GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2018

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of General Council of Winnipeg Community Centres Inc.:

Qualified Opinion

We have audited the accompanying financial statements of General Council of Winnipeg Community Centres Inc., which comprise the statements of financial position as at December 31, 2018, and the statements of operations, changes in net assets, and cash flow for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of General Council of Winnipeg Community Centres Inc. as at December 31, 2018, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Note 10 of these financial statements discloses financial information for Weston Community Centre which is controlled by the General Council of Winnipeg Community Centres Inc. The figures were only subject to a review engagement which provides a lesser degree of assurance than an audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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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 organization'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 organization'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 organization 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 representing the underlying transactions and events in a manner that achieved 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.

Fort Group

Winnipeg, Manitoba
April 13, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS INC.

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	OPERATING FUND	PROGRAM REGISTRATION FEE SUBSIDY FUND	CITY OF WINNIPEG PROGRAMMING FUND	PROVINCE OF MANITOBA CAPITAL FUND	CITY OF WINNIPEG JANITORIAL FUND	TOTAL 2018	TOTAL 2017
ASSETS							
CURRENT ASSETS							
Cash	$ 148,455	69,717	73,842	192,771	26,455	511,240	972,765
Temporary investments (Note 3)	6,048	-	200,000	-	30,000	236,048	5,988
Grants receivable	-	-	-	200,000	-	200,000	100,000
Accounts receivable	20,699	-	-	-	-	20,699	3,942
Interfund accounts	109,523	34,533	52,582	-	-	-	-
GST Receivable	7,194	-	-	-	-	7,194	3,405
	291,919	104,250	326,424	392,771	56,455	975,181	1,086,100
TANGIBLE CAPITAL ASSETS (Notes 2(b) and 4)	1,109	-	-	-	-	1,109	1,817
	$ 293,028	104,250	326,424	392,771	56,455	976,290	1,087,917
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable and accrued liabilities (Note 5)	$ 24,831	-	-	14,782	6,760	46,373	183,328
Interfund accounts	-	-	-	162,075	34,563	-	-
Deferred revenue	3,532	-	-	-	-	3,532	3,974
Due to Weston Community Centre	3,882	-	-	-	-	3,882	22,106
Deferred contributions (Note 6)	-	104,250	326,424	215,914	15,132	661,720	614,882
	32,245	104,250	326,424	392,771	56,455	715,507	824,290
NET ASSETS							
Unrestricted	259,674	-	-	-	-	259,674	261,810
Invested in tangible capital assets	1,109	-	-	-	-	1,109	1,817
	260,783	-	-	-	-	260,783	263,627
	$ 293,028	104,250	326,424	392,771	56,455	976,290	1,087,917

APPROVED BY THE BOARD: _____ **Director** _____ **Director**

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	OPERATING FUND	PROGRAM REGISTRATION FEE SUBSIDY FUND	CITY OF WINNIPEG PROGRAMMING FUND	PROVINCE OF MANITOBA CAPITAL FUND	CITY OF WINNIPEG JANITORIAL FUND	TOTAL 2018	TOTAL 2017
REVENUE							
Grants							
City of Winnipeg							
Operating	$ 216,491	-	-	-	-	216,491	216,491
Program registration fee subsidy	-	80,782	-	-	-	80,782	128,546
Athletic field maintenance	354,484	-	-	-	-	354,484	339,408
Programming	-	-	442,331	-	-	442,331	434,638
Administration	15,000	-	-	-	-	15,000	15,000
Janitorial	-	-	-	-	299,411	299,411	265,702
Transportation	38,006	-	-	-	-	38,006	13,764
Province of Manitoba							
Administration	10,000	-	-	-	-	10,000	10,000
Capital grant	-	-	-	161,387	-	161,387	118,525
Green Team Project	31,850	-	-	-	-	31,850	32,708
Corporate funding and community contributions	-	73,580	-	-	-	73,580	64,044
Memberships	25,200	-	-	-	-	25,200	24,800
Past President awards	6,150	-	-	-	-	6,150	8,173
Interest	1,436	316	705	1,304	235	3,996	2,541
Other income	23,406	-	-	-	-	23,406	5,473
	722,023	154,678	443,036	162,691	299,646	1,782,074	1,679,813
EXPENSES (Schedule)	726,996	154,595	442,331	161,387	299,609	1,784,918	1,686,553
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ (4,973)	83	705	1,304	37	(2,844)	(6,740)

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	OPERATING FUND	PROGRAM REGISTRATION FEE SUBSIDY FUND	CITY OF WINNIPEG PROGRAMMING FUND	PROVINCE OF MANITOBA CAPITAL FUND	CITY OF WINNIPEG JANITORIAL FUND	TOTAL 2018	TOTAL 2017
NET ASSETS, BEGINNING OF YEAR	$ 263,627	-	-	-	-	263,627	270,367
Excess (deficiency) of revenue over expenses	(4,973)	83	705	1,304	37	(2,844)	(6,740)
Investment income transfer (net of bank charges)	2,129	(83)	(705)	(1,304)	(37)	-	-
NET ASSETS, END OF YEAR	$ 260,783	-	-	-	-	260,783	263,627

