NORTH END REVITALIZATION INC.

Financial Statements
For the year ended March 31, 2011

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Independent Auditor's 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, 2011, and the statement of operations and changes in net assets 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.

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 judgement, 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, 2011 and the results of its operation and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 15, 2011

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NORTH END REVITALIZATION INC.
Statement of Financial Position

March 31	2011	2010
Assets		
Current Assets		
Cash and bank (Note 2)	$ **90,727**	$ 66,270
Grants and accounts receivable (Note 3)	**214,731**	40,989
Prepaid expenses	**3,459**	3,563
	$ **308,917**	$ 110,822
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities (Note 4)	$ **297,628**	$ 89,596
Deferred grant revenue (Note 5)	**11,289**	21,226
	308,917	110,822
Net Assets		
Unrestricted	**-**	-
	$ **308,917**	$ 110,822

Approved on behalf of the Board:

_____ Director

_____ Director

The accompanying summary of significant accounting policies and 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	2011	2010
Revenue		
Administration fees - related party (Note 6)	$ **40,000**	$ 40,000
- other	**19,123**	13,251
Grants		
City of Winnipeg - WHHI	**134,645**	114,674
Province of Manitoba		
Competitiveness, Training and Trade	**5,535**	-
Education & Training	**134,900**	19,634
NDAP: Core	**104,151**	72,223
Special Projects	**296,474**	267,312
UDI	**9,920**	-
WHHI	**162,898**	129,223
Other		
Winnipeg Partnership Agreement (expense)	**(7,668)**	180,932
Other Projects	**58,480**	32,822
	958,458	870,071
Expenditures (Schedule 1)	**958,458**	870,071
Excess of revenue over expenditures for the year	-	-
Balance, beginning of year	-	-
Balance, end of year	$ -	$ -

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

NORTH END REVITALIZATION INC.
Summary of Significant Accounting Policies

For the year ended March 31, 2011

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Grant revenue is recorded in the period the expenditures are incurred if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial Instruments

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The organization classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liabilities	Category	Measurement
Cash and bank	Held for trading	Fair value
Grants and accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

Use of Estimates

In preparing the organization's financial statements, in accordance with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

New Accounting Pronouncements

In December 2010, the Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) issued new standards for not-for-profit organizations (NPOs) as follows:

For non-government (private sector) NPOs, they have a choice of:

1. International Financial Reporting Standards ("IFRS") or
2. Accounting Standards for NPOs (which is essentially the Accounting Standards for Private Enterprises with the current 4400 series of NPO specific standards added with some minor changes)

The Boards require NPOs to adopt their respective standards for year ends beginning on or after January 1, 2012; early adoption is allowed. Until the date of transition to the new standards, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook – Accounting Part V – Pre-Changeover Standards.

For the year ended March 31, 2011

1. Nature of Operations

North End Revitalization Inc. 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 corporation qualifies for tax-exempt status under paragraph 149(1) of the Income Tax Act.

2. Bank Indebtedness

The organization has at its disposition an operating line of credit of $5,000 for use by the Community Financial Services project only. The line of credit is due on demand, bears interest at credit union's prime rate plus 1%, calculated and payable monthly, and is secured by a line of credit agreement. At March 31, 2011, there is no outstanding amount.

3. Grants and Accounts Receivable

	2011	2010
Grants	$ **199,423**	$ 33,700
Other	**11,980**	5,271
GST rebate	**3,328**	2,018
	$ **214,731**	$ 40,989

4. Accounts Payable and Accrued Liabilities

	2011	2010
Trade	$ **9,513**	$ -
Due to North End Community Renewal Corporation	**274,072**	69,854
Professional fees	**3,000**	3,000
Salaries	**(1,002)**	(2,135)
Vacation pay	**12,045**	18,877
	$ **297,628**	$ 89,596

5. Deferred Grant Revenue

	2011	2010
Business Development - CFSC		
Assiniboine Credit Union	$ -	$ 5,600
Winnipeg Partnership Agreement	-	952
Community Capacity Building		
Province of Manitoba - Small Grants	-	11,750
Picnic in the Park - Various Donations	100	-
Core Funding		
Province of Manitoba - NDAP	-	127
WHII		
Province of Manitoba	11,189	2,080
City of Winnipeg	-	717
	$ 11,289	$ 21,226

6. Related Party Transactions

NERI is controlled by NECRC as NECRC appointed members to NERI's Board of Directors at the inception of the corporation, the majority of members of NERI are members of NECRC's Board of Directors and NERI and NECRC have common management. Transactions between the two organizations are measured 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 the North End Community Renewal Corporation. for the year:

	2011	2010
Revenue		
Administration fees	$ 40,000	$ 40,000
Expenditures		
Administration fees	$ 36,780	$ 36,780
Rent	10,500	10,500
	$ 47,280	$ 47,280

7. Economic Dependence

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

8. Capital Disclosures

The organization considers its capital to comprise its Unrestricted Net Assets. There have been no changes to what the organization considers to be its capital since the previous period.

