

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2018

May 29, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Good Neighbours Active Living Centre Inc.:

We have audited the accompanying financial statements of Good Neighbours Active Living Centre Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets 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.

Auditor's 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 the auditor's 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 and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Good Neighbours Active Living Centre Inc. derives revenue from donation fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Good Neighbours Active Living Centre Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, difference between revenues and expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1, 2016 and March 31, 2017 and 2018. Our opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Good Neighbours Living Centre Inc. as at March 31, 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.

Scarrow & Donald LLP

Chartered Professional Accountants
Winnipeg, Canada



For this communication, together with the work done to prepare this communication and for the opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF FINANCIAL POSITION

	<u>March 31</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash	\$ 120,166	\$ 88,922
Guaranteed investment certificates (Note 3)	52,429	72,167
Accounts receivable	5,973	8,830
GST receivable	9,991	5,804
Prepaid expenses	<u>9,326</u>	<u>1,421</u>
	197,885	177,144
Capital assets (Note 4)	<u>22,364</u>	<u>27,266</u>
	<u>\$ 220,249</u>	<u>\$ 204,410</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 59,976	\$ 62,168
Deferred revenue (Note 5)	<u>19,442</u>	<u>24,639</u>
	79,418	86,807
Net assets:		
Unrestricted	104,100	76,276
Internally restricted	14,367	14,367
Invested in capital assets	<u>22,364</u>	<u>26,960</u>
	<u>140,831</u>	<u>117,603</u>
	<u>\$ 220,249</u>	<u>\$ 204,410</u>

APPROVED BY THE BOARD:


 _____ Director

 _____ Director

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF OPERATIONS

	Year ended March 31	
	2018	2017
Revenues:		
Operations (Schedule 1)	\$ 435,175	\$ 381,272
River East Seniors Resource Finder (Schedule 2)	138,453	144,787
Home Maintenance Program (Schedule 2)	29,958	51,110
Prevent Elder Abuse Manitoba Program (Schedule 2)	29,466	52,423
Supports for Seniors in Group Living (Schedule 2)	92,812	100,571
United Way - Outreach Program (Schedule 2)	58,345	60,131
	<u>784,209</u>	<u>790,294</u>
Expenses:		
Operations (Schedule 1)	407,905	362,480
River East Seniors Resource Finder (Schedule 2)	142,495	138,916
Home Maintenance Program (Schedule 2)	29,958	51,110
Prevent Elder Abuse Manitoba Program (Schedule 2)	29,466	52,423
Supports for Seniors in Group Living (Schedule 2)	92,812	100,571
United Way - Outreach Program (Schedule 2)	58,345	60,131
	<u>760,981</u>	<u>765,631</u>
Difference between revenues and expenses	<u>\$ 23,228</u>	<u>\$ 24,663</u>

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31				2017
	2018				
	Unrestricted	Internally restricted	Invested in capital assets	Total	
Net assets, beginning of year	\$ 76,276	\$ 14,367	\$ 26,960	\$ 117,603	\$ 100,459
Difference between revenue and expenses	27,824	-	(4,596)	23,228	24,663
Transfer to Winnipeg Winnipeg Foundation	-	-	-	-	(7,519)
Net assets, end of year	<u>\$ 104,100</u>	<u>\$ 14,367</u>	<u>\$ 22,364</u>	<u>\$ 140,831</u>	<u>\$ 117,603</u>

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CASH FLOWS

	Year ended March 31	
	2018	2017
Cash flow from operating activities:		
Cash receipts from customers	\$ 786,333	731,322
Cash paid to suppliers	(774,827)	(740,005)
	11,506	(8,683)
Cash flow from investing activities:		
Purchase of capital assets	-	(10,870)
Change in guaranteed investment certificates	19,738	(20,339)
Transfer to endowment	-	(11)
	19,738	(31,220)
Net change in cash for the year	31,244	(39,903)
Cash, beginning of year	88,922	128,825
Cash, end of year	\$ 120,166	\$ 88,922

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

1. Nature and purpose of Organization:

Good Neighbours Active Living Centre Inc. (the "Centre") was incorporated without share capital under the laws of Manitoba. The Centre provides programs, services and opportunities for social interaction that enhance the quality of life for individuals aged 55 and older. The Centre is a registered charity under the Income Tax Act and is exempt from tax.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Critical accounting estimates and judgments-

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Centre may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

2. Accounting policies (continued):

b) Financial instruments (continued)-

All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Centre measures cash, guaranteed investment certificates, accounts receivable and accounts payable at amortized cost.