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	$ (2,844)	(6,740)
Add back non-cash item(s):		
Amortization of tangible capital assets	708	1,404
	(2,136)	(5,336)
Change in non-cash working capital items:		
Grants receivable	(100,000)	-
Accounts receivable	(16,757)	52,312
GST receivable	(3,789)	727
Accounts payable and accrued liabilities	(136,955)	130,035
Deferred revenue	(442)	842
Deferred contributions	46,838	83,339
	(213,241)	261,919
FINANCING ACTIVITIES		
Due to Community Centres	(18,224)	20,079
INCREASE (DECREASE) IN CASH	(231,465)	281,998
CASH, BEGINNING OF YEAR	978,753	696,755
CASH, END OF YEAR	$ 747,288	978,753
CASH IS REPRESENTED BY:		
Cash	$ 511,240	972,765
Temporary investments	236,048	5,988
	$ 747,288	978,753

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

1. ACCOUNTING ENTITY

General Council of Winnipeg Community Centres Inc. (The "Centre") is a not-for-profit organization and is exempt from income taxes under the Income Tax Act of Canada. The Centre receives funding from the City of Winnipeg and its purpose is to provide support services for Winnipeg Community Centre executive and volunteer boards and to administer grants received from the City of Winnipeg and the Province of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of 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.

(a) Fund Accounting

The **Operating Fund** accounts for the day-to-day operations of the Centre.

The **Program Registration Fee Subsidy Fund** accounts for the administration of funds received from the City of Winnipeg to be paid to Winnipeg Community Centres as program registration fee subsidy grants.

The **City of Winnipeg Programming Fund** accounts for the administration of funds received from the City of Winnipeg to be paid to Winnipeg Community Centres as programming grants.

The **Province of Manitoba Capital Fund** accounts for the administration of funds received from the Province of Manitoba to be paid to Winnipeg Community Centres as capital grants.

The **City of Winnipeg Janitorial Fund** accounts for the administration of funds received from the City of Winnipeg for the payment of wages to janitorial staff.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost, net of specific government grants. Amortization is provided on the declining balance basis at the following rates:

Computer software	100%
Computer hardware	55%
Office equipment	20%

Additions are amortized at one-half of the above rates in the year of purchase.

(c) Revenue Recognition

The Centre follows the deferral method in 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 they are received or receivable, and when collectibility is reasonably assured.

Membership revenue is recognized as revenue in the membership period when received or receivable.

(d) Contributed Services and Donated Materials

Contributed services and donated materials are not recorded in the financial statements due to the difficulty in determining their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

(f) Financial Instruments

Financial instruments held by the Centre include cash, temporary investments, grants receivable, accounts receivable, and accounts payable and accrued liabilities. The Centre initially measures its financial instruments at fair value when the asset or liability is first recognized. The Centre subsequently measures its financial instruments 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 amount of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

3. TEMPORARY INVESTMENTS

		2018	2017
Operating Fund			
BMO non-cashable 1.00% GIC, due January 30, 2019	$	6,048	5,988
City of Winnipeg Programming Fund			
BMO cashable GIC (1.75%), due July 25, 2019		200,000	-
City of Winnipeg Janitorial			
BMO cashable GIC (1.75%), due January 17, 2019		30,000	-
	$	236,048	5,988

4. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	$ 1,808	1,808	1,808	1,808
Computer hardware	18,066	17,615	18,066	17,072
Office equipment	28,265	27,607	28,265	27,442
	48,139	47,030	48,139	46,322
Net book value	$ 1,109		1,817	

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Accounts payable and accrued liabilities	$ 17,099	61,872
Government remittances payable	14,492	15,053
Grants payable	14,783	106,403
	$ 46,374	183,328

6. DEFERRED CONTRIBUTIONS

	2018	2017
Program Registration Fee Subsidy Fund		
Balance, beginning of year	$ 49,282	42,078
Receipts		
Program registration fee subsidy grant	85,750	85,750
Corporate funding and community contributions	73,580	64,044
Transfer from YAR	50,000	50,000
	209,330	199,794
Disbursements		
Program registration fee subsidy grants	154,362	192,590
Net change	54,968	7,204
Balance, end of year	104,250	49,282
City of Winnipeg Programming Fund		
Balance, beginning of year	298,755	263,393
Receipts		
Programming grant	470,000	470,000
Disbursements		
Programming grants	423,368	415,853
Licensing fees	18,963	18,785
	442,331	434,638
Net change	27,669	35,362
Balance, end of year	326,424	298,755

