

ONTARIO MENNONITE RELIEF SALE INC. >

financial statement

>YEAR ENDED JULY 31, 2010

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

ONTARIO MENNONITE RELIEF SALE INC. >

financial statement

>YEAR ENDED JULY 31, 2010

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AUDITORS' REPORT

To the Members of Ontario Mennonite Relief Sale Inc.:

We have audited the statement of financial position of Ontario Mennonite Relief Sale Inc. as at July 31, 2010, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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.

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 in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2010 and the results of its operations 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, 2010

LICENSED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

ONTARIO MENNONITE RELIEF SALE INC. >

statement of financial position

>JULY 31, 2010

	2010	2009
<i>assets</i>		
current		
Goods and services tax recoverable	\$ <u>973</u>	\$ <u>-</u>
<i>liabilities</i>		
current		
Bank indebtedness (Note 5)	\$ 894	\$ 198
Accounts payable and accrued liabilities	<u>2,500</u>	<u>-</u>
	3,394	198
<i>net assets</i>		
Unrestricted net assets	<u>(2,421)</u>	<u>(198)</u>
	\$ <u>973</u>	\$ <u>-</u>

Approved on behalf of the board:

Director

Director

ONTARIO MENNONITE RELIEF SALE INC.>

statement of changes in net assets

>YEAR ENDED JULY 31, 2010

	2010	2009
balance, beginning of year	\$ (198)	\$ 5,494
Excess (deficiency) of revenue over expenses for year	<u>(2,223)</u>	<u>(5,692)</u>
balance, end of year	\$ <u>(2,421)</u>	\$ <u>(198)</u>

ONTARIO MENNONITE RELIEF SALE INC.>

statement of operations

>YEAR ENDED JULY 31, 2010

	2010	2009
revenue		
New Hamburg sale	\$ 348,176	\$ 330,763
Heifer sale	182,765	210,651
Promotion dinners and fund raisers	33,709	21,379
Penny power	7,895	8,892
Government contributions	1,853	16,673
GST/HST rebates	973	665
Interest income	<u>401</u>	<u>542</u>
	<u>575,772</u>	<u>589,565</u>
expenses		
Bank charges and interest	2,004	1,821
Grant expenses	-	16,468
Heifer sale expenses	9,000	7,650
Mennonite Central Committee contributions	503,765	520,001
New Hamburg expenses	49,889	45,117
Professional fees	6,175	4,200
Promotional events and general expenses	<u>7,162</u>	<u>-</u>
	<u>577,995</u>	<u>595,257</u>
excess (deficiency) of revenue over expenses	<u>\$ (2,223)</u>	<u>\$ (5,692)</u>

ONTARIO MENNONITE RELIEF SALE INC.>

statement of cash flows

>YEAR ENDED JULY 31, 2010

	2010	2009
operating activities		
Excess of Revenue over Expenses for Year	\$ <u>(2,223)</u>	\$ <u>(5,692)</u>
Adjustments for:		
Changes in non-cash working capital:		
Increase in accounts receivable	(973)	-
Increase in accounts payable and accrued liabilities	<u>2,500</u>	<u>-</u>
	<u>1,527</u>	<u>-</u>
Net change in cash for the year	(696)	(5,692)
Cash Balance, beginning of year	<u>(198)</u>	<u>5,494</u>
cash balance, end of year	\$ <u>(894)</u>	\$ <u>(198)</u>

notes to financial statements

>YEAR ENDED JULY 31, 2010

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 materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair value can be determined. Contributed materials of \$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:

Goods and service tax 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, 2010

3. change in accounting policy

During the year, the Charity adopted amendments to several of the existing sections in the 4400 series - Financial Statements by Not-for-Profit Organizations as recommended by the Canadian Institute of Chartered Accountants' (CICA).

The amendments include: a) additional guidance in the applicability of Section II00, Generally Accepted Accounting Principles; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenses in accordance with EIC I23, Reporting Revenue Gross as a Principal Versus Net as an Agent; d) requirements to include a statement of cash flows in accordance with Section I540, Cash Flow Statements; e) requirement to apply Section I75I, Interim Financial Statements, when preparing interim financial statements in accordance with GAAP; f) requirement for not-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840, Related Party Transactions; and h) new disclosure requirements regarding the allocation of fundraising and general support costs. The Charity adopted the amendments for its fiscal year beginning August 1, 2009.

4. 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 will be 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 available, all organizations will continue to follow the existing accounting standards found in the CICA Handbook - Accounting. The Charity intends to adopt these standards when effective. However, the impact of these standards cannot be determined at this time.

5. 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.

6. financial instruments

The Charity's financial instruments consist of Goods and service tax 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.

7. comparative figures

The financial statements for the previous year were reported on by another auditor.

notes to financial statements

>YEAR ENDED JULY 31, 2010

8. 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.

The Charity is subject to the disbursement requirements set by the Canada Revenue Agency for Canadian charities and was in compliance with these requirements for the current fiscal year. The Charity is not subject to any external capital requirements other than those outlined.