GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2017

May 30, 2017

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, 2017, 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, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at April 1, 2015 and March 31, 2016 and 2017. Our opinion on the financial statements for the year ended March 31, 2016 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, 2017, 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

	March 31 2017	March 31 2016
ASSETS		
Current assets:		
Cash	$ 88,922	$ 128,825
Guaranteed investment certificates (Note 3)	72,167	51,828
Accounts receivable	8,830	7,992
GST receivable	5,804	5,237
Prepaid expenses	1,421	2,086
	177,144	195,968
Capital assets (Note 4)	27,266	21,446
Investments (Note 5)	-	7,508
	$ 204,410	$ 224,922
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 62,168	$ 42,403
Deferred revenue (Note 6)	24,639	82,060
	86,807	124,463
Net assets:		
Unrestricted	76,276	57,138
Endowment fund	-	7,508
Internally restricted	14,367	14,367
Invested in capital assets	26,960	21,446
	117,603	100,459
	$ 204,410	$ 224,922

APPROVED BY THE BOARD:

__________________________ **Director**

__________________________ **Director**

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF OPERATIONS

	Year ended March 31	
	2017	**2016**
Revenues:		
Operations (Schedule 1)	$ 381,272	$ 348,794
River East Seniors Resource Finder (Schedule 2)	144,787	139,750
Focusing on Financial Abuse Program (Schedule 2)	-	20,295
Home Maintenance Program (Schedule 2)	51,110	24,702
Prevent Elder Abuse Manitoba Program (Schedule 2)	52,423	43,448
Seniors and Elders Day Program (Schedule 2)	-	19,043
Supports for Seniors in Group Living (Schedule 2)	100,571	91,374
United Way - Outreach Program (Schedule 2)	60,131	54,754
	790,294	742,160
Expenses:		
Operations (Schedule 1)	362,480	212,147
River East Seniors Resource Finder (Schedule 2)	138,916	147,442
Focusing on Financial Abuse Program (Schedule 2)	-	20,322
Home Maintenance Program (Schedule 2)	51,110	24,702
Prevent Elder Abuse Manitoba Program (Schedule 2)	52,423	43,448
Seniors and Elders Day Program (Schedule 2)	-	19,043
Supports for Seniors in Group Living (Schedule 2)	100,571	91,374
United Way - Outreach Program (Schedule 2)	60,131	54,754
	765,631	613,232
Difference between revenues and expenses	$ 24,663	$ 128,928

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31					
	2017					2016
	Unrestricted	Endowment fund	Internally restricted	Invested in capital assets	Total	Total
Net assets, beginning of year	$ 57,138	$ 7,508	$ 14,367	$ 21,446	$ 100,459	$ (28,469)
Difference between revenues and expenses	30,019	-	-	(5,356)	24,663	128,928
Purchase of capital assets	(10,870)	-	-	10,870	-	-
Transfer to endowment (Note 5)	(11)	11	-	-	-	-
Transfer to Winnipeg Foundation (Note 5)	-	(7,519)	-	-	(7,519)	-
Net assets, end of year	$ 76,276	$ -	$ 14,367	$ 26,960	$ 117,603	$ 100,459

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CASH FLOWS

		Year ended March 31	
		2017	**2016**
Cash flow from operating activities:			
Cash receipts from customers	$	731,322	783,871
Cash paid to suppliers		(740,005)	(752,623)
		(8,683)	31,248
Cash flow from investing activities:			
Purchase of capital assets		(10,870)	(714)
Change in guaranteed investment certificates		(20,339)	2,106
Transfer to endowment		(11)	(401)
		(31,220)	991
Net change in cash for the year		(39,903)	32,239
Cash, beginning of year		128,825	96,586
Cash, end of year	$	88,922	$ 128,825

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. Investments are measured at fair value.

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%

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 certificates mature in June 2017 and March 2018 (2016 – June and July 2016) and bear interest at 0.50% - 1.05% (2016 - 0.65%).

4. Capital assets:

	March 31			
	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 34,524	$ 32,370	$ 35,127	$ 32,186
Equipment	26,356	20,412	25,293	19,058
Furniture and equipment	97,805	86,295	93,992	83,911
Leasehold improvements	10,113	2,455	4,118	1,929
	$ 168,798	$ 141,532	$ 158,530	$ 137,084
Net book value	$ 27,266		$ 21,446	

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

5. Investments:

The endowment fund was set up on August 31, 2006 in trust with the Mennonite Foundation of Canada. Investments are invested in a balanced pooled fund. During the year ended March 31, 2017, the endowment fund earned unrestricted investment income of $11 (2016 - $401) and the Board of Directors of the Centre transferred $11 (2016 - $401) of unrestricted net assets to the endowment fund. During the year ended March 31, 2017, the endowment fund was transferred to the Winnipeg Foundation.

6. Deferred revenue:

	March 31	
	2017	2016
Winnipeg Regional Health Authority	$ 7,768	$ 16,855
Government of Manitoba -		
Elder abuse grant	-	11,853
Home maintenance grant	-	31,315
United Way grants	3,575	9,029
Prepaid meals	1,501	1,609
Fundraising	3,950	10,065
Newsletter	998	1,334
Manitoba Community Service Council	5,000	-
Choristers	1,847	-
	$ 24,639	$ 82,060

7. Accounts payable:

An estimated accrued liability of $140,220 related to building occupancy cost was reversed during the year ended March 31, 2016.

