

**Brandon Neighbourhood
Renewal Corporation**

Financial Statements
For the year ended March 31, 2020

Brandon Neighbourhood Renewal Corporation

Financial Statements

For the year ended March 31, 2020

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Tel: 204 727 0671
Fax: 204 726 4580
Toll Free: 800 775 3328
www.bdo.ca

BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Directors of Brandon Neighbourhood Renewal Corporation

Opinion

We have audited the financial statements of Brandon Neighbourhood Renewal Corporation ("the organization"), which comprise the statement of financial position as at March 31, 2020, the statements of operations, retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and and the program Schedules of Reaching Home - Indigenous, Brandon and Rural and Remote.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for not-for-profit organizations.

Basis for Opinion

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 opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The schedules on pages 17 through 19 of the financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities 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 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.



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 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.

Chartered Professional Accountants
Brandon, Manitoba
October 26, 2020

Brandon Neighbourhood Renewal Corporation Statement of Financial Position

March 31 **2020** 2019

Assets

Current Assets

Cash	\$ 430,428	\$ 178,239
Restricted cash (Note 2)	359,609	342,093
Accounts receivable (Note 3)	243,125	418,851
Prepaid expenses (Note 4)	126,904	4,622
	1,160,066	943,805

Property, plant and equipment (Note 5)	1,239,070	1,280,010
	\$ 2,399,136	\$ 2,223,815

Liabilities and Retained Earnings

Current Liabilities

Accounts payable (Note 5)	\$ 425,963	\$ 587,134
Current portion of long-term debt (Note 6)	33,065	32,105
Deferred funding (Note 7)	359,709	22,100
	818,737	641,339
Maturing debt (Note 6)	643,314	-
	1,462,051	641,339

Long-term debt (Note 6)	-	679,273
Deferred capital contributions (Note 8)	33,688	34,562
	1,495,739	1,355,174

Retained Earnings

Capital	529,003	534,069
Operating	374,394	334,572
	903,397	868,641
	\$ 2,399,136	\$ 2,223,815

On behalf of the Board:

_____ Director

_____ Director

Brandon Neighbourhood Renewal Corporation
Statement of Retained Earnings

For the year ended March 31	Operating	Capital	2020	2019
Balance , beginning of year	\$ 334,572	\$ 534,069	\$ 868,641	\$ 1,156,709
Surplus (deficit) for the year	143,724	(108,968)	34,756	(288,076)
Interfund transfers				
Capital asset purchases (net)	(68,903)	68,903	-	-
Repayments of long-term debt	(34,999)	34,999	-	-
Balance , end of the year	\$ 374,394	\$ 529,003	\$ 903,397	\$ 868,633

The accompanying notes and supporting schedules are an integral part of these financial statements.

Brandon Neighbourhood Renewal Corporation Statement of Operations

For the year ended March 31	2020	2019
Revenue		
Government of Canada	\$ 1,813,631	\$ 2,138,888
Province of Manitoba	590,179	622,346
Canadian Health and Housing Association	182,625	54,583
City of Brandon	163,100	169,525
Rental	27,400	24,000
Operations	1,035,712	674,501
Donations	18,620	18,116
Interest	78	250
Other	8,402	-
	3,839,747	3,702,209
Operating Expenses		
Buildings	49,431	57,495
BEEP	1,036,609	852,913
BNRC	71,058	54,062
City of Brandon	83,999	124,280
Crime Prevention	15,876	-
E&T Manitoba	375,626	361,117
Employment and Social Development Canada - Indigenous	356,195	502,783
Employment and Social Development Canada - Brandon	686,597	654,621
Employment and Social Development Canada - HIFIS	-	23,416
Employment and Social Development Canada - PIT Count	-	17,263
Employment and Social Development Canada - R&R	740,692	934,278
Fresh Start	36,808	85,995
Maker's Space	10,040	19,848
Neighbourhoods Alive! - Core Funding	183,092	208,975
Neighbourhoods Alive! - Small grants	50,000	50,000
	3,696,023	3,947,046
Capital Items		
Amortization	111,803	43,677
Amortization of deferred capital contributions	(875)	(438)
Gain on disposal of capital assets	(1,960)	-
	108,968	43,239
	3,804,991	3,990,285
Surplus (deficit) for the year	\$ 34,756	\$ (288,076)

The accompanying notes and supporting schedules are an integral part of these financial statements.

