

Manantial Neighbourhood Services Inc.
Financial Statements
For the year ended September 30, 2010

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Johnson & Robinson Professional Corporation

Chartered Accountants

Auditors' Report

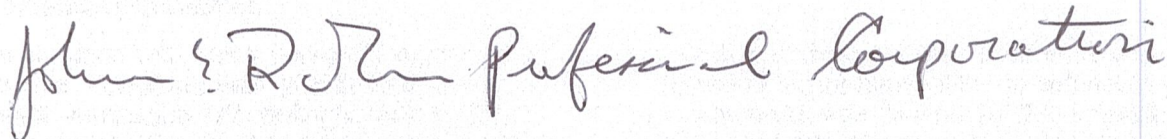
**To the Members of
Manantial Neighbourhood Services Inc.**

We have audited the statement of financial position of Manantial Neighbourhood Services Inc. as at September 30, 2010 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. 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, 2010 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
January 20, 2011

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

As at September 30, 2010

ASSETS

	2010			2009
	CAPITAL ASSETS FUND	GENERAL FUND	RESTRICTED FUND	TOTAL
CURRENT				
Cash	\$ -	16,397 \$	36,937 \$	\$ 44,543
Interfund receivable	-	-	6,455	1,714
Capital assets (Note 1)	5,286	16,397	43,392	46,257
	\$ 5,286	16,397	43,392	\$ 53,294

LIABILITIES AND FUND BALANCES

LIABILITIES				
Accounts payable	-	6,098	-	5,055
Interfund payable	-	6,455	-	1,714
Deferred revenue (Note 2)	-	-	30,378	32,000
	-	12,553	30,378	38,769
FUND BALANCES				
Surplus, beginning	7,037	8,618	(1,130)	20,387
Excess revenues over expenditures	(1,751)	4,774	14,144	(5,862)
Surplus, end	5,286	3,844	13,014	14,525
	\$ 5,286	16,397	43,392	\$ 53,294

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

For the year ended September 30, 2010

	2010			2009
	CAPITAL ASSETS FUND	GENERAL FUND	RESTRICTED FUND	TOTAL
REVENUES				
Government Grants	-	-	48,872 \$	12,671
Gifts from Charities	-	35,550	35,550	15,564
Gifts from Foundations	-	-	-	20,000
Fundraising	-	7,863	7,863	6,800
Donations in Kind	-	2,190	2,190	970
Donations	-	1,600	1,600	1,231
	-	47,203	48,872	57,236
EXPENDITURES				
Administration	-	14,140	14,140	21,731
Amortization	1,751	-	1,751	2,003
Fundraising	-	2,370	2,370	1,750
Program costs	-	-	34,728	19,792
Salaries and benefits	-	35,467	35,467	17,822
	1,751	51,977	88,456	63,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,751)	\$ 4,774	\$ 14,144	\$ (5,862)

**Manantial Neighbourhood Services Inc.
Statement of Cash Flows**

For the year ended September 30	2010	2009
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 7,619	\$ (5,862)
Adjustment for non monetary items:		
Amortization	1,751	2,003
	9,370	(3,859)
Changes in non-cash working capital balances		
Accounts payable	1,043	2,480
Deferred revenue	(1,622)	32,000
	8,791	30,621
Investing activities		
Purchase of capital assets	-	(1,714)
	8,791	28,907
Increase in cash during the year	8,791	28,907
Cash, beginning of year	44,543	15,636
Cash, end of year	\$ 53,334	\$ 44,543

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, 2010

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.

Cash and equivalents

Cash and equivalents includes cash and investments that have a maturity of three months or less.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset and is calculated on the diminishing balance basis at the following rates:

Manantial Neighbourhood Services Inc. Summary of Significant Accounting Policies

September 30, 2010

Office furniture and equipment	20%
Computer equipment	30%

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from management's best estimates.

Financial Instruments

Cash and cash equivalents are 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.

The fair values of these financial instruments approximates their carrying values, unless otherwise noted.

Accounting changes

Effective April 1, 2008, the Centre adopted the CICA Handbook Section 1531 Capital Disclosures. This standard outlines the requirement for disclosing information about the organization's capital and how it is managed in order that users of the financial statements may evaluate the Centre's objectives, policies, and process for managing capital. The adoption of this standard has resulted in additional disclosures as set out in Note 3.

Manantial Neighbourhood Services Inc. Summary of Significant Accounting Policies

September 30, 2010

Accounting pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication on the financial statements of the Centre as follows:

Future direction of standards for Not-for-Profit Organizations, The CICA has determined that not-for profit organizations ("NPOs") do not meet the definition of "publicly accountable" organizations for purposes of consideration of International Financial Reporting Standards ("IFRS"). This means that NPOs will not automatically move to IFRS in 2011. The Accounting Standards Board has agreed to issue, subject to final drafting and approval, an exposure draft seeking comment on its proposal to incorporate accounting standards for NPO's into Part III of the CICA handbook. Part III would comprise: existing Section 4400-4470 and standards that when included in Part II for private enterprises eliminated items relating to NPOs. In addition a NPO would be directed to Part II standards to the extent they are of general applicability or pertain to the organization's circumstance when there is no relevant standard in Part III. The CICA has stated that any NPO could elect to follow IFRS if they should so desire.

Manantial Neighbourhood Services Inc. Notes to Financial Statements

September 30, 2010

1. Capital assets

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer	\$ 11,102	8,705	\$ 2,397	\$ 3,426
Furniture and fixtures	5,384	2,495	2,889	3,611
	\$ 16,486	\$ 11,200	\$ 5,286	7,037

2. Deferred revenue

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

Government of Canada (Federal)	\$ 21,905		\$ 24,488
City of Toronto	25,345		20,183
	\$ 47,250		\$ 44,671
Recognized as revenue in the year	16,872		12,671
	\$ 30,378		\$ 32,000

Manantial Neighbourhood Services Inc. Notes to Financial Statements

September 30, 2010

3. Capital management

The Organization considers its capital to be comprised of its net assets and deferred revenue. Deferred revenue is subject to externally imposed requirements of the funder.

The Organization manages capital to safeguard its ability to operate and to meet its financial obligations as they become due.

4. Comparative figures

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