GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2020

June 30, 2020

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion
We have audited the financial statements of Good Neighbours Active Living Centre Inc. (the Centre), which comprise the statement of financial position as at March 31, 2020, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
In common with many not-for-profit organizations, the Centre derives revenue from donation and 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 the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, difference between revenues and expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1, 2018 and March 31, 2019 and 2020. Our opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Scarrow & Donald LLP

Chartered Professional Accountants
Winnipeg, Canada

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF FINANCIAL POSITION

	March 31 2020	March 31 2019
ASSETS		
Current assets:		
Cash	$ 69,574	$ 101,504
Guaranteed investment certificates (Note 3)	72,000	72,429
Accounts receivable	12,424	7,923
GST and wage subsidy receivable (Note 4)	15,803	4,827
Prepaid expenses	5,196	4,525
	174,997	191,208
Capital assets (Note 5)	26,811	23,356
	$ 201,808	$ 214,564
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 44,291	$ 64,367
Government remittance payable	4,047	2,564
Deferred revenue (Note 6)	48,476	26,475
	96,814	93,406
Net assets:		
Unrestricted	63,816	83,435
Internally restricted	14,367	14,367
Invested in capital assets	26,811	23,356
	104,994	121,158
	$ 201,808	$ 214,564

APPROVED BY THE BOARD:

_______________ **Director**

_______________ **Director**

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF OPERATIONS

	Year ended March 31 2020	2019
Revenues:		
Operations (Schedule 1)	$ 403,422	$ 417,459
River East Seniors Resource Finder (Schedule 2)	139,069	140,597
Home Maintenance Program (Schedule 2)	21,267	29,296
Prevent Elder Abuse Manitoba Program (Schedule 2)	26,323	31,395
Supports to Seniors (Schedule 2)	93,029	88,803
United Way - Outreach Program (Schedule 2)	58,405	60,122
	741,515	767,672
Expenses:		
Operations (Schedule 1)	426,152	430,387
River East Seniors Resource Finder (Schedule 2)	132,503	147,342
Home Maintenance Program (Schedule 2)	21,267	29,296
Prevent Elder Abuse Manitoba Program (Schedule 2)	26,323	31,395
Supports to Seniors (Schedule 2)	93,029	88,803
United Way - Outreach Program (Schedule 2)	58,405	60,122
	757,679	787,345
Difference between revenues and expenses	$ (16,164)	$ (19,673)

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31				
	2020				2019
	Unrestricted	Internally restricted	Invested in capital assets	Total	Total
Net assets, beginning of year	$ 83,435	$ 14,367	$ 23,356	$ 121,158	$ 140,831
Purchase of capital assets	(8,768)	-	8,768	-	-
Difference between revenues and expenses	(10,851)	-	(5,313)	(16,164)	(19,673)
Net assets, end of year	$ 63,816	$ 14,367	$ 26,811	$ 104,994	$ 121,158

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CASH FLOWS

		Year ended March 31	
		2020	2019
Cash flow from operating activities:			
Cash receipts from customers	$	760,849	777,919
Cash paid to suppliers		(784,440)	(770,924)
		(23,591)	6,995
Cash flow from investing activities:			
Purchase of capital assets		(8,768)	(5,657)
Change in guaranteed investment certificates		429	(20,000)
		(8,339)	(25,657)
Net change in cash for the year		(31,930)	(18,662)
Cash, beginning of year		101,504	120,166
Cash, end of year	$	69,574	$ 101,504

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.

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 contributed assets which are recorded at fair market value at the date of contribution plus all costs directly attributable to the acquisition. This requires estimation of the useful life of the asset and its salvage and residual value. When conditions indicate a capital asset is impaired, the excess of its net carrying amount over the asset's fair value or replacement cost 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, 2020

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.

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 January 2021 (2019 - June-July 2019) and bears interest from 1.00%-2.50% (2019 - 0.50-1.00%).

4. **Wage subsidy:**

The Centre has applied for the Canada Emergency Wage Subsidy and Canada Temporary Wage Subsidy relating to salaries paid during the year ended March 31, 2020. A wage subsidy receivable of $12,809 has been recorded in the financial statements in miscellaneous grants.

5. **Capital assets:**

	March 31			
	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 37,821	$ 35,120	$ 37,821	$ 33,963
Equipment	33,995	24,076	26,355	22,551
Furniture and equipment	101,294	92,686	100,166	90,675
Leasehold improvements	10,113	4,530	10,113	3,910
	$ 183,223	$ 156,412	$ 174,455	$ 151,099
Net book value	$ 26,811		$ 23,356	

6. Deferred revenue:

	March 31 2020	March 31 2019
Winnipeg Regional Health Authority	$ -	$ 2,222
Winnipeg foundation	10,000	-
United Way grants	-	134
Prepaid meals	3,134	2,198
Programs	24,911	-
Fundraising	3,215	16,829
Newsletter	1,580	1,580
Choristers	1,150	1,265
HK rental	1,000	1,500
Province of Manitoba - PEAM	3,486	-
Province of Manitoba - Home Maintenance	-	747
	$ 48,476	$ 26,475

7. 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 $23,295 (2019 - $21,710).

