

**NORTH END REVITALIZATION
INC.**

Financial Statements
For the year ended March 31, 2011

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

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 |
| | \$ | 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

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 | \$ - | \$ - |

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.

| <u>Assets/Liabilities</u> | <u>Category</u> | <u>Measurement</u> |
|--|-----------------------------|--------------------|
| 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.

NORTH END REVITALIZATION INC. Summary of Significant Accounting Policies

For the year ended March 31, 2011

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.

NORTH END REVITALIZATION INC.

Notes to Financial Statements

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 |

NORTH END REVITALIZATION INC.
Notes to Financial Statements

For the year ended March 31, 2011

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 |

NORTH END REVITALIZATION INC.
Notes to Financial Statements

For the year ended March 31, 2011

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 Chiropractic 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-AI 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.