As a not-for-profit entity, the organization's operations are reliant on revenues generated annually.

9. Statement of Cash Flows

A separate statement of cash flows has not been provided since the sources and uses of cash from (to) operating, investing, and financing activities are readily apparent from the information included in the financial statements.

NORTH END REVITALIZATION INC.
Schedule 1 - Expenditures

For the year ended March 31	2011	2010
Administration fees (Note 6)	$ 36,780	$ 36,780
Advertising and promotion	767	92
Bank charges and interest	1,296	1,113
Insurance	1,074	5,150
Office	20,307	21,050
Professional fees	20,078	16,713
Project		
Small grants (Schedule 2)	150,000	150,000
Storefront enhancement grants (Schedule 3)	91,681	102,384
Other	293,007	249,794
Rent (Note 6)	10,500	10,500
Salaries and benefits	326,468	273,359
Staff and Board development	375	225
Telephone	5,586	2,456
Travel	539	455
	$ 958,458	$ 870,071

NORTH END REVITALIZATION INC.
Schedule 2 - Small Grants

For the year ended March 31	2011	2010
Aboriginal Arrows Hockey Team	$ -	$ 1,300
Aboriginal Seniors Resource Centre	2,500	2,500
Aboriginal Seniors Resource Centre	-	2,500
Adult Education Centre	2,300	1,400
Age & Opportunity	-	1,600
Alliance Boxing	2,500	2,500
Alliance Boxing	2,500	2,500
Argyle Alternative High School	-	-
Arrows Hockey Team	2,500	-
Audit fees	500	500
Bethlehem Aboriginal Fellowship	1,750	-
Bethlehem Aboriginal Fellowship	1,400	-
Champlain School	1,200	1,200
Champlain School	2,500	-
Champlain School	2,050	-
Community Education Development Association	2,500	-
Community Education Development Association	2,453	-
Day Nursery Centre	-	1,795
Day Nursery Centre	-	2,205
Dufferin Powerline	1,940	-
Dufferin Residents Association	2,500	2,500
Dufferin Residents Association	2,500	2,194
Dufferin Residents Association	-	2,120
Eaglewing Education Centre	-	2,500
Eaglewing Education Centre	-	2,500
Elohim Adonai Charity Centre	2,500	2,500
Food Matters Manitoba	2,500	-
Graffiti Art Programming	-	2,500
Indian Family Centre	1,500	-
Inkster Residents Association	2,015	1,000
Inkster Residents Association	-	2,500
Inner City Youth Alive	2,500	-
King Edward Community School	-	2,500
LSP Adult Learning	2,500	-
Luxton Adult Learning Program	1,375	-
Ma mawi wi chi itata Centre	2,500	2,500
Ma mawi wi chi itata Centre	-	1,750
Manitoba Adolescent Treatment Centre	-	1,500
Manitoba Food Charter	-	2,500
Manitoba Historical Society	2,488	2,500
Manitoba Immigrant Refugee Association	-	500
Marymound School	2,500	2,500
Mennonite Central Committee	-	2,500
Mount Carmel Clinic Foundation	-	2,500
Mount Carmel Clinic	-	2,500
Mount Carmel Clinic	-	1,598
National Aboriginal Day Committee	2,500	2,500
Native Women's Transition Centre	2,500	2,500
Native Women's Transition Centre	-	2,500
Ndinawe	-	1,666
Niji Mahkwa	2,500	2,500

NORTH END REVITALIZATION INC.
Schedule 2 - Small Grants (continued)

