-profit organizations in accordance with Canadian generally accepted accounting principles. These financial statements are the first financial statement for which the entity has applied Canadian generally accepted accounting principles for not-for-profit organizations, hereafter referred to as Accounting Standards for not-for-profit organizations. The financial statements for the year ended September 30, 2011 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION, Section 1500, for first-time adopters of this basis of accounting. Under the requirements of Canadian accounting standards for not-for-profit organizations, when that accounting basis is initially applied retrospective adjustments may be required to financial information reported by an organization in previous years. The application of adopting of this new financial reporting framework had no impact on the previously reported financial position as at October 1, 2009 and September 30, 2010 or to previously reported net income or retained earnings for the year ended September 30, 2010. Consequently a reconciliation of previously reported income to net income as reported using accounting standards for not-for-profit organizations was not prepared.

**Manantial Neighbourhood Services Inc.
Notes to Financial Statements**

September 30, 2011

1. Tangible capital assets

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer	\$ 19,402	10,670	\$ 8,732	\$ 2,397
Furniture and fixtures	5,384	3,074	2,310	2,889
	\$ 24,786	\$ 13,744	\$ 11,042	5,286

2. Deferred revenue

Deferred revenue is comprised of the following government grants received in the year for specific projects:

Government of Canada (Federal)	\$ 34,830	\$ 21,905
City of Toronto	32,890	25,345
Recognized as revenue in the year	\$ 67,720	\$ 47,250
	29,907	16,872
	\$ 37,813	\$ 30,378

Manantial Neighbourhood Services Inc. Notes to Financial Statements

September 30, 2011

3. Financial instrument risk

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Like all entities, the organization would be exposed to the possibility of liquidity risk if it were ever unable to meet its payment obligations.

Credit risk

Credit risk is the risk that one party to financial instruments will cause a financial loss for the other party by failing to discharge an obligation or collect accounts receivable. The organization has no account receivable therefore is not exposed to this risk at the end of both 2011 and 2010.

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 risk, interest rate risk and other price risk. The organization is exposed to market risk which would affect future prices of its investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk which may result from future changes to interest rates which may affect the market value of its investment.

The extent of organization's exposure to the above risks did not change during 2011.

4. Comparative figures

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

Manantial Neighbourhood Services Inc.

Typing & Control Sheet

Financial Statements

September 30, 2011

Revision 02/00

CLIENT INFORMATION

Name	<u>Manantial Neighbourhood S</u>	File Names:	
Client number	_____	CaseWare	<u>Manantial - 11</u>
Statement date	<u>September 30, 2011</u>	Formula 2010	<u>Manantial.T11(Taxprepform</u>
Report date	<u>February 3, 2012</u>	Other	_____
		Return files to	_____

REVIEW

	Initials	Date	Print Name
Prepared by	<u>Lorena</u>	<u>Jan/13/2012</u>	<u>Lorrena</u>
Detailed review by	<u>MK</u>	<u>1/17/2012</u>	<u>Minna</u>
General review by	<u>MK</u>	<u>1/17/2012</u>	_____
Quality Control Review by	<u>JC</u>	<u>Feb/8, 2012</u>	<u>Joanna</u>
Concurring Partner review by	<u>HJ</u>	<u>Feb/8/2012</u>	<u>Harold Johnson</u>
4th Level review by	_____	_____	_____
Tax review by	<u>HJ</u>	<u>Feb/8/2012</u>	_____

PENDING MATTERS TO BE CONSIDERED BEFORE STATEMENTS ARE RELEASED

	Disposition
Financial statements reviewed with <u>B.O.D.</u> (Client) by <u>[Signature]</u> (Name) on <u>3/02/12</u> (Date).	_____

Have all queries / O/S items been cleared and query sheets (including tax) and O/S lists been destroyed? Yes No

Where form 105.B has been used, have reasons for outstanding items been documented on form 105.B? Yes No

Partner Release Approval: _____ (Name) _____ (Date)

Partner Approval for Use of Electronic Signature: _____ (Name) _____ (Date)

Engagement Letter: Financial Statement Report:

DISTRIBUTION AND DELIVERY

	Client	Date	Means of Delivery
Drafts to be sent to	_____	<u>Jan 2012</u>	<u>E-Mail</u>
Finals to be sent to	_____	_____	_____
Tax returns to be sent to	_____	_____	_____
Adjusting entries to be sent to	_____	_____	_____

* Page 1 of this document must be included but format is optional. Page 2 is optional.