8. 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 $10,053 (2016 - $14,744).

9. 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, 2017 interest income includes $1,776 (2016 - $840). The investments with the Winnipeg Foundation are as follows:

	March 31	
	2017	2016
Investment at cost, beginning of year	$ 39,450	$ 35,000
Direct contributions from the Centre	7,519	-
Contributions	10,868	4,450
Investment at cost, end of year	$ 57,837	$ 39,450

10. Lease commitments:

The Centre leases equipment and has the following lease commitments:

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

11. 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 2017	2016
Revenues:		
Grants-		
Winnipeg Regional Health Authority	$ 50,136	$ 50,153
Career Start	5,339	6,046
Miscellaneous	-	900
Donations	19,246	20,903
Activities	146,518	126,319
Membership fees	35,275	34,615
Fundraising	53,632	50,390
Hobnobs	49,794	40,955
Book store	8,053	5,602
Interest	1,819	1,751
Advertising	7,561	8,897
Other	3,899	2,263
Total revenue	381,272	348,794
Expenses:		
Advertising and promotion	5,798	4,962
Amortization	4,571	4,713
Building occupancy cost	9,399	8,786
Dues and memberships	875	550
Food and kitchen supplies	26,429	24,236
Fundraising	21,958	24,044
Goods and services tax	1,909	2,612
Insurance	3,165	3,033
Interest and service charges	1,036	1,159
Miscellaneous expenses	704	384
Office and sundry	16,993	19,483
Professional fees	4,264	11,622
Programs	105,513	83,833
Recovery of accrued liability (Note 7)	-	(140,220)
Site improvements and maintenance	-	1,180
Staff development	1,831	1,685
Telephone and internet	6,392	6,760
Travel and mileage	2,741	433
Volunteer costs	5,452	5,116
Wages and employee benefits	178,701	180,889
	397,731	245,260
Program allocations-		
River East Seniors Resource Finder (Schedule 2)	(1,582)	(820)
Focusing on Financial Abuse (Schedule 2)	-	(1,561)
Home Maintenance Program (Schedule 2)	(4,009)	(5,250)
Prevent Elder Abuse Manitoba Program (Schedule 2)	(6,952)	(5,260)
Seniors and Elders Day Program (Schedule 2)	-	(1,270)
Supports for Seniors in Group Living (Schedule 2)	(16,725)	(13,104)
United Way - Outreach Program (Schedule 2)	(5,983)	(5,848)
	(35,251)	(33,113)
Total expenses	362,480	212,147
Difference between revenues and expenses	$ 18,792	$ 136,647

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS

	Year ended March 31	
	2017	2016
River East Seniors Resource Finder :		
Revenues:		
Winnipeg Regional Health Authority	$ 72,027	$ 69,437
Food	71,447	69,336
Miscellaneous	1,313	977
	144,787	139,750
Expenses:		
Amortization	663	716
Food	49,761	55,243
Goods and services tax	275	306
Office and sundry	2,895	2,261
Professional fees	1,435	1,967
Shuttle transportation	3,445	3,136
Wages and employee benefits	78,860	82,993
Allocated from operations (Schedule 1)	1,582	820
	138,916	147,442
Difference between revenues and expenses	$ 5,871	$ (7,692)
Focusing on Financial Abuse Program:		
Revenues	$ -	$ 20,295
Expenses:		
Consulting fees	-	10,500
Direct program costs	-	8,228
Mileage	-	33
Allocated from operations (Schedule 1)	-	1,561
	-	20,322
Difference between revenues and expenses	$ -	$ (27)

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS (continued)

	Year ended March 31 2017	Year ended March 31 2016
Home Maintenance Program:		
Revenues	$ 51,110	$ 24,702
Expenses:		
Direct program costs	30,593	5,159
Wages and employee benefits	16,508	14,293
Allocated from operations (Schedule 1)	4,009	5,250
	51,110	24,702
Difference between revenues and expenses	$ -	$ -
Prevent Elder Abuse Manitoba Program:		
Revenues	$ 52,423	$ 43,448
Expenses:		
Direct program costs	45,471	38,188
Allocated from operations (Schedule 1)	6,952	5,260
	52,423	43,448
Difference between revenues and expenses	$ -	$ -
Seniors and Elders Day Program:		
Revenues	$ -	$ 19,043
Expenses:		
Direct program costs	-	17,773
Allocated from operations (Schedule 1)	-	1,270
	-	19,043
Difference between revenues and expenses	$ -	$ -

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS (continued)

	Year ended March 31 2017	Year ended March 31 2016
Supports for Seniors in Group Living:		
Revenues	$ 100,571	$ 91,374
Expenses:		
Direct program costs	12,790	11,943
Wages and employee benefits	71,056	66,327
Allocated from operations (Schedule 1)	16,725	13,104
	100,571	91,374
Difference between revenues and expenses	$ -	$ -
United Way - Outreach Program:		
Revenues	$ 60,131	$ 54,754
Expenses:		
Direct program costs	19,078	11,887
Wages and employee benefits	35,070	37,019
Allocated from operations (Schedule 1)	5,983	5,848
	60,131	54,754
Difference between revenues and expenses	$ -	$ -