

North End Revitalization Inc.
Financial Statements
March 31, 2012

Independent Auditors' Report

To the Members of North End Revitalization Inc.:

We have audited the accompanying financial statements of North End Revitalization Inc., which comprise the statement of financial position as at March 31, 2012 and the statements of operations and 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 generally accepted accounting principles, 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.

Auditors' 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 auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of North End Revitalization Inc. as at March 31, 2012 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The prior year financial statements were audited by another firm of Chartered Accountants, who provided an opinion without reservation in their report dated June 15, 2011.

Winnipeg, Manitoba

June 5, 2012

MNP LLP
Chartered Accountants

North End Revitalization Inc.
Statement of Financial Position
As at March 31, 2012

	2012	2011
Assets		
Current		
Cash (Note 3)	320	90,727
Accounts receivable (Note 4)	304,394	214,731
Prepaid expenses	-	3,459
	304,714	308,917
Liabilities		
Current		
Accounts payable and accruals (Note 5)	20,883	23,556
Deferred contributions (Note 6)	8,720	11,289
Advances from related party (Note 7)	275,111	274,072
	304,714	308,917
Net Assets	-	-
	304,714	308,917

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements



North End Revitalization Inc.
Statement of Operations and Changes in Net Assets

For the year ended March 31, 2012

	2012	2011
Revenues		
City of Winnipeg - Grants		
City of Winnipeg - WHHI	95,110	134,645
Province of Manitoba - Grants		
Special Projects	222,722	296,474
WHHI	161,189	162,898
NDAP: Core	134,674	104,151
Education & Training	109,592	134,900
UDI	446	9,920
Competitiveness, Training and Trade	-	5,535
Other Grants		
Winnipeg Partnership Agreement (expense)	-	(7,668)
Other revenues		
Administration fees - other	13,576	19,123
Administration fees - related party (Note 7)	40,000	40,000
Other projects	57,172	58,480
	834,481	958,458
Expenses		
Administration fees - related party (Note 7)	36,780	36,780
Advertising and promotion	-	767
Bank charges	945	1,296
Insurance	3,459	1,074
Office	15,474	20,307
Professional fees	3,798	20,078
Project costs	449,657	534,688
Rent	10,500	10,500
Salaries and benefits	310,633	326,468
Staff and board development	124	375
Telephone	2,905	5,586
Travel	206	539
	834,481	958,458
Excess of revenues over expenses	-	-
Net assets, beginning of year	-	-
Net assets, end of year	-	-

The accompanying notes are an integral part of these financial statements

North End Revitalization Inc.
Statement of Cash Flows
For the year ended March 31, 2012

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Changes in working capital accounts		
Accounts receivable	(89,663)	(173,742)
Prepaid expenses	3,459	104
Accounts payable and accruals	(2,673)	3,814
Deferred contributions	(2,569)	(9,937)
	(91,446)	(179,761)
Financing activities		
Advances from related party	1,039	204,218
Increase (decrease) in cash resources	(90,407)	24,457
Cash resources, beginning of year	90,727	66,270
Cash resources, end of year	320	90,727

The accompanying notes are an integral part of these financial statements

1. Nature of operations

North End Revitalization Inc. (the "Organization") was incorporated on January 8, 2007 as a non-profit organization without share capital under the laws of the Province of Manitoba. The objects of the Organization are to further social, economic and cultural development of the North End of Winnipeg. The Organization qualifies for tax-exempt status under paragraph 149(1) of the *Income Tax Act*.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Administration fee income is recognized as revenue when the service is performed and collection is reasonably assured.

Financial instruments

Held for trading:

The Organization has classified cash as held for trading.

These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of operations.

Loans and receivables:

The Organization has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in the statement of operations upon derecognition or impairment.

Other financial liabilities:

The Organization has classified accounts payable and accruals as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in the statement of operations upon derecognition or impairment.

2. **Significant accounting policies** *(Continued from previous page)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Recent accounting pronouncements

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Organization expects to adopt Part III of the Handbook as its new financial reporting standards. The Organization has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

3. **Cash**

The Organization has at its disposition an operating line of credit of \$5,000 for the use by the Community Financial Services project only. The line of credit is due on demand, bears interest at the credit union's prime rate plus 1%, calculated and payable monthly, and is secured by a line of credit agreement. At March 31, 2012, there is no outstanding amount.

