

**Manantial Neighbourhood Services Inc.**  
**Financial Statements**  
**For the year ended September 30, 2019**

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**For the year ended September 30, 2019**

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## Independent Auditors' Report

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### **To the Members of Manantial Neighbourhood Services Inc.**

#### *Qualified Opinion*

We have audited the accompanying financial statements of the Manantial Neighbourhood Services Inc., which comprise of the statement of financial position as at September 30, 2019, the statements of operations and fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2019, 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

#### *Basis for Qualified Opinion*

In common with many non-profit organizations, Manantial Neighbourhood Services Inc. derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Manantial Neighbourhood Services Inc. and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures reported in the statement of operations, excess (deficiency) of revenue over expenses reported in the statement of cash flows and current assets and net assets reported in the statement of financial position. This resulted in our qualified audit opinion of the financial statements for the year ended September 30, 2019

#### *Responsibility 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### *Auditors' Responsibility 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 not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



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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 Company'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 Company'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 Company 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.

*MBS Plus LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Mississauga, Ontario  
January 21, 2020

**Manantial Neighbourhood Services Inc.  
Statement of Financial Position**

<b>ASSETS</b>						
<b>September 30</b>	<b>2019</b>				<b>2018</b>	
	<b>CAPITAL ASSETS FUND</b>	<b>GENERAL FUND</b>	<b>WOMEN'S SHELTER FUND</b>	<b>RESTRICTED FUND</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>CURRENT</b>						
Cash	\$ -	\$ 13,839	\$ -	\$ 104,532	\$ 118,371	\$ 117,527
Accounts receivable	-	1,276	-	2,721	3,997	-
Interfund receivable	-	-	120,349	-	120,349	98,271
Prepaid expenses	-	561	-	-	561	-
	-	15,676	120,349	107,253	243,278	215,798
Capital assets (Note 1)	<u>3,956</u>	-	-	-	<u>3,956</u>	<u>3,994</u>
	<u>\$ 3,956</u>	<u>\$ 15,676</u>	<u>\$ 120,349</u>	<u>\$ 107,253</u>	<u>\$ 247,234</u>	<u>\$ 219,792</u>
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable	-	7,569	-	-	7,569	5,792
Interfund payable	3,676	50,970	-	65,703	120,349	98,271
Deferred revenue (Note 2)	-	-	-	12,310	12,310	19,934
	<u>3,676</u>	<u>58,539</u>	-	<u>78,013</u>	<u>140,228</u>	<u>123,997</u>
<b>NET ASSETS</b>						
Surplus, beginning	318	(31,286)	98,271	28,492	95,795	81,386
Excess revenues over expenditures	<u>(38)</u>	<u>(11,577)</u>	<u>22,078</u>	<u>748</u>	<u>11,211</u>	<u>14,409</u>
Surplus, end	<u>280</u>	<u>(42,863)</u>	<u>120,349</u>	<u>29,240</u>	<u>107,006</u>	<u>95,795</u>
	<u>\$ 3,956</u>	<u>\$ 15,676</u>	<u>\$ 120,349</u>	<u>\$ 107,253</u>	<u>\$ 247,234</u>	<u>\$ 219,792</u>

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

# **Manantial Neighbourhood Services Inc.** **Statement of Operations and Fund Balance**

For the year ended September 30		2019					2018
	CAPITAL ASSETS FUND	GENERAL FUND	WOMEN'S SHELTER FUND	RESTRICTED FUND	TOTAL		TOTAL
<b>REVENUES</b>							
Government Grants	\$ 1,000	\$ -	\$ -	\$ 39,615	\$ 40,615	\$	34,174
Gifts from Charities	-	45,450	7,800	-	53,250		47,900
Foundations (Note 3)	-	-	-	4,000	4,000		-
Fundraising	-	-	13,568	-	13,568		9,880
Donations	-	1,920	710	-	2,630		4,500
	<u>1,000</u>	<u>47,370</u>	<u>22,078</u>	<u>43,615</u>	<u>114,063</u>		<u>96,454</u>
<b>EXPENDITURES</b>							
Administration	-	8,868	-	-	8,868		10,258
Amortization	1,038	-	-	-	1,038		1,160
Fundraising	-	5,353	-	-	5,353		3,126
Program costs	-	-	-	33,859	33,859		27,226
Salaries and benefits	-	44,726	-	9,008	53,734		40,275
	<u>1,038</u>	<u>58,947</u>	<u>-</u>	<u>42,867</u>	<u>102,852</u>		<u>82,045</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (38)</u>	<u>\$ (11,577)</u>	<u>\$ 22,078</u>	<u>\$ 748</u>	<u>\$ 11,211</u>	<u>\$</u>	<u>14,409</u>

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

## Manantial Neighbourhood Services Inc. Statement of Cash Flows

For the year ended September 30	2019	2018
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	\$ 11,211	\$ 14,409
Adjustment for non monetary items:		
Amortization	1,038	1,160
	<u>12,249</u>	15,569
Changes in non-cash working capital balances		
Accounts receivable	(3,997)	2,180
Accounts payable	1,777	244
Deferred revenue	(7,624)	6,815
Prepays	\$ (561)	\$ 301
	<u>1,844</u>	25,109
<b>Investing activities</b>		
Purchase of capital assets	(1,000)	(700)
<b>Increase in cash during the year</b>	<b>844</b>	<b>24,409</b>
<b>Cash, beginning of year</b>	<u><b>117,527</b></u>	<u><b>93,118</b></u>
<b>Cash, end of year</b>	<u><b>\$ 118,371</b></u>	<u><b>\$ 117,527</b></u>

