

ONTARIO MENNONITE RELIEF SALE INC. >

financial statement

>YEAR ENDED JULY 31, 2011

McClurkin Ahler & Company LLP
CHARTERED ACCOUNTANTS

ONTARIO MENNONITE RELIEF SALE INC. >

financial statement

>YEAR ENDED JULY 31, 2011

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McCLURKIN AHIER
& COMPANY LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Mennonite Relief Sale Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario Mennonite Relief Sale Inc., which comprise the statement of financial position as at July 31, 2011, and the statement of operations, the statement of changes in net assets and the statement of cash flows 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 judgment, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many similar charitable organizations, the organization derives revenue from donations from interested persons, 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 organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donation revenues referred to above, the financial statements present fairly, in all material respects, the financial position of Ontario Mennonite Relief Sale Inc. as at July 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McClurkin Ahier & Company LLP.

Waterloo, Ontario
November 14, 2011

LICENSED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

ONTARIO MENNONITE RELIEF SALE INC. >

statement of financial position

>JULY 31, 2011

	2011	2010
<i>assets</i>		
current		
Government taxes recoverable	\$ <u>3,728</u>	\$ <u>973</u>
<i>liabilities</i>		
current		
Bank indebtedness (Note 4)	\$ 1,161	\$ 894
Accounts payable and accrued liabilities	<u>2,500</u>	<u>2,500</u>
	3,661	3,394
<i>net assets</i>		
Unrestricted net assets	<u>67</u>	<u>(2,421)</u>
	\$ <u>3,728</u>	\$ <u>973</u>

Approved on behalf of the board:

Director

Director

ONTARIO MENNONITE RELIEF SALE INC.>

statement of changes in net assets

>YEAR ENDED JULY 31, 2011

	2011	2010
balance, beginning of year	\$ (2,421)	\$ (198)
Excess (deficiency) of revenue over expenses for year	<u>2,488</u>	<u>(2,223)</u>
balance, end of year	\$ <u>67</u>	\$ <u>(2,421)</u>

ONTARIO MENNONITE RELIEF SALE INC.>

statement of operations

>YEAR ENDED JULY 31, 2011

	2011	2010
revenue		
New Hamburg sale	\$ 349,489	\$ 348,176
Heifer sale	179,416	182,765
Promotion dinners and fund raisers	47,663	33,709
Penny power	10,249	7,895
Grants	6,000	1,853
Government tax rebates	-	973
Interest income	<u>533</u>	<u>401</u>
	<u>593,350</u>	<u>575,772</u>
expenses		
Bank charges and interest	2,834	2,004
Heifer sale expenses	10,723	9,000
Mennonite Central Committee contributions	523,650	503,765
New Hamburg sale expenses	37,197	49,889
Professional fees	2,599	6,175
Promotional events and general expenses	7,472	7,162
Website	<u>6,387</u>	<u>-</u>
	<u>590,862</u>	<u>577,995</u>
excess (deficiency) of revenue over expenses	<u>\$ 2,488</u>	<u>\$ (2,223)</u>

ONTARIO MENNONITE RELIEF SALE INC. >

statement of cash flows

>YEAR ENDED JULY 31, 2011

	2011	2010
operating activities		
Excess of Revenue over Expenses for Year	\$ <u>2,488</u>	\$ <u>(2,223)</u>
Adjustments for:		
Changes in non-cash working capital:		
Increase in accounts payable and accrued liabilities	-	2,500
Increase in government remittances receivable	<u>(2,755)</u>	<u>(973)</u>
	<u>(2,755)</u>	<u>1,527</u>
Net change in cash for the year	(267)	(696)
Cash Balance, beginning of year	<u>(894)</u>	<u>(198)</u>
cash balance, end of year	<u><u>\$ (1,161)</u></u>	<u><u>\$ (894)</u></u>

notes to financial statements

>YEAR ENDED JULY 31, 2011

1. purpose of organization

The mission of Ontario Mennonite Relief Sale Inc. (the "Charity") is to raise funds for Mennonite Central Committee for its global service programs. The Charity operates in New Hamburg, Ontario and it is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity for Canadian Income Tax purposes.

2. significant accounting policies

Revenue Recognition - The Charity follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the expense is incurred.

Contributed Materials and Services - Volunteers contribute their time to assist the Charity in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Charity receives contributed items, the fair value of which may or may not be reasonably determinable. Contributed items are recognized as donations when fair value can be determined. Contributed items of \$153,954 (2010 - \$156,284) were recognized as donation revenue during the year.

Disclosure and Use of Estimates - The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as revenues.

Financial Instruments - The Charity has classified its financial assets and financial liabilities as follows:

Government taxes recoverable is classified as loans and receivables.

Accounts payable and accrued liabilities and bank indebtedness are classified as other financial liabilities.

notes to financial statements

>YEAR ENDED JULY 31, 2011

3. future accounting changes

The Canadian Institute of Chartered Accountants has approved a new framework for the sector that is based on the existing Canadian GAAP and incorporates the 4400 series of standards. The new standards are available as of December 1, 2010 as Part III of the CICA Handbook - Accounting and are effective January 1, 2012, with early adoption permitted. Organizations also have the option of adopting International Financial Reporting Standards. Until the new standards are effective, all organizations will continue to follow the existing accounting standards found in the CICA Handbook - Accounting. The Charity does not expect that the adoption of these new standards will have a material impact on its financial statements and intends to adopt these standards when effective.

4. bank indebtedness

The Charity has an authorized line of credit of \$5,000 bearing interest at prime. This line of credit is personally guaranteed by three individuals.

5. financial instruments

The Charity's financial instruments consist of Government taxes recoverable, bank indebtedness and accounts payable and accrued liabilities.

Risk management - It is management's opinion that the Charity is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

6. capital disclosures

The Charity's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mission as disclosed in Note I. The Charity manages its capital by ensuring it has sufficient funds before committing to expenditures.

As a Registered Charity, the Charity is required to devote its resources to activities in pursuit of its own charitable purposes. Failure to comply can lead to the revocation of the Charity's charitable status. The Charity was in compliance with these requirements for the current fiscal year.