4. **Accounts receivable**

	2012	2011
Grants	288,777	199,423
Other receivables	13,962	11,980
GST receivable	1,655	3,328
	304,394	214,731

North End Revitalization Inc.
Notes to the Financial Statements
For the year ended March 31, 2012

5. **Accounts payable and accruals**

	2012	2011
Trade payables	8,308	9,513
Salaries	-	(1,002)
Professional fees	3,000	3,000
Vacation pay	9,575	12,045
	20,883	23,556

6. **Deferred grant revenue**

	2012	2011
Community Capacity Building		
Picnic in the Park - various donations	-	100
WHII		
City of Winnipeg	-	11,189
Province of Manitoba		
Storefront Grants - Neighbourhood Alive	6,457	-
Other grants		
Ma Mawi Wi Chi Itata Centre Inc.	2,263	-
	8,720	11,289

7. **Related party transactions**

The Organization is controlled by North End Community Renewal Corporation ("NECRC") as NECRC appointed members of the Organization's Board of Directors at the inception of the organization, the majority of members of the Organization are members of NECRC's Board of Directors and the Organization and NECRC have common management. Transactions between the two organizations are measure at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for services rendered.

The following summarizes transactions with NECRC for the year:

	2012	2011
Revenues		
Administration fees	40,000	40,000
Expenditures		
Administration fees	36,780	36,780
Rent	10,500	10,500
	47,280	47,280

Advances from related party are non-interest bearing, unsecured and have no repayment terms.

8. **Economic dependence**

The Organization is economically dependent upon grants from the Province of Manitoba and the City of Winnipeg for financing its operations.

9. Capital management

The Organization considers its capital to be the balance maintained in its Net Assets. The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern so that it can continue to further social, economic and cultural development of the North End of Winnipeg.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Organization may increase or decrease expenses.

North End Revitalization Inc.
Schedule of Storefront Enhancement Grants
For the year ended March 31, 2012

	2012
All Native Circle Conference	3,000
Bargains Galore & Tobacco	3,000
Bestway Food Market	3,000
Bio Chambers	1,522
CAPS International Inc.	3,000
Compassionate Care	3,000
Cosmopolitan Florists	1,906
Elohim Adonai Charity Centre	3,000
Flipside Grill	669
Food Express	1,858
Indian Family Centre	137
Indian Family Centre	1,651
Indian Family Centre	1,651
Kamrose Window & Door Ltd.	1,177
Manitoba Community Newspapers Association	2,964
Metro Meat Products	2,685
New West Hotel	2,934
North End Wellness Centre	988
North Point Douglas Women's Centre	1,171
Pollock's Hardware Co-op Ltd.	955
R and B Sportswear	1,225
R and B Sportswear	695
Redwood Dental Centre	3,000
RHLB Corp - Air-Right Refrigeration	3,000
Scope Inc.	682
Splash Child Care Inc.	1,970
	50,840

The total storefront grants given out in 2011 were \$91,681. There are no entities that received a storefront grant in the current fiscal year who have received storefront grants in the prior fiscal year.

North End Revitalization Inc.