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

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## **Manantial Neighbourhood Services Inc. Summary of Significant Accounting Policies**

**September 30, 2019**

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### **Nature of Operations**

The Organization is a non-profit organization incorporated without share capital under the laws of Ontario. Being a registered charity the organization is not subject to income tax and recovers a portion of goods and services tax paid on its purchases. The Organization provides services such as crisis intervention and newcomer integration services, food and clothes banks, as well as other support and educational programs.

### **Basis of Presentation**

The financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations published by the Chartered Professional Accountants of Canada, using the restricted fund method of accounting for funding and donations.

### **Revenue Recognition**

Funding revenue and donations are recorded in the year to which it relates if receipt is reasonably assured. Revenues related to specific programs, which have not yet occurred, are recorded as deferred revenue until the program occurs. The Organization's operating and administrative activities are paid from the General Fund. Restricted Funds are resources contributed for restricted uses in the programs being funded by the funder. Restricted funds are recognized as revenue when earned and collection is reasonably assured.

### **Capital Assets**

Capital assets are recorded at cost less accumulated amortization. Capital assets acquired through contribution are recorded at an original cost equal to fair value at the date of contribution. Amortization of tangible capital assets is calculated using the declining-balance method at the following annual rates:

Computer equipment	30%
Office furniture and equipment	20%



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## **Manantial Neighbourhood Services Inc. Summary of Significant Accounting Policies**

**September 30, 2019**

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### **Contributed Services**

Volunteers contribute a large number of hours per year to assist the organization in carrying out its activities. Despite the fact that without these volunteer hours certain activities may have to be cut back or possibly cancelled, these services would not otherwise be purchased and as a result contributed services have not been recognized in these financial statements.

### **Financial Instruments**

Accounts payable and deferred revenue are designated as "loans and receivables" and are measured at amortized cost less any discovered impairment. The fair values of these financial instruments approximates their carrying values, unless otherwise noted.

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**Manantial Neighbourhood Services Inc.  
Notes to Financial Statements**

**September 30, 2019**

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**1. Capital assets**

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 21,720	20,743	\$ 977	\$ 1,395
Furniture and equipment	9,272	6,293	2,979	2,599
	<b>\$ 30,992</b>	<b>\$ 27,036</b>	<b>\$ 3,956</b>	<b>\$ 3,994</b>

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## Manantial Neighbourhood Services Inc. Notes to Financial Statements

**September 30, 2019**

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### 2. Deferred revenue

Deferred revenue is comprised of the following government grants and funding from foundation received in the year for specific projects:

	<u>2019</u>	<u>2018</u>
Government of Canada (Canada summer jobs program)	\$ 8,703	\$ -
Regional Municipality of York (Community Needs and Transit)	2,055	2,177
Government of Canada (New Horizons for Seniors)	24,988	24,988
Ministry of Seniors Affairs (Senior's Community Grant)	1,245	8,960
F.K.Morrow Foundation	-	4,000
	<u>36,991</u>	<u>40,125</u>
Recognized as revenue in the year	<u>24,681</u>	<u>20,191</u>
	<u>\$ 12,310</u>	<u>\$ 19,934</u>

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### 3. Prior period adjustment

Funding from the F.K. Morrow Foundation was received in fiscal year 2018 for the purpose of allocation to counselling services to women and youth from minority groups. Funding was recognized as revenue under restricted fund in prior fiscal year 2018. The grant was used to pay Fees for Services directed to the program for Abused Women and Youth during current fiscal year 2019. In order to present the Grant as deferred in prior period and recognize as revenue in the current fiscal year - the period when corresponding expenses occurred, the following prior period adjustment was made:

Revenues from Foundations for 2018 restated as \$0 instead of \$4,000  
Total Revenues for 2018 restated as \$96,454 instead of \$100,454  
Deferred revenues as of September 30, 2018 restated as \$19,934 instead of \$15,934  
Restricted fund balance as of September 30, 2018 restated as \$28,492 instead of \$32,492  
Net assets balance as of September 30, 2018 restated as \$95,795 instead of \$99,795

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## **Manantial Neighbourhood Services Inc. Notes to Financial Statements**

**September 30, 2019**

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### **4. Financial instrument risk**

#### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Like all entities, the Organization would be exposed to the possibility of liquidity risk if it were ever unable to meet its payment obligations.

#### **Credit risk**

Credit risk is the risk that one party to financial instruments will cause a financial loss for the other party by failing to discharge an obligation or collect accounts receivable. The Organization has no account receivable, therefore is not exposed to this risk at the end of 2019 and 2018.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is exposed to market risk which would affect future prices of its investments.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk which may result from future changes to interest rates which may affect the market value of its investment.

The extent of the Organization's exposure to the above risks did not change during 2019.