GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2019

May 28, 2019

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, 2019, 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, 2019, 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, Good Neighbours Active Living Centre Inc. 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, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1, 2017 and March 31, 2018 and 2019. Our opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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.

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.

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	
	2019	**2018**
ASSETS		
Current assets:		
Cash	$ 101,504	$ 120,166
Guaranteed investment certificates (Note 3)	72,429	52,429
Accounts receivable	7,923	5,973
GST receivable	4,827	9,991
Prepaid expenses	4,525	9,326
	191,208	197,885
Capital assets (Note 4)	23,356	22,364
	$ 214,564	$ 220,249
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 64,367	$ 58,087
Government remittance payable	2,564	1,889
Deferred revenue (Note 5)	26,475	19,442
	93,406	79,418
Net assets:		
Unrestricted	83,435	104,100
Internally restricted	14,367	14,367
Invested in capital assets	23,356	22,364
	121,158	140,831
	$ 214,564	$ 220,249

APPROVED BY THE BOARD:

_____________________ Director

_____________________ Director

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF OPERATIONS

	Year ended March 31	
	2019	**2018**
Revenues:		
Operations (Schedule 1)	$ 417,459	$ 435,175
River East Seniors Resource Finder (Schedule 2)	140,597	138,453
Home Maintenance Program (Schedule 2)	29,296	29,958
Prevent Elder Abuse Manitoba Program (Schedule 2)	31,395	29,466
Supports to Seniors (Schedule 2)	88,803	92,812
United Way - Outreach Program (Schedule 2)	60,122	58,345
	767,672	784,209
Expenses:		
Operations (Schedule 1)	430,387	407,905
River East Seniors Resource Finder (Schedule 2)	147,342	142,495
Home Maintenance Program (Schedule 2)	29,296	29,958
Prevent Elder Abuse Manitoba Program (Schedule 2)	31,395	29,466
Supports to Seniors (Schedule 2)	88,803	92,812
United Way - Outreach Program (Schedule 2)	60,122	58,345
	787,345	760,981
Difference between revenues and expenses	$ (19,673)	$ 23,228

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31				
	2019				2018
	Unrestricted	Internally restricted	Invested in capital assets	Total	Total
Net assets, beginning of year	$ 104,100	$ 14,367	$ 22,364	$ 140,831	$ 117,603
Purchase of capital assets	(5,657)	-	5,657	-	-
Difference between revenue and expenses	(15,008)	-	(4,665)	(19,673)	23,228
Net assets, end of year	$ 83,435	$ 14,367	$ 23,356	$ 121,158	$ 140,831

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

STATEMENT OF CASH FLOWS

		Year ended March 31	
		2019	**2018**
Cash flow from operating activities:			
Cash receipts from customers	$	777,919	786,333
Cash paid to suppliers		(770,924)	(774,827)
		6,995	11,506
Cash flow from investing activities:			
Purchase of capital assets		(5,657)	-
Change in guaranteed investment certificates		(20,000)	19,738
		(25,657)	19,738
Net change in cash for the year		(18,662)	31,244
Cash, beginning of year		120,166	88,922
Cash, end of year	$	101,504	$ 120,166

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 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 certificate matures in June - July 2019 (2018 - July 2018) and bears interest from 0.50% - 1.00% (2018 - 0.50%).

4. **Capital assets:**

	March 31			
	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 37,821	$ 33,963	$ 34,524	$ 33,016
Equipment	26,355	22,551	26,355	21,600
Furniture and equipment	100,166	90,675	97,806	88,597
Leasehold improvements	10,113	3,910	10,113	3,221
	$ 174,455	$ 151,099	$ 168,798	$ 146,434
Net book value	$ 23,356		$ 22,364	

5. Deferred revenue:

	March 31 2019	March 31 2018
Winnipeg Regional Health Authority	$ 2,222	$ 1,983
United Way grants	134	3,293
Prepaid meals	2,198	1,261
Fundraising	16,829	9,161
Newsletter	1,580	998
Choristers	1,265	1,168
HK rental	1,500	1,000
Province of Manitoba	747	578
	$ 26,475	$ 19,442

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 $16,684 (2018 - $16,113).

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, 2019 interest income includes $2,285 (2018 - $1,776). The investments with the Winnipeg Foundation are as follows:

	March 31 2019	March 31 2018
Investment at cost, beginning of year	$ 69,097	$ 57,837
Contributions from the Centre	3,053	660
Contributions and matching grants	12,394	10,600
Investment at cost, end of year	$ 84,544	$ 69,097

8. Lease commitments:

The Centre leases equipment and has the following lease commitments:

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.