The Centre assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest of principal payments in determining whether objective evidence of impairment exists. Impairment is included in current earnings.

c) Revenue recognition-

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses occur. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Earned revenue includes memberships and other services provided to members. Membership dues are recognized as revenue when earned. Other services are recognized at the time services are rendered to the member or sponsor.

d) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for donated assets which are recorded at fair market value at the time of the donation. This requires estimation of the useful life of the asset and residual value. When a capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

Capital assets are amortized over the estimated useful life of the asset using the declining balance method as follows:

Computer equipment	30%
Equipment	20%
Furniture and equipment	20%
Leasehold improvements	10%

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

2. Accounting policies (continued):

e) Contributed services-

The Centre is dependent upon and thankful for the many hours contributed by its members. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

The River East Seniors Resource Finder provides an escorted ride service for older adults living in the area. Clients give a donation for a return ride to the Centre to cover vehicle expenses. The contributed services of the driver are not recognized in the financial statements.

f) Expense allocation-

The Centre engages in specific programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Centre also incurs operating expenses that are common to the administration of the organization and each of the programs. Operating expenses have been allocated based on estimates of the expenses required for each program.

g) Restricted funds-

The Centre's board of directors has internally restricted the net assets of the River East Seniors Resource Finder program for the purpose of operating and delivering the program.

3. Guaranteed investment certificates:

Guaranteed investment certificate matures in July 2018 (2017 - June 2017 and March 2018) and bears interest at 0.50% (2017 - 0.50% - 1.05%).

4. Capital assets:

	March 31			
	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 34,524	\$ 33,016	\$ 34,524	\$ 32,370
Equipment	26,355	21,600	26,355	20,412
Furniture and equipment	97,806	88,597	97,806	86,295
Leasehold improvements	10,113	3,221	10,113	2,455
	<u>\$ 168,798</u>	<u>\$ 146,434</u>	<u>\$ 168,798</u>	<u>\$ 141,532</u>
Net book value	<u>\$ 22,364</u>		<u>\$ 27,266</u>	

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

5. Deferred revenue:

	March 31	
	2018	2017
Winnipeg Regional Health Authority	\$ 1,983	\$ 7,768
United Way grants	3,293	3,575
Prepaid meals	1,261	1,501
Fundraising	9,161	3,950
Newsletter	998	998
Manitoba Community Service Council	-	5,000
Choristers	1,168	1,847
HK rental	1,000	-
Province of Manitoba	578	-
	\$ 19,442	\$ 24,639

6. Pension plan:

The Centre participates in a defined benefit multi-employer pension plan, which is accounted for as a defined contribution plan. During the year, the current service cost to the Centre was \$16,113 (2017 - \$13,308).

7. The Winnipeg Foundation agreement:

The Centre has entered into an agreement with the Winnipeg Foundation for the irrecoverable transfer of investments to a fund held in trust at the Winnipeg Foundation to create the Good Neighbours Active Living Centre Endowment Fund. The Winnipeg Foundation will preserve the capital and will distribute income generated thereon, to the Centre in perpetuity. The capital is not available to the Centre and as such is not reflected as an asset of the Centre. For the year ended March 31, 2018 interest income includes \$2,285 (2017 - \$1,776). The investments with the Winnipeg Foundation are as follows:

	March 31	
	2018	2017
Investment at cost, beginning of year	\$ 57,837	\$ 39,450
Transfer from the Centre	-	7,519
Contributions from the Centre	660	-
Contributions and matching grants	10,600	10,868
Investment at cost, end of year	\$ 69,097	\$ 57,837

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

8. Lease commitments:

The Centre leases equipment and has the following lease commitments:

2018	4,176
2019	2,275
2020	1,325
2021	331

9. Risk management:

Management's risk management policies are typically performed as a part of the overall management of Centre's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Centre is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Centre, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk-

Liquidity risk is the risk that the Centre cannot meet its financial obligations associated with financial liabilities in full. The Centre's main sources of liquidity are its operations and external contributions. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Centre's financial obligations associated with financial liabilities.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Centre has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Centre also may review credit history before establishing credit and review credit performance. No allowance for doubtful accounts has been recorded.

Interest rate risk-

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as interest rate cash flow risk, or on the fair value of other financial assets or liabilities, known as interest rate price risk.