6. DEFERRED CONTRIBUTIONS (Continued)

	2018	2017
Balance carried forward from previous page	$ 430,674	348,037
Province of Manitoba Capital Fund		
Balance, beginning of year	237,301	215,826
Receipts		
Capital grant	140,000	140,000
Disbursements		
Capital grants	161,387	118,525
Net change	(21,387)	21,475
Balance, end of year	215,914	237,301
City of Winnipeg Janitorial Fund		
Balance, beginning of year	29,543	10,245
Receipts		
Janitorial grant	285,000	285,000
Disbursements		
Wages	299,411	265,702
Net change	(14,411)	19,298
Balance, end of year	15,132	29,543
	$ 661,720	614,881

7. COMMITMENTS

The Centre leases office equipment under operating leases. In addition, the Centre has committed funds to various future capital projects of individual community centres. The total of all future annual commitments are as follows:

	Equipment	Capital Projects
December 31, 2019	$ 4,131	124,573
2020	4,131	-
2021	1,730	-
2022	1,090	-
Total	11,082	124,573

8. RENT-FREE OFFICE SPACE

The City of Winnipeg provides rent-free office space to the Centre (since June 2017). The estimated value of this free rent is not recorded in the financial statements of the Centre.

9. RISK MANAGEMENT

(a) 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. It is management's opinion that the Centre is exposed to interest rate risk due to its investment in GICs. GICs total $236,048 (2017 - $5,988) of the Centre's investments. Management does not use derivative instruments to mitigate this risk.

(b) Liquidity Risk

Liquidity risk is the risk that the Centre will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business.

The Centre's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due.

At December 31, 2018, the organization has a cash and temporary investments of $747,288 which is sufficient to meet its current liabilities of $714,705.

(c) Credit Risk

Credit risk is the risk that a counterpart will default on its financial liabilities.

Financial instruments which potentially subject the Centre to credit risk and concentrations of credit risk consist principally of accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due. Management deems this risk to not be significant.

10. WESTON COMMUNITY CENTRE

Weston Community Centre is controlled by General Council of Winnipeg Community Centres Inc. Its purpose is to provide programs and activities for the benefit of residents of the surrounding community. Financial statements of Weston Community Centre are available upon request. A financial summary of Weston Community Centre as at December 31, 2018 and 2017 and for the years then ended is as follows:

	2018 (UNAUDITED)	2017 (UNAUDITED)
Financial Position		
Total assets	$ 61,837	82,883
Total liabilities	$ 58,522	64,610
Total net assets	3,315	18,273
	$ 61,837	82,883
Results of Operation		
Total revenue	$ 158,789	159,400
Total expenses	173,747	168,817
Excess (deficiency) of revenue over expenses	$ (14,958)	(9,417)
Cash Flows		
Cash provided by (used in) operating activities	$ (4,592)	30,626
Cash used in investing activities	-	(50,000)
Increase (decrease) in cash	$ (4,592)	(19,374)

Included in assets of Weston Community Centre is $1,518 GST receivable related to the pubic service bodies rebate.

GENERAL COUNCIL OF WINNIPEG COMMUNITY CENTRES INC.
SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2018

	OPERATING FUND	PROGRAM REGISTRATION FEE SUBSIDY FUND	CITY OF WINNIPEG PROGRAMMING FUND	PROVINCE OF MANITOBA CAPITAL FUND	CITY OF WINNIPEG JANITORIAL FUND	TOTAL 2018	TOTAL 2017
Grants							
Program registration fee subsidy	$ -	154,362	-	-	-	154,362	192,590
Athletic field maintenance	342,579	-	-	-	-	342,579	342,315
City of Winnipeg - programming	-	-	423,368	-	-	423,368	415,853
Province of Manitoba - capital	-	-	-	161,387	-	161,387	118,525
Transportation fees	38,091	-	-	-	-	38,091	13,764
Amortization of tangible capital assets	707	-	-	-	-	707	1,404
Bank charges	2,934	233	-	-	198	3,365	2,876
Consulting	-	-	-	-	-	-	156
Goods and services tax	-	-	-	-	-	-	1,583
Green team wages	30,923	-	-	-	-	30,923	32,642
Office and miscellaneous	43,761	-	-	-	-	43,761	21,891
Office equipment leases	5,784	-	-	-	-	5,784	6,417
Past President awards	8,246	-	-	-	-	8,246	7,119
Postage	540	-	-	-	-	540	490
Professional fees	12,797	-	-	-	-	12,797	10,310
Rent	-	-	-	-	-	-	14,932
Service contract	3,611	-	-	-	-	3,611	2,557
SOCAN and Resound fees	-	-	18,963	-	-	18,963	18,785
Special projects	-	-	-	-	-	-	121
Telephone	2,926	-	-	-	-	2,926	4,375
Wages and benefits	228,489	-	-	-	299,411	527,900	473,294
Workers compensation	897	-	-	-	-	897	698
Workplace health and safety	1,195	-	-	-	-	1,195	1,434
Workshops, seminars and meetings	3,516	-	-	-	-	3,516	2,422
	$ 726,996	154,595	442,331	161,387	299,609	1,784,918	1,686,553