10. Contingency:

Claims have been made by the Bronx Park Community Centre and City of Winnipeg against the Centre related to the Centre's share of site costs and the proper management at the site. 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, 2019.

SCHEDULE 1

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF OPERATIONS

		Year ended March 31	
		2019	2018
Revenues:			
Grants-			
Winnipeg Regional Health Authority	$	50,136	$ 50,136
Career Start		5,238	5,156
Miscellaneous		4,396	9,193
Donations		37,243	31,683
Activities		162,479	177,702
Membership fees		33,040	38,675
Fundraising		44,504	47,632
Hobnobs		51,272	48,522
Book store		8,238	8,967
Interest		2,866	2,355
Advertising		9,893	7,725
Other		8,154	7,429
Total revenue		417,459	435,175
Expenses:			
Advertising and promotion		9,488	11,991
Amortization		4,278	4,414
Building occupancy cost		1,455	2,277
Dues and memberships		1,235	1,800
Food and kitchen supplies		30,972	24,803
Fundraising		27,469	25,629
Goods and services tax		-	2,143
Insurance		3,549	3,182
Interest and service charges		1,012	1,686
Miscellaneous expenses		3,294	2,180
Office and sundry		18,539	22,097
Professional fees		30,540	4,248
Programs		107,452	114,664
Staff development		2,047	1,706
Telephone and internet		9,405	9,315
Travel and mileage		408	414
Volunteer costs		4,516	4,781
Wages and employee benefits		205,562	199,551
Winnipeg Foundation		3,053	660
		464,274	437,541
Program allocations-			
River East Seniors Resource Finder (Schedule 2)		(6,477)	(2,226)
Home Maintenance Program (Schedule 2)		(4,500)	(4,500)
Prevent Elder Abuse Manitoba Program (Schedule 2)		(4,500)	(4,500)
Supports for Seniors in Group Living (Schedule 2)		(13,104)	(13,104)
United Way - Outreach Program (Schedule 2)		(5,306)	(5,306)
		(33,887)	(29,636)
Total expenses		430,387	407,905
Difference between revenues and expenses	$	(12,928)	$ 27,270

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS

	Year ended March 31	
	2019	2018
River East Seniors Resource Finder :		
Revenues:		
Winnipeg Regional Health Authority and other grants	$ 77,344	$ 77,320
Meal program	62,938	60,536
Miscellaneous	315	597
	140,597	138,453
Expenses:		
Amortization	387	488
Meal program	51,779	52,016
Goods and services tax	207	239
Office and sundry	1,283	1,454
Professional fees	1,041	1,415
Shuttle transportation	-	600
Wages and employee benefits	85,286	82,338
Miscellaneous	683	839
Volunteer expense	199	880
Allocated from operations (Schedule 1)	6,477	2,226
	147,342	142,495
Difference between revenues and expenses	$ (6,745)	$ (4,042)

	2019	2018
Home Maintenance Program:		
Revenues	$ 29,296	$ 29,958
Expenses:		
Direct program costs	11,527	7,391
Wages and employee benefits	13,269	18,067
Allocated from operations (Schedule 1)	4,500	4,500
	29,296	29,958
Difference between revenues and expenses	$ -	$ -

SCHEDULE 2

GOOD NEIGHBOURS ACTIVE LIVING CENTRE INC.

SCHEDULE OF PROGRAMS (continued)

	Year ended March 31	
	2019	2018
Prevent Elder Abuse Manitoba Program:		
Revenues	$ 31,395	$ 29,466
Expenses:		
Direct program costs	26,895	24,966
Allocated from operations (Schedule 1)	4,500	4,500
	31,395	29,466
Difference between revenues and expenses	$ -	$ -
Supports to Seniors:		
Revenues	$ 88,803	$ 92,812
Expenses:		
Direct program costs	9,641	12,346
Wages and employee benefits	66,058	67,362
Allocated from operations (Schedule 1)	13,104	13,104
	88,803	92,812
Difference between revenues and expenses	$ -	$ -
United Way - Outreach Program:		
Revenues	$ 60,122	$ 58,345
Expenses:		
Direct program costs	16,946	16,522
Wages and employee benefits	37,870	36,517
Allocated from operations (Schedule 1)	5,306	5,306
	60,122	58,345
Difference between revenues and expenses	$ -	$ -