Brandon Neighbourhood Renewal Corporation Statement of Cash Flows

For the year ended March 31	2020	2019
Cash Flows from Operating Activities		
Surplus for the year	\$ 34,756	\$ (288,076)
Adjustments for		
Amortization expense	111,803	43,677
Amortization of deferred capital contributions	(875)	(438)
Gain on disposal of capital assets	(1,960)	-
	<u>143,724</u>	<u>(244,837)</u>
Changes in non-cash working capital balances		
Accounts receivable	175,726	(136,610)
Prepaid expenses	(122,282)	(4,622)
Accounts payable	(161,171)	(99,869)
Deferred funding	337,609	(65,454)
	<u>229,882</u>	<u>(306,555)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	<u>(68,902)</u>	<u>(166,365)</u>
Cash Flows from Financing Activities		
Advances of long-term debt	-	50,000
Repayment of long-term debt	(34,999)	(34,945)
Proceeds of deferred capital contributions	-	35,000
	<u>(34,999)</u>	<u>50,055</u>
Increase (decrease) in cash during the year	269,705	(667,702)
Cash, beginning of year	<u>520,332</u>	<u>1,188,034</u>
Cash, end of year	<u>\$ 790,037</u>	<u>\$ 520,332</u>
Represented by		
Cash	\$ 430,428	\$ 178,239
Restricted cash (Note 2)	359,609	342,093
	<u>\$ 790,037</u>	<u>\$ 520,332</u>

The accompanying notes and supporting schedules are an integral part of these financial statements.

Brandon Neighbourhood Renewal Corporation

Notes to Financial Statements

March 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations The organization is incorporated under the laws of Manitoba and was established to encourage improvements in the social and economic well being of neighbourhoods within established boundaries of the City of Brandon. The organization is a non-profit corporation; therefore any surplus it generates is non-taxable.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition Brandon Neighbourhood Renewal Corporation 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 recorded as revenue when received or receivable if the amount to be received is reasonably assured. Revenue is deferred when specific program funding has been received but not all expenditures have been incurred. Revenue received for the purchase of property, plant and equipment is deferred and recognized in income on the same basis that the related asset is amortized.

Gift in Kind Contributions The organization receives gift in kind contributions from the City of Brandon for various administrative costs. The total value of these services recorded on the financial statements is \$25,500 (2019 - \$55,000).

Property, Plant and Equipment Purchases of property, plant and equipment are capitalized in the year of purchase at cost and amortized over the expected life of the asset as follows:

Building	40 years straight-line
Furniture	10 years straight-line
Office Equipment	5 years straight-line
Shed	10 years straight-line
Tools	5 years straight-line
Trailers	15 years straight-line
Vehicles	5 years straight-line

Assets under construction are amortized once complete.

When a capital asset no longer contributes to the organization's ability to provide good and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Brandon Neighbourhood Renewal Corporation

Notes to Financial Statements

March 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. An estimate has been used by management in the following area:

- The useful life of capital assets

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable.

Financial instruments are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

2. Restricted Cash

Restricted cash consists of cash in Compass Credit Union in the amount of \$346,095 (2019 - \$342,093) and is restricted for the use in Employment and Social Development Canada activities.

Brandon Neighbourhood Renewal Corporation Notes to Financial Statements

March 31, 2020

3. Accounts Receivable

	2020	2019
City of Brandon	\$ 65,849	\$ 13,748
Community Health & Housing Association	81,414	-
GST	9,364	30,298
Manitoba Housing	6,750	18,509
Manitoba Hydro	(276)	10,400
Other	12,169	22,652
Service Canada	-	190,289
Training & Employment Services	67,855	132,955
	\$ 243,125	\$ 418,851

