

Manantial Neighbourhood Services Inc.
Financial Statements
For the year ended September 30, 2018

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Johnson & Robinson Professional Corporation

Chartered Professional Accountants

Auditors' Report

To the Members of Manantial Neighbourhood Services Inc.

We have audited the accompanying financial statements of the Manantial Neighbourhood Services Inc., which comprise of the statement of financial position as at September 30, 2018, the statements of operations and fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

Johnson & Robinson Professional Corporation

Chartered Professional Accountants

Basis for Qualified Opinion

In common with many non-profit organizations, Manantial Neighbourhood Services Inc. derives revenue from donations and fundraising activities, 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 Manantial Neighbourhood Services Inc. and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures reported in the statement of operations, excess (deficiency) of revenue over expenses reported in the statement of cash flows and current assets and net assets reported in the statement of financial position. This resulted in our qualified audit opinion of the financial statements for the year ended September 30, 2018.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2018, 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.



Chartered Professional Accountants

Authorized to practise public accounting by Chartered Professional Accountants of Ontario

Mississauga, Ontario

February 4, 2019

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

		ASSETS					
<u>September 30</u>		<u>2018</u>				<u>2017</u>	
	<u>CAPITAL ASSETS FUND</u>	<u>GENERAL FUND</u>	<u>WOMEN'S SHELTER FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>TOTAL</u>	
CURRENT							
Cash	\$ -	\$ 17,671	\$ -	\$ 99,856	\$ 117,527	\$ 93,118	
Accounts receivable	-	-	-	-	-	2,180	
Interfund receivable	-	-	98,271	-	98,271	80,061	
Prepaid expenses	-	-	-	-	-	301	
	-	17,671	98,271	99,856	215,798	175,660	
Capital assets (Note 1)	<u>3,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,994</u>	<u>4,454</u>	
	<u>\$ 3,994</u>	<u>\$ 17,671</u>	<u>\$ 98,271</u>	<u>\$ 99,856</u>	<u>\$ 219,792</u>	<u>\$ 180,114</u>	
LIABILITIES							
CURRENT							
Accounts payable	-	5,792	-	-	5,792	5,548	
Interfund payable	3,676	43,166	-	51,430	98,271	80,061	
Deferred revenue (Note 2)	-	-	-	15,934	15,934	13,119	
	<u>3,676</u>	<u>48,958</u>	<u>-</u>	<u>67,364</u>	<u>119,997</u>	<u>98,728</u>	
NET ASSETS							
Surplus, beginning	1,478	(22,561)	80,061	22,408	81,386	62,109	
Excess revenues over expenditures	<u>(1,160)</u>	<u>(8,725)</u>	<u>18,210</u>	<u>10,084</u>	<u>18,409</u>	<u>19,277</u>	
Surplus, end	<u>318</u>	<u>(31,286)</u>	<u>98,271</u>	<u>32,492</u>	<u>99,795</u>	<u>81,386</u>	
	<u>\$ 3,994</u>	<u>\$ 17,671</u>	<u>\$ 98,271</u>	<u>\$ 99,856</u>	<u>\$ 219,792</u>	<u>\$ 180,114</u>	

On behalf of the Board:

Director

Director

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	2018					2017
	CAPITAL ASSETS FUND	GENERAL FUND	WOMEN'S SHELTER FUND	RESTRICTED FUND	TOTAL	TOTAL
REVENUES						
Government Grants	\$ -	\$ 864	\$ -	\$ 33,310	\$ 34,174	\$ 37,924
Gifts from Charities	-	41,900	6,000	-	47,900	47,784
Foundations	-	-	-	4,000	4,000	-
Fundraising	-	-	9,880	-	9,880	12,634
Donations	-	2,170	2,330	-	4,500	3,250
	<u>-</u>	<u>44,934</u>	<u>18,210</u>	<u>37,310</u>	<u>100,454</u>	<u>101,592</u>
EXPENDITURES						
Administration	-	10,258	-	-	10,258	9,032
Amortization	1,160	-	-	-	1,160	1,275
Fundraising	-	3,126	-	-	3,126	3,385
Program costs	-	-	-	27,226	27,226	24,556
Salaries and benefits	-	40,275	-	-	40,275	44,067
	<u>1,160</u>	<u>53,659</u>	<u>-</u>	<u>27,226</u>	<u>82,045</u>	<u>82,315</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,160)</u>	<u>\$ (8,725)</u>	<u>\$ 18,210</u>	<u>\$ 10,084</u>	<u>\$ 18,409</u>	<u>\$ 19,277</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	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 18,409	\$ 19,277
Adjustment for non monetary items:		
Amortization	1,160	1,275
	<u>19,569</u>	<u>20,552</u>
Changes in non-cash working capital balances		
Accounts receivable	2,180	(1,101)
Accounts payable	244	(949)
Deferred revenue	2,815	(2,046)
Prepays	\$ 301	\$ (99)
	<u>25,109</u>	<u>16,357</u>
Investing activities		
Purchase of capital assets	(700)	(1,559)
Increase in cash during the year	24,409	14,798
Cash, beginning of year	93,118	78,320
Cash, end of year	\$ 117,527	\$ 93,118

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, 2018

Nature of Operations

The Organization 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. The Organization 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 Canada accounting standards for not-for-profit organizations published by the Chartered Professional Accountants of Canada, 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.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets acquired through contribution are recorded at an original cost equal to fair value at the date of contribution. Amortization of tangible capital assets is calculated using the declining-balance method at the following annual rates:

Computer equipment	30%
Office furniture and equipment	20%

Manantial Neighbourhood Services Inc. Summary of Significant Accounting Policies

September 30, 2018

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

Accounts payable 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.

Manantial Neighbourhood Services Inc. Notes to Financial Statements

September 30, 2018

1. Capital assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 21,720	20,325	\$ 1,395	\$ 1,993
Furniture and equipment	8,272	5,673	2,599	2,461
	\$ 29,992	\$ 25,998	\$ 3,994	\$ 4,454

2. Deferred revenue

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

	2018		2017	
Government of Canada (A Flash Back In Time)	\$ -	\$ -	\$ 24,980	\$ 24,980
Regional Municipality of York (Community Needs and Transit)	2,177	-	1,975	1,975
Government of Canada (New Horizons for Seniors)	24,988	-	-	-
Ministry of Seniors Affairs (Senior's Community Grant)	8,960	-	-	-
	36,125	36,125	26,955	26,955
Recognized as revenue in the year	20,191	20,191	13,836	13,836
	\$ 15,934	\$ 15,934	\$ 13,119	\$ 13,119

Manantial Neighbourhood Services Inc. Notes to Financial Statements

September 30, 2018

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 2018 and 2017.

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 the Organization's exposure to the above risks did not change during 2018.