For the year ended March 31	2011	2010
Norquay Community School	**-**	2,500
North Centennial Seniors	**1,900**	1,700
North End Community Helpers	**2,121**	-
North End Helpers Network	**2,500**	2,500
North End Helpers Network	**-**	2,500
North End Stella Ministry	**-**	2,500
North End Women's Centre	**2,500**	2,500
North End Women's Centre	**1,200**	-
North Point Douglas Citizens Watch	**850**	-
North Point Douglas Citizens Watch	**850**	-
North Point Douglas Seniors Assoc.	**2,485**	-
North Point Douglas Seniors Assoc.	**1,450**	-
North Point Douglas Women's Centre	**2,500**	2,500
North Point Douglas Women's Centre	**2,500**	2,500
North Point Douglas Women's Centre	**2,500**	-
North Point Douglas Women's Centre	**1,000**	-
North Winnipeg Nomads Football	**2,500**	2,500
Ogijiita Pimatiswin Kinamatwin	**1,908**	-
Ogijiita Pimatiswin Kinamatwin	**2,500**	-
Open Doors Literacy Program	**2,500**	1,600
Point Douglas Residents Association	**2,500**	2,500
Point Douglas Residents Association	**2,500**	-
R.B. Russell High School	**-**	2,500
R.B. Russell Infant Centre	**2,500**	780
R.B. Russell Infant Centre	**2,500**	2,500
Ralph Brown Community Centre	**2,500**	2,500
SISTARS	**2,210**	-
SPLASH Childcare	**2,500**	2,500
SPLASH Enrichment Centre	**2,500**	560
SPLASH Enrichment Centre	**-**	1,940
SPLASH Enrichment Centre	**-**	2,500
Sage House	**2,500**	2,500
St. John's High School	**1,209**	960
St. John's High School	**2,500**	2,500
St. John's Residents Association	**2,400**	1,210
St. John's Residents Association	**966**	-
St. John's Residents Association	**2,500**	-
St. John's Residents Association	**1,980**	-
The Point Community News	**2,500**	2,500
The Point Community News	**2,500**	2,500
Urban Circle Training Program	**2,500**	2,500
Urban Youth Adventures	**-**	2,500
William Whyte Community School	**1,500**	-
William Whyte Residents Association	**1,500**	1,200
William Whyte Residents Association	**2,375**	1,137
William Whyte Residents Association	**1,125**	915
William Whyte Residents Association	**2,500**	1,670
William Whyte Residents Association	**-**	2,500
William Whyte Residents Association	**-**	2,000
Winnipeg Inner City Missions	**2,500**	-
Youth for Christ	**-**	2,000
	$ 150,000	$ 150,000

NORTH END REVITALIZATION INC.
Schedule 3 - Storefront Enhancement Grants

For the year ended March 31		2011
Aberdeen Chiropractic	$	2,718
Adonis Men's Spa Inc.		3,000
Albany Keystone Builders		1,391
BDR Services Ltd.		1,876
Bird Shop & Aquariums		3,000
Bison Building Services (Dunsine Holdings)		3,000
Business Development		2,698
Canadian Ukrainian Institute Prosvita		3,000
Cathedral Chirpractic Office		639
Chronic Creative		3,000
Dave's Sign Spot Ltd.		1,435
Detail Home Installations Ltd.		1,550
Detail Insurance & Property Services		3,000
Elizabeth Fry Society of MB		478
Elman's Food Products Ltd.		857
Euromart Ent.		2,250
Garriock Agencies Ltd/Impala Agencies		3,000
Giant Food Mart		3,000
Golden Hand Jewelry		3,000
Guardian Iron Works		1,750
Gunn's Bakery		738
Harv-Al Sportswear		2,964
Holy Ghost Parish Centre		3,000
Koch Stainless Products Ltd.		3,000
Laser Auto Body		2,907
Love Nest		1,690
Magikist		2,445
Me-Dian Credit Union		924
Muzeen & Blythe Ltd.		3,000
Native Addictions Council of MB		3,000
PATH Resource Centre		1,092
Polish Museum		2,500
Red Devil Heater Manuf. Co.		747
Scooter City/ Kobi's Auto		3,000
St. Ivan's Suchavsky Ukrainian Orthodox Cathedral		3,000
Steintech Computers		1,500
Sts Vladimir & Olga Cathedral		3,000
Sunshade Products Ltd.		1,995
The Car Capital		2,003
The North Star Drive-In		191
Twin Industry Sales & Service Ltd.		193
Video Cellar		1,150
Winnipeg Centre Vineyard Church		3,000
	$	91,681

The total storefront grants given last year was $102,384. None of the entities who have received a storefront grant in the current fiscal year have received a storefront grant in the prior year.