

ONTARIO MENNONITE RELIEF SALE INC. >

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# financial statement

>YEAR ENDED JULY 31, 2012

McClurkin Ahier & Company LLP  
CHARTERED ACCOUNTANTS

ONTARIO MENNONITE RELIEF SALE INC. >

# financial statement

>YEAR ENDED JULY 31, 2012

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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, 2012, 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, 2012, 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 12, 2012

LICENSED PUBLIC ACCOUNTANTS  
CHARTERED ACCOUNTANTS

# statement of financial position

>JULY 31, 2012

	2012	2011
<i>assets</i>		
<b>current</b>		
Cash	\$ 5,431	\$ -
Harmonized sales tax recoverable	<u>3,305</u>	<u>3,728</u>
	<u>\$ 8,736</u>	<u>\$ 3,728</u>
 <i>liabilities</i>		
<b>current</b>		
Bank indebtedness (Note 4)	\$ -	\$ 1,161
Accounts payable and accrued liabilities	<u>3,693</u>	<u>2,500</u>
	3,693	3,661
 <i>net assets</i>		
Unrestricted net assets	<u>5,043</u>	<u>67</u>
	<u>\$ 8,736</u>	<u>\$ 3,728</u>

Approved on behalf of the board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

ONTARIO MENNONITE RELIEF SALE INC. >

# statement of changes in net assets

>YEAR ENDED JULY 31, 2012

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	2012	2011
<b>balance, beginning of year</b>	\$ 67	\$ (2,421)
Excess of revenue over expenses for year	<u>4,976</u>	<u>2,488</u>
<b>balance, end of year</b>	<u>\$ 5,043</u>	<u>\$ 67</u>

ONTARIO MENNONITE RELIEF SALE INC.>

# statement of operations

>YEAR ENDED JULY 31, 2012

	2012	2011
<b>revenue</b>		
New Hamburg sale	\$ 367,732	\$ 349,489
Heifer sale	242,160	179,416
Promotion dinners and fund raisers	27,362	47,663
Penny power	7,999	10,249
Grants	-	6,000
Interest income	<u>619</u>	<u>533</u>
	<u>645,872</u>	<u>593,350</u>
<b>expenses</b>		
Bank charges and interest	2,466	2,834
Heifer sale expenses	12,020	10,723
Mennonite Central Committee contributions	577,160	523,650
New Hamburg sale expenses	42,544	37,197
Professional fees	2,599	2,599
Promotional events and general expenses	3,907	7,472
Website	<u>200</u>	<u>6,387</u>
	<u>640,896</u>	<u>590,862</u>
<b>excess of revenue over expenses</b>	<u>\$ 4,976</u>	<u>\$ 2,488</u>



ONTARIO MENNONITE RELIEF SALE INC.>

# statement of cash flows

>YEAR ENDED JULY 31, 2012

	2012	2011
<b>operating activities</b>		
Excess of Revenue over Expenses for Year	\$ <u>4,976</u>	\$ <u>2,488</u>
Changes in non-cash working capital:		
Increase in accounts payable and accrued liabilities	1,193	-
Decrease in harmonized sales tax recoverable	<u>423</u>	<u>(2,755)</u>
	<u>1,616</u>	<u>(2,755)</u>
Net change in cash for the year	6,592	(267)
Cash Balance, beginning of year	<u>(1,161)</u>	<u>(894)</u>
<b>cash balance, end of year</b>	<u>\$ 5,431</u>	<u>\$ (1,161)</u>



# notes to financial statements

>JULY 31, 2012

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## 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 \$214,195 (2011 - \$153,954) 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:

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

## 3. future accounting changes

Effective August 1, 2011, the Charity has elected to adopt the new accounting framework: Canadian accounting standards for non-profit organizations as required by the Canadian Institute of Chartered Accountants (CICA) Part III of the CICA Handbook - Accounting. The 2013 fiscal year will be the Charity's first financial statements prepared in accordance with accounting standards for non-profit organizations and the transitional provision of Section 1501, First-time Adoption. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions.

# notes to financial statements

>JULY 31, 2012

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## 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

**Fair value** - The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding long term debt) approximate their carrying value due to their short term maturity. Financial assets and liabilities classified as held for trading are measured at fair value determined on the basis of market value.

**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.