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF OPERATIONS

	Year ended March 31	
	2018	2017
Revenues:		
Grants-		
Winnipeg Regional Health Authority	\$ 50,136	\$ 50,136
Career Start	5,156	5,339
Miscellaneous	9,193	-
Donations	31,683	19,246
Activities	177,702	146,518
Membership fees	38,675	35,275
Fundraising	47,632	53,632
Hobnobs	48,522	49,794
Book store	8,967	8,053
Interest	2,355	1,819
Advertising	7,725	7,561
Other	7,429	3,899
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Total revenue	435,175	381,272
Expenses:		
Advertising and promotion	11,991	5,798
Amortization	4,414	4,571
Building occupancy cost	2,277	9,399
Dues and memberships	1,800	875
Food and kitchen supplies	24,803	26,429
Fundraising	25,629	21,958
Goods and services tax	2,143	1,909
Insurance	3,182	3,165
Interest and service charges	1,686	1,036
Miscellaneous expenses	2,180	704
Office and sundry	22,097	16,993
Professional fees	4,248	4,264
Programs	114,664	105,513
Staff development	1,706	1,831
Telephone and internet	9,315	6,392
Travel and mileage	414	2,741
Volunteer costs	4,781	5,452
Wages and employee benefits	199,551	178,701
Winnipeg Foundation	660	-
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	437,541	397,731
Program allocations -		
River East Seniors Resource Finder (Schedule 2)	(2,226)	(1,582)
Home Maintenance Program (Schedule 2)	(4,500)	(4,009)
Prevent Elder Abuse Manitoba Program (Schedule 2)	(4,500)	(6,952)
Supports for Seniors in Group Living (Schedule 2)	(13,104)	(16,725)
United Way - Outreach Program (Schedule 2)	(5,306)	(5,983)
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	(29,636)	(35,251)
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Total expenses	407,905	362,480
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Difference between revenues and expenses	\$ 27,270	\$ 18,792

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS

	Year ended March 31	
	2018	2017
<u>River East Seniors Resource Finder :</u>		
Revenues:		
Winnipeg Regional Health Authority and other grants	\$ 77,320	\$ 72,027
Meal program	60,536	71,447
Miscellaneous	597	1,313
	<u>138,453</u>	<u>144,787</u>
Expenses:		
Amortization	488	663
Meal program	52,016	51,436
Goods and services tax	239	275
Office and sundry	1,454	1,683
Professional fees	1,415	1,435
Shuttle transportation	600	1,500
Wages and employee benefits	82,338	78,860
Miscellaneous	839	1,077
Volunteer expense	880	405
Allocated from operations (Schedule 1)	2,226	1,582
	<u>142,495</u>	<u>138,916</u>
Difference between revenues and expenses	\$ <u>(4,042)</u>	\$ <u>5,871</u>
 <u>Home Maintenance Program:</u>		
Revenues	\$ 29,958	\$ 51,110
Expenses:		
Direct program costs	7,391	30,593
Wages and employee benefits	18,067	16,508
Allocated from operations (Schedule 1)	4,500	4,009
	<u>29,958</u>	<u>51,110</u>
Difference between revenues and expenses	\$ <u>-</u>	\$ <u>-</u>

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS (continued)

	Year ended March 31	
	2018	2017
<u>Prevent Elder Abuse Manitoba Program:</u>		
Revenues	\$ 29,466	\$ 52,423
Expenses:		
Direct program costs	24,966	45,471
Allocated from operations (Schedule 1)	4,500	6,952
	<u>29,466</u>	<u>52,423</u>
Difference between revenues and expenses	\$ <u>-</u>	\$ <u>-</u>
<u>Supports to Seniors in Group Living:</u>		
Revenues	\$ 92,812	\$ 100,571
Expenses:		
Direct program costs	12,346	12,790
Wages and employee benefits	67,362	71,056
Allocated from operations (Schedule 1)	13,104	16,725
	<u>92,812</u>	<u>100,571</u>
Difference between revenues and expenses	\$ <u>-</u>	\$ <u>-</u>
<u>United Way - Outreach Program:</u>		
Revenues	\$ 58,345	\$ 60,131
Expenses:		
Direct program costs	16,522	19,078
Wages and employee benefits	36,517	35,070
Allocated from operations (Schedule 1)	5,306	5,983
	<u>58,345</u>	<u>60,131</u>
Difference between revenues and expenses	\$ <u>-</u>	\$ <u>-</u>