Schedule of Small Grants

For the year ended March 31, 2012

	2012	2011
Aboriginal Arrows Hockey Team	2,500	-
Aboriginal Seniors Resource Centre	-	2,500
Administration expense	1,976	
Adult Education Centre	-	2,300
Alliance Boxing	2,500	2,500
Alliance Boxing	2,500	2,500
Arrows Hockey Team	-	2,500
Audit fees	500	500
Bethlehem Aboriginal Fellowship	1,260	1,750
Bethlehem Aboriginal Fellowship	-	1,400
Champlain School	2,500	1,200
Champlain School	1,252	2,500
Champlain School	-	2,050
Children of the Earth High School	2,245	-
Community Education Development Association	2,500	-
Community Education Development Association	2,500	-
Community Education Development Association	-	2,500
Community Education Development Association	-	2,453
COTE	2,500	-
COTE	2,500	-
Dufferin Powerline	-	1,940
Dufferin Citizens on Watch	2,500	-
Dufferin Residents Association	2,500	2,500
Dufferin Residents Association	2,500	2,500
Dufferin Residents Association	2,500	-
Eagle Wing Early Education Centre	2,088	-
Elohim Adonai Charity Centre	2,500	2,500
Food Matters Manitoba	2,500	2,500
Ikwe Widdjitiwin Inc.	796	-
Indian Family Centre	1,670	1,500
Indian Metis Friendship Centre	2,500	-
Inkster Residents Association	1,910	2,015
Inner City Youth Alive	-	2,500
Luxton Adult Learning Program	-	1,375
Lord Selkirk Park Adult Learning	740	2,500
Ma mawi wi chi itata Centre	2,088	2,500
Ma mawi wi chi itata Centre	2,088	-
Ma mawi wi chi itata Centre	2,004	-
Machray Day Nursery	2,088	-
Manitoba Adolescent Treatment Centre	1,406	-
Manitoba Historical Society	2,088	2,488
Marymount School	2,500	2,500
NAD Selkirk Avenue Committee	2,500	-
National Aboriginal Day Committee	-	2,500
Native Women's Transition Centre	2,088	2,500
Native Women's Transition Centre	-	-
Niji Mahkwa School	2,500	2,500
Nomads Football Club	1,100	-
North Centennial Seniors Association	1,600	1,900
North End Community Helpers Network	2,088	2,121
North End Helpers Network	2,500	2,500
Subtotal (continued on next page)	80,575	69,992

North End Revitalization Inc.
Schedule of Small Grants
For the year ended March 31, 2012

	2012	2011
Subtotal (continued from previous page)	80,575	69,992
North End Women's Centre	2,500	2,500
North End Women's Centre	2,088	1,200
North End Women's Centre	1,420	-
North Point Douglas Citizens Watch	-	850
North Point Douglas Citizens Watch	-	850
North Point Douglas Manor Tenant Advisory	860	-
North Point Douglas Seniors	2,000	2,485
North Point Douglas Seniors Association	1,670	1,450
North Point Douglas Women's Centre	2,088	2,500
North Point Douglas Women's Centre	2,500	2,500
North Point Douglas Women's Centre	2,088	2,500
North Point Douglas Women's Centre	-	1,000
North Winnipeg Nomads Football	2,088	2,500
Ogijiita Pimatiswin Kinamatwin (OPK)	2,500	1,908
Ogijiita Pimatiswin Kinamatwin (OPK)	-	2,500
Open Doors Literacy Program	650	2,500
Point Douglas Citizens on Watch	1,085	-
Point Douglas Citizens on Watch	1,000	-
Point Douglas Residents Committee	2,500	2,500
Point Douglas Residents Committee	-	2,500
R.B. Russell High School	-	2,500
R.B. Russell Infant Centre	-	2,500
Ralph Brown Community Centre	2,054	2,500
Ralph Brown Community Centre	2,088	-
SAGE House	574	2,500
Selkirk Avenue BIZ	2,500	-
SISTARS	2,088	2,210
SPLASH Childcare	-	2,500
SPLASH Enrichment Centre	-	2,500
St. John's High School	2,500	1,209
St. John's High School	-	2,500
St. John's Residents Association	1,030	2,400
St. John's Residents Association	2,088	966
St. John's Residents Association	2,500	2,500
St. John's Residents Association	2,468	1,980
Strathcona School	2,500	-
The Point Community Newsletter	2,500	2,500
The Point Community Newsletter	2,088	2,500
University of Winnipeg	2,400	-
University of Winnipeg	1,500	-
Urban Circle Training Program	-	2,500
William Whyte Community School	-	1,500
William Whyte Residents Association	2,500	1,500
William Whyte Residents Association	1,500	2,375
William Whyte Residents Association	2,088	1,125
William Whyte Residents Association	1,670	2,500
William Whyte Residents Association	972	-
William Whyte Residents Association	280	-
Winnipeg Housing Rehabilitation Program	2,500	-
Winnipeg Inner City Missions	-	2,500
	150,000	150,000