4. Prepaid Expenses

	2020	2019
Reaching Home	\$ 119,278	\$ -
Other	7,626	4,622
	\$ 126,904	\$ 4,622

5. Property, Plant and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 1,002,955	\$ 209,965	\$ 1,002,932	\$ 121,856
Furniture	21,512	19,891	21,512	18,811
Land	381,497	-	321,727	-
Trailers	17,022	8,570	17,022	2,935
Office equipment	70,785	36,711	61,357	29,371
Shed	2,216	970	2,203	143
Tools	43,591	38,836	41,962	36,210
Vehicles	108,531	94,096	108,531	87,910
	\$ 1,648,109	\$ 409,039	\$ 1,577,246	\$ 297,236
Net book value		\$ 1,239,070		\$ 1,280,010

Brandon Neighbourhood Renewal Corporation Notes to Financial Statements

March 31, 2020

6. Accounts Payable

Government remittances payable included in accounts payable and accrued liabilities were \$12,045 (2019 - \$nil).

7. Maturing Debt

	2020	2019
Mortgage payable with total monthly installments of \$4,388 principal and interest. Bears interest at a rate of 2.95%, matures in 2021, secured by land and building with a carrying value of \$1,114,717 (2019 - \$1,202,803).	\$ 676,379	\$ 711,378
Current portion of maturing debt	33,065	32,105
	\$ 643,314	\$ 679,273

The loan matures and comes due March 30, 2021. Accounting standards for not-for-profit organizations require this balance to be shown as a current liability. The loan is expected to be refinanced at similar terms upon renewal.

Expected repayments for the next five years and thereafter, assuming renewal on terms similar to those above, are as follows:

2021	\$	33,065
2022		34,054
2023		35,072
2024		36,121
2025		37,201
Thereafter		500,866
	\$	676,379

Total interest paid on mortgage in the year was \$20,560 (2019 - \$20,372).

Brandon Neighbourhood Renewal Corporation Notes to Financial Statements

March 31, 2020

8. Deferred Funding

	Opening Balance	Funding Received	Funding Recognized	Ending Balance	2019
Employment & Social Development Canada					
Brandon	\$ -	\$ 748,540	\$ 697,397	\$ 51,143	\$ -
Aboriginal	-	489,999	361,193	128,806	-
Rural & Remote	-	931,152	751,492	179,660	-
Brandon Crime Prevention Network	22,100	-	22,100	-	22,100
Makers Space	-	100	-	100	-
	\$ 22,100	\$ 2,169,891	\$ 1,832,182	\$ 359,709	\$ 22,100

9. Deferred Capital Contributions

Deferred contributions relate to renovations at 440 Rosser Avenue and represents the unamortized portion of restricted contributions used to fund part of the renovations.

The changes in the deferred contributions balance for the period are as follows:

	2020	2019
Beginning balance	\$ 34,562	\$ -
Contributions received	-	35,000
Amounts amortized to revenue	(875)	(438)
Ending balance	\$ 33,687	\$ 34,562

Brandon Neighbourhood Renewal Corporation

Notes to Financial Statements

March 31, 2020

10. Financial Risk Management

The organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the organization is not exposed to significant currency, liquidity or other price risks arising from these financial instruments except as otherwise noted.

Interest 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 through its long-term debt, where a fluctuation in interest rates would cause a change in the cash flow available to reduce the balance outstanding. The risk is unchanged from the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises principally from receivables. The receivable balance is comprised of grants and GST. The credit risk is low. The risk is unchanged from the prior year.

11. Economic Dependence

Brandon Neighbourhood Renewal Corporation receives the majority of its revenue from government organizations - federal, provincial and municipal. Should these agreements cease, management is of the opinion that continued viable operations would be doubtful. However, on June 14, 2012 Bill 7, known as "The Community Renewal Act", was passed by the Manitoba Legislature confirming Provincial support for ongoing community-based planning and renewal initiatives such as the Brandon Neighbourhood Renewal Corporation.

12. Financial Impact of COVID-19

During the fiscal year, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization and its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result of the COVID-19 restrictions the BEEP program temporarily suspended operations which have since resumed. Subsequent to year end the organization has been involved in the implementation of a new Service Canada program to provide assistance with COVID-19 implications in the City of Brandon. These operations will be reported in the 2021 fiscal year. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Brandon Neighbourhood Renewal Corporation Schedule of Reaching Home - Indigenous

For the year ended March 31	Budget	2020	2019
Revenue			
Employment & Social Development Canada	\$ 490,000	\$ 361,193	\$ 502,783
In-kind contributions	2,000	2,000	-
	492,000	363,193	502,783
Expenses			
Administrative costs			
Project direct costs	75,500	30,350	19,826
Sub-project costs	416,500	332,843	482,957
	492,000	363,193	502,783
Surplus for the year	\$ -	\$ -	\$ -

The expenses reported on this schedule are net of GST ITCs received.