8. 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, 2020 interest income includes $3,078 (2019 - $2,285). The investments with the Winnipeg Foundation are as follows:

	March 31 2020	March 31 2019
Investment at cost, beginning of year	$ 84,544	$ 69,097
Contributions from the Centre	987	3,053
Contributions and matching grants	10,209	12,394
Investment at cost, end of year	$ 95,740	$ 84,544

9. Lease commitments:

The Centre leases equipment and has the following lease commitments:

2021	$	331

10. 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.

11. Contingency:

Claims have been made by the Bronx Park Community Centre against the Centre related to the Centre's share of site costs and the proper management at the site. The City of Winnipeg is also involved in this dispute. It is not possible to reasonably estimate the maximum amounts that may have to be paid under such claims. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. No amount has been accrued in the balance sheet relating to these claims as at March 31, 2020.

12. Subsequent event:

The outbreak of the novel strain of coronavirus ("COVID-19"), has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Subsequent to March 31, 2020, governments have continued to react with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Organization in future periods.

SCHEDULE 1

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF OPERATIONS

	Year ended March 31 2020	2019
Revenues:		
Grants-		
Winnipeg Regional Health Authority	$ 50,136	$ 50,136
Career Start	6,207	5,238
Miscellaneous	10,421	4,396
Donations	34,507	37,243
Activities	146,430	162,479
Membership fees	36,644	33,040
Fundraising	42,854	44,504
Hobnobs	50,456	51,272
Book store	8,663	8,238
Interest	4,269	2,866
Advertising	8,400	9,893
Other	4,435	8,154
Total revenue	403,422	417,459
Expenses:		
Advertising and promotion	9,067	9,488
Amortization	5,006	4,278
Building occupancy cost	1,712	1,455
Dues and memberships	1,451	1,235
Food and kitchen supplies	27,107	30,972
Fundraising	21,343	27,469
Insurance	3,782	3,549
Interest and service charges	1,140	1,012
Miscellaneous expenses	609	3,294
Office and sundry	19,460	18,539
Professional fees	33,384	30,540
Programs	91,767	107,452
Staff development	1,041	2,047
Telephone and internet	10,428	9,405
Travel and mileage	2,878	408
Volunteer costs	5,515	4,516
Wages and employee benefits	216,302	205,562
Winnipeg Foundation	987	3,053
	452,979	464,274
Program allocations-		
River East Seniors Resource Finder (Schedule 2)	(2,394)	(6,477)
Home Maintenance Program (Schedule 2)	(3,000)	(4,500)
Prevent Elder Abuse Manitoba Program (Schedule 2)	(4,500)	(4,500)
Supports to Seniors (Schedule 2)	(8,736)	(13,104)
United Way - Outreach Program (Schedule 2)	(8,197)	(5,306)
	(26,827)	(33,887)
Total expenses	426,152	430,387
Difference between revenues and expenses	$ (22,730)	$ (12,928)

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS

		Year ended March 31		
		2020		2019
River East Seniors Resource Finder:				
Revenues:				
Winnipeg Regional Health Authority and other grants	$	66,795	$	77,344
Meal program		69,021		62,938
Miscellaneous		3,253		315
		139,069		140,597
Expenses:				
Amortization		307		387
Meal program		53,938		51,779
Goods and services tax		189		207
Office and sundry		1,566		1,283
Professional fees		1,565		1,041
Wages and employee benefits		71,938		85,286
Miscellaneous		304		683
Volunteer expense		302		199
Allocated from operations (Schedule 1)		2,394		6,477
		132,503		147,342
Difference between revenues and expenses	$	6,566	$	(6,745)
Home Maintenance Program:				
Revenues	$	21,267	$	29,296
Expenses:				
Direct program costs		15,344		11,527
Wages and employee benefits		2,923		13,269
Allocated from operations (Schedule 1)		3,000		4,500
		21,267		29,296
Difference between revenues and expenses	$	-	$	-

SCHEDULE 2

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS (continued)

	Year ended March 31 2020	2019
Prevent Elder Abuse Manitoba Program:		
Revenues	$ 26,323	$ 31,395
Expenses:		
Direct program costs	21,823	26,895
Allocated from operations (Schedule 1)	4,500	4,500
	26,323	31,395
Difference between revenues and expenses	$ -	$ -
Supports to Seniors:		
Revenues	$ 93,029	$ 88,803
Expenses:		
Direct program costs	7,736	9,641
Wages and employee benefits	76,557	66,058
Allocated from operations (Schedule 1)	8,736	13,104
	93,029	88,803
Difference between revenues and expenses	$ -	$ -
United Way - Outreach Program:		
Revenues	$ 58,405	$ 60,122
Expenses:		
Direct program costs	11,927	16,946
Wages and employee benefits	38,281	37,870
Allocated from operations (Schedule 1)	8,197	5,306
	58,405	60,122
Difference between revenues and expenses	$ -	$ -