**Brandon Neighbourhood Renewal Corporation
Schedule of Reaching Home - Brandon**

For the year ended March 31	Budget	2020	2019
Revenue			
Employment & Social Development Canada	\$ 748,540	\$ 697,397	\$ 661,500
In-kind Contributions	2,000	2,000	-
	750,540	699,397	661,500
Expenses			
Administrative costs			
Project direct costs	114,281	95,766	71,340
Sub-project costs	636,259	603,631	583,281
	750,540	699,397	654,621
Surplus for the year	\$ -	\$ -	\$ 6,879

The expenses reported on this schedule are net of GST ITCs received.

**Brandon Neighbourhood Renewal Corporation
Schedule of Reaching Home - Rural and Remote**

For the year ended March 31	Budget	2020	2019
Revenue			
Employment & Social Development Canada	\$ 931,152	\$ 751,492	\$ 934,278
In-kind Contributions	2,000	2,000	-
	933,152	753,492	934,278
Expenses			
Administrative costs			
Project direct costs	141,673	95,056	83,440
Sub-project costs	791,479	658,436	850,838
	933,152	753,492	934,278
Surplus for the year	\$ -	\$ -	\$ -

The expenses reported on this schedule are net of GST ITCs received.

Brandon Neighbourhood Renewal Corporation
Schedule of Employment & Social Development Canada -
HIFIS
(Unaudited)

For the year ended March 31	2020	2019
Revenue		
Employment & Social Development Canada	\$ -	\$ 23,059
Expenses		
Administrative costs	-	10
Conferences	-	1,553
Meals and entertainment	-	216
Office supplies	-	2,678
Outside contract services	-	213
Professional fees	-	2,289
Salaries and benefits	-	15,735
Travel	-	722
	-	23,416
Surplus for the year	\$ -	\$ (357)

Brandon Neighbourhood Renewal Corporation
Schedule of Employment & Social Development Canada -
PIT Count
(Unaudited)

For the year ended March 31	2020	2019
Revenue		
Employment & Social Development Canada	\$ -	\$ 17,263
Expenses		
Advertising	-	461
Bank charges	-	53
Meals and entertainment	-	1,996
Office supplies	-	2,641
Outside contract services	-	800
Program expenses	-	4,348
Salaries and benefits	-	6,764
Travel	-	200
	-	12,062
Surplus for the year	\$ -	\$ 5,201

Brandon Neighbourhood Renewal Corporation
Schedule Neighbourhoods Alive! -
Small Grants
(Unaudited)

For the year ended March 31	2020	2019
Revenues		
Grants	\$ 50,000	\$ 50,000
Expenses		
Art with Impact Canada	-	583
Betty Gibson Parent Council	700	4,000
BoLu Intermediary Services	980	3,133
Brandon Downtown Development Corporation	6,839	5,000
Brandon Friendship Centre	-	2,699
Brandon Pride	-	4,500
Brandon Folk, Music and Art Society	4,000	-
Brandon Police Service	459	-
Brandon University	1,132	-
Budiwski Holdings	771	-
Chris Reid	-	2,511
City of Brandon	2,500	6,356
Community Health & Housing Association	5,000	2,430
East End Community Centre	-	441
Hispanic Association of Manitoba Inc.	4,720	666
Manitoba Women's Institute	2,500	-
Mini University	-	2,563
Mood Disorders Association of Manitoba	7,500	5,000
National Indigenous Peoples Day	2,443	1,901
Park Community Centre	625	-
Sexuality Education Resource Centre	4,436	-
The Women's Resource Centre	-	2,150
Westman Families for Addicts	2,504	-
Westman Immigrant Services	-	3,242
Meals and entertainment	508	361
Office	1,833	1,964
Professional fees	550	500
	50,000	50,000
Surplus for the year